



United States Department of the Interior

OFFICE OF THE SECRETARY

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FINANCIAL MANAGEMENT MEMORANDUM 2013- 016 (Vol. II. B)

To: Bureau Chief Financial Officers
Bureau Procurement Chiefs
Bureau Senior Asset Management Officers

From: Douglas A. Glenn *D. A. Glenn*
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Office of Financial Management

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Director
Office of Acquisition and Property Management

Subject: Future Minimum Lease Payment Disclosures

As required by the Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, future minimum lease payments are disclosed in a footnote to the financial statements. This memorandum is issued to ensure disclosure consistency in reporting future minimum lease payments for direct leases and General Services Administration (GSA) occupancy agreements for space and personal property.

Commercial Leases

Bureaus should calculate future minimum lease payments for non-cancelable real property delegated leases and personal property operating leases with an initial or remaining term greater than one year. A lease is considered to have ended, for reporting purposes, when the lease is in hold-over (the lease term ended but payment continues on a month-to-month basis). The future payments should be calculated for the life of the lease as indicated in the agreement.

Bureaus may calculate future minimum lease payments using either one of the following methods:

- Provisions of the lease; or
- OMB inflation factors.

GSA Occupancy Agreements

Space

Bureaus should calculate future minimum lease payments for all non-cancelable GSA space occupancy agreements with an initial or remaining term greater than one year. The future payments should be calculated for the life of the occupancy agreement as indicated in the agreement.

Bureaus may calculate future minimum lease payments using either one of the following methods:

- Provisions of the occupancy agreement, or
- OMB inflation factors.

Personal Property (i.e., vehicles, large computers, photocopiers, etc.)

Bureaus should calculate future minimum lease payments for all GSA personal property agreements in the same manner as GSA space agreements.

OMB Inflation Factors

OMB inflation factors should be compounded annually. The costs that the inflation factors are applied to may include the following:

- Operating costs;
- Real estate taxes;
- Public building service fee;
- Building-specific amortized capital security, if applicable;
- Parking;
- Antennas; and
- Joint use.

Inflation factors should **not** be applied to the following costs:

- Shell rental rate;
- Amortized tenant improvements;
- Rent charges – other space; or
- Billing adjustments.

For fiscal year (FY) 2013, use the following OMB inflation factors:

- FY 2014 – 1.6 %;
- FY 2015 – 1.6 %;
- FY 2016 – 1.6 %;
- FY 2017 – 1.6 %;
- FY 2018 – 1.6 %; and
- Years thereafter – 1.6 %.

The future minimum lease payments should be computed on a straight-line basis in accordance with the Financial Accounting Standards Board (FASB) 13. Please prepare a straight-line calculation in accordance with the FASB 13 and have it available for auditor review.

If you have questions regarding this guidance, please contact Parker Hill, Staff Accountant in the Office of Financial Management, at (202) 513-0850 or via e-mail at Parker_Hill@ios.doi.gov.

cc: Financial Statements Guidance Team
Finance Officers Partnership

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