

GASB 87 LEASE LIABILITY/RECEIVABLE CALCULATION

Instructions: Use this calculation to determine which types of payments made or received should or should not be included in the calculation of the lease liability or lease receivable. The user may use this calculation as the lessee or as the lessor. Footnotes further define each payment type.

Type of Payment Included	Lessee (Liability)	Lessor (Receivable)
Fixed Payments	YES	YES
Variable Payments (Index or Rate ¹)	YES	YES
Variable Payments (Fixed in Substance ²)	YES	YES
Variable Payments/Contingency Payments (Future Performance/Usage ³)	NO	NO
Residual-Value Guarantee ⁴ (Reasonably Certain TO BE Paid By Lessee)	YES	NO
Purchase Option Payment (Reasonably Certain TO BE Paid By Lessee)	YES	NO
Termination Penalties (Lease Term Must Include the Lessee Exercising the Termination Option or Fiscal Funding/Cancellation Option)	YES	NO
Lease Incentive Payments ⁵ (AFTER Lease Commencement)	YES	YES
All Other Payments (Reasonably Certain TO BE Paid)	YES	NO

¹ Payments based upon an index or rate such as the Consumer Price Index or a market interest rate.

² Portions of variable payments that can be reliably measured and are not dependent upon events or transactions that have yet to occur.

³ Payments dependent on future performance or usage are defined in the contract. Examples include sales or revenue performance or number of copies a piece of equipment makes.

⁴ Residual Value Guarantees obligate the lessee to pay for improvements that return the underlying asset to the condition in which it was at the commencement of the lease term.

⁵ Lease Incentive Payments are payments made to, or on behalf of, the lessee, for which the lessee has a right of offset with its obligation to the lessor. Lease incentives receivable by lessee (payable by lessor) after lease commencement are ordinarily a reduction (offset) in the calculation of the lease payments.