

GAAP Note X – Leases (Lessees)

Per GASB 87, *Leases*, a **lessee** should disclose the following about its lease activities (which may be grouped for purposes of disclosure), other than short-term leases:

1. A general description of its leasing arrangements, including (1) the basis, terms, and conditions on which variable payments not included in the measurement of the lease liability are determined and (2) the existence, terms, and conditions of residual value guarantees provided by the lessee not included in the measurement of the lease liability.
2. The total amount of lease assets, and the related accumulated amortization, disclosed separately from other capital assets (*see sample tables below*).
3. The amount of lease assets by major classes of underlying assets, disclosed separately from other capital assets (*see sample tables below*).

Examples:

	Beg. Bal.	Increases	Decreases	End. Bal.
Leased Land				
Leased Bldgs.				
Leased Equip.				
Total				
Accum. Depr. Leased Bldgs.				
Accum. Depr. Leased Equip.				
Total				

Alternatively:

	Beg. Bal.	Increases	Remeasurements	Decreases	End. Bal.
Leased Land					
Leased Bldgs.					
Leased Equip.					
Total					
Accum. Depr. Leased Bldgs.					
Accum. Depr. Leased Equip.					
Total					

4. The amount of outflows of resources recognized in the reporting period for variable payments not previously included in the measurement of the lease liability.
5. The amount of outflows of resources recognized in the reporting period for other payments, such as residual value guarantees or termination penalties, not previously included in the measurement of the lease liability.
6. Principal and interest requirements to maturity, presented separately, for the lease liability for each of the five subsequent fiscal years and in five-year increments thereafter.

Example:

As of December 31, 2020, the principal and interest requirements to maturity are as follows:

Year ended December 31	Principal	Interest	Total
2021	\$	\$	\$
2022	\$	\$	\$
2023	\$	\$	\$
2024	\$	\$	\$
2025	\$	\$	\$
2026-2030	\$	\$	\$
2031-2035	\$	\$	\$
Total	\$	\$	\$

7. Commitments under leases before the commencement of the lease term
8. The components of any loss associated with an impairment (the impairment loss and any related change in the lease liability, as discussed in paragraph 34).
9. A lessee also should provide relevant disclosures for the following transactions, if applicable:
 - a. Sublease transactions (see paragraph 81)
 - b. Sale-leaseback transactions (see paragraph 85)
 - c. Lease-leaseback transactions (see paragraph 87).
10. A lessee is not required to disclose collateral pledged as a security for a lease (under paragraph 113 of Statement 62) if that collateral is solely the asset underlying the lease.

Report the principal amount of lease liabilities on Schedule 9 – Schedule of Long-term Liabilities.