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June 24, 2022

Federal Accounting Standards Advisory Board
441 G Street NW, Suite 1155
Washington, DC 20548

RE: Response to FASAB Exposure Draft – *Omnibus Amendments – Technical Clarifications Addressing Lessee and Lessor Discount Rates and Sale-Leasebacks*

The Financial Management Standards Board (FMSB) of the AGA appreciates the opportunity to provide comments on the Federal Accounting Standards Advisory Board’s proposed standards.

Q1. Do you agree with the proposed amendments to address discounting lease liabilities and receivables?

Yes. While we understand why the term “incremental borrowing rate” was originally used in the standard, most agencies do not normally borrow money, which makes application of the standard potentially confusing. We appreciate replacing the term with more specific instructions on determining the discount rate, which we believe is necessary to apply the standard to the federal environment. Further, we found the methodological options allowed by the standard to be practical and appropriate.

We noted that the term “incremental borrowing rate” is included in the Appendix E glossary, and that the borrowing rate concept is also included in SFFAS 2 and 33. We were unclear from the exposure draft as to whether the term would be struck from the glossary. We were also unclear whether guidance in SFFAS 2 and 33 might be affected.

Finally, we would encourage the Board to add examples in the implementation guidance that show where to find Treasury rate information and how the discount rate would be calculated. Examples and the source of the Treasury rate information would be a valuable aid to preparers and help ensure consistency in practice.

Q2. Do you agree with proposed amendments to clarify guidance on intragovernmental sale-leasebacks and disclosures?

Yes. Amendments appropriately clarify application of the standard.

Sincerely,

A handwritten signature in black ink, appearing to read 'Scott DeViney', with a large, sweeping flourish at the end.

Scott DeViney, CPA
Chair, Financial Management Standards Board

cc: Gerry Boaz, CPA, CGFM, CGMA, AGA National President



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AGA
Financial Management Standards Board

The FMSB is comprised of the following 23 members with accounting and auditing backgrounds in federal, state, and local government, as well as academia and public accounting. The FMSB reviews and responds to proposed standards and regulations of interest to AGA members. The purpose of the FMSB is to advocate for the improvement of accounting and financial reporting standards at all levels of government and thus advance government accountability. The views of the FMSB do not necessarily represent those of AGA. Local AGA chapters and individual members are also encouraged to comment separately.

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