

GASB 87 YEAR 2



2023 THRESHOLD

RTU lease contracts where the department is lessee:

An intangible RTU lease asset and lease liability should be calculated for contracts with **\$5,000** or more in total future lease payments from July 1, 2022 (or the date the lease begins if after July 1, 2022) to the end of the lease term.

RTU lease contracts where the department is lessor:

A lease receivable and deferred inflow of resources should be calculated for contracts with **\$5,000** or more in total future lease payments from July 1, 2022 (or the date the lease begins if after July 1, 2022) to the end of the lease term.

RTU CONTRACTS YEAR 2

RTU lease contracts Year 2

IBR rates that were used for year 1 lease implementation shall be applied to year 2 and continue to the end of the lease term (or termination of lease date).

- Agencies with leases that were not included as a RTU lease asset and met the FY22 threshold of \$25,000 will result in a prior period adjustment/restatement in the 2023 financial statements, if the impact of the omission is material to the financial statements.
- The \$5,000 threshold is applied effective July 1, 2022 for any new leases or amendments to existing leases.
- Leases that did not meet the threshold in FY22 do not need to be added to the list because the change in policy is prospective (FY23 and going forward).

RTU CONTRACTS FISCAL YEAR 2023

RTU lease contracts Fiscal Year 2023

Fiscal Year 2023 IBR rate shall be applied to new leases entered into from July 1, 2022 (or the date the lease begins if after July 1, 2022) to the end of the lease term.

- New leases entered into from July 1, 2022 (or the date the lease begins if after July 1, 2022) should be included as an RTU Lease addition in FY2023.
- Amendments/modifications to existing leases entered into from July 1, 2022 (or the date the lease begins after July 1, 2022) should be included as an RTU Lease addition.

SCENARIOS

Lease A \$10,000:

- Less than Fiscal Year 2022 \$25,000 threshold.
- Not included as a RTU lease at June 30, 2022.
- July 1, 2022, **Amendment** to Lease A for \$15,000.
- Now Meets Fiscal Year 2023 \$5,000 threshold because of the amendment.
- Include as a RTU lease as an addition.

Lease B \$10,000:

- Less than Fiscal Year 2022 \$25,000 threshold.
- Not included as a RTU lease at June 30, 2022.
- July 1, 2022, **NO** amendments, **NO** changes to terms.
- Do not include as a RTU in Fiscal Year 2023 because it did not meet the \$25,000 in Fiscal Year 2022 and will not be required to be included as a RTU asset even though it exceeds the Fiscal Year 2023 threshold.

SCENARIOS

Lease C: New lease July 1, 2022 for \$10,000.

- Meets Fiscal Year 2023 \$5,000 threshold.
- Include as a RTU lease as an addition.

Lease D \$50,000:

- Meets Fiscal Year 2022 \$25,000 threshold.
- Lease incorrectly omitted in Fiscal Year 2022.
- Evaluate the impact of the omission. Is it material? Does it require an adjustment/restatement in the Fiscal Year 2023 financial statements?
- Discuss with IPA and DFA.

Where you will find information

Year 2 Guidance
Schedule of IBRs
Presentations

From FCD portion
of the DFA
website.



<https://www.nmdfa.state.nm.us/financial-control/gasb-87-resources/>

- Questions

