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**SFFAS 54 LEASE GUIDANCE:**

**RIGHT-TO-USE LEASES:**

**DEEMED “CAPITAL LEASES” FOR BUDGETARY TREATMENT**

**EFFECTIVE FISCAL YEAR 2024**

**PREPARED BY:**

 **GENERAL LEDGER AND ADVISORY BRANCH**

**BUREAU OF THE FISCAL SERVICE**

**U.S. DEPARTMENT OF THE TREASURY**

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| **Version Number** | **Date** | **Description of Change** | **Effective USSGL TFM** |
| 1.0 | 11/2022 | Original | TFM Bulletin No. 2023-03 |

**Background: Proprietary Requirements**

SFFAS No. 54, *Leases*, as amended by SFFAS No. 58 and SFFAS No. 60, replaces proprietary lease accounting and disclosure standards for general purpose federal financial reports. SFFAS No. 54 is effective for reporting periods beginning after September 30, 2023. (Early implementation is not permitted.)

A lease is defined as “a contract or agreement whereby one entity (lessor) conveys the right to control the use of PP&E (the underlying asset) to another entity (lessee) for a period of time as specified in the contract or agreement in exchange for consideration.” (SFFAS 54, Par. 6.) SFFAS No. 54 requires that federal lessees recognize a lease liability and a right-to-use lease asset (also referred to as a lease asset), and that federal lessors recognize a lease receivable and unearned revenues at the commencement of the lease term, unless the lease meets the definitional criteria of a short-term lease, contract or agreement that transfers ownership, or an intra-governmental lease.

At the commencement of the lease term, the lessee should recognize a lease liability and a right-to-use lease asset, while the lessor should recognize a lease receivable and unearned revenue.

**Calculating the Lease Asset/Lease Liability Amounts: Fixed vs. Variable Payments**

The Lessee’s lease asset and the Lessor’s lease liability should include the present value of payments expected to be made during the lease term. Generally, these should include:

* Fixed payments;
* Variable payments that depend on an index or a rate;
* Variable payments that are fixed in-substance; and
* Any lease incentives receivable from the lessor.

For a complete list of payment types to include in the present value of payments, please see SFFAS 54, Paragraphs 40 and 56. (SFFAS 54, Par. 49 also identifies costs that are to be capitalized as part of Lessor’s lease asset that are not components of a Lessee’s lease liability.)

Variable payments based on future performance of the lessee or usage of the underlying asset should be recognized as lease expense/revenue during the reporting period to which those payments relate. These variable payments should not be included in the measurement of the lease receivable/lease liability. (See SFFAS 54, Pars. 41 and 54.) Reporting entity management should consult with appropriate procurement officials, and use professional judgment, to make determinations on what payments are fixed and what are variable for proprietary lease accounting purposes.

**Amortization of Discount on Lease Liability/Receivable - Interest Expense/Revenue**

In subsequent financial reporting periods, the lessee should calculate the amortization of the discount on the lease liability and recognize that amount as interest expense for the period. Any payments made should be allocated first to the accrued interest liability and then to the lease liability. (SFFAS 54, Par. 43) Likewise, the lessor should calculate the amortization of the discount on the receivable and report that amount as interest revenue for the period. Any payments received should be allocated first to the accrued interest receivable and then to the lease receivable. (SFFAS 54, Par. 60)

**Lease Amortization**

During the lease term, the Lessee’s lease asset should be amortized in a systematic and rational manner, over the shorter of: The lease term; or the useful life of the underlying asset. Meanwhile, the Lessor should amortize the unearned revenue to lease revenue in a systematic and rational manner over the term of the lease. (SFFAS 54, Par. 65)

**Background: Budgetary Requirements**

While proprietary accounting requirements for leases are transformed by SFFAS 54, *Leases*, budgetary accounting requirements will remain unchanged and continue to be guided by the lease scorekeeping rule developed by OMB, CBO, and the House and Senate Budget Committees originally in connection with the Budget Enforcement Act of 1990, and guidance regarding this rule provided in *OMB Circular No. A-11, Appendix B,* *Budgetary Treatment Of Lease-Purchases and Leases of Capital Assets.*

**Operating/Capital/Lease Purchase**

Reporting entities should apply professional judgment, consistent with the guidance in Appendix B of *OMB Circular No. A-11*, on Operating Leases/Capital Leases criteria to discern the correct budgetary treatment of each lease contract. Budget Authority for Capital Leases should be recorded up-front in an amount equal to the “asset cost,” as defined in Appendix B. Meanwhile, outlays of Capital Leases are scored over the lease term in an amount equal to the annual lease and other contractually required payments.

“Amounts. The up-front budget authority required for both lease-purchases and capital leases is called the asset cost. This equals the present value of the minimum lease and other contractually required payments excluding payments for identifiable annual operating expenses that would be paid by the Government as owner, such as utilities, minor maintenance, and insurance. Property taxes will not be considered to be an operating expense and will be included in the calculation of the up-front budget authority. (See section 3 for the treatment of property taxes for purposes of distinguishing operating leases from capital leases.) Other contractually required payments include any and all costs related to the asset being leased in addition to the rent fee applied under the lease.

For example, other contractually required payments would include all costs under triple net or other unique arrangements. The present value of the lease and other contractually required payments is discounted as of the date of the first payment (or the beginning of the lease term, whichever is earlier) using the appropriate interest rate (see section 4 for a more detailed explanation and the treatment of multiple deliveries).”

**Key Assumptions Driving Proprietary Accounting Entries:**

**Lease Term**

* A federal reporting entity (Lessee) signs a 5-year lease with a non-federal entity (Lessor) for the right to control/right to use equipment. (For illustration purposes, the scenario also shows posting logic under a separate heading for a federal Lessor working with a non-federal Lessee.)
* The Lessor already has equipment on its Balance Sheet valued at $300,000 with $150,000 Accumulated Depreciation.
* The Present Value of all expected fixed payments is $100,000. The Lessor charges the Lessee the Treasury Rate of 10.00%.
* No purchase option probable of being exercised exists.

**Fixed & Variable Payments**

* Management determines the lease contains only fixed payments. Fixed payments include a minimum annual payment required by the lease contract, and lease payments (including interest) are paid at the start of the year.
* Management determines there are no variable payments based on lessee performance or future usage of the underlying asset in the contract, per SFFAS 54, Par. 41. (Also See Technical Release 20, Lease Implementation Guidance, Par. 48 for more information on Variable Payments.)
* Management determines that the fixed lease payments are “contractually required payments" per *OMB Circular A-11, Appendix B*.

**Key Assumptions Driving Budgetary Accounting Entries:**

**Budgetary Authority**

* The Lessee received a direct appropriation and is working from a multi-year appropriated TAFS from a general fund expenditure account. Agency management has concluded that appropriations language allows the budget authority to remain available for the lease and other contractually required payments over the full term of the lease.
* It is the responsibility of agencies to determine the correct discount rate and do their own calculations when determining budget authority for capital leases. Per *OMB Circular No. A-11, Appendix B*, all assumptions required to perform the lease analysis are subject to OMB approval. (The differential cost of financing has to be paid upfront by the agency as part of their asset cost calculation.)
* Management determines that the fixed payments are "contractually required payments" per *OMB Circular A-11, Appendix B*.
* Note – For budgetary purposes, agencies will need to develop amortization tables to calculate the asset cost of capital leases.

**Budgetary Lease Capital/Operating Determination**

* Management determines the lease to be a “**Capital lease**” for budgetary purposes. Therefore, the asset cost (up-front budget authority required) is the present value of the minimum lease and other contractually required payments. (Note that the differential cost of financing has to be paid upfront by the agency as part of their asset cost calculation.)
* Additional budget authority equal to the cost of financing (imputed interest cost) is recorded on an annual basis over the lease term. Imputed interest cost is calculated pursuant to the guidance in *OMB Circular No. A-11*, Appendix B using the Treasury interest rates published in the most recent update to Appendix C of *OMB Circular No. A-94*. It is equal to the difference between the minimum lease and other contractually required payments under the full term of the lease and the estimated net present value of those payments (asset cost) that is recorded upfront. For this example, assume the appropriate discount rate is 10.0%.
* There are no other payments for identifiable annual operating expenses (utilities, minor maintenance, and insurance, etc.)

**Budgetary Outlays**

* Outlays are scored annually equal to the annual lease and contractually required payments. Over the life of the lease:
	+ Outlays for the asset cost comes from the balances obligated when the lease agreement was signed; and
	+ Outlays for the imputed interest cost comes from new budget authority.

**Cancellation Clauses**

* The lease does not contain renewal/purchase options or cancellation clauses, and is not associated with government land.

**Listing of USSGL Accounts Used in This Scenario:**

|  |  |
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| **Account Number** | **Account Title** |
| **Budgetary** |  |
| 406000 | Anticipated Collections From Non-Federal Sources |
| 411900 | Other Appropriations Realized |
| 426600 | Other Actual Business-Type Collections From Non-Federal Sources |
| 445000 | Unapportioned – Unexpired Authority |
| 449000 | Anticipated Resources - Unapportioned Authority |
| 451000 | Apportionments |
| 459000 | Apportionments – Anticipated Resources – Programs Subject to Apportionment |
| 461000 | Allotments – Realized Resources |
| 480100 | Undelivered Orders – Obligations, Unpaid |
| 490100 | Delivered Orders – Obligations, Unpaid |
| 490200 | Delivered Orders – Obligations, Paid |
| **Proprietary** |  |
| 101000 | Fund Balance With Treasury |
| 134000 | Interest Receivable - Not Otherwise Classified |
| 175000 | Equipment |
| 175900 | Accumulated Depreciation on Equipment |
| **193000** | **Lessor Lease Receivable\*[[1]](#footnote-1)** |
| **193900** | **Allowance for Loss on Lease Receivable\*** |
| **195000** | **Lessee Right-To-Use Lease Asset\*** |
| **195900** | **Accumulated Amortization on Lessee Lease Assets\*** |
| 214000 | Accrued Interest Payable - Not Otherwise Classified |
| **233000** | **Unearned Lessor Revenue\*** |
| **293000** | **Lessee Lease Liability\*** |
| 310000 | Unexpended Appropriations - Cumulative |
| 310100 | Unexpended Appropriations – Appropriations Received |
| 310700 | Unexpended Appropriations - Used - Accrued |
| 310710 | Unexpended Appropriations - Used - Disbursed |
| 331000 | Cumulative Results of Operations |
| 531000 | Interest Revenue - Other |
| 570000 | Expended Appropriations – Used Accrued |
| 570010 | Expended Appropriations - Disbursed |
| **593300** | **Amortization of Unearned Lessor Revenue\*** |
| 633000 | Other Interest Expense |
| 671000 | Depreciation, Amortization, and Depletion |
| **671300** | **Lessee Lease Amortization\*** |

**Proprietary Amortization Table (PV of Payments = $100,000; Treasury Interest Rate of 10.0%)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Year** | **Annual Lease Payment** | **Interest on Unpaid Lease (Treasury Rate = 10.0%)** | **Reduction of Lease Liability/Asset** | **Ending Lease Liability/ Lease Asset Balance** |
| **Contract Signed** |  |  |  |  $100,000 |
| **1** | $23,982 |  $0 | $23,982 | $76,018 |
| **2** | $23,982 | $7,602 | $16,380 | $59,638 |
| **3** | $23,982 | $5,964 | $18,018 | $41,620 |
| **4** | $23,982 | $4,162 | $19,820 | $21,800 |
| **5** | $23,982 | $2,182 | $21,800 | $0 |
| **Total** | **$119,910** | **$19,910** | **$100,000** | **-** |

**FISCAL YEAR 1**

**Lessee Accounting**

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| 1. The Lessee records the enactment of appropriations in Year 1 of the 5-year lease agreement. Per *OMB Circular No. A-11, Appendix B*, this upfront Budget Authority includes the present value of the minimum lease and other contractually required payments over the full term of the lease, as well as the imputed interest accrued on the debt and Year 1**. The Present Value of expected payments is $100,000, and interest accrued during the first year is $7,602 = Total upfront Budget Authority = $107,602.** (Imputed interest cost is recorded annually over the lease term.) |
| **Lessee** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**411900 Other Appropriations Realized 445000 Unapportioned - Unexpired Authority**Proprietary Entry** 101000 (G) Fund Balance With Treasury 310100 (G) Unexpended Appropriations – Appropriations Received | 107,602107,602 | 107,602107,602 | A104 |

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| 2. The Lessee records budgetary authority apportioned by the Office of Management and Budget and available for allotment in Year 1. |
| **Lessee** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**445000 Unapportioned - Unexpired Authority 451000 Apportionments **Proprietary Entry** None | 107,602 | 107,602 | A116 |

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| 3. The Lessee records the allotment of authority in Year 1. |
| **Lessee** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**451000 Apportionments 461000 Allotments – Realized Resources **Proprietary Entry** None | 107,602 | 107,602 | A120 |

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| 4. The lease contract is signed by both parties. The Lessee records current-year undelivered orders without an advance (Equal to only the $100,000 Present Value of expected payments.) |
| **Lessee** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**461000 Allotments – Realized Resources 480100 Undelivered Orders – Obligations, Unpaid**Proprietary Entry** None | 100,000 | 100,000 | B306 |

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| 5. The Lessee takes control over the use of the equipment; The lease term is 5 years. A Lease Asset and Lease Liability are recorded per SFFAS 54, Par. 40 & Par. 49.  |
| **Lessee** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**480100 Undelivered Orders – Obligations, Unpaid  490100 Delivered Orders – Obligations, Unpaid **Proprietary Entry** 195000 Lessee Right-To-Use Lease Asset 293000 Lessee Lease Liability310700 Unexpended Appropriations - Used - Accrued 570000 Expended Appropriations - Used - Accrued | 100,000100,000100,000 | 100,000100,000100,000 | B134 |

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| 6. In Year 1, the Lessee makes the first annual lease payment to Lessor, and records the payment of funds previously accrued. The Lessee records the disbursement of appropriations for the fiscal year. |
| **Lessee – Disbursement of first Annual Lease Payment** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**490100 Delivered Orders – Obligations, Unpaid  490200 Delivered Orders – Obligations, Paid **Proprietary Entry** 293000 Lessee Lease Liability 101000 (G) Fund Balance With Treasury310710 Unexpended Appropriations - Used - Disbursed 570000 Expended Appropriations - Used - Accrued  310700 Unexpended Appropriations - Used - Accrued  570010 Expended Appropriations - Disbursed | 23,98223,98223,98223,982 | 23,98223,98223,98223,982 | B235 |
| ***Ending Lease Liability Balance of USSGL 293000 = $100,000 - $23,928 = $76,018*** |

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| 7. The Lessee records amortization of the right-to-use lease asset for the period. ($100,000 / 5 Year Life of Lease = $20,000 Amortization per year.) A lease asset should be amortized in a systematic and rational manner over the shorter of: The lease term; or the useful life of the underlying asset. (SFFAS 54, Par. 50) |
| **Lessee – Amortization of Lease Asset for Year 1** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**None**Proprietary Entry** 671300 Lessee Lease Amortization 195900 Accumulated Amortization on Lessee Lease Assets | 20,000 | 20,000 |  |

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| 8. The lessee records accrued interest during the first year of the lease. The lessee should calculate the amortization of the discount on the lease liability and recognize that amount as interest expense for the period. (SFFAS 54, Par. 43)  |
| **Lessee – Accrual of Interest Expense for Year 1** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**461000 Allotments – Realized Resources 490100 Delivered Orders – Obligations, Unpaid**Proprietary Entry** 633000 (N) Other Interest Expense 214000 (N) Accrued Interest Payable - Not Otherwise Classified310700 Unexpended Appropriations - Used - Accrued 570000 Expended Appropriations - Used - Accrued | 7,6027,6027,602 | 7,6027,6027,602 | B416B134 |

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| 9. The Lessee records the closing of lease and interest expenses to cumulative results of operations.  |
| **Lessee** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**None**Proprietary Entry** 331000 Cumulative Results of Operations 671300 Lessee Lease Amortization 633000 (N) Other Interest Expense  | 27,602  | 20,000 7,602 | F336 |

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| 10. The Lessee records the closing of expended appropriation to cumulative results of operations, along with the closing of fiscal-year activity to unexpended appropriations. |
| **Lessee** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**None**Proprietary Entry** 570000 Expended Appropriations - Used - Accrued570010 Expended Appropriations – Disbursed 331000 Cumulative Results of Operations 310000 Unexpended Appropriations – Cumulative 310700 Unexpended Appropriations - Used - Accrued 310710 Unexpended Appropriations - Used – Disbursed310100 (G) Unexpended Appropriations – Appropriations Received 310000 Unexpended Appropriations - Cumulative |  83,620 23,982107,602107,602 | 107,602 83,620 23,982107,602 | F336F342F342 |

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| 11. The Lessee records the closing of paid delivered orders to total actual resources. |
| **Lessee** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**490200 Delivered Orders – Obligations, Paid 420100 Total Actual Resources, Collected**Proprietary Entry** None | 23,982 | 23,982 | F314 |

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| 12. The Lessee records the consolidation of actual net-funded resources. |
| **Lessee** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**420100 Total Actual Resources, Collected  411900 Other Appropriations Realized **Proprietary Entry**  None | 107,602 | 107,602 | F302 |

**Lessor Accounting**

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| 1. In Year 1, the Lessor records anticipated collections.  |
| **Lessor** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**406000 Anticipated Collections From Non-Federal Sources 449000 Anticipated Resources - Unapportioned Authority**Proprietary Entry**None | 23,982 | 23,982 | A140 |

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| 2. In Year 1, the Lessor records the apportionment approval by OMB of anticipated authority. |
| **Lessor** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**449000 Anticipated Resources - Unapportioned Authority 459000 Apportionments - Anticipated Resources - Programs Subject to Apportionment**Proprietary Entry**None | 23,982 | 23,982 | A118 |

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| 3. The Lessee takes control over the use of the equipment; The lease term is 5 years. A Lease Receivable and Unearned Revenue are recorded per SFFAS 54. Also per SFFAS 54, Par. 56, the Lessor reduces the lease receivable by a provision for uncollectible amounts. |
| **Lessor** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**None**Proprietary Entry**193000 Lessor Lease Receivable193900 Allowance for Loss on Lease Receivable 233000 Lessor Lease Unearned Revenue | 100,000 |  2,00098,000 |  |
| ***Initial Lease Receivable Balance of USSGL 193000 = $100,000.*** |

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| 4. In Year 1, the Lessor receives the annual lease payment from the Lessee and records the receipt of payment. Also in Year 1, the Lessor records the allotment of authority. |
| **Lessor – Receipt of first Annual Lease Payment** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**426600 Other Actual Business-Type Collections From Non-Federal Sources 406000 Anticipated Collections From Non-Federal Sources459000 Apportionments - Anticipated Resources - Programs Subject to Apportionment 451000 Apportionments 451000 Apportionments 461000 Allotments – Realized Resources **Proprietary Entry** 101000 (G) Fund Balance With Treasury 193000 Lessor Lease Receivable | 23,98223,98223,98223,982 | 23,98223,98223,98223,982 | C109A123A120 |
| ***Ending Lease Receivable Balance of USSGL 193000 = $100,000 - $23,982 = $76,018*** |

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| 5. The Lessor recognizes revenue from the measurement of the lease receivable as earned revenue for the reporting period. A Lessor should amortize the unearned revenue (recognizing it as earned revenue) in a systematic and rational manner of life of the lease. (SFFAS 60, Par. 26) |
| **Lessor – Recognition of Unearned Revenue for Year 1** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**None**Proprietary Entry** 233000 Lessor Lease Unearned Revenue 593300 Amortization of Unearned Lessor Revenue | 20,000 | 20,000 |  |

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| 6. The lessor recognizes the amortization of the discount on the lease receivable as interest revenue for the period. (SFFAS 54, Par. 60) |
| **Lessor – Accrual of Interest Revenue for Year 1** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**None**Proprietary Entry** 134000 Interest Receivable - Not Otherwise Classified 531000 Interest Revenue - Other | 7,602 | 7,602 |  |

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| 7. In Year 1, the Lessor records depreciation expense on equipment it owns (the underlying asset within the lease.) $300,000 cost / 20-year useful life = $15,000. |
| **Lessor** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**None**Proprietary Entry** 671000 (N) Depreciation, Amortization, and Depletion  175900 Accumulated Depreciation on Equipment  | 15,000 | 15,000 | E120 |

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| 8. The Lessor records the closing of revenue to cumulative results of operations. |
| **Lessor** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**None **Proprietary Entry** 593300 Amortization of Unearned Lessor Revenue531000 Interest Revenue - Other 331000 Cumulative Results of Operations  | 20,000 7,602 | 27,602 | F336 |

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| 9. The Lessor records the closing of depreciation expense to cumulative results of operations. |
| **Lessor** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**None **Proprietary Entry** 331000 Cumulative Results of Operations 671000 Depreciation, Amortization, and Depletion  | 15,000 | 15,000 | F336 |

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| 10. The Lessor records the closing of unobligated balances in programs subject to apportionment to unapportioned authority. |
| **Lessor** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**461000 Allotments – Realized Resources  445000 Unapportioned – Unexpired Authority**Proprietary Entry** None | 23,982 | 23,982 | F308 |

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| 11. The Lessor records the consolidation of actual net-funded resources. |
| **Lessor** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**420100 Total Actual Resources, Collected  426600 Other Actual Business-Type Collections From Non-Federal Sources **Proprietary Entry**  None | 23,982 | 23,982 | F302 |

**Fiscal Year 1 Post-Closing Adjusted Trial Balance:**

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| **FISCAL YEAR 1 POST-CLOSING** | **LESSEE**  | **LESSOR** |
| **Account** | **Description** | **Debit** | **Credit** | **Debit**  | **Credit** |
| **Budgetary** |  |  |  |  |
| 420100 | Total Actual Resources, Collected | 83,620 | - | 23,982 | - |
| 445000 | Unapportioned – Unexpired Authority | - | - | - | 23,982 |
| 490100  | Delivered Orders, Obligations Unpaid | - | 83,620 | - | - |
| **Total** | **83,620** | **83,620** | **23,982** | **23,982** |
|  |  |  |  |  |
| **Proprietary** |  |  |  |  |
| 101000 (G) | Fund Balance With Treasury | 83,620 | - | 23,982 | - |
| 134000 (N) | Interest Receivable - Not Otherwise Classified | - | - | 7,602 | - |
| 175000 | Equipment | - | - | 300,000 | - |
| 175900 | Acc. Depreciation on Equipment | - | - | - | 165,000 |
| 193000 | Lessor Lease Receivable | - | - | 76,018 | - |
| 193900 | Allowance for Loss on Lease Receivable | - | - | - | 2,000 |
| 195000 | Lessee Right-To-Use Lease Asset | 100,000 | - | - | - |
| 195900 | Accumulated Amortization on Lessee Lease Assets | - | 20,000 | - | - |
| 214000 (N) | Accrued Interest Payable - Not Otherwise Classified | - | 7,602 | - | - |
| 233000 | Unearned Lessor Revenue | - | - | - | 78,000 |
| 293000 | Lessee Lease Liability | - | 76,018 | - | - |
| 331000 | Cumulative Results of Operations | - | 80,000 | - | 162,602 |
| **Total** |  | **183,620** | **183,620** | **407,602** | **407,602** |

**FISCAL YEAR 2**

**Lessee Accounting**

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| 1. In Year 2, the Lessee makes the second annual lease payment to Lessor, and records the payment of funds previously accrued. The Lessee records the disbursement of appropriations for the fiscal year. |
| **Lessee - Disbursement of second Annual Lease Payment to Lessor** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**490100 Delivered Orders – Obligations, Unpaid  490200 Delivered Orders – Obligations, Paid **Proprietary Entry** 293000 Lessee Lease Liability214000 (N) Accrued Interest Payable - Not Otherwise Classified 101000 Fund Balance With Treasury310710 Unexpended Appropriations - Used - Disbursed 570000 Expended Appropriations - Used - Accrued  310700 Unexpended Appropriations - Used - Accrued  570010 Expended Appropriations - Disbursed | 23,98216,380 7,60223,98223,982 | 23,98223,98223,98223,982 | B235 |
| ***Ending Lease Liability Balance of USSGL 293000 = $76,018- $16,380 = $59,638*** |

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| 2. In Year 2, the Lessee records the enactment of appropriations. Per OMB Circular No. A-11, Appendix B, interest accrued during the year is included in the appropriation. |
| **Lessee - Enactment of appropriation for Year 2 of interest.**  | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**411900 Other Appropriations Realized 445000 Unapportioned - Unexpired Authority**Proprietary Entry** 101000 (G) Fund Balance With Treasury 310100 (G) Unexpended Appropriations – Appropriations Received | 5,9645,964 | 5,9645,964 | A104 |

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| 3. The Lessee records budgetary authority apportioned by the Office of Management and Budget and available for allotment in Year 2. |
| **Lessee** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**445000 Unapportioned - Unexpired Authority 451000 Apportionments **Proprietary Entry** None | 5,964 | 5,964 | A116 |

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| 4. The Lessee records the allotment of authority in Year 2. |
| **Lessee** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**451000 Apportionments 461000 Allotments – Realized Resources **Proprietary Entry** None | 5,964 | 5,964 | A120 |

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| 5. For Year 2, the Lessee records amortization of the right-to-use Lease Asset for the period. A lease asset should be amortized in a systematic and rational manner over the shorter of: The lease term; OR the useful life of the underlying asset. (SFFAS 54, Par. 50) |
| **Lessee - Amortization of Lease Asset for Year 2** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**None**Proprietary Entry** 671300 Lessee Lease Amortization 195900 Accumulated Amortization on Lessee Lease Assets | 20,000 | 20,000 |  |

|  |
| --- |
| 6. The lessee records interest accrued over the second year of the lease. The lessee should calculate the amortization of the discount on the lease liability and recognize that amount as interest expense for the period. (SFFAS 54, Par. 43)s |
| **Lessee - Accrual of Interest Expense for Amortization of Discount - Year 2** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**461000 Allotments – Realized Resources 490100 Delivered Orders – Obligations, Unpaid**Proprietary Entry** 633000 (N) Other Interest Expense 214000 (N) Accrued Interest Payable - Not Otherwise Classified310700 Unexpended Appropriations - Used - Accrued 570000 Expended Appropriations - Used - Accrued | 5,9645,9645,964 | 5,9645,9645,964 | B416B134 |

|  |
| --- |
| 7. The Lessee records the closing of lease and interest expenses to cumulative results of operations.  |
| **Lessee** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**None**Proprietary Entry** 331000 Cumulative Results of Operations 671300 Lessee Lease Amortization 633000 (N) Other Interest Expense  | 25,964  | 20,000 5,964 | F336 |

|  |
| --- |
| 8. The Lessee records the closing of expended appropriation to cumulative results of operations, along with the closing of fiscal-year activity to unexpended appropriations. |
| **Lessee** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**None**Proprietary Entry** 570010 Expended Appropriations – Disbursed 570000 Expended Appropriations - Used - Accrued 331000 Cumulative Results of Operations 310000 Unexpended Appropriations – Cumulative310700 Unexpended Appropriations - Used - Accrued 310710 Unexpended Appropriations - Used – Disbursed310100 (G) Unexpended Appropriations – Appropriations Received 310000 Unexpended Appropriations - Cumulative | 23,9825,96418,0185,964 | 18,0185,96423,9825,964 | F336F342F342 |

|  |
| --- |
| 9. The Lessee records the closing of paid delivered orders to total actual resources. |
| **Lessee** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**490200 Delivered Orders – Obligations, Paid 420100 Total Actual Resources, Collected**Proprietary Entry** None | 23,982 | 23,982 | F314 |

|  |
| --- |
| 10. The Lessee records the consolidation of actual net-funded resources. |
| **Lessee** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**420100 Total Actual Resources, Collected  411900 Other Appropriations Realized **Proprietary Entry**  None | 5,964 | 5,964 | F302 |

**Lessor Accounting**

|  |
| --- |
| 1. In Year 2, the Lessor records anticipated collections. (Year 2 Lease Payment of $23,982) |
| **Lessor** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**406000 Anticipated Collections From Non-Federal Sources 449000 Anticipated Resources - Unapportioned Authority**Proprietary Entry**None | 23,982 | 23,982 | A140 |

|  |
| --- |
| 2. In Year 2, the Lessor records the apportionment approval by OMB of anticipated authority. |
| **Lessor** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**449000 Anticipated Resources - Unapportioned Authority 459000 Apportionments - Anticipated Resources - Programs Subject to Apportionment**Proprietary Entry**None | 23,982 | 23,982 | A118 |

|  |
| --- |
| 3. In Year 2, the Lessor receives the annual lease payment from the Lessee and records the receipt of payment. Also in Year 2, the Lessor records the allotment of authority. |
| **Lessor – Receipt of second Annual Lease Payment from Lessee** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**426600 Other Actual Business-Type Collections From Non-Federal Sources 406000 Anticipated Collections From Non-Federal Sources459000 Apportionments - Anticipated Resources - Programs Subject to Apportionment 451000 Apportionments451000 Apportionments 461000 Allotments – Realized Resources **Proprietary Entry** 101000 (G) Fund Balance With Treasury 134000 (N) Interest Receivable - Not Otherwise Classified 193000 Lessor Lease Receivable | 23,98223,98223,98223,982 | 23,98223,98223,982 7,60216,380 | C109A123A120 |
| ***Ending Lease Receivable Balance of USSGL 193000 = $76,018 - $16,380 = $59,638*** |

|  |
| --- |
| 4. The Lessor recognizes revenue from the measurement of the lease receivable as earned revenue for the reporting period. A Lessor should amortize the unearned revenue (recognizing it as earned revenue) in a systematic and rational manner of life of the lease. (SFFAS 60, Par. 26) |
| **Lessor - Recognition of Unearned Revenue for Year 2** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**None**Proprietary Entry** 233000 Lessor Lease Unearned Revenue 593300 Amortization of Unearned Lessor Revenue | 20,000 | 20,000 |  |

|  |
| --- |
| 5. The lessor recognizes the amortization of the discount on the lease receivable as interest revenue for the period. (SFFAS 54, Par. 60) |
| **Lessor - Accrual of Interest Revenue Year 2** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**None**Proprietary Entry** 134000 (N) Interest Receivable - Not Otherwise Classified 531000 (N) Interest Revenue - Other | 5,964 | 5,964 |  |

|  |
| --- |
| 6. In Year 2, the Lessor records depreciation expense on equipment it owns (the underlying asset within the lease.) $300,000 cost / 20-year useful life = $15,000. |
| **Lessor** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**None**Proprietary Entry** 671000 (N) Depreciation, Amortization, and Depletion  175900 Accumulated Depreciation on Equipment  | 15,000 | 15,000 | E120 |

|  |
| --- |
| 7. The Lessor records the closing of revenue to cumulative results of operations. |
| **Lessor** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**None **Proprietary Entry** 593300 Amortization of Unearned Lessor Revenue531000 (N) Interest Revenue - Other 331000 Cumulative Results of Operations  | 20,000 5,964 | 25,964 | F336 |

|  |
| --- |
| 10. The Lessor records the closing of depreciation expense to cumulative results of operations in Year 2. |
| **Lessor** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**None **Proprietary Entry** 331000 Cumulative Results of Operations 671000 Depreciation, Amortization, and Depletion  | 15,000 | 15,000 | F336 |

|  |
| --- |
| 11. The Lessor records the closing of unobligated balances in programs subject to apportionment to unapportioned authority. |
| **Lessor** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**461000 Allotments – Realized Resources  445000 Unapportioned – Unexpired Authority**Proprietary Entry** None | 23,982 | 23,982 | F308 |

|  |
| --- |
| 12. The Lessor records the consolidation of actual net-funded resources. |
| **Lessor** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**420100 Total Actual Resources, Collected  426600 Other Actual Business-Type Collections From Non-Federal Sources **Proprietary Entry**  None | 23,982 | 23,982 | F302 |

**Fiscal Year 2 Post-Closing Adjusted Trial Balance:**

|  |  |  |
| --- | --- | --- |
| **FISCAL YEAR 2 POST-CLOSING** | **LESSEE**  | **LESSOR** |
| **Account** | **Description** | **Debit** | **Credit** | **Debit**  | **Credit** |
| **Budgetary** |  |  |  |  |
| 420100 | Total Actual Resources, Collected | 65,602 | - | 47,964 | - |
| 445000 | Unapportioned – Unexpired Authority | - | - | - | 47,964 |
| 490100  | Delivered Orders, Obligations Unpaid | - | 65,602 | - | - |
| **Total** | **65,602** | **65,602** | **47,964** | **47,964** |
|  |  |  |  |  |
| **Proprietary** |  |  |  |  |
| 101000 (G) | Fund Balance With Treasury | 65,602 | - | 47,964 | - |
| 134000 (N) | Interest Receivable - Not Otherwise Classified | - | - | 5,964 | - |
| 175000 | Equipment | - | - | 300,000 | - |
| 175900 | Acc. Depreciation on Equipment | - | - | - | 180,000 |
| 193000 | Lessor Lease Receivable | - | - | 59,638 | - |
| 193900 | Allowance for Loss on Lease Receivable | - | - | - | 2,000 |
| 195000 | Lessee Right-To-Use Lease Asset | 100,000 | - | - | - |
| 195900 | Accumulated Amortization on Lessee Lease Assets | - | 40,000 | - | - |
| 214000 (N) | Accrued Interest Payable - Not Otherwise Classified | - | 5,964 | - | - |
| 233000  | Unearned Lessor Revenue | - | - | - | 58,000 |
| 293000 | Lessee Lease Liability | - | 59,638 | - | - |
| 331000 | Cumulative Results of Operations | - | 60,000 | - | 173,566 |
| **Total** |  | **165,602** | **165,602** | **413,566** | **413,566** |

**FISCAL YEAR 3**

**Lessee Accounting**

|  |
| --- |
| 1. In Year 3, the Lessee makes the third annual lease payment to Lessor, and records the payment of funds previously accrued. The Lessee records the disbursement of appropriations for the fiscal year. |
| **Lessee – Disbursement of Annual Lease Payment to Lessor** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**490100 Delivered Orders – Obligations, Unpaid  490200 Delivered Orders – Obligations, Paid **Proprietary Entry** 293000 Lessee Lease Liability214000 (N) Accrued Interest Payable - Not Otherwise Classified 101000 Fund Balance With Treasury310710 Unexpended Appropriations - Used - Disbursed 570000 Expended Appropriations - Used - Accrued  310700 Unexpended Appropriations - Used - Accrued  570010 Expended Appropriations - Disbursed | 23,98218,018 5,96423,98223,982 | 23,98223,98223,98223,982 | B235 |
| ***Ending Lease Liability Balance of USSGL 293000 = $59,638 - $18,018 = $41,620*** |

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| --- |
| 2. In Year 3, the Lessee records the enactment of appropriations. Per OMB Circular No. A-11, Appendix B, interest accrued during the year is included in the appropriation. |
| **Lessee - Enactment of appropriation for Year 3 of interest.** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**411900 Other Appropriations Realized 445000 Unapportioned - Unexpired Authority**Proprietary Entry** 101000 (G) Fund Balance With Treasury 310100 (G) Unexpended Appropriations – Appropriations Received | 4,1624,162 | 4,1624,162 | A104 |

|  |
| --- |
| 3. The Lessee records budgetary authority apportioned by the Office of Management and Budget and available for allotment in Year 3. |
| **Lessee** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**445000 Unapportioned - Unexpired Authority 451000 Apportionments **Proprietary Entry** None | 4,162 | 4,162 | A116 |

|  |
| --- |
| 4. The Lessee records the allotment of authority in Year 3. |
| **Lessee** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**451000 Apportionments 461000 Allotments – Realized Resources **Proprietary Entry** None | 4,162 | 4,162 | A120 |

|  |
| --- |
| 5. For Year 3, the Lessee records amortization of the right-to-use Lease Asset for the period. A lease asset should be amortized in a systematic and rational manner over the shorter of: The lease term; OR the useful life of the underlying asset. (SFFAS 54, Par. 50) |
| **Lessee - Amortization of Lease Asset for Year 3** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**None**Proprietary Entry** 671300 Lessee Lease Amortization 195900 Accumulated Amortization on Lessee Lease Assets | 20,000 | 20,000 |  |

|  |
| --- |
| 6. The lessee records interest accrued over the third year of the lease. The lessee should calculate the amortization of the discount on the lease liability and recognize that amount as interest expense for the period. (SFFAS 54, Par. 43)s |
| **Lessee - Accrual of Interest Expense for Amortization of Discount - Year 3** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**461000 Allotments – Realized Resources 490100 Delivered Orders – Obligations, Unpaid**Proprietary Entry** 633000 (N) Other Interest Expense 214000 (N) Accrued Interest Payable - Not Otherwise Classified310700 Unexpended Appropriations - Used - Accrued 570000 Expended Appropriations - Used - Accrued | 4,1624,1624,162 | 4,1624,1624,162 | B416B134 |

|  |
| --- |
| 7. The Lessee records the closing of lease and interest expenses to cumulative results of operations.  |
| **Lessee** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**None**Proprietary Entry** 331000 Cumulative Results of Operations 671300 Lessee Lease Amortization 633000 (N) Other Interest Expense  | 24,162  | 20,000 4,162 | F336 |

|  |
| --- |
| 8. The Lessee records the closing of expended appropriation to cumulative results of operations, along with the closing of fiscal-year activity to unexpended appropriations. |
| **Lessee** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**None**Proprietary Entry** 570010 Expended Appropriations – Disbursed 570000 Expended Appropriations - Used - Accrued 331000 Cumulative Results of Operations 310000 Unexpended Appropriations – Cumulative310700 Unexpended Appropriations - Used - Accrued 310710 Unexpended Appropriations - Used – Disbursed310100 (G) Unexpended Appropriations – Appropriations Received 310000 Unexpended Appropriations - Cumulative | 23,982 4,162 19,820 4,162 |  19,820 4,162 23,982 4,162 | F336F342F342 |

|  |
| --- |
| 9. The Lessee records the closing of paid delivered orders to total actual resources. |
| **Lessee** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**490200 Delivered Orders – Obligations, Paid 420100 Total Actual Resources, Collected**Proprietary Entry** None | 23,982 | 23,982 | F314 |

|  |
| --- |
| 10. The Lessee records the consolidation of actual net-funded resources. |
| **Lessee** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**420100 Total Actual Resources, Collected  411900 Other Appropriations Realized **Proprietary Entry**  None | 4,162 | 4,162 | F302 |

**Lessor Accounting**

|  |
| --- |
| 1. In Year 3, the Lessor records anticipated collections. (Year 3 Lease Payment of $23,982) |
| **Lessor** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**406000 Anticipated Collections From Non-Federal Sources 449000 Anticipated Resources - Unapportioned Authority**Proprietary Entry**None | 23,982 | 23,982 | A140 |

|  |
| --- |
| 2. In Year 3, the Lessor records the apportionment approval by OMB of anticipated authority. |
| **Lessor** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**449000 Anticipated Resources - Unapportioned Authority 459000 Apportionments - Anticipated Resources - Programs Subject to Apportionment**Proprietary Entry**None | 23,982 | 23,982 | A118 |

|  |
| --- |
| 3. In Year 3, the Lessor receives the annual lease payment from the Lessee and records the receipt of payment. Also in Year 3, the Lessor records the allotment of authority. |
| **Lessor – Receipt of third Annual Lease Payment** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**426600 Other Actual Business-Type Collections From Non-Federal Sources 406000 Anticipated Collections From Non-Federal Sources459000 Apportionments - Anticipated Resources - Programs Subject to Apportionment 451000 Apportionments 451000 Apportionments 461000 Allotments – Realized Resources **Proprietary Entry** 101000 (G) Fund Balance With Treasury 134000 (N) Interest Receivable - Not Otherwise Classified 193000 Lessor Lease Receivable | 23,98223,98223,98223,982 | 23,98223,98223,982 5,96418,018 | C109A123A120 |
| ***Ending Lease Receivable Balance of USSGL 193000 = $59,638 - $18,018 = $41,620*** |

|  |
| --- |
| 4. The Lessor recognizes revenue from the measurement of the lease receivable as earned revenue for the reporting period. A Lessor should amortize the unearned revenue (recognizing it as earned revenue) in a systematic and rational manner of life of the lease. (SFFAS 60, Par. 26) |
| **Lessor - Recognition of Unearned Revenue for Year 3** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**None**Proprietary Entry** 233000 Lessor Lease Unearned Revenue 593300 Amortization of Unearned Lessor Revenue | 20,000 | 20,000 |  |

|  |
| --- |
| 5. The lessor recognizes the amortization of the discount on the lease receivable as interest revenue for the period. (SFFAS 54, Par. 60) |
| **Lessor - Accrual of Interest Revenue Year 3** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**None**Proprietary Entry** 134000 Interest Receivable - Not Otherwise Classified 531000 Interest Revenue - Other | 4,162 | 4,162 |  |

|  |
| --- |
| 6. In Year 3, the Lessor records depreciation expense on equipment it owns (the underlying asset within the lease.) $300,000 cost / 20-year useful life = $15,000. |
| **Lessor** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**None**Proprietary Entry** 671000 (N) Depreciation, Amortization, and Depletion  175900 Accumulated Depreciation on Equipment  | 15,000 | 15,000 | E120 |

|  |
| --- |
| 7. The Lessor records the closing of revenue to cumulative results of operations. |
| **Lessor** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**None **Proprietary Entry** 593300 Amortization of Unearned Lessor Revenue 531000 Interest Revenue – Other 331000 Cumulative Results of Operations  | 20,000 4,162 | 24,762 | F336 |

|  |
| --- |
| 10. The Lessor records the closing of depreciation expense to cumulative results of operations in Year 3. |
| **Lessor** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**None **Proprietary Entry** 331000 Cumulative Results of Operations 671000 Depreciation, Amortization, and Depletion  | 15,000 | 15,000 | F336 |

|  |
| --- |
| 11. The Lessor records the closing of unobligated balances in programs subject to apportionment to unapportioned authority. |
| **Lessor** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**461000 Allotments – Realized Resources  445000 Unapportioned – Unexpired Authority**Proprietary Entry** None | 23,982 | 23,982 | F308 |

|  |
| --- |
| 12. The Lessor records the consolidation of actual net-funded resources. |
| **Lessor** | **Debit** | **Credit** | **TC** |
| **Budgetary Entry**420100 Total Actual Resources, Collected  426600 Other Actual Business-Type Collections From Non-Federal Sources **Proprietary Entry**  None | 23,982 | 23,982 | F302 |

**Fiscal Year 3 Pre-Closing Trial Balance:**

|  |  |  |
| --- | --- | --- |
| **FISCAL YEAR 3 PRE-CLOSING** | **LESSEE**  | **LESSOR** |
| **Account** | **Description** | **Debit** | **Credit** | **Debit**  | **Credit** |
| **Budgetary** |  |  |  |  |
| 411900 | Other Appropriations Realized | 4,162 | - | - | - |
| 420100 | Total Actual Resources, Collected | 65,602 | - | 47,964 | - |
| 426600 | Other Actual Business-Type Collections From Non-Federal Sources | - | - | 23,982 | - |
| 445000 | Unapportioned - Unexpired Authority | - | - | - | 47,964 |
| 461000 | Allotments – Realized Resources | - | - | - | 23,982 |
| 490100  | Delivered Orders, Obligations Unpaid | - | 45,782 | - | - |
| 490200 | Delivered Orders – Obligations, Paid  | - | 23,982 | - | - |
| **Total** | **69,764** | **69,764** | **71,946** | **71,946** |
|  |  |  |  |  |
| **Proprietary** |  |  |  |  |
| 101000 (G) | Fund Balance With Treasury | 45,782 | - | 71,946 | - |
| 134000 (N) | Interest Receivable - Not Otherwise Classified | - | - | 4,162 | - |
| 175000 | Equipment | - | - | 300,000 | - |
| 175900 | Acc. Depreciation on Equipment | - | - | - | 195,000 |
| 193000 | Lessor Lease Receivable | - | - | 41,620 |  |
| 193900 | Allowance for Loss on Lease Receivable | - | - | - | 2,000 |
| 195000 | Lessee Right-To-Use Lease Asset | 100,000 | - | - | - |
| 195900 | Accumulated Amortization on Lessee Lease Assets | - | 60,000 | - | - |
| 214000 (N) | Accrued Interest Payable - Not Otherwise Classified | - | 4,162 | - | - |
| 233000 | Unearned Lessor Revenue | - | - | - | 38,000 |
| 293000 | Lessee Lease Liability | - | 41,620 | - | - |
| 310100 (G) | Unexpended Appropriations - Appropriations Received | - | 4,612 | - | - |
| 310700 (G) | Unexpended Appropriations - Used - Accrued  | - | 19,820 | - | - |
| 310710 (G) | Unexpended Appropriations - Used - Disbursed | 23,982 | - | - | - |
| 331000 | Cumulative Results of Operations | - | 60,000 | - | 173,566 |
| 531000 (N) | Interest Revenue - Other | - | - | - | 4,162 |
| 570000 | Expended Appropriations - Used - Accrued | 19,820 | - | - | - |
| 570010  | Expended Appropriations - Disbursed | - | 23,982 | - | - |
| 593300 | Amortization of Unearned Lessor Revenue | - | - | - | 20,000 |
| 633000 (N) | Other Interest Expense | 4,162 | - | - | - |
| 671000 | Depreciation, Amortization, and Depletion | - | - | 15,000 | - |
| 671300 | Lessee Lease Amortization | 20,000 | - | - | - |
| **Total** |  | **213,746** | **213,746** | **432,728** | **432,728** |

**Fiscal Year 3 Post-Closing Trial Balance:**

|  |  |  |
| --- | --- | --- |
| **FISCAL YEAR 3 POST-CLOSING** | **LESSEE**  | **LESSOR** |
| **Account** | **Description** | **Debit** | **Credit** | **Debit**  | **Credit** |
| **Budgetary** |  |  |  |  |
| 420100 | Total Actual Resources, Collected | 45,782 | - | 71,946 | - |
| 445000 | Unapportioned - Unexpired Authority | - | - | - | 71,946 |
| 490100  | Delivered Orders, Obligations Unpaid | - | 45,782 | - | - |
| **Total** | **45,782** | **45,782** | **71,946** | **71,946** |
|  |  |  |  |  |
| **Proprietary** |  |  |  |  |
| 101000 (G) | Fund Balance With Treasury | 45,782 | - | 71,946 | - |
| 134000 (N) | Interest Receivable - Not Otherwise Classified | - | - | 4,162 | - |
| 175000 | Equipment | - | - | 300,000 | - |
| 175900 | Acc. Depreciation on Equipment | - | - | - | 195,000 |
| 193000 | Lessor Lease Receivable | - | - | 41,620 |  |
| 193900 | Allowance for Loss on Lease Receivable | - | - | - | 2,000 |
| 195000 | Lessee Right-To-Use Lease Asset | 100,000 | - | - | - |
| 195900 | Accumulated Amortization on Lessee Lease Assets | - | 60,000 | - | - |
| 214000 (N) | Accrued Interest Payable - Not Otherwise Classified | - | 4,162 | - | - |
| 233000 | Unearned Lessor Revenue | - | - | - | 38,000 |
| 293000 | Lessee Lease Liability | - | 41,620 | - | - |
| 331000 | Cumulative Results of Operations | - | 40,000 | - | 182,728 |
| **Total** |  | **145,782** | **145,782** | **417,728** | **417,728** |

**Financial Statements:**

|  |
| --- |
| **STANDARDIZED BALANCE SHEET – YEAR 3** |
| **Line No.** | **YEAR 3** | **LESSEE**  | **LESSOR** |
|  | **Assets (Note 2)** |  |  |
|  | **Intra-governmental** |  |  |
| 1 | Fund Balance with Treasury (Note 3) (101000E) | 45,782 | 71,946 |
| **7** | **Total intra-governmental assets** | **45,782** | **71,946** |
|  |  |  |  |
|  | **Other than intra-governmental** |  |  |
| 9 | Accounts receivable, net (Notes 6 and 7) (134000E) | **-** | 4,162 |
| 12 | General and right-to-use property, plant, and equipment, net (Note 10) (175000E, 175900E, 195000E, 195900E) | 40,000 | 105,000 |
| 17 | Other assets (Note 12) (193000E, 193900E) | - | 39,620 |
| **18** | **Total other than intra-governmental** | **40,000** | **148,782** |
|  |  |  |  |
| **19** | **Total assets** | **85,782** | **220,728** |
|  |  |  |  |
|  | **Liabilities (Note 13)** |  |  |
|  | **Other than intra-governmental** |  |  |
| 28 | Accounts payable (214000E) | 4,162 | - |
| 36 | Advances from others and deferred revenue (233000E) | - | 38,000 |
| 37 | Other liabilities (Notes 18, 19, and 20) (293000E) | 41,620 | - |
| **38** | **Total other than intra-governmental** | **45,782** | **38,000** |
| **39** | **Total liabilities** | **45,782** | **38,000** |
|  |  |  |  |
|  | **Net position** |  |  |
| 42.2 | Cumulative results of operations - Funds from other than Dedicated Collections (331000E, 570000E, 570010E) | 40,000 | 182,728 |
| **43** | **Total net position** | **40,000** | **182,728** |
| **44** | **Total liabilities and net position** | **85,782** | **220,728** |

|  |
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| **STATEMENT OF NET COST – YEAR 3** |
| **Line No.** | **YEAR 3** | **LESSEE**  | **LESSOR** |
|  | **Gross Program Costs (Note 21):** |  |  |
| 1 | Gross costs (633000E, 671000E, 671300E, 693000E, 880100E, 880200E) | 24,162 | 15,000 |
| 2 | Less: earned revenue (531000E, 593000E, 593300E) | - | 24,162 |
| 3 | Net program costs | 24,162 | (9,162) |
| 5 | Net program costs including Assumption Changes: | 24,162 | (9,162) |
| **8** | **Net cost of operations** | **24,162** | **(9,162)** |

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| **STATEMENT OF CHANGES IN NET POSITION – YEAR 3** |
| **Line No.** | **YEAR 3** | **LESSEE**  | **LESSOR** |
|  | **Unexpended Appropriations:** |  |  |
| 4 | Appropriations received (310100E) | 4,162 | **-** |
| 7 | Appropriations used (310700E, 310710E) | - | **-** |
| 8 | Net Change in Unexpended Appropriations (calc.) | 4,162 | **-** |
| 9 | Total Unexpended Appropriations – Ending (calc.) | 4,162 | - |
|  |  |  |  |
|  | **Cumulative Results of Operations:** |  |  |
| 10 | Beginning Balances (331000B) | 60,000 | 173,566 |
| 12 | Beginning balances, as adjusted | 60,000 | 173,566 |
| 14 | Appropriations used (570000E, 570010E) | - | - |
|  |  |  |  |
| 21 | Revenue From (Net Cost of) Operations (+/-) | (24,162) | 9,162 |
|  |  |  |  |
| 22 | Net Change in Cumulative Results of Operations | (24,162) | 9,162 |
| 23 | Cumulative Results of Operations – Ending | 35,838 | 32,728 |
|  |  |  |  |
| **24** | **Net Position (calc.)** | **40,000** | **182,728** |

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| **STATEMENT OF BUDGETARY RESOURCES – YEAR 3** |
| **Line No.** | **YEAR 3** | **LESSEE**  | **LESSOR** |
|  | **Budgetary resources:** |  |  |
| 1071 | Unobligated balance from prior year budget authority, net (discretionary and mandatory) (Note 25) (420100B) | 65,602 | 47,964 |
| 1290 | Appropriations (discretionary and mandatory) (411900E) | 4,162 | - |
| 1890 | Spending authority from offsetting collection (discretionary and mandatory) (426600E) | - | 23,982 |
|  |  |  |  |
| **1910** | **Total budgetary resources (calc.)** | **69,764** | **71,946** |
|  |  |  |  |
|  | **Status of budgetary resources:** |  |  |
| 2190 | New obligations and upward adjustments (total) (Note 31) (490100E, 490200E) | 69,764 | - |
|  |  |  |  |
|  | **Unobligated balance, end of year:** |  |  |
| 2204 | Apportioned, unexpired account (461000E) | - | 23,982 |
| 2405 | Unapportioned, unexpired accounts (445000E) | - | 47,964 |
| 2412 | Unexpired unobligated balance, end of year (calc.) | - | 71,946 |
| 2490 | Unobligated balance, end of year (total)  | - | 71,946 |
| **2500** | **Total budgetary resources (calc.)** | **69,764** | **71,946** |
|  |  |  |  |
|  | **Outlays, Net and Disbursements, Net** |  |  |
| 4190 | Outlays, net (total) (discretionary and mandatory) (426600E, 490200E) | 23,982 | (23,982) |

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| **SF 133 AND SCHEDULE P – REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES AND BUDGET PROGRAM AND FINANCING SCHEDULE – YEAR 3** |
| **Line No.** | **YEAR 3** | **LESSEE**  | **LESSOR** |
|  | **BUDGETARY RESOURCES** | ***SF 133*** | ***Schedule P*** | ***SF 133*** | ***Schedule P*** |
| 0900 | Total new obligations, unexpired accounts (490200E) | 23,982 | 23,982 | - | - |
| 1000 | Unobligated balance brought forward, Oct 1 (420100E) | 65,602 | 65,602 | 47,964 | 47,964 |
| 1070 | Unobligated balance (total) (calc.) | 65,602 | 65,602 | 47,964 | 47,964 |
|  | **Budget authority:** |  |  |  |  |
|  |  |  |  |  |  |
|  | **Appropriations:** |  |  |  |  |
|  |  |  |  |  |  |
|  | **Discretionary:** |  |  |  |  |
| 1100 | Appropriation (411900E) | 4,162 | 4,162 | - | - |
| 1160 | Appropriation, discretionary (total) | 4,162 | 4,162 | - | - |
| 1700 | Collected (426600E) | - | - | 23,982 | 23,982 |
| 1750 | Spending authority from offsetting collections, discretionary (total) | - | - | 23,982 | 23,982 |
|  |  |  |  |  |  |
| 1900 | Budget authority (total) | 4,162 | 4,162 | 23,982 | 23,982 |
| **1910** | **Total budgetary resources (calc.)** | **69,764** | **-** | **71,946** | **-** |
| 1930 | Total budgetary resources available | - | 69,764 | - | 71,946 |
|  |  |  |  |  |  |
|  | **Memorandum (non-add) entries:** |  |  |  |  |
| 1941 | Unexpired unobligated balance, end of year (445000E, 461000E) | - | - | - | 71,946 |
|  |  |  |  |  |  |
|  | **STATUS OF BUDGETARY RESOURCES** |  |  |  |  |
|  | **New obligations and upward adjustments:** |  |  |  |  |
|  | **Direct:** |  |  |  |  |
| 2002 | Category B (by project) (490100E, 490200E) | 69,764 | - | - | - |
| 2004 | Direct obligations (total) (calc.) | 69,764 | - | - | - |
|  |  |  |  |  |  |
| 2170 | New obligations, unexpired accounts (490200E) | 23,982 | - | - | - |
| 2190 | New obligations and upward adjustments (total) | 23,982 | - | - | - |
| 2201 | Available in the current period (461000E) | - | - | 23,982 | - |
| 2403 | Other (445000E) | - | - | 47,964 |  |
| 2412 | Unexpired unobligated balance: end of year (calc.) | - | - | 71,946 | - |
| 2490 | Unobligated balance, end of year (total) | - | - | 71,946 | - |
| **2500** | **Total budgetary resources (calc.)** | **69,794** | **-** | **71,946** | - |
|  |  |  |  |  |  |
|  | **Memorandum (non-add) entries:** |  |  |  |  |
| 2501 | Subject to apportionment – excluding anticipated amounts (445000E, 461000E) | - | - | 71,946 | - |
|  |  |  |  |  |  |
|  | **CHANGE IN OBLIGATED BALANCE** |  |  |  |  |
|  | **Unpaid obligations:** |  |  |  |  |
| 3010 | New obligations, unexpired accounts (490100E, 490200E) | 69,794 | 69,794 | - | - |
| 3020 | Outlays (gross) (-) (490200E) | (23,982) | (23,982) | - | - |
| 3050 | Unpaid obligations, end of year (490100E) | 45,782 | 45,782 |  |  |
| 3200 | Obligated balance, end of year (= or -)  | 45,782 | 45,782 | - | - |
|  |  |  |  |  |  |
|  | **BUDGET AUTHORITY AND OUTLAYS, NET** |  |  |  |  |
|  | **Discretionary:** |  |  |  |  |
| 4000 | Budget authority, gross (calc.) | 4,162 | 4,162 | 23,982 | 23,982 |
|  |  |  |  |  |  |
|  | **Outlays, gross** |  |  |  |  |
| 4010 | Outlays from new discretionary authority (490200E) | 23,982 | 23,982 | - | - |
| 4020 | Outlays, gross (total)  | 23,982 | 23,982 | - | - |
|  |  |  |  |  |  |
|  | **Offsets against gross budget authority and outlays:** |  |  |  |  |
|  | **Offsetting collections (collected) from:** |  |  |  |  |
| 4033 | Non-Federal sources (-) (426600E) | - | - | (23,982) | (23,982) |
| 4040 | Offsets against gross budget authority and outlays (-) (calc.) | *-* | - | (23,982) | (23,982) |
| 4070 | Budget authority, net (discretionary) (calc.) | 4,162 | 4,162 |  23,982 |  23,982 |
| 4080 | Outlays, net (discretionary) (calc.) | 23,982 | 23,982 | (23,982) | (23,982) |
| 4180 | Budget authority, net (total) (calc.) | 4,162 | 4,162 | (23,982) | (23,982) |
| 4190 | Outlays, net (total) (calc.) | 23,982 | 23,982 | (23,982) | (23,982) |
|  |  |  |  |  |  |
|  | **Unobligated balance:** |  |  |  |  |
| 5321 | Direct unobligated balance, end of year (461000E) | - | - | (23,982) | (23,982) |
| 5323 | Discretionary unobligated balance, end of year (461000E) | - | - | (23,982) | (23,982) |

**Reclassified Financial Statements:**

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| **STANDARDIZED BALANCE SHEET – YEAR 3** |
| **Line No.** | **YEAR 3** | **LESSEE**  | **LESSOR** |
|  | **Assets (Note 2)** |  |  |
|  | **Intra-governmental** |  |  |
| 1 | Fund Balance with Treasury (Note 3) (101000E) | 45,782 | 71,946 |
| **7** | **Total intra-governmental assets** | **45,782** | **71,946** |
|  |  |  |  |
|  | **Other than intra-governmental** |  |  |
| 9 | Accounts receivable, net (Notes 6 and 7) (134000E) | **-** | 4,162 |
| 12 | General and right-to-use property, plant, and equipment, net (Note 10) (175000E, 175900E, 195000E, 195900E) | 40,000 | 105,000 |
| 17 | Other assets (Note 12) (193000E, 193900E) | - | 39,620 |
| **18** | **Total other than intra-governmental** | **40,000** | **148,782** |
|  |  |  |  |
| **19** | **Total assets** | **85,782** | **220,728** |
|  |  |  |  |
|  | **Liabilities (Note 13)** |  |  |
|  | **Other than intra-governmental** |  |  |
| 28 | Accounts payable (214000E) | 4,162 | - |
| 36 | Advances from others and deferred revenue (233000E) | - | 38,000 |
| 37 | Other liabilities (Notes 18, 19, and 20) (293000E) | 41,620 | - |
| **38** | **Total other than intra-governmental** | **45,782** | **38,000** |
| **39** | **Total liabilities** | **45,782** | **38,000** |
|  |  |  |  |
|  | **Net position** |  |  |
| 42.2 | Cumulative results of operations - Funds from other than Dedicated Collections (331000E, 570000E, 570010E) | 40,000 | 182,728 |
| **43** | **Total net position** | **40,000** | **182,728** |
| **44** | **Total liabilities and net position** | **85,782** | **220,728** |

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| **RECLASSIFIED STATEMENT OF NET COST – YEAR 3** |
| **Line No.** |  | **LESSEE**  | **LESSOR** |
| **1** | **Gross cost** |  |  |
| 2 | Non-federal gross cost (633000E, 671000E, 671300E, 693000E) | 24,162 | 15,000 |
| **6** | **Total non-federal gross cost (calc.)** | **24,162** | **15,000** |
| **9** | **Department total gross cost (calc.)** | **24,162** | **15,000** |
|  |  |  |  |
| 10 | Earned revenue |  |  |
| 11 | Non-federal earned revenue (531000E, 593000E, 593300E) | **-** | 24,162 |
| 14 | Department total earned revenue (calc.) | - | **24,162** |
| **15** | **Net cost of operations (calc.)** | **24,162** |  **(9,162)** |

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| **RECLASSIFIED STATEMENT OF OPERATIONS AND CHANGES IN NET POSITION – YEAR 3** |
| **Line No.** |  | **LESSEE**  | **LESSOR** |
| **1** | **Net position, beginning of period (310000B, 331000B)** | **60,000** | **173,566** |
| **7** | **Financing sources:** |  |  |
| 7.1 | Appropriations received as adjusted (rescissions and other adjustments) (RC 41)/1 (310100E) | 4,162 | **-** |
| 7.2 | Appropriations used (RC 39) (310700E, 310710E) | 13,762 | **-** |
| 7.3 | Appropriations expended (RC 38)/1 (570000E, 570010E) | 13,762 | **-** |
| **7.30** | **Total financing sources (calc.)** | **4,162** | **-** |
|  |  |  |  |
| 8 | Revenue From (Net cost of) Operations (+/-) | (24,162) |  9,162 |
|  |  |  |  |
| **9** | **Net position, end of period (calc.)** | **40,000** | **182,728** |

1. See Treasury Financial Manual, Volume 1, USSGL Supplements, Section II for Account Definitions of new lease accounts. [↑](#footnote-ref-1)