



1



2

Developing Complete List of Leases

•Communicate, Communicate, Communicate

- February of 2020 asked all Department Heads for any lease information.
- Repeated request to Department Heads in February of 2021
- Meetings with departments for further discussions
- Discussed with upper management and at Department Head meetings
- Sent brief questionnaire to departments



3

The Finance Department is in the process of implementing GASB 87 – Leases. Below are some follow up questions to help make sure we are gathering all the information that we need related to leases (rental agreements).

- Do you know of any contracts, agreements, or purchase orders that your department pays to an outside entity for building space, land, or equipment that would be considered a lease or rental? (Equipment can be copiers, scanners, vehicles, etc.) **YES or NO**
 - If yes, please list the vendor(s) and any other information that you might have.
- Do you know of any contracts or agreements that your department receives revenue from for building space, land or equipment? **YES or NO**
 - If yes, please list the customer(s) and any other information that you might have.
- For FY22, will your department be entering into any **new** contracts/agreements that might be considered rental or lease agreements (this includes any revenue rental)? **YES or NO**
 - If yes, please list what will be rented/leased and the potential vendor/customer.
- For FY22, will you have any contracts/agreements that will be **renewed** that might be considered rental or lease agreements? **YES or NO**
 - If yes, please list what will be rented/leased and the potential vendor/customer.
- If your department has existing contracts/agreements for rentals/leases, will any of the terms change in the agreement by the end of FY21 or in FY22? **YES or NO**
 - If yes, please list the contract # and list what will change on the contract.

Responses completed by: _____ Date: _____

Please return completed questionnaire to _____

Thank you for your assistance!



4

Developing Complete List of Leases – Cont.

• **Further Research**

- Reviewed all contracts
- Reviewed all purchase orders
- Reviewed the general ledger detailed expenses and revenues
- Worked with Legal Department on any agreements that they might have

What We Found

- Most leases were through contracts
- Some leases were through purchase orders
- Found a couple of small leases paid for with purchasing cards
- Lessor agreements were harder to find
- Leases were discovered during the budgeting process

Tools Used



- GASB Implementation Guide No. 2019-3, Leases
- GASB Implementation Guide No. 2020-1
- Webinars
 - Accounting Firms
 - NCGFOA
 - GFOA
- GFOA Leases Tool

Evaluate Each Lease

- Three-person team to evaluate leases - Finance Director, Purchasing Manager and Accounting and Grants Manager
- Weekly meetings to review lease agreements under GASB 87
 - Grouped leases by similarity for review
 - EMS Base leases
 - Postage Machine Leases
 - Antennae Leases
 - Evaluated lease terms
 - Materiality – used internal capitalization policy
 - If payments on the lease for the entire term did not meet the threshold for capital assets, we did not include the lease under GASB 87

How We Plan to Capture New or Modified Leases

- Purchasing Manager and Legal Department will flag new agreements
- Existing agreements are marked in Munis with a code to easily track modifications
- Will survey departments at least once a year for new/modified agreements
- Purchasing Manager will review annually with departments all their agreements/contracts



9

Develop Lease Calculations and Journal Entries

- Plan to use the GFOA templates and LGC templates for calculations and journal entries.
- We have approximately 11 leases where the County is the lessee and 7 where the County is the lessor.
 - Evaluated a total of 48 leases.
- We will be getting with our bank to get incremental borrowing rates for the existing leases.
- Plan to have our auditor review some of our calculations and journal entries for some oversight.
- Set up new accounts to track principal/interest/lease asset/lease liability and other costs separately on the general ledger.



10

Final Steps

- Evaluate policies
- Evaluate debt agreements
- Review lease questions with auditors