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GASB 87

Hope Response

GASB 87 Leases

Lease – a contract that conveys control of the right to use another entity’s asset as specified in a contract for a period of time in an exchange or exchange-like transaction. (buildings, land, vehicles, equipment)

LSU is both a Lessor and Lessee

GASB 87 Lease Exceptions

- *Short term leases – lease not exceeding 12 months*
- *Licensing agreements or contracts for items such as motion pictures, software*
- *Contracts that transfer ownership*
- *Service concession arrangements*
- *Supply contracts*
- *Lease of inventories*
- *Lease of investments*
- *Lease of right to explore for natural resources (gas, oil) or biological assets (timber, plants, animals)*
- *Non-exchange transactions (\$1 land lease agreements)*

GASB 87 Leases



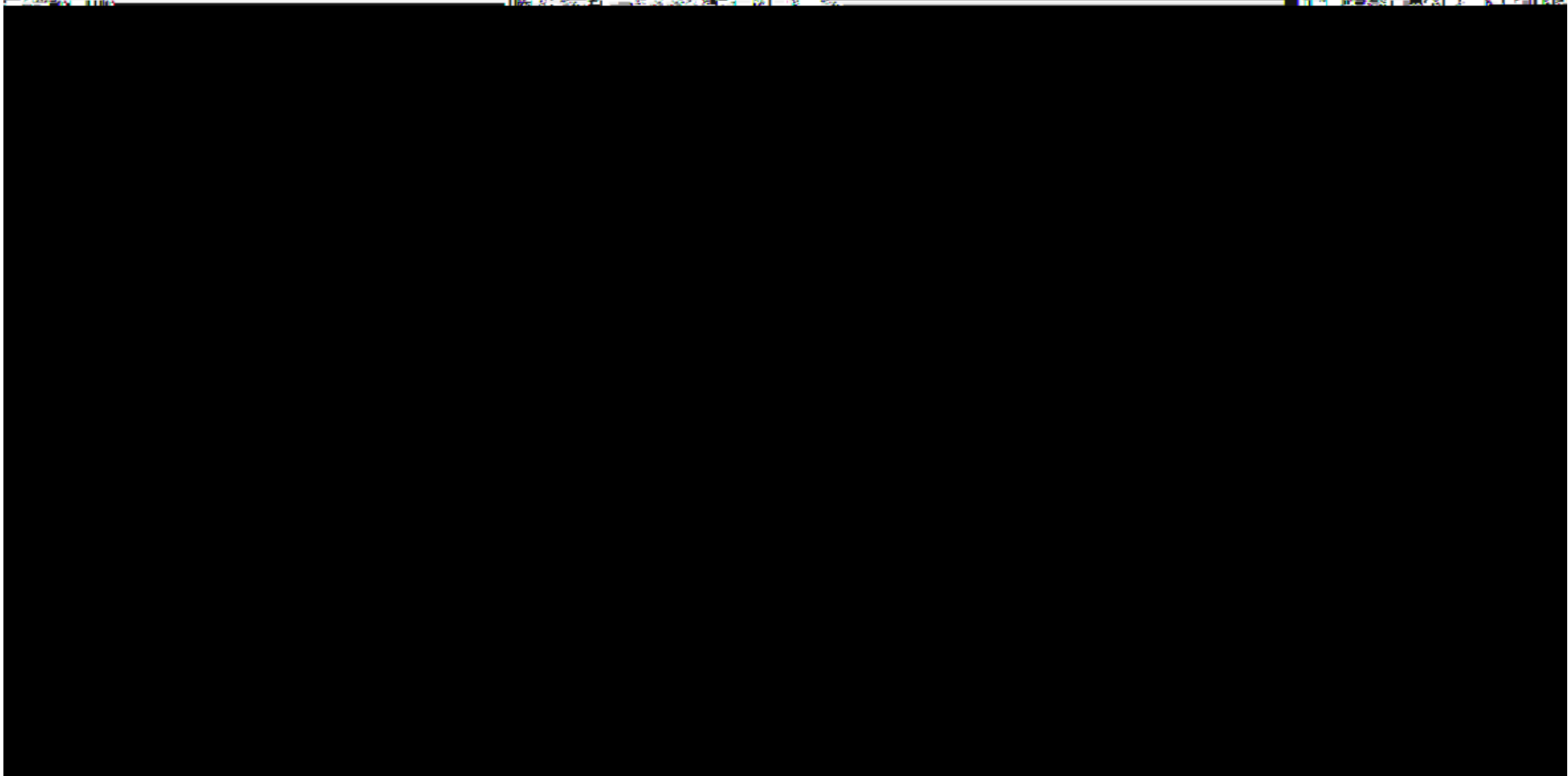
GASB 87 Impact to Departments?

- No Direct Impact
 - *Continue to work with Procurement to negotiate lease transactions*
 - *Record Lease Revenues or Expenses*
- Survey to Identify Leases
 - *Inventory of departmental leases*
 - *Embedded leases** - lease components that reside in contracts not specifically labeled as "lease" or "rental" agreements*

Potential Embedded Leases

TYPES OF ARRANGEMENTS

TYPES OF UNDERLYING ASSETS



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