

Appendix E Fixed Asset System Guidance, Journal Entries Examples, and ACFR Worksheet Examples:

For each of the examples below, OSC used a lease amortization template received from a third-party. This template was shared with state agencies and component units that did not procure lease software. This template is intended to be used by entities that have a small number of leases that are not complex. This template can be obtained from [OSC's website](#) and is titled "Lease_Amortization_Final.zip" file.

The examples below do not incorporate all scenarios that could impact the lease liability and lease asset for the lessee and the lease receivable and deferred inflow of resources for the lessor. Guidance is provided in this Financial Reporting Update in the "General Reporting Requirements – Lessee" section to properly measure the lease asset and lease liability and in the "General Reporting Requirements – Lessor" section to properly measure the lease receivable and deferred inflow of resources. The examples for the lessor will be added to this document at a later date.

Primary Government (State Agencies) Lessees:

Governmental Funds (General, Special Revenue, Permanent, and Capital Projects Funds)

- [Previous Operating Leases](#)
- [Previous Capital Leases](#)
- [New Leases](#)

Proprietary Funds (Enterprise and Internal Service Funds)

- [Previous Operating Leases](#)
- [Previous Capital Leases](#)
- [New Leases](#)

Universities and State Health Plan Lessees:

- [Previous Operating Leases](#)
- [Previous Capital Leases](#)
- [New Leases](#)

Community Colleges Lessees:

- [Previous Operating Leases](#)
- [Previous Capital Leases](#)
- [New Leases](#)

Nonmajor Component Units Lessees:

- [Previous Operating Leases](#)
- [Previous Capital Leases](#)

- [New Leases](#)

Primary Government (State Agencies)

Lessees

In the examples below it has been determined that the lease criteria in GASB Statement 87 and the OSC [capitalization threshold](#) have been met so a lease asset and liability will be reported in FY 2022 based on the GASB 87 requirements.

1) Previous Operating Leases

Governmental Funds (General, Special Revenue, Permanent, and Capital Projects Funds):

Facts:

Agency ABC had an operating lease for a building as of June 30, 2021.

Since it was reported as an operating lease there is no existing asset or liability in the financial statements or capital asset in the Fixed Asset System.

The data for this lease was entered in the Lease Amortization spreadsheet, referred to at the beginning of this Appendix, on the Inventory tab. All columns on the Inventory tab were completed. Here is a screen shot of the first five columns of this inventory tab.

Agreement	Agreement Effective Date	Lessee/Lessor	Governmental/BTA	Underlying Asset Type
Existing Op Lease-GOVT LESSEE	7/1/2021	Lessee	Governmental	Building

Once all data is entered on the Inventory tab for this agreement, including a “yes” in the “Preparer Consideration of Materiality” column AN, an “Existing Op Lease-GOVT LESSEE” tab is generated.

Note: a new tab will not be created if “yes” is not selected in column AN. The title of the tab is the Agreement name from the Inventory tab.

The screenshot shows a software interface with several elements highlighted in red boxes:

- A dropdown menu with the value "AN" selected.
- A dropdown menu labeled "Preparer Consideration of Materiality (yes = material, no = not considered)" with "Yes" selected.
- A tab bar at the bottom with tabs for "Inventory", "Asset Classes", "Summary Am_Sch", "Template", and "Existing Op Lease-GOVT LESSEE". The "Existing Op Lease-GOVT LESSEE" tab is highlighted.

Click on this detail tab, “Existing Op Lease-GOVT LESSEE,” to obtain the information for the fixed asset system, journal entries, and ACFR Worksheets as noted in the screen shots below.

Lease Inputs (input information based on lease inventory tab)

Lease Commencement Date **7/1/2021**

Lease Term **2.00**

Number of Payments **24.00**

What is the payment frequency? Annual / SemiAnnual / Quarterly / Monthly / Weekly **Monthly**

When are lease payments made? (B)eginning of the period in advance or (E)nd of the period in arrears **Beginning**

Payment #	Date	Lease Liability Opening Balance	Payments	Interest Expense	Principal	Lease Liability Closing Balance
0	7/1/2021	\$ 116,071	\$ 5,000		\$ 5,000	\$ 111,071
1	8/1/2021	111,071	\$ 5,000	324	\$ 4,676	106,395
2	9/1/2021	106,395	\$ 5,000	310	\$ 4,690	101,705
3	10/1/2021	101,705	\$ 5,000	297	\$ 4,703	97,002
4	11/1/2021	97,002	\$ 5,000	283	\$ 4,717	92,285
5	12/1/2021	92,285	\$ 5,000	269	\$ 4,731	87,554
6	1/1/2022	87,554	\$ 5,000	255	\$ 4,745	82,809
7	2/1/2022	82,809	\$ 5,000	242	\$ 4,758	78,051
8	3/1/2022	78,051	\$ 5,000	228	\$ 4,772	73,279
9	4/1/2022	73,279	\$ 5,000	214	\$ 4,786	68,492
10	5/1/2022	68,492	\$ 5,000	200	\$ 4,800	63,692
11	6/1/2022	63,692	\$ 5,000	186	\$ 4,814	58,878
12	7/1/2022	58,878	\$ 5,000	172	\$ 4,828	54,050
13	8/1/2022	54,050	\$ 5,000	158	\$ 4,842	49,207
14	9/1/2022	49,207	\$ 5,000	144	\$ 4,856	44,351
15	10/1/2022	44,351	\$ 5,000	129	\$ 4,871	39,480
16	11/1/2022	39,480	\$ 5,000	115	\$ 4,885	34,595
17	12/1/2022	34,595	\$ 5,000	101	\$ 4,899	29,696
18	1/1/2023	29,696	\$ 5,000	87	\$ 4,913	24,783
19	2/1/2023	24,783	\$ 5,000	72	\$ 4,928	19,855
20	3/1/2023	19,855	\$ 5,000	58	\$ 4,942	14,913
21	4/1/2023	14,913	\$ 5,000	43	\$ 4,957	9,956
22	5/1/2023	9,956	\$ 5,000	29	\$ 4,971	4,985
23	6/1/2023	4,985	\$ 5,000	15	\$ 4,985	0
24	Last Period	0	\$ -	0	\$ (0)	0
Total			\$ 120,000	3,929	\$ 116,071	

Remaining lease term: 2 years

Lease Liability measured per GASB 87 \$116,071

RTU lease asset – Building \$116,071

Building Useful life: 55 years (per OSC policy)

Principal payment: Monthly, \$57,193 total in FY 22; \$58,878 total in FY 23

Interest payment: Monthly, \$2,807 total in FY 22; \$1,122 total in FY 23

Fixed Asset System State Agency:

- Add the Intangible Right to Use (RTU) lease asset to the fixed asset system manually with a June 2021 acquisition date. (There will be no 534xxx accounts recorded in NCAS for this transaction). The asset will be added in FAS using the 534xxx account that maps to the 127xxx account. This account will be entered as the object code using the last four digits of the expenditure account beginning with 4xxx and not the asset account. See the RTU expenditure and lease asset accounts in the NCAS Accounts chart below for applicable accounts. The RTU lease asset is equal to the lease liability since this is an existing lease. Guidance on measuring the lease liability is included in the “General Reporting Requirements – Lessee” section of this Financial Reporting Update.

Add RTU Building by entering the following:

- New FAS Asset number
 - Enter object code: 4240
 - Acquisition date: 202112
 - Cost of asset: \$116,071
 - Depreciable asset
- Input the shorter of the remaining useful life or remaining lease term as of July 1, 2021, for amortization/depreciation to begin in FY 2022. A full year’s depreciation will be taken beginning in FY 2022 based on the number of years input by the agency not the default for useful life. Since the remaining lease term of two years is less than the useful life of a building (55 years), the remaining lease term will be input in FAS.
Enter shorter of lease term or useful life:
 - Enter “useful life”: 2 years
 - The FAS should not catch-up depreciation; no depreciation prior to July 1, 2021. Depreciation will be calculated by the OSC technical team based on the information input by the agency. OSC will know not to catch-up depreciation based on the object code and RTU lease asset in the title. No restatement will need to be done for accumulated depreciation. Just a full year depreciation taken in the current year.

Note: The OSC Statewide Accounting Financial Reporting team emailed a spreadsheet to agency contacts. Each agency that uses FAS should complete this spreadsheet and return to OSC by July 1, 2022. This spreadsheet should include only the information for operating leases that existed as of July 1, 2022 and met the requirements to be reported as a lease. If this spreadsheet is submitted to OSC, the agency should not manually enter these lease assets in FAS. The OSC technical team will load this information in the Fixed Asset System programmatically.

NCAS Accounts:

Right to Use (RTU) Expenditure/Expense Accounts to be keyed in FAS	Intangible Right to Use (RTU) Lease Asset Accounts (mapped based on the related 534xxx account)
534140 RTU – Land and Permanent Easements	127001 RTU Lease Asset – Land and Permanent Easements
534240 RTU – Buildings	127101 RTU Lease Asset – Buildings
534560 RTU – Machinery and Equipment	127350 RTU Lease Asset – Machinery & Equipment
534425 RTU – General Infrastructure	127295 RTU Lease Asset – General Infrastructure

Journal Entries:

The entries below are prepared using the data from the Lease Amortization template spreadsheet screen shots above.

- 1) To book the lease liability as of July 1, beginning balance of lease liability. This liability should be measured at the present value of future lease payments per the guidance in “General Reporting Requirements – Lessee” section of this Financial Reporting Update.

Entry in NCAS in GASB 5200, July 1, 2021 balance (Post with a June 30th date if the budget code is certified on a monthly basis so recertification is not required):

Debit 128100 Amount available and to be provided \$116,071
Credit 224100 Lease liability – Noncurrent \$116,071

- 2) Cash basis entries:

To record periodic lease payments. Make this entry for the frequency of payments required to be made based on your contractual obligation (i.e., monthly, quarterly, annually, etc.). In this example payments will be made monthly.

July 1, 2021 principal payment:

Debit 535313 Lease Principal Payments expenditure \$5,000
Credit Cash \$5,000

August 1, 2021 principal and interest payments:

Debit 535313 Lease Principal Payments expenditure \$4,676
Debit 535323 Lease Interest Payments expenditure \$ 324
Credit Cash \$5,000

Payments will be made each month according to the Lease Amortization schedule (see screen shot above).

Total Principal Payments recorded to account 535313 Lease Principal Payments expenditure at June 30, 2022: \$57,193

Total interest payments recorded to account 535323 Lease Interest expenditure at June 30, 2022: \$2,807

Since this lease was previously classified as an operating lease, if any payments on the lease were recorded as rent expenditures (account 5325XX) during the 2022 fiscal year, these expenditures will need to be reclassified to lease principal and interest payments.

Debit 535313 Lease Principal Payments expenditure
Debit 535323 Lease Interest Payments expenditure
Credit 5325XX Rent expenditure

- 3) To reduce the lease liability by the principal payments made during the year in GASB 5200. Entries can be made each month as principal payments are made, or they can be done at year-end.

- If choose to reduce liability as principal payments are made:

Entry in NCAS in GASB 5200, July 2021:

Debit 224100 Lease liability – Noncurrent	\$5,000
Credit 128100 Amount available and to be provided	\$5,000

Entry in NCAS in GASB 5200, August 2021:

Debit 224100 Lease liability – Noncurrent	\$4,676
Credit 128100 Amount available and to be provided	\$4,676

Entries continue in NCAS in GASB 5200 for each month as payments are made.

- If choose to reduce liability for total principal payments made during year:

Entry in NCAS in GASB 5200, June 30, 2022:

Debit 224100 Lease liability – Noncurrent	\$57,193
Credit 128100 Amount available and to be provided	\$57,193

ACFR Worksheets:

The NCAS package was prepared using the data from the Lease Amortization template spreadsheet screen shots and journal entries above.

203 Worksheet:

90

91 5) Did your agency have any **previous operating leases** that were recorded as right to use assets in FY 2022 as of 7/1/2021?

92

93 Yes No

94

95 **If you answered yes, please provide the following information for the right to use assets recorded in FY 2022.**

96

FAS Asset Number	Type of Asset	Cost- Right to Use Asset 7/1/2021
FAS number for RTU asset	RTU - Building	116,071.00
_____	_____	_____
_____	_____	_____

102 Total Cost of Right to Use Assets - Operating Lease 116,071.00

103 *Restatement- Right to Use Assets/Operating Lease 116,071.00

104 * Right to Use Asset cost related Operating Leases is the restatement amount to be reported on the ws 430G.

105

106 Please complete the column for Capital Assets GASB 5100 on worksheet 430G-Fund Equity Restatement.

107

108

109 **Restatement Amount for Right to Use Assets to be reported on WS 430G 116,071.00**

110

The example above is for one lease. If your agency has numerous leases that were previously operating leases, and there are not enough spaces on the 203 WS, provide an Excel spreadsheet along with your package that contains the FAS Asset Number, Type of Asset, and Cost of the Right to Use Lease Assets as of 7/1/2021 for each lease asset. Input the total cost of the RTU Lease Assets as of July 1, 2021 on the 203 WS as noted below:

90

91 5) Did your agency have any **previous operating leases** that were recorded as right to use assets in FY 2022 as of 7/1/2021?

92

93 Yes No

94

95 **If you answered yes, please provide the following information for the right to use assets recorded in FY 2022.**

96

FAS Asset Number	Type of Asset	Cost- Right to Use Asset 7/1/2021
See attached spreadsheet	See attached spreadsheet	1,000,000.00
_____	_____	_____
_____	_____	_____

102 Total Cost of Right to Use Assets - Operating Lease 1,000,000.00

103 *Restatement- Right to Use Assets/Operating Lease 1,000,000.00

104 * Right to Use Asset cost related Operating Leases is the restatement amount to be reported on the ws 430G.

105

106 Please complete the column for Capital Assets GASB 5100 on worksheet 430G-Fund Equity Restatement.

107

108

109 **Restatement Amount for Right to Use Assets to be reported on WS 430G 1,000,000.00**

110

The above amount is the total cost of all RTU Assets as of July 1

301 Worksheet:

20
21 **I. Lessee:**
22 Complete the following schedule for required lease disclosures:
23 GovActivities BusinessActivities UnivFoundations
24 Lease
25 Payments
26 for Fiscal Year
27 2023 60,000.00
28 2024
29 2025
30 2026
31 2027
32 2028 - 2032
33 2033 - 2037
34 2038 - 2042
35 2043 - 2047
36 2048 - 2052
37 2053 - 2057
38 2058 - 2062
39 2063 - 2067
40 2068 - 2072
41 2073 - Beyond
42
43
44
45 Less: Amount Representing Interest (1,122.00)
46
47 Lease Liability 58,878.00 = June 30 lease liability on 305 WS
48
49 NOTE: These balances must agree to LEASES PAYABLE on the balance sheet.
50 (1) **Universities Only:** Leases of discretely presented component unit foundations should be reported separately in the "University Foundations" column.
51 The total of the "Business-type Activities" and the "University Foundations" columns must agree to LEASES PAYABLE on the balance sheet.
52
53 Additional disclosures are required in the attached ACFR Package Narratives. 301 Narrative WS is required
54 Questions below (at bottom of WS) required to be answered
55 Do you have a lease with a component unit of the State?
56 Yes _____ No _____ Answer Missing
57 If yes, provide the component unit the lease is with and the amount of the lease.
58 Component Unit/ Lease amount _____

305 Worksheet:

	Balance July 1, 2021	Prior Year Adjustments	Additions	Deletions	Balance June 30, 2022	Due Within One Year
	A	B	C	D	E	F
Bonds and similar debt payable:						
General obligation bonds						
GARVEE bonds						
Direct placements						
Certificates of participation						
Limited obligation bonds						
Issuance discounts				=535313	=224100	
Issuance premium				Lease principal payments on 52G	Lease liability, on 11G GASB 5200	
Arbitrage rebate payable						
Death benefit payable						
Workers compensation		=430G				
Notes from direct borrowings						
Leases payable		116,071.00		(57,193.00)	58,878.00	58,878.00
Pollution remediation payable						
Asset retirement obligation						
Compensated absences (Gen. Assembly only)						
Cost settlement payable						
Other (Call OSC/describe in Explanations tab)						
Accrued interest (Bonds, notes, leases)						

An accrued interest liability may need to be reported on the 305 Worksheet (highlighted above) depending on the timing and frequency of payments. In this example, payments are due monthly at the beginning of the month, so most likely there will be no accrued interest liability at year-end.

430G Worksheet:

Initial Funds:	=203 WS	=305 WS		
GASB	Capital Assets	General Long-Term Debt		
Reclassification	GASB 5100	GASB 5200	Other	
Change in July 1, 2021 Fund Equity	Change in July 1, 2021 Balances	Change in July 1, 2021 Balances	Change in July 1, 2021 Fund Equity	Explanation
	116,071.00	(116,071.00)		GASB 87 - Restated Right to Use Assets: Operating Leases
				GASB 87 - Restated Lease Liability: Operating Leases
				GASB 87 - Restated Right to Use Assets: Capital Leases
				GASB 87 - Restated Lease Liability: Capital Leases
				GASB 87 - Restated Lease Receivable
				GASB 87 - Restated Deferred Inflow of Resources - Leases
	Previous operating leases: cap assets and Liab net to zero			
0.00	116,071.00	(116,071.00)	0.00	
Total GASB Reclass	Total GASB 5100	Total GASB 5200	Total Other	Total restatements in "Other" should tie back to "restatement

Previous Operating Leases continued

Proprietary Funds (Enterprise and Internal Service Funds):

Facts:

Agency ABC had an operating lease for equipment as of June 30, 2021.

Since it was reported as an operating lease there is no existing asset or liability in the financial statements or capital asset in the Fixed Asset System.

The data for this lease was entered in the Lease Amortization spreadsheet, referred to at the beginning of this Appendix, on the Inventory tab. All columns on the Inventory tab were completed. Here is a screen shot of the first five columns of this inventory tab.

Agreement	Agreement Effective Date	Lessee/Lessor	Governmental/BTA	Underlying Asset Type
Existing Op Lease-BTA LESSEE	7/1/2021 Lessee	BTA	Equipment	

Once all data is entered on the Inventory tab for this agreement, including a "yes" in the "Preparer Consideration of Materiality" column AN, an "Existing Op Lease-BTA LESSEE" tab is generated. Note: a new tab will not be created if "yes" is not selected in column AN. The title of the tab is the Agreement name from the Inventory tab.

AN

Preparer Consideration of Materiality (yes = material, no = not considered)

Yes

Inventory | Asset Classes | Summary Am_Sch | Template | **Existing Op Lease-BTA LESSEE**

Click on this detail tab, "Existing Op Lease-BTA LESSEE," to obtain the information for the fixed asset system, journal entries, and ACFR Worksheets as noted in the screen shots below.

Lease Inputs (input information based on lease inventory tab)

Lease Commencement Date	7/1/2021
Lease Term	8.00
Number of Payments	96.00
What is the payment frequency? Annual / SemiAnnual / Quarterly / Monthly / Weekly	Monthly
When are lease payments made? (B)eginning of the period in advance or (E)nd of the period in arrears	Beginning

Payment #	Date	Lease Liability Opening Balance	Payments	Interest Expense	Principal	Lease Liability Closing Balance
0	7/1/2021	\$ 16,774	\$ 200		\$ 200	\$ 16,574
1	8/1/2021	16,574	\$ 200	48	\$ 152	16,422
2	9/1/2021	16,422	\$ 200	48	\$ 152	16,270
3	10/1/2021	16,270	\$ 200	47	\$ 153	16,118
4	11/1/2021	16,118	\$ 200	47	\$ 153	15,965
5	12/1/2021	15,965	\$ 200	47	\$ 153	15,811
6	1/1/2022	15,811	\$ 200	46	\$ 154	15,657
7	2/1/2022	15,657	\$ 200	46	\$ 154	15,503
8	3/1/2022	15,503	\$ 200	45	\$ 155	15,348
9	4/1/2022	15,348	\$ 200	45	\$ 155	15,193
10	5/1/2022	15,193	\$ 200	44	\$ 156	15,037
11	6/1/2022	15,037	\$ 200	44	\$ 156	14,881
12	7/1/2022	14,881	\$ 200	43	\$ 157	14,725
13	8/1/2022	14,725	\$ 200	43	\$ 157	14,567
14	9/1/2022	14,567	\$ 200	42	\$ 158	14,410
15	10/1/2022	14,410	\$ 200	42	\$ 158	14,252
16	11/1/2022	14,252	\$ 200	42	\$ 158	14,094
17	12/1/2022	14,094	\$ 200	41	\$ 159	13,935
18	1/1/2023	13,935	\$ 200	41	\$ 159	13,775
19	2/1/2023	13,775	\$ 200	40	\$ 160	13,615
20	3/1/2023	13,615	\$ 200	40	\$ 160	13,455
21	4/1/2023	13,455	\$ 200	39	\$ 161	13,294
22	5/1/2023	13,294	\$ 200	39	\$ 161	13,133
23	6/1/2023	13,133	\$ 200	38	\$ 162	12,972

The above schedule continues for each year. A screen shot of the last two payments are included below.

95	6/1/2029	199	\$ 200	1	\$ 199	(0)
96	Last Period	(0)	\$ -	(0)	\$ 0	(0)
Total			\$ 19,200	2,426	\$ 16,774	

Remaining lease term: 8 years

Lease Liability measured per GASB 87 \$16,774

RTU lease asset – Equipment \$16,774

Equipment Useful life: 20 years (per OSC policy)

Principal payment: Monthly, \$1,893 total in FY 22; \$1,910 total in FY 23; continues through FY 2029

Interest payment: Monthly, \$507 total in FY 22; \$490 total in FY 23; continues through FY 2029

Fixed Asset System State Agency:

- Add the Intangible Right to Use (RTU) lease asset to the fixed asset system manually with a June 2021 acquisition date. (There will be no 534xxx accounts recorded in NCAS)

for this transaction). The asset will be added in FAS using the 534xxx account that maps to the 127xxx account. This account will be entered as the object code using the last four digits of the expense account beginning with 4xxx and not the asset account. See the RTU expense and lease asset accounts in the chart above (Existing operating lease for governmental fund section) for applicable accounts. The RTU lease asset is equal to the lease liability since this is an existing lease. Guidance on measuring the lease liability is included in the “General Reporting Requirements – Lessee” section of this Financial Reporting Update.

Add RTU Equipment by entering the following:

- New FAS Asset number
 - Enter object code: 4560
 - Acquisition date: 202112
 - Cost of asset: \$16,774
 - Depreciable asset
- Input the shorter of the remaining useful life or remaining lease term as of July 1, 2021, for amortization/depreciation to begin in FY 2022. A full year’s depreciation will be taken beginning in FY 2022 based on the shorter of the remaining useful life or remaining lease term. Since the remaining lease term of eight years is less than the useful life of equipment (20 years in this example), the remaining lease term will be input in FAS.
 - Enter shorter of lease term or useful life:
 - Enter “useful life”: 8 years
 - The FAS should not catch-up depreciation; no depreciation prior to July 1, 2021. Do not enter the PY LTD amount in FAS. No restatement will need to be done for accumulated depreciation. Just a full year depreciation taken in the current year.

Note: The OSC Statewide Accounting Financial Reporting team emailed a spreadsheet to agency contacts. Each agency that uses FAS should complete this spreadsheet and return to OSC by July 1, 2022. This spreadsheet should include only the information for operating leases that existed as of July 1, 2022 and met the requirements to be reported as a lease. If this spreadsheet is submitted to OSC, the agency should not manually enter these lease assets in FAS. The OSC technical team will load this information in the Fixed Asset System programmatically.

Journal Entries:

The entries below are prepared using the data from the Lease Amortization template spreadsheet screen shots above.

- 1) To book the lease liability and RTU lease asset as of July 1, beginning balance of RTU lease asset and lease liability. This liability should be measured at the present value of future lease payments per the guidance in “General Reporting Requirements – Lessee” section of this Financial Reporting Update. Since this is an existing lease, the RTU lease asset is equal to the lease liability.

Entry in NCAS as of July 1, 2021, beginning balance, to be posted with a June 30th date/13th period entry:

Debit 127350 RTU Lease Asset – Mach. & Equip.	\$16,774
Credit 214100 Lease liability – current	\$1,893
Credit 224100 Lease liability – Noncurrent	\$14,881

2) Cash basis entries:

To record periodic lease payments. Make this entry for the frequency of payments required to be made based on your contractual obligation (i.e., monthly, quarterly, annually, etc.). In this example payments will be made monthly. Enterprise and Internal Service Funds must zero out the Lease Principal Payments at 6/30 by reducing the Lease Liability for the principal payments made during the year.

July 1, 2021 principal payment:

Debit 535313 Lease Principal Payments expense	\$200
Credit Cash	\$200

August 1, 2021 principal and interest payments:

Debit 535313 Lease Principal Payments expense	\$152
Debit 535323 Lease Interest Payments expense	\$ 48
Credit Cash	\$200

Payments will be made each month according to the Lease Amortization schedule (see screen shot above).

Total Principal Payments recorded to account 535313 Lease Principal Payments expense at June 30, 2022: \$1,893

Total interest payments recorded to account 535323 Lease Interest expense at June 30, 2022: \$507

Since this lease was previously classified as an operating lease, if any payments on the lease were recorded as rent expense (account 5325XX) during the 2022 fiscal year, these expenses will need to be reclassified to lease principal and interest payments.

Debit 535313 Lease Principal Payments expense
Debit 535323 Lease Interest Payments expense
Credit 5325XX Rent Expense

3) To reduce the lease liability by the principal payments made during the year and reduce lease principal payments expense to zero.

13th period, June 30, 2022 entry:

Debit 214100 Lease liability – current	\$1,893
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Credit 535313 Lease Principal Payments expense \$1,893

4) Establish the current/noncurrent portions of lease liability for next fiscal year.

13th period, June 30, 2022 entry:

Debit 224100 Lease liability – Noncurrent \$1,910
 Credit 214100 Lease liability – current \$1,910

5) Record current year depreciation expense and Accumulated Depreciation:

13th period, June 30, 2022 entry:

Debit 535430 Depreciation expense \$2,096.75
 Credit 127972 Accumulated Depreciation RTU M&E \$2,096.75

ACFR Worksheets:

The NCAS package was prepared using the data from the Lease Amortization template spreadsheet screen shots and journal entries above.

201 Worksheet:

Description	Balance July 1, 2021	Prior Year Asset Adjustments	Additions		Retirements	Balance June 30, 2022
	A	B	Purchased Additions	Donated Additions		
11. Other intangible assets						
Right to Use Lease assets, depreciable:						
12. Right to Use Lease Asset- Land and permanent easements						
13. Right to Use Lease Asset- Buildings		=430BTA				
14. Right to Use Lease Asset- Machinery and equipment		16,774.00				16,774.00
15. Right to Use Lease Asset- General Infrastructure						
Total Capital Assets		16,774.00				16,774.00

210 Worksheet:

2022 ACFR V ACCUMULATED DE(210)				
NA - State Health Plan and Agencies with governments(SB 5100) using NCAS Fixed Asset System				
Description	Accumulated Depreciation Balance July 1, 2021	Prior Year Adjustments	Accumulated Depreciation Increases	Accumulated Depreciation Balance June 30, 2022
11. Other intangible assets				
Right to Use Lease assets, depreciable:				
12. Right to Use Lease Asset- Land and permanent easements				
13. Right to Use Lease Asset- Buildings				
14. Right to Use Lease Asset- Machinery and equipment			2,096.75	2,096.75
15. Right to Use Lease Asset- General Infrastructure				
Total Accumulated Depreciation-Capital Assets			2,096.75	2,096.75

301 Worksheet:

C	D	E	F	G	H	I	J	K	L	AD	AE
21	I. Lessee:										
22	Complete the following schedule for required lease disclosures:										
23											
24											
25											
26	Lease Payments for Fiscal Year										
27											
28	2023										Y1
29	2024										Y2
30	2025										Y3
31	2026										Y4
32	2027										Y5
33	2028 - 2032										Y6-Y10
34	2033 - 2037										Y11-Y15
35	2038 - 2042										Y16-Y20
36	2043 - 2047										Y21-Y25
37	2048 - 2052										Y26-Y30
38	2053 - 2057										Y31-Y35
39	2058 - 2062										Y36-Y39
40	2063 - 2067										Y40-Y44
41	2068 - 2072										Y45-Y49
42	2073 - Beyond										Y50-Beyond
43											
44											
45	Less: Amount Representing Interest										Less: Amount Re
46											
47	Lease Liability										
48											
49	NOTE: These balances must agree to LEASES PAYABLE on the balance sheet.										
50	(1) Universities Only: Leases of discretely presented component unit foundations should be reported separately in the "University Foundations" column.										
51	The total of the "Business-type Activities" and the "University Foundations" columns must agree to LEASES PAYABLE on the balance sheet.										
52											
53	Additional disclosures are required in the attached ACFR Package Narratives. 301 Narrative WS is required										
54	Questions below (at bottom of WS) required to be answered										
55	Do you have a lease with a component unit of the State?										
56											Answer Missing
57	If yes, provide the component unit the lease is with and the amount of the lease.										
58	Component Unit/ lease amount										

Cash Flows Excel Workbook:

Exh A:

	Comp 11P 2022	Comp 11P 2021	Restatement (Wkst 431BTA)	Comp 11P 2021, Restated	Change
ASSETS					
Current assets:					
Cash and cash equivalents				\$ —	\$ —
Pooled cash	(2,400.00)			—	(2,400.00)
Prepaid items				—	—
Total current assets	(2,400.00)	—	—	—	(2,400.00)
Capital assets – noncurrent:					
Capital assets – depreciable, net	14,677.25		16,774.00	16,774.00	(2,096.75)
Total noncurrent assets	14,677.25	—	16,774.00	16,774.00	(2,096.75)
Total assets	12,277.25	—	16,774.00	16,774.00	(4,496.75)
LIABILITIES					
Current liabilities:					
Obligations under securities				—	—
Lease liability (caption title change)	1,910.00		1,893.00	1,893.00	17.00
Unearned revenue				—	—
Total current liabilities	1,910.00	—	1,893.00	1,893.00	17.00
Noncurrent liabilities:					
Advances from other funds				—	—
Notes from direct borrowings				—	—
Lease liability (caption title change)	12,971.00		14,881.00	14,881.00	(1,910.00)
Total noncurrent liabilities	12,971.00	—	14,881.00	14,881.00	(1,910.00)
Total liabilities	14,881.00	—	16,774.00	16,774.00	(1,893.00)
NET POSITION					
Total net position	\$ (2,603.75)	\$ —	\$ —	\$ —	\$ (2,603.75)

Exh B:

		DSS 53P 2022
OPERATING EXPENSES		
	Professional services	
	Contract for	
	Claims	
	Cost of goods sold	
	Depreciation	2,096.75
	Insurance and bonding	
	Other fixed charges	
	Other expenses	
	Total operating expenses	2,096.75
	Operating income (loss)	(2,096.75)
NONOPERATING REVENUES (EXPENSES)		
	Noncapital grants	
	Noncapital gifts, net	
	State aid - coronavirus	NEW 2022
	Noncapital contributions	
	Lease interest revenue	NEW 2022
	Interest and fees	(507.00)
	(Losses) on sale of non-current equipment	
	Miscellaneous nonoperating expenses	
	Total Nonoperating revenues (expenses)	(507.00)
	Income (loss) before other revenues, expenses, and transfers	(2,603.75)
	Transfers out	
	Increase (decrease) in net position	(2,603.75)
	Net position, July 1	
	Restatement	—
	Net position, June 30	(2,603.75)

Exh C:

	Beginning Balances (1)	Prior Year Adjustments (1)	Additions and Transfers in (1)	Retirements and Transfers out (1)	Ending Balances
Subtotal	—	—	—	—	—
Right to use lease asset - land	—	—	—	—	—
Right to use lease asset - buildings	—	—	—	—	—
Right to use lease asset - machinery and equipment	—	16,774.00	—	—	16,774.00
Right to use lease asset - general infrastructure	—	—	—	—	—
Subtotal	—	16,774.00	—	—	16,774.00
Total capital assets, depreciable	—	16,774.00	—	—	16,774.00
Less accumulated depreciation for:					
Right to use lease asset - land	—	—	—	—	—
Right to use lease asset - buildings	—	—	—	—	—
Right to use lease asset - machinery and equipment	—	—	2,096.75	—	2,096.75
Right to use lease asset - general infrastructure	—	—	—	—	—
Subtotal	—	—	2,096.75	—	2,096.75
Total accumulated depreciation/amortization	—	—	2,096.75	—	2,096.75
TOTAL CAPITAL ASSETS, DEPRECIABLE, NET	—	16,774.00	(2,096.75)	—	14,677.25
(Note: should equal total on Exhibit A)	OK				OK
TOTAL CAPITAL ASSETS, NET	\$ —	\$ 16,774.00	\$ (2,096.75)	\$ —	\$ 14,677.25

Accumulated depreciation - increases:		
Depreciation/amortization expense		2,096.75
Acc. deprec. on capital assets transferred in		—
Total		2,096.75
		OK

Exh D:

	Beginning Balances (1)	Prior Year Adjustments (2)	Additions (2)	Reductions (2)	Ending Balances (1)	Due Within One Year	Change
Notes from direct borrowings	—	—	—	—	—	—	—
Lease liability caption title change	—	16,774.00	—	1,893.00	14,881.00	1,910.00	(1,893.00)
Payable	—	—	—	—	—	—	—
Net pension liability	—	—	—	—	—	—	—
Total long-term liabilities	—	16,774.00	—	1,893.00	14,881.00	1,910.00	(1,893.00)

Exh F:

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Construction of capital assets	—	—	—
Capital assets - increases and/or transfers	—	—	—
Principal paid on capital debt	—	—	—
Notes from Direct Borrowings-Reductions	—	—	—
Lease liability - reductions	—	1,893.00	(1,893.00)
Interest paid on capital debt	—	—	—
Interest and fees on debt	—	507.00	—
Capital assets - increases: interest expense capitalized	—	—	—
Change in interest payable	—	—	(507.00)
Federal subsidy for interest on debt	—	—	—
Total	\$ —	\$ 2,400.00	\$ (2,400.00)

Exh G:

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets		-
Capital gifts		
Principal paid on capital debt		(1,893.00)
Interest paid on capital debt		(507.00)
Insurance recoveries		-
Proceeds from lease arrangements	NEW 2022	-
Proceeds from capital debt		-
Net cash provided (used) by capital and related financing activities		(2,400.00)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash provided (used) by investing activities		
Net increase (decrease) in cash and cash equivalents		(2,400.00)
Cash and cash equivalents, July 1		-
Cash and cash equivalents, June 30		\$ (2,400.00)
Reconciliation of operating income or loss to net cash used by operating activities:		
Operating income (loss)		\$ (2,096.75)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense		2,096.75
Revenue (amortization) inflow for leases	2022	-
Deferred inflows for pensions		-
Total adjustments		2,096.75
Net cash provided by (used in) operating activities		\$ -

2) Previous Capital Leases

Primary Government agencies should contact their OSC analyst if a previous capital lease meets the requirements to be reported as a lease under GASB 87.

3) New Leases

Governmental Funds (General, Special Revenue, Permanent, and Capital Projects Funds):

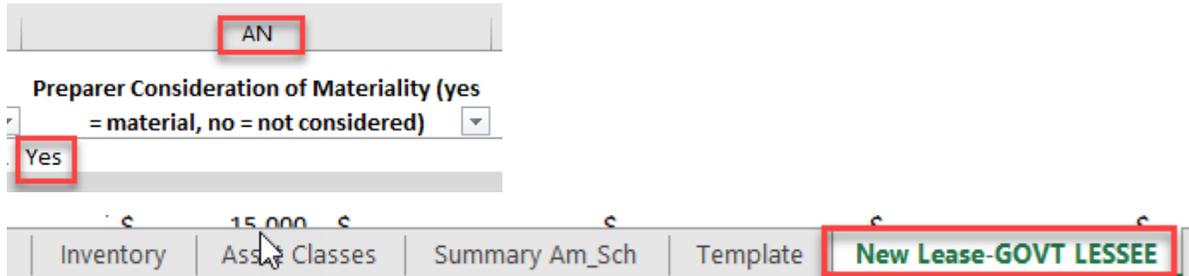
Facts:

Agency ABC entered into a new lease for a building on October 1, 2021.

The data for this lease was entered in the Lease Amortization spreadsheet, referred to at the beginning of this Appendix, on the Inventory tab. All columns on the Inventory tab were completed. Here is a screen shot of the first five columns of this inventory tab.



Once all data is entered on the Inventory tab for this agreement, including a “yes” in the “Preparer Consideration of Materiality” column AN, a “New Lease-GOVT LESSEE” tab is generated. Note: a new tab will not be created if “yes” is not selected in column AN. The title of the tab is the Agreement name from the Inventory tab.



Click on this detail tab, “New Lease-GOVT LESSEE,” to obtain the information for the fixed asset system, journal entries, and ACFR Worksheets as noted in the screen shots below.

Lease Inputs (input information based on lease inventory tab)

Lease Commencement Date	10/1/2021
Lease Term	3.00
Number of Payments	36.00
What is the payment frequency? Annual / SemiAnnual / Quarterly / Monthly / Weekly	Monthly
When are lease payments made? (B)eginning of the period in advance or (E)nd of the period in arrears	Beginning

Payment #	Date	Lease Liability Opening Balance	Payments	Interest Expense	Principal	Lease Liability Closing Balance
0	10/1/2021	\$ 513,402	\$ 15,000		\$ 15,000	\$ 498,402
1	11/1/2021	498,402	\$ 15,000	1,454	\$ 13,546	484,856
2	12/1/2021	484,856	\$ 15,000	1,414	\$ 13,586	471,270
3	1/1/2022	471,270	\$ 15,000	1,375	\$ 13,625	457,644
4	2/1/2022	457,644	\$ 15,000	1,335	\$ 13,665	443,979
5	3/1/2022	443,979	\$ 15,000	1,295	\$ 13,705	430,274
6	4/1/2022	430,274	\$ 15,000	1,255	\$ 13,745	416,529
7	5/1/2022	416,529	\$ 15,000	1,215	\$ 13,785	402,744
8	6/1/2022	402,744	\$ 15,000	1,175	\$ 13,825	388,919
9	7/1/2022	388,919	\$ 15,000	1,134	\$ 13,866	375,053
10	8/1/2022	375,053	\$ 15,000	1,094	\$ 13,906	361,147
11	9/1/2022	361,147	\$ 15,000	1,053	\$ 13,947	347,200
12	10/1/2022	347,200	\$ 15,000	1,013	\$ 13,987	333,213
13	11/1/2022	333,213	\$ 15,000	972	\$ 14,028	319,185
14	12/1/2022	319,185	\$ 15,000	931	\$ 14,069	305,116
15	1/1/2023	305,116	\$ 15,000	890	\$ 14,110	291,006
16	2/1/2023	291,006	\$ 15,000	849	\$ 14,151	276,855
17	3/1/2023	276,855	\$ 15,000	807	\$ 14,193	262,662
18	4/1/2023	262,662	\$ 15,000	766	\$ 14,234	248,428
19	5/1/2023	248,428	\$ 15,000	725	\$ 14,275	234,153
20	6/1/2023	234,153	\$ 15,000	683	\$ 14,317	219,836
21	7/1/2023	219,836	\$ 15,000	641	\$ 14,359	205,477
	8/1/2023	205,477	\$ 15,000	599	\$ 14,399	191,078

The above schedule continues for each year. A screen shot of the last payments are included below.

34	8/1/2024	29,800	\$ 15,000		\$ 14,800	14,800
35	9/1/2024	14,956	\$ 15,000	44	\$ 14,956	-
36	Last Period	-	\$ -	-	\$ -	-
Total			\$ 540,000	26,598	\$ 513,402	

Lease term: 3 years

Lease Liability measured per GASB 87 \$513,402

RTU lease asset – Building \$513,402*

* Ancillary charges necessary to place the lease asset into service should be capitalized and added to the value of the RTU lease asset. See OSC policy [102.1 Statewide Accounting Policy – Capitalization/Classification](#) for examples of ancillary charges.

* Lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received at or before the commencement of the lease term should be capitalized and added to the value of the RTU lease asset.

Building Useful life: 55 years (per OSC policy)

Principal payment: Monthly, \$124,483 total in FY 22; \$169,083 total in FY 23; continues through September 2024 or FY 2025

Interest payment: Monthly, \$10,517 total in FY 22; \$10,917 total in FY 23; continues through September 2024 or FY 2025

Fixed Asset System State Agency:

- Add the Intangible Right to Use (RTU) lease asset to the fixed asset system manually with the date the lease began as the acquisition date, October 1, 2021, in this example. The asset will be added in FAS using the 534xxx account that maps to the 127xxx account. This account will be entered as the object code using the last four digits of the expense account beginning with 4xxx and not the asset account. See the RTU expenditure and lease asset accounts in the chart above (Existing operating lease for governmental fund section) for applicable accounts. The lease asset cost may not equal the lease liability. If lease payments are made prior to the commencement of the lease or ancillary charges are incurred, these will be recorded in NCAS in the 534xxx expenditure accounts and should be capitalized as part of the cost of the lease asset. These costs will interface with FAS from Accounts Payable. If the asset is added without including these costs, a cost adjustment can be done in FAS to capitalize these costs. Guidance on measuring the lease asset is included in the “General Reporting Requirements – Lessee” section of this Financial Reporting Update.

Add RTU Building by entering the following:

- New FAS Asset number
 - Enter object code: 4240
 - Acquisition date: 202204
 - Cost of asset: \$513,402
 - Depreciable asset
- Input the shorter of the useful life or lease term for amortization/depreciation to begin in the FY the lease began. A half year depreciation will be taken in the first and last year and a full year’s depreciation will be taken in all other years based on the number of years input by the agency not the default for useful life. The lease term is three years and is less than the useful life of a building (55 years), the lease term will be input in FAS.
Enter shorter of lease term or useful life:
 - Enter “useful life”: 3 years
 - Depreciation will be calculated by the OSC technical team based on the information input by the agency. OSC will know to use the useful life input by the agency based on the object code and RTU lease asset in the title.

Journal Entries:

The entries below are prepared using the data from the Lease Amortization template spreadsheet screen shots above.

- 1) If any prepayments are made before the lease commences or if ancillary charges are paid at the commencement of the lease that are necessary to place the asset in service, the following entry will be made on a cash basis:

Debit 534240 RTU – Buildings expenditure
Credit Cash

If lease incentives are received at or before the commencement of the lease, contact OSC for assistance, if needed.

- 2) To book the lease liability at the commencement of the lease term, October 1, 2021. This liability should be measured at the present value of future lease payments per the guidance in “General Reporting Requirements – Lessee” section of this Financial Reporting Update.

Entry in NCAS in GASB 5200, October 1, 2021:

Debit 128100 Amount available and to be provided \$513,402
Credit 224100 Lease liability – Noncurrent \$513,402

- 3) Cash basis entries:

To record periodic lease payments. Make this entry for the frequency of payments required to be made based on your contractual obligation (i.e., monthly, quarterly, annually, etc.). In this example payments will be made monthly.

October 1, 2021 principal payment:

Debit 535313 Lease Principal Payments expenditure \$15,000
Credit Cash \$15,000

November 1, 2021 principal and interest payments:

Debit 535313 Lease Principal Payments expenditure \$13,546
Debit 535323 Lease Interest Payments expenditure \$ 1,454
Credit Cash \$15,000

Payments will be made each month according to the Lease Amortization schedule (see screen shot above).

Total Principal Payments recorded to account 535313 Lease Principal Payments expenditure at June 30, 2022: \$124,483

Total interest payments recorded to account 535323 Lease Interest expenditure at June 30, 2022: \$10,517

4) To reduce the lease liability by the principal payments made during the year in GASB 5200. Entries can be made each month as principal payments are made or they can be done at year-end.

- If choose to reduce liability as principal payments are made:

Entry in NCAS in GASB 5200, October 2021:

Debit 224100 Lease liability – Noncurrent	\$15,000
Credit 128100 Amount available and to be provided	\$15,000

Entry in NCAS in GASB 5200, November 2021:

Debit 224100 Lease liability – Noncurrent	\$13,546
Credit 128100 Amount available and to be provided	\$13,546

Entries continue in NCAS in GASB 5200 for each month as payments are made.

- If choose to reduce liability for total principal payments made during year:

Entry in NCAS in GASB 5200, June 30, 2022:

Debit 224100 Lease liability – Noncurrent	\$124,483
Credit 128100 Amount available and to be provided	\$124,483

5) To record the new lease in the period the lease is initially recognized as an expenditure and other financing source. The expenditure and other financing source should be measured in accordance with the lease liability guidance, i.e., the other financing source should equal the lease liability at the commencement of the lease.

Entry in NCAS, June 30, 2022 (13th period entry):

Debit 534240 RTU – Buildings expenditure	\$513,402
Credit 437213 Proceeds – Leases (OFS)	\$513,402

ACFR Worksheets:

The NCAS package was prepared using the data from the Lease Amortization template spreadsheet screen shots and journal entries above.

203 Worksheet:

This worksheet will be completed as in the past certifying FAS is correct for all capital assets, including lease assets. If a new lease began during FY 2022 and the RTU lease asset was not added to FAS by the deadline, provide the necessary information in question 3 on the 203 worksheet.

301 Worksheet:

I. Lessee:

Complete the following schedule for required lease disclosures:

Lease Payments for Fiscal Year	GovActivities	BusinessActivities	UnivFoundations	
	Governmental Activities	Business-type Activities ⁽¹⁾	University Foundations ⁽¹⁾	
2023	180,000.00			Y1
2024	180,000.00			Y2
2025	45,000.00			Y3
2026				Y4
2027				Y5
2028 - 2032				Y6-Y10
2033 - 2037				Y11-Y15
2038 - 2042				Y16-Y20
2043 - 2047				Y21-Y25
2048 - 2052				Y26-Y30
2053 - 2057				Y31-Y35
2058 - 2062				Y36-Y39
2063 - 2067				Y40-Y44
2068 - 2072				Y45-Y49
2073 - Beyond				Y50-Beyond
Less: Amount Representing Interest	(16,081.00)			Less: Amount Re
Lease Liability	388,919.00	= June 30 lease liability on 305 WS		

NOTE: These balances must agree to LEASES PAYABLE on the balance sheet.

(1) **Universities Only:** Leases of discretely presented component unit foundations should be reported separately in the "University Foundations" column.

The total of the "Business-type Activities" and the "University Foundations" columns must agree to LEASES PAYABLE on the balance sheet.

Additional disclosures are required in the attached ACFR Package Narratives. 301 Narrative WS is required

Questions below (at bottom of WS) required to be answered

Do you have a lease with a component unit of the State?

Yes _____

No _____

Answer Missing

If yes, provide the component unit the lease is with and the amount of the lease.

Component Unit/ lease amount _____

305 Worksheet:

	Balance July 1, 2021	Prior Year Adjustments	Additions	Deletions	Balance June 30, 2022	Due Within One Year
	A	B	C	D	E	F
Bonds and similar debt payable:						
General obligation bonds						
GARVEE bonds						
Direct placements						
Certificates of participation						
Limited obligation bonds						
Issuance discounts						
Issuance premium			= 437213	=535313	=224100	
Arbitrage rebate payable			Proceeds	Lease	Lease	
Death benefit payable			- Leases	principal	liability, on	
Workers compensation			(OFS) on	payments	11 G GASB	
Notes from direct borrowings			52G	on 52G	5200	
Leases payable			513,402.00	(124,483.00)	388,919.00	169,083.00
Pollution remediation payable						
Asset retirement obligation						
Compensated absences (Gen. Assembly only)						
Cost settlement payable						
Other (Call OSC/describe in Explanations tab)						
Accrued interest (Bonds, notes, leases)						

An accrued interest liability may need to be reported on the 305 Worksheet (highlighted above) depending on the timing and frequency of payments. In this example, payments are due monthly at the beginning of the month, so most likely there will be no accrued interest liability at year-end.

New Leases continued

Proprietary Funds (Enterprise and Internal Service Funds):

Facts:

Agency ABC entered into a new lease for equipment on December 1, 2021.

The data for this lease was entered in the Lease Amortization spreadsheet, referred to at the beginning of this Appendix, on the Inventory tab. All columns on the Inventory tab were completed. Here is a screen shot of the first five columns of this inventory tab.

Agreement	Agreement Effective Date	Lessee/Lessor	Governmental/BTA	Underlying Asset Type
New Lease-BTA LESSEE	12/1/2021 Lessee	BTA		Equipment

Once all data is entered on the Inventory tab for this agreement, including a “yes” in the “Preparer Consideration of Materiality” column AN, a “New Lease-BTA LESSEE” tab is generated. Note: a new tab will not be created if “yes” is not selected in column AN. The title of the tab is the Agreement name from the Inventory tab.

AN
Preparer Consideration of Materiality (yes = material, no = not considered)
Yes

Click on this detail tab, "New Lease-BTA LESSEE," to obtain the information for the fixed asset system, journal entries, and ACFR Worksheets as noted in the screen shots below.

Lease Inputs (input information based on lease inventory tab)

Lease Commencement Date **12/1/2021**

Lease Term **4.00**

Number of Payments **48.00**

What is the payment frequency? Annual / SemiAnnual / Quarterly / Monthly / Weekly **Monthly**

When are lease payments made? (B)eginning of the period in advance or (E)nd of the period in arrears **Beginning**

Payment #	Date	Lease Liability Opening Balance	Payments	Interest Expense	Principal	Lease Liability Closing Balance
0	12/1/2021	\$ 157,014	\$ 3,500		\$ 3,500	\$ 153,514
1	1/1/2022	153,514	\$ 3,500	448	\$ 3,052	150,462
2	2/1/2022	150,462	\$ 3,500	439	\$ 3,061	147,401
3	3/1/2022	147,401	\$ 3,500	430	\$ 3,070	144,331
4	4/1/2022	144,331	\$ 3,500	421	\$ 3,079	141,252
5	5/1/2022	141,252	\$ 3,500	412	\$ 3,088	138,164
6	6/1/2022	138,164	\$ 3,500	403	\$ 3,097	135,067
7	7/1/2022	135,067	\$ 3,500	394	\$ 3,106	131,961
8	8/1/2022	131,961	\$ 3,500	385	\$ 3,115	128,845
9	9/1/2022	128,845	\$ 3,500	376	\$ 3,124	125,721
10	10/1/2022	125,721	\$ 3,500	367	\$ 3,133	122,588
11	11/1/2022	122,588	\$ 3,500	358	\$ 3,142	119,445
12	12/1/2022	119,445	\$ 3,500	348	\$ 3,152	116,294
13	1/1/2023	116,294	\$ 3,500	339	\$ 3,161	113,133
14	2/1/2023	113,133	\$ 3,500	330	\$ 3,170	109,963
15	3/1/2023	109,963	\$ 3,500	321	\$ 3,179	106,784
16	4/1/2023	106,784	\$ 3,500	311	\$ 3,189	103,595
17	5/1/2023	103,595	\$ 3,500	302	\$ 3,198	100,397
18	6/1/2023	100,397	\$ 3,500	293	\$ 3,207	97,190
19	7/1/2023	97,190	\$ 3,500	283	\$ 3,217	93,974
20	8/1/2023	93,974	\$ 3,500	274	\$ 3,227	90,747

The above schedule continues for each year. A screen shot of the last payments are included below.

46				3,500		3,480	
47	11/1/2025	3,490	\$	3,500	10	\$	3,490
48	Last Period	0	\$	-	0	\$	(0)
Total			\$	168,000	10,986	\$	157,014

Lease term: 4 years

Lease Liability measured per GASB 87 \$157,014

RTU lease asset – Equipment \$157,014*

* Ancillary charges necessary to place the lease asset into service should be capitalized and added to the value of the RTU lease asset. See OSC policy [102.1 Statewide Accounting Policy – Capitalization/Classification](#) for examples of ancillary charges.

* Lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received at or before the commencement of the lease term should be capitalized and added to the value of the RTU lease asset.

Equipment Useful life: 20 years (per OSC policy)

Principal payment: Monthly, \$21,947 total in FY 22; \$37,877 total in FY 23; continues through November 2025 or FY 2026

Interest payment: Monthly, \$2,553 total in FY 22; \$4,123 total in FY 23; continues through November 2025 or FY 2026

Fixed Asset System State Agency:

- Add the Intangible Right to Use (RTU) lease asset to the fixed asset system manually with the date the lease began as the acquisition date, December 1, 2021, in this example. The asset will be added in FAS using the 534xxx account that maps to the 127xxx account. This account will be entered as the object code using the last four digits of the expense account beginning with 4xxx and not the asset account. See the RTU expense and lease asset accounts in the chart above (Existing operating lease for governmental fund section) for applicable accounts. The lease asset cost may not equal the lease liability. If lease payments are made prior to the commencement of the lease or ancillary charges are incurred, these will be recorded in NCAS in the 534xxx expenditure accounts and should be capitalized as part of the cost of the lease asset. These costs will interface with FAS from Accounts Payable. If the asset is added without including these costs, a cost adjustment can be done in FAS to capitalize these costs. Guidance on measuring the lease asset is included in the “General Reporting Requirements – Lessee” section of this Financial Reporting Update.

Add RTU Equipment by entering the following:

- New FAS Asset number
- Enter object code: 4560
- Acquisition date: 202206

- Cost of asset: \$157,014
 - Depreciable asset
- Input the shorter of the useful life or lease term for amortization/depreciation to begin in the FY the lease began. A half year depreciation will be taken in the first and last year and a full year's depreciation will be taken in all other years based on the number of years input by the agency not the default for useful life. The lease term is four years and is less than the useful life of equipment (20 years), the lease term will be input in FAS.
 - Enter shorter of lease term or useful life:
 - Enter "useful life": 4 years
- A half year depreciation will be taken in the first year.

Journal Entries:

The entries below are prepared using the data from the Lease Amortization template spreadsheet screen shots above.

- 1) If any prepayments are made before the lease commences or if ancillary charges are paid at the commencement of the lease that are necessary to place the asset in service, the following entry will be made on a cash basis:

Debit 534560 RTU – Machinery & Equipment expense
 Credit Cash

If lease incentives are received at or before the commencement of the lease, contact OSC for assistance, if needed.

- 2) To book the lease liability at the commencement of the lease term, December 1, 2021. This liability should be measured at the present value of future lease payments per the guidance in "General Reporting Requirements – Lessee" section of this Financial Reporting Update.

Entry in NCAS as of December 1, 2021, to be posted with a June 30th date/13th period entry:

Debit 127350 RTU Lease Asset – Mach. & Equip.	\$157,014*
Credit 214100 Lease liability – current	\$21,947
Credit 224100 Lease liability – Noncurrent	\$135,067
Credit 534560 RTU – Machinery & Equipment expense*	

*If prepayments are made before the lease commences or ancillary charges paid as noted in entry 1, the RTU asset will be increased by that amount and the RTU expense will be credited for that amount.

- 3) Cash basis entries:

To record periodic lease payments. Make this entry for the frequency of payments required to be made based on your contractual obligation (i.e., monthly, quarterly, annually, etc.). In this example payments will be made monthly. Enterprise and Internal Service Funds must

zero out the Lease Principal Payments at 6/30 by reducing the Lease Liability for the principal payments made during the year.

December 1, 2021 principal payment:

Debit 535313 Lease Principal Payments expense	\$3,500
Credit Cash	\$3,500

January 1, 2022 principal and interest payments:

Debit 535313 Lease Principal Payments expense	\$3,052
Debit 535323 Lease Interest Payments expense	\$ 448
Credit Cash	\$3,500

Payments will be made each month according to the Lease Amortization schedule (see screen shot above).

Total Principal Payments recorded to account 535313 Lease Principal Payments expense at June 30, 2022: \$21,947

Total interest payments recorded to account 535323 Lease Interest expense at June 30, 2022: \$2,553

- 4) To reduce the lease liability by the principal payments made during the year and reduce lease principal payments expense to zero.

13th period, June 30, 2022 entry:

Debit 214100 Lease liability – current	\$21,947
Credit 535313 Lease Principal Payments expense	\$21,947

- 5) Establish the current/noncurrent portions of lease liability for next fiscal year.

13th period, June 30, 2022 entry:

Debit 224100 Lease liability – Noncurrent	\$37,877
Credit 214100 Lease liability – current	\$37,877

- 6) Record current year depreciation expense (1/2 year) and Accumulated Depreciation:

13th period, June 30, 2022 entry:

Debit 535430 Depreciation expense	\$19,626.75
Credit 127972 Accumulated Depreciation RTU M&E	\$19,626.75

ACFR Worksheets:

The NCAS package was prepared using the data from the Lease Amortization template spreadsheet screen shots and journal entries above.

201 Worksheet:

Description	Balance July 1, 2021	Prior Year Asset Adjustments	Additions		Retirements	Balance June 30, 2022
			Purchased Additions	Donated Additions		
	A	B	E	F	G	I
Right to Use Lease assets, depreciable:						
12. Right to Use Lease Asset- Land and permanent easements						
13. Right to Use Lease Asset- Buildings						
14. Right to Use Lease Asset- Machinery and equipment			157,014.00			157,014.00
15. Right to Use Lease Asset- General Infrastructure						
Total Capital Assets			157,014.00			157,014.00

210 Worksheet:

Description	Accumulated Depreciation Balance July 1, 2021	Prior Year Adjustments	Accumulated Depreciation Increases	Accumulated Depreciation Decreases	Accumulated Depreciation Balance June 30, 2022
12. Right to Use Lease Asset- Land and permanent easements					
13. Right to Use Lease Asset- Buildings					
14. Right to Use Lease Asset- Machinery and equipment			19,626.75		19,626.75
15. Right to Use Lease Asset- General Infrastructure					
Total Accumulated Depreciation-Capital Assets			19,626.75		19,626.75

301 Worksheet:

I. Lessee:

Complete the following schedule for required lease disclosures:

Lease Payments for Fiscal Year	GovActivities	BusinessActivities	UnivFoundations	
	Governmental Activities	Business-type Activities ⁽¹⁾	University Foundations ⁽¹⁾	
2023		42,000.00		Y1
2024		42,000.00		Y2
2025		42,000.00		Y3
2026		17,500.00		Y4
2027				Y5
2028 - 2032				Y6-Y10
2033 - 2037				Y11-Y15
2038 - 2042				Y16-Y20
2043 - 2047				Y21-Y25
2048 - 2052				Y26-Y30
2053 - 2057				Y31-Y35
2058 - 2062				Y36-Y39
2063 - 2067				Y40-Y44
2068 - 2072				Y45-Y49
2073 - Beyond				Y50-Beyond
Less: Amount Representing Interest		(8,433.00)		Less: Amount Re
Lease Liability		135,067.00		= June 30 lease liability on 310 WS

NOTE: These balances must agree to LEASES PAYABLE on the balance sheet.

(1) **Universities Only:** Leases of discretely presented component unit foundations should be reported separately in the "University Foundations" column. The total of the "Business-type Activities" and the "University Foundations" columns must agree to LEASES PAYABLE on the balance sheet.

Additional disclosures are required in the attached ACFR Package Narratives. 301 Narrative WS is required
Questions below (at bottom of WS) required to be answered

Do you have a lease with a component unit of the State?

Yes _____ No _____ **Answer Missing**

If yes, provide the component unit the lease is with and the amount of the lease.

Component Unit/ lease amount _____

310 Worksheet:

	Balance July 1, 2021	Prior Year Adjustments	Additions	Deletions	Balance June 30, 2022	Due Within One Year
	A	B	C	D	E	F
Bonds and similar debt payable:						
Revenue bonds						
GARVEE bonds					=214100	
Direct placements					Current	
Certificates of participation					Lease Liab	
Limited obligation bonds					+224100	=214100
Issuance discounts					Noncurrent	Current
Issuance premium					Lease	Lease
Arbitrage rebate payable					liability on	liability
Workers compensation					11P	on 11P
Notes from direct borrowings						
Leases payable			157,014.00	(21,947.00)	135,067.00	37,877.00

An accrued interest liability, account 216220, may need to be recorded in the financial statements depending on the timing and frequency of payments. In this example, payments

are due monthly at the beginning of the month, so most likely there will be no accrued interest liability at year-end.

Cash Flows Excel Workbook:

Exh A:

	Comp 11P 2022	Comp 11P 2021	Restatement (Wkst 431BTA)	Comp 11P 2021, Restated	Change
ASSETS					
Current assets:					
Cash and cash equivalents				\$ —	\$ —
Pooled cash	(24,500.00)			—	(24,500.00)
Restricted pooled cash				—	—
Net OPEB asset				—	—
Prepaid items				—	—
Total current assets	(24,500.00)	—	—	—	(24,500.00)
Noncurrent assets:					
Designated pooled cash				—	—
Net OPEB asset				—	—
Capital assets – nondepreciable				—	—
Capital assets – depreciable, net	137,387.25			—	137,387.25
Total noncurrent assets	137,387.25	—	—	—	137,387.25
Total assets	112,887.25	—	—	—	112,887.25
LIABILITIES					
Current liabilities:					
Accounts payable				—	—
Due to component units				—	—
Obligations under securities lending				—	—
Lease liability (caption title change)	37,877.00			—	37,877.00
Revenue bonds payable				—	—
Net OPEB liability				—	—
Unearned revenue				—	—
Total current liabilities	37,877.00	—	—	—	37,877.00
Noncurrent liabilities:					
Advances from other funds				—	—
Notes from direct borrowings				—	—
Lease liability (caption title change)	97,190.00			—	97,190.00
Revenue bonds payable				—	—
Revenue bonds payable				—	—
Net OPEB liability				—	—
Net pension liability				—	—
Total noncurrent liabilities	97,190.00	—	—	—	97,190.00
Total liabilities	135,067.00	—	—	—	135,067.00
NET POSITION					
Total net position	\$ (22,179.75)	\$ —	\$ —	\$ —	\$ (22,179.75)

Exh B:

OPERATING EXPENSES		
Professional services		
Cost of goods sold		
Depreciation		19,626.75
Insurance and bonding		
Other fixed charges		
Other expenses		
Total operating expenses		19,626.75
Operating income (loss)		(19,626.75)
NONOPERATING REVENUES (EXPENSES)		
Noncapital grants		
Noncapital gifts, net		
State aid - coronavirus	NEW 2022	
Noncapital contributions		
Lease interest revenue	NEW 2022	
Interest and fees		(2,553.00)
(Loss) on sale of property and equipment		
Miscellaneous operating revenue		
Miscellaneous operating expense		
Total Nonoperating revenues (expenses)		(2,553.00)
Income (loss) before other revenues, expenses, and transfers		(22,179.75)
Grants		
Transfers out		
Increase (decrease) in net position		(22,179.75)
Net position, July 1		
Restatement		—
Net position, June 30		(22,179.75)

Exh C:

	Beginning Balances (1)	Prior Year Adjustments (1)	Additions and Transfers in (1)	Retirements and Transfers out (1)	Ending Balances
Capital assets - depreciable:					
Other intangible assets	—	—	—	—	—
Subtotal	—	—	—	—	—
Right to use lease asset - land	—	—	—	—	—
Right to use lease asset - buildings	—	—	—	—	—
Right to use lease asset - machinery and equipment	—	—	157,014.00	—	157,014.00
Right to use lease asset - general infrastructure	—	—	—	—	—
Subtotal	—	—	157,014.00	—	157,014.00
Total capital assets, depreciable	—	—	157,014.00	—	157,014.00
Less accumulated depreciation for:					
Right to use lease asset - land	—	—	—	—	—
Right to use lease asset - buildings	—	—	—	—	—
Right to use lease asset - machinery and equipment	—	—	19,626.75	—	19,626.75
Right to use lease asset - general infrastructure	—	—	—	—	—
Subtotal	—	—	19,626.75	—	19,626.75
Total accumulated depreciation/amortization	—	—	19,626.75	—	19,626.75
TOTAL CAPITAL ASSETS, DEPRECIABLE, NET	—	—	137,387.25	—	137,387.25
(Note: should equal total on Exhibit A)	OK				OK
TOTAL CAPITAL ASSETS, NET	\$ —	\$ —	\$ 137,387.25	\$ —	\$ 137,387.25
Capital assets - increases:					
Purchased, constructed, and/or developed	—	—	—	—	—
Right to use lease assets (noncash portion)	157,014.00	—	—	—	—
Right to use lease assets (cash portion)	—	—	—	—	—
Donated / transferred in (noncash)	—	—	—	—	—
Interest expense capitalized	—	—	—	—	—
Less: interest income capitalized (enter as negative)	—	—	—	—	—
Reclassifications - construction in progress	—	—	—	—	—
Total	157,014.00	—	—	—	—
	OK				
Capital assets - decreases:					
Cost of capital assets sold	—	—	—	—	—
Cost of capital assets written off/ transferred out (noncash)	—	—	—	—	—
Reclassifications - construction in progress	—	—	—	—	—
Total	—	—	—	—	—
	OK				
Accumulated depreciation - increases:					
Depreciation/amortization expense	—	19,626.75	—	—	—
Acc. deprec. on capital assets transferred in	—	—	—	—	—
Total	—	19,626.75	—	—	—
	OK				

Exh D:

	Beginning Balances (1)	Prior Year Adjustments (2)	Additions (2)	Reductions (2)	Ending Balances (1)	Due Within One Year	Change
Notes from direct borrowings	—	—	—	—	—	—	—
Lease liability <i>caption title change</i>	—	—	157,014.00	21,947.00	135,067.00	37,877.00	135,067.00
Payable	—	—	—	—	—	—	—
Total long-term liabilities	—	—	157,014.00	21,947.00	135,067.00	37,877.00	135,067.00

Exh F:

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets				
Capital assets - increases: acquisitions purchased/constructed	-		C-1	
Upfront payments - Right to Use Leased Assets NEW 2022	-		C-12	
Change in due from other funds	-		A-17F	
Change in due to other funds	-		A-19F	
Change in accounts payable - capital assets	-		E-22	-
Proceeds from sale of capital assets				
Proceeds from sale of capital assets	-		C-7	-
Transfers from other funds	-		E-54	-
Transfers to other funds	-		E-82	-
Capital grants/contributions				
Capital grants	-		B-19	
Change in unearned revenues - capital grants	-		E-32	
Change in intergovernmental receivable - capital	-		E-8	-
Capital gifts received				
Capital gifts, net	-		B-20	
Change in other receivables - capital gifts	-		E-11	
Change in unearned revenues - capital gifts	-		E-34	
Capital assets - increases: donations and/or transferred in	-		C-3	-
Principal paid on capital debt				
Notes from Direct Borrowings-Reductions	-		D-2A	
Lease liability - reductions	21,947.00		D-4	(21,947.00)
Interest paid on capital debt				
Interest and fees on debt	2,553.00		B-16	
Capital assets - increases: interest expense capitalized	-		C-4	
Change in interest payable	-		A-15	(2,553.00)
Federal subsidy for interest on debt	-		B-22	-
Total	\$ -	\$ 24,500.00		\$ (24,500.00)

Exh G:

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets		-
Capital gifts		
Principal paid on capital debt		(21,947.00)
Interest paid on capital debt		(2,553.00)
Insurance recoveries		-
Proceeds from lease arrangements NEW 2022		-
Proceeds from capital debt		-
Net cash provided (used) by capital and related financing activities		(24,500.00)
FROM OTHER ACTIVITIES		
Net increase (decrease) in cash and cash equivalents		(24,500.00)
Cash and cash equivalents, July 1		-
Cash and cash equivalents, June 30	\$	(24,500.00)

Reconciliation of operating income or loss to net cash used by operating activities:	
Operating income (loss)	\$ (19,626.75)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation expense	19,626.75
Lease revenue (amortized deferred inflow for leases) <i>NEW 2022</i>	-
Change in miscellaneous income (expense)	-
Deferred income from OPEB	-
Deferred inflows for pensions	-
Total adjustments	19,626.75
Net cash provided by (used in) operating activities	\$ -

Noncash investing, capital, and financing activities:	
Noncash distributions from the State Treasurer Investment Pool and/or other a	\$ -
Donated or transferred assets	-
Capital asset writeoff	-
Change in fair value of investments	-
Increase in receivables related to nonoperating income	-
Change in securities lending collateral	-
Assets acquired through assumption of a liability	157,014.00

Notes - Noncash Section

(1) Noncash section - increase in receivables related to nonoperating income	
Increase in accounts receivable - related to nonoperating revenues	-
(2) Noncash section - assets acquired through the assumption of a liability	
Payables at 6/30 - capital assets (capitalized on Exhibit A)	-
Increase in lease liability	157,014.00
Total	157,014.00

Universities and State Health Plan

Lessees

In the examples below it has been determined that the lease criteria in GASB Statement 87 and the OSC [capitalization threshold](#) have been met so a lease asset and liability will be reported in FY 2022 based on the GASB 87 requirements. Note: each university may have a different capitalization threshold. For the purposes of these examples, we used the OSC capitalization threshold.

1) Previous Operating Leases

Facts:

ABC University had an operating lease for equipment as of June 30, 2021.

Since it was reported as an operating lease there is no existing asset or liability in the financial statements.

The data for this lease was entered in the Lease Amortization spreadsheet, referred to at the beginning of this Appendix, on the Inventory tab. All columns on the Inventory tab were completed. Here is a screen shot of the first five columns of this inventory tab.

Agreement	Agreement Effective Date	Lessee/Lessor	Governmental/BTA	Underlying Asset Type
Existing Op Lease-BTA LESSEE	7/1/2021	Lessee	BTA	Equipment

Once all data is entered on the Inventory tab for this agreement, including a “yes” in the “Preparer Consideration of Materiality” column AN, an “Existing Op Lease-BTA LESSEE” tab is generated. Note: a new tab will not be created if “yes” is not selected in column AN. The title of the tab is the Agreement name from the Inventory tab.

The screenshot shows a software interface with a dropdown menu for "Preparer Consideration of Materiality (yes = material, no = not considered)". The "Yes" option is selected and highlighted with a red box. Below this, a navigation bar at the bottom of the screen shows several tabs: "Inventory", "Asset Classes", "Summary Am_Sch", "Template", and "Existing Op Lease-BTA LESSEE". The "Existing Op Lease-BTA LESSEE" tab is highlighted with a red box, indicating it is the active tab.

Click on this detail tab, “Existing Op Lease-BTA LESSEE,” to obtain the information for the journal entries and ACFR Worksheets as noted in the screen shots below.

Lease Inputs (input information based on lease inventory tab)

Lease Commencement Date

7/1/2021

Lease Term

8.00

Number of Payments

96.00

What is the payment frequency? Annual / SemiAnnual / Quarterly / Monthly / Weekly

Monthly

When are lease payments made? (B)eginning of the period in advance or (E)nd of the period in arrears

Beginning

Payment #	Date	Lease Liability Opening Balance	Payments	Interest Expense	Principal	Lease Liability Closing Balance
0	7/1/2021	\$ 16,774	\$ 200		\$ 200	\$ 16,574
1	8/1/2021	16,574	\$ 200	48	\$ 152	16,422
2	9/1/2021	16,422	\$ 200	48	\$ 152	16,270
3	10/1/2021	16,270	\$ 200	47	\$ 153	16,118
4	11/1/2021	16,118	\$ 200	47	\$ 153	15,965
5	12/1/2021	15,965	\$ 200	47	\$ 153	15,811
6	1/1/2022	15,811	\$ 200	46	\$ 154	15,657
7	2/1/2022	15,657	\$ 200	46	\$ 154	15,503
8	3/1/2022	15,503	\$ 200	45	\$ 155	15,348
9	4/1/2022	15,348	\$ 200	45	\$ 155	15,193
10	5/1/2022	15,193	\$ 200	44	\$ 156	15,037
11	6/1/2022	15,037	\$ 200	44	\$ 156	14,881
12	7/1/2022	14,881	\$ 200	43	\$ 157	14,725
13	8/1/2022	14,725	\$ 200	43	\$ 157	14,567
14	9/1/2022	14,567	\$ 200	42	\$ 158	14,410
15	10/1/2022	14,410	\$ 200	42	\$ 158	14,252
16	11/1/2022	14,252	\$ 200	42	\$ 158	14,094
17	12/1/2022	14,094	\$ 200	41	\$ 159	13,935
18	1/1/2023	13,935	\$ 200	41	\$ 159	13,775
19	2/1/2023	13,775	\$ 200	40	\$ 160	13,615
20	3/1/2023	13,615	\$ 200	40	\$ 160	13,455
21	4/1/2023	13,455	\$ 200	39	\$ 161	13,294
22	5/1/2023	13,294	\$ 200	39	\$ 161	13,133
23	6/1/2023	13,133	\$ 200	38	\$ 162	12,972

The above schedule continues for each year. A screen shot of the last two payments are included below.

95	6/1/2029	199	\$	200	1	\$	199	(0)
96	Last Period	(0)	\$	-	(0)	\$	0	(0)
Total			\$	19,200	2,426	\$	16,774	

Remaining lease term: 8 years

Lease Liability measured per GASB 87 \$16,774

RTU lease asset – Equipment \$16,774

Equipment Useful life: 20 years (per OSC policy)

Principal payment: Monthly, \$1,893 total in FY 22; \$1,910 total in FY 23; continues through FY 2029

Interest payment: Monthly, \$507 total in FY 22; \$490 total in FY 23; continues through FY 2029

Journal Entries:

The entries below are prepared using the data from the Lease Amortization template spreadsheet screen shots above.

- 1) To book the lease liability and RTU lease asset as of July 1, beginning balance of RTU lease asset and lease liability. This liability should be measured at the present value of future lease payments per the guidance in “General Reporting Requirements – Lessee” section of this Financial Reporting Update. Since this is an existing lease, the RTU lease asset is equal to the lease liability.

Entry in NCAS as of July 1, 2021, beginning balance, to be posted with a June 30th date/13th period entry:

Debit 127350 RTU Lease Asset – Mach. & Equip.	\$16,774
Credit 214100 Lease liability – current	\$1,893
Credit 224100 Lease liability – Noncurrent	\$14,881

- 2) Cash basis entries:

To record periodic lease payments. Make this entry for the frequency of payments required to be made based on your contractual obligation (i.e., monthly, quarterly, annually, etc.). In this example payments will be made monthly. Universities must zero out the Lease Principal Payments at 6/30 by reducing the Lease Liability for the principal payments made during the year.

July 1, 2021 principal payment:

Debit 535313 Lease Principal Payments expense	\$200
Credit Cash	\$200

August 1, 2021 principal and interest payments:

Debit 535313 Lease Principal Payments expense	\$152
Debit 535323 Lease Interest Payments expense	\$ 48

Credit Cash \$200

Payments will be made each month according to the Lease Amortization schedule (see screen shot above).

Total Principal Payments recorded to account 535313 Lease Principal Payments expense at June 30, 2022: \$1,893

Total interest payments recorded to account 535323 Lease Interest expense at June 30, 2022: \$507

Since this lease was previously classified as an operating lease, if any payments on the lease were recorded as rent expense (account 5325XX) during the 2022 fiscal year, these expenses will need to be reclassified to lease principal and interest payments.

Debit 535313 Lease Principal Payments expense
Debit 535323 Lease Interest Payments expense
Credit 5325XX Rent Expense

- 3) To reduce the lease liability by the principal payments made during the year and reduce lease principal payments expense to zero.

13th period, June 30, 2022 entry:

Debit 214100 Lease liability – current \$1,893
Credit 535313 Lease Principal Payments expense \$1,893

- 4) Establish the current/noncurrent portions of lease liability for next fiscal year.

13th period, June 30, 2022 entry:

Debit 224100 Lease liability – Noncurrent \$1,910
Credit 214100 Lease liability – current \$1,910

- 5) Record current year depreciation expense and Accumulated Depreciation:

13th period, June 30, 2022 entry:

Debit 535430 Depreciation expense \$2,096.75
Credit 127972 Accumulated Depreciation RTU M&E \$2,096.75

ACFR Worksheets:

The NCAS package was prepared using the data from the Lease Amortization template spreadsheet screen shots and journal entries above.

201 Worksheet:

CHAN(201)

h governmental fund assets (GASB 5100) using NCSys
Plan

Agency No: 01
 Agency Name: North Carolina C
 Preparer/Phone: _____
 Email: _____

Function: No Function

GASB Fund No: _____

Place cursor over cell D17 to view comment.

Description	Balance July 1, 2021 A	Prior Year Asset Adjustments B	Additions		Retirements G	Balance June 30, 2022 I
			Purchased Additions E	Donated Additions F		
11. Other intangible assets						
Right to Use Lease assets, depreciable:						
12. Right to Use Lease Asset- Land and permanent easements						
13. Right to Use Lease Asset- Buildings						
14. Right to Use Lease Asset- Machinery and equipment						16,774.00
15. Right to Use Lease Asset- General Infrastructure						
Total Capital Assets						16,774.00

FCSS_OpeningBalanceAdjts_PurchasedAdditmts_DonatedAdditioMvmts_RetirementsP

210 Worksheet:

2022 ACFR V
ACCUMULATED DE(210)

NA - State Health Plan and Agencies with governmenta(SB 5100) using NCAS Fixed Asset System

Description	Accumulated Depreciation Balance July 1, 2021	Prior Year Adjustments	Accumulated Depreciation Increases	Accumulated Depreciation Decreases	Accumulated Depreciation Balance June 30, 2022
11. Other intangible assets					
Right to Use Lease assets, depreciable:					
12. Right to Use Lease Asset- Land and permanent easements					
13. Right to Use Lease Asset- Buildings					
14. Right to Use Lease Asset- Machinery and equipment					2,096.75

301 Worksheet:

	C	D	E	F	G	H	I	J	K	L	AD	AE
21	I. Lessee:											
22	Complete the following schedule for required lease disclosures:											
23					GovActivities	BusinessActivities	UnivFoundations					
24		Lease										
25		Payments			Governmental	Business-type	University					
26		for Fiscal Year			Activities	Activities ⁽¹⁾	Foundations ⁽¹⁾					
28		2023				2,400.00						Y1
29		2024				2,400.00						Y2
30		2025				2,400.00						Y3
31		2026				2,400.00						Y4
32		2027				2,400.00						Y5
33		2028 - 2032				4,800.00						Y6-Y10
34		2033 - 2037										Y11-Y15
35		2038 - 2042										Y16-Y20
36		2043 - 2047										Y21-Y25
37		2048 - 2052										Y26-Y30
38		2053 - 2057										Y31-Y35
39		2058 - 2062										Y36-Y39
40		2063 - 2067										Y40-Y44
41		2068 - 2072										Y45-Y49
42		2073 - Beyond										Y50-Beyond
44												
45		Less: Amount Representing Interest				(1,919.00)						Less: Amount Re
47		Lease Liability				14,881.00						= June 30 lease liability on 310 WS
48												
49		NOTE: These balances must agree to LEASES PAYABLE on the balance sheet.										
50		(1) Universities Only: Leases of discretely presented component unit foundations should be reported separately in the "University Foundations" column.										
51		The total of the "Business-type Activities" and the "University Foundations" columns must agree to LEASES PAYABLE on the balance sheet.										
52												
53		Additional disclosures are required in the attached ACFR Package Narratives. 301 Narrative WS is required										
54		Questions below (at bottom of WS) required to be answered										
55		Do you have a lease with a component unit of the State?										
56		Yes				No						Answer Missing
57		If yes, provide the component unit the lease is with and the amount of the lease.										
58		Component Unit/ lease amount										

310 Worksheet:

	Balance July 1, 2021	Prior Year Adjustments	Additions	Deletions	Balance June 30, 2022	Due Within One Year
	A	B	C	D	E	F
Bonds and similar debt payable:						
1 Revenue bonds						
2 GARVEE bonds						
23 Direct placements					=214100 Current Lease Liab + 224100 Noncurrent Lease liability on 905	
3 Certificates of participation						
4 Limited obligation bonds						=214100 Current Lease liability on 905
5 Issuance discounts						
6 Issuance premium						
7 Arbitrage rebate payable						
8 Workers compensation						
22 Notes from direct borrowings						
10 Leases payable			16,774.00	(1,893.00)	14,881.00	1,910.00
11 Annuity and life income payable						

An accrued interest liability, account 216220, may need to be recorded in the financial statements depending on the timing and frequency of payments. In this example, payments

are due monthly at the beginning of the month, so most likely there will be no accrued interest liability at year-end.

430BTA Worksheet:

type Activity:	=201 WS	=310 WS			
GASB	Capital	Long-term/Short-term			
Reclassification	Transactions	Transactions	Other		
Change in July 1, 2021 Fund Equity	Change in July 1, 2021 Balances	Change in July 1, 2021 Balances	Change in July 1, 2021 Fund Equity		Explanation
	16,774.00	(16,774.00)			GASB 87 - Restated Right to Use Assets: Operating Leases
					GASB 87 - Restated Lease Liability: Operating Leases
					GASB 87 - Restated Right to Use Assets: Capital Leases
					GASB 87 - Restated Lease Liability: Capital Leases
					GASB 87 - Restated Lease Receivable
					GASB 87 - Restated Deferred Inflow of Resources - Leases
0.00	16,774.00	(16,774.00)	0.00		
0.00	Total restatements should tie back to "restatements" caption on the 53P/905 (does not include GASB reclassifications).				

2) Previous Capital Leases

Facts:

ABC University had a capital lease for a building as of June 30, 2021.

Since it was reported as a capital lease there is an existing tangible capital asset, building, and capital lease liability in the financial statements.

The data for this lease was entered in the Lease Amortization spreadsheet, referred to at the beginning of this Appendix, on the Inventory tab. All columns on the Inventory tab were completed. Here is a screen shot of the first five columns of this inventory tab.

Agreement	Agreement Effective Date	Lessee/Lessor	Governmental/BTA	Underlying Asset Type
Existing Cap Lease BTA LESSEE	7/1/2021	Lessee	BTA	Building

Once all data is entered on the Inventory tab for this agreement, including a "yes" in the "Preparer Consideration of Materiality" column AN, an "Existing Cap Lease BTA LESSEE" tab is generated. Note: a new tab will not be created if "yes" is not selected in column AN. The title of the tab is the Agreement name from the Inventory tab.

Inventory	Asset Classes	Summary Am_Sch	Template	Existing Cap Lease BTA LESSEE
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Click on this detail tab, "Existing Cap Lease BTA LESSEE," to obtain the information for the journal entries and ACFR Worksheets as noted in the screen shots below.

Lease Inputs (input information based on lease inventory tab)

Lease Commencement Date

7/1/2021

Lease Term

20.00

Number of Payments

240.00

What is the payment frequency? Annual / SemiAnnual / Quarterly / Monthly / Weekly

Monthly

When are lease payments made? (B)eginning of the period in advance or (E)nd of the period in arrears

Beginning

Payment #	Date	Lease Liability Opening Balance	Payments	Interest Expense	Principal	Lease Liability Closing Balance
0	7/1/2021	\$ 3,112,716	\$ 18,000		\$ 18,000	\$ 3,094,716
1	8/1/2021	3,094,716	\$ 18,000	9,026	\$ 8,974	3,085,742
2	9/1/2021	3,085,742	\$ 18,000	9,000	\$ 9,000	3,076,743
3	10/1/2021	3,076,743	\$ 18,000	8,974	\$ 9,026	3,067,716
4	11/1/2021	3,067,716	\$ 18,000	8,948	\$ 9,052	3,058,664
5	12/1/2021	3,058,664	\$ 18,000	8,921	\$ 9,079	3,049,585
6	1/1/2022	3,049,585	\$ 18,000	8,895	\$ 9,105	3,040,480
7	2/1/2022	3,040,480	\$ 18,000	8,868	\$ 9,132	3,031,348
8	3/1/2022	3,031,348	\$ 18,000	8,841	\$ 9,159	3,022,189
9	4/1/2022	3,022,189	\$ 18,000	8,815	\$ 9,185	3,013,004
10	5/1/2022	3,013,004	\$ 18,000	8,788	\$ 9,212	3,003,792
11	6/1/2022	3,003,792	\$ 18,000	8,761	\$ 9,239	2,994,553
12	7/1/2022	2,994,553	\$ 18,000	8,734	\$ 9,266	2,985,287
13	8/1/2022	2,985,287	\$ 18,000	8,707	\$ 9,293	2,975,994
14	9/1/2022	2,975,994	\$ 18,000	8,680	\$ 9,320	2,966,674
15	10/1/2022	2,966,674	\$ 18,000	8,653	\$ 9,347	2,957,327
16	11/1/2022	2,957,327	\$ 18,000	8,626	\$ 9,374	2,947,952
17	12/1/2022	2,947,952	\$ 18,000	8,598	\$ 9,402	2,938,550
18	1/1/2023	2,938,550	\$ 18,000	8,571	\$ 9,429	2,929,121
19	2/1/2023	2,929,121	\$ 18,000	8,543	\$ 9,457	2,919,665
20	3/1/2023	2,919,665	\$ 18,000	8,516	\$ 9,484	2,910,180
21	4/1/2023	2,910,180	\$ 18,000	8,488	\$ 9,512	2,900,668
22	5/1/2023	2,900,668	\$ 18,000	8,460	\$ 9,540	2,891,129
23	6/1/2023	2,891,129	\$ 18,000	8,432	\$ 9,568	2,881,561
24	7/1/2023	2,881,561	\$ 18,000	8,405	\$ 9,595	2,871,966
25	8/1/2023	2,871,966	\$ 18,000	8,377	\$ 9,622	2,862,342

The above schedule continues for each year. A screen shot of the last two payments are included below.

237				18,000		17,843		
238	5/1/2041	35,843	\$	18,000	105	\$	17,895	17,948
239	6/1/2041	17,948	\$	18,000	52	\$	17,948	0
240	Last Period	0	\$	-	0	\$	(0)	0
Total			\$	4,320,000	1,207,284	\$	3,112,716	

Remaining lease term: 20 years

Lease Liability measured per GASB 87 \$3,112,716

RTU lease asset – Building \$3,112,716

Building Useful life: 55 years (per OSC policy)

Principal payment: Monthly, \$118,163 total in FY 22; \$112,992 total in FY 23; continues through FY 2029

Interest payment: Monthly, \$97,837 total in FY 22; \$103,008 total in FY 23; continues through FY 2029

Prior year, June 30, 2021 financial statement balances:

Building cost at June 30, 2021: \$5,000,000

Building Accumulated Depreciation at June 30, 2021: \$454,545.46

Building Carrying Value at June 30, 2021: \$4,545,454.54

Current Capital lease liability at June 30, 2021: \$200,000

Noncurrent Capital lease liability at June 30, 2021: \$2,800,000

Journal Entries:

The entries below are prepared using the data from the Lease Amortization template spreadsheet screen shots above.

- 1) To book the remeasured lease liability and RTU lease asset and remove the tangible capital asset and related accumulated depreciation as of July 1 (beginning balance). The liability should be measured at the present value of future lease payments at July 1, 2021 per the guidance in “General Reporting Requirements – Lessee” section of this Financial Reporting Update. Since this is an existing lease, the remeasured RTU lease asset will be equal to the remeasured lease liability.

Entries in NCAS as of July 1, 2021, beginning balance, to be posted with a June 30th date/13th period entry:

- a. Reclassify the tangible capital asset building to an intangible RTU lease asset building and remove the related accumulated depreciation of the tangible capital asset.

Debit 127101 RTU Lease Asset – Buildings	\$4,545,454.54	
Debit 127910 Accumulated Depreciation – Buildings	\$454,545.46	
Credit 127100 Buildings		\$5,000,000.00

- b. Remeasure the lease liability and the intangible RTU lease asset building per GASB 87 and restate net position.

Debit 214100 Lease liability – current	\$ 81,837.00	
Debit 330001 Restatement – Net Position	\$1,545,454.54	
Credit 127101 RTU Lease Asset – Buildings		\$1,432,738.54
Credit 224100 Lease liability – Noncurrent		\$ 194,553.00

2) Cash basis entries:

To record periodic lease payments. Make this entry for the frequency of payments required to be made based on your contractual obligation (i.e., monthly, quarterly, annually, etc.). In this example payments will be made monthly. Universities must zero out the Lease Principal Payments at 6/30 by reducing the Lease Liability for the principal payments made during the year.

July 1, 2021 principal payment:

Debit 535313 Lease Principal Payments expense	\$18,000	
Credit Cash		\$18,000

August 1, 2021 principal and interest payments:

Debit 535313 Lease Principal Payments expense	\$8,974	
Debit 535323 Lease Interest Payments expense	\$9,026	
Credit Cash		\$18,000

Payments will be made each month according to the Lease Amortization schedule (see screen shot above).

Total Principal Payments recorded to account 535313 Lease Principal Payments expense at June 30, 2022: \$118,163

Total interest payments recorded to account 535323 Lease Interest expense at June 30, 2022: \$97,837

- 3) To reduce the lease liability by the principal payments made during the year and reduce lease principal payments expense to zero.

13th period, June 30, 2022 entry:

Debit 214100 Lease liability – current	\$118,163
Credit 535313 Lease Principal Payments expense	\$118,163

4) Establish the current/noncurrent portions of lease liability for next fiscal year.

13th period, June 30, 2022 entry:

Debit 224100 Lease liability – Noncurrent	\$112,992
Credit 214100 Lease liability – current	\$112,992

5) Record current year depreciation expense and Accumulated Depreciation:

13th period, June 30, 2022 entry:

Debit 535430 Depreciation expense	\$155,635.80
Credit 127971 Accumulated Depreciation RTU Bldg.	\$155,635.80

ACFR Worksheets:

The NCAS package was prepared using the data from the Lease Amortization template spreadsheet screen shots and journal entries above.

201 Worksheet:

Description	Balance July 1, 2021 A	Prior Year Asset Adjustments B	Additions		Retirements G	Balance June 30, 2022 I
			Purchased Additions E	Donated Additions F		
Capital assets, depreciable:						
4. Buildings	5,000,000.00	(5,000,000.00)				
Remove tangible Building						
5. Machinery and equipment						
Right to Use Lease assets, depreciable:						
12. Right to Use Lease Asset- Land and permanent easements						
13. Right to Use Lease Asset- Buildings		3,112,716.00				3,112,716.00
14. Right to Use Lease Asset- Machinery and equipment						
15. Right to Use Lease Asset- General Infrastructure						
Total Capital Assets	5,000,000.00	(1,887,284.00)				3,112,716.00

**Include on 430BTA with A/D
Restatement from 210 WS**

210 Worksheet:

Description	Accumulated Depreciation Balance July 1, 2021	Prior Year Adjustments	Transfers In/Out	Accumulated Depreciation Increases	Accumulated Depreciation Decreases	Accumulated Depreciation Balance June 30, 2022
Capital assets, depreciable:						
4. Buildings	454,545.46	(454,545.46)				
Remove A/D for tangible Building						
5. Machinery and equipment						
1. Other intangible assets						
Right to Use Lease assets, depreciable:						
12. Right to Use Lease Asset- Land and permanent easements						
13. Right to Use Lease Asset- Buildings				155,635.80		155,635.80
Include on 430BTA with CA Cost Restatement						
14. Right to Use Lease Asset- Machinery and equipment						
15. Right to Use Lease Asset- General Infrastructure						
Total Accumulated Depreciation-Capital Assets	454,545.46	(454,545.46)		155,635.80		155,635.80

301 Worksheet:

I. Lessee:

Complete the following schedule for required lease disclosures:

Lease Payments for Fiscal Year	GovActivities	BusinessActivities	UnivFoundations	
	Government Activities	Business-type Activities ⁽¹⁾	University Foundations ⁽¹⁾	
2023		216,000.00		Y1
2024		216,000.00		Y2
2025		216,000.00		Y3
2026		216,000.00		Y4
2027		216,000.00		Y5
2028 - 2032		1,080,000.00		Y6-Y10
2033 - 2037		1,080,000.00		Y11-Y15
2038 - 2042		864,000.00		Y16-Y20
2043 - 2047				Y21-Y25
2048 - 2052				Y26-Y30
2053 - 2057				Y31-Y35
2058 - 2062				Y36-Y39
2063 - 2067				Y40-Y44
2068 - 2072				Y45-Y49
2073 - Beyond				Y50-Beyond
Less: Amount Representing Interest		(1,109,447.00)		Less: Amount Re
Lease Liability		2,994,553.00		= June 30 lease liability on 310 WS

NOTE: These balances must agree to LEASES PAYABLE on the balance sheet.

(1) **Universities Only:** Leases of discretely presented component unit foundations should be reported separately in the "University Foundations" column. The total of the "Business-type Activities" and the "University Foundations" columns must agree to LEASES PAYABLE on the balance sheet.

Additional disclosures are required in the attached ACFR Package Narratives. 301 Narrative WS is required
Questions below (at bottom of WS) required to be answered

Do you have a lease with a component unit of the State?

Yes _____ No _____

Answer Missing

If yes, provide the component unit the lease is with and the amount of the lease.

Component Unit/ lease amount _____

Confirm lease liability reported on line 58 above with the Lessor's lease receivable. _____

310 Worksheet:

	Balance July 1, 2021	Prior Year Adjustments	Additions	Deletions	Balance June 30, 2022	Due Within One Year
	A	B	C	D	E	F
Bonds and similar debt payable:						
Revenue bonds						
GARVEE bonds						
Direct placements						
Certificates of participation						
Limited obligation bonds						
Issuance discounts						
Issuance premium						
Arbitrage rebate payable						
Workers compensation						
Notes from direct borrowings						
Leases payable	3,000,000.00	112,716.00		(118,163.00)	2,994,553.00	112,992.00
Annuity and life income payable						

An accrued interest liability, account 216220, may need to be recorded in the financial statements depending on the timing and frequency of payments. In this example, payments are due monthly at the beginning of the month, so most likely there will be no accrued interest liability at year-end.

430BTA Worksheet:

GASB	Capital	Long-term/Short-term	Other	
Reclassification	Transactions	Transactions	Change in	
Change in	Change in	Change in	July 1, 2021	
July 1, 2021	July 1, 2021	July 1, 2021	July 1, 2021	
Fund Equity	Balances	Balances	Fund Equity	Explanation
	=201 + 210 WS			GASB 87 - Restated Right to Use Assets: Operating Lease
	(1,432,738.54)	=310 WS		GASB 87 - Restated Lease Liability: Operating Leases
		(112,716.00)		GASB 87 - Restated Right to Use Assets: Capital Leases
				GASB 87 - Restated Lease Liability: Capital Leases
				GASB 87 - Restated Lease Receivable
				GASB 87 - Restated Deferred Inflow of Resources - Leases
0.00	(1,432,738.54)	(112,716.00)	0.00	
	=Restatement on 905 WS			
(1,545,454.54)				Total restatements should tie back to "restatements" caption on the 53P/905 (does not include GASB reclassifications).

3) New Leases

Facts:

ABC University entered into a new lease for equipment on December 1, 2021.

The data for this lease was entered in the Lease Amortization spreadsheet, referred to at the beginning of this Appendix, on the Inventory tab. All columns on the Inventory tab were completed. Here is a screen shot of the first five columns of this inventory tab.

Agreement	Agreement Effective Date	Lessee/Lessor	Governmental/BTA	Underlying Asset Type
New Lease-BTA LESSEE	12/1/2021 Lessee	BTA		Equipment

Once all data is entered on the Inventory tab for this agreement, including a “yes” in the “Preparer Consideration of Materiality” column AN, a “New Lease-BTA LESSEE” tab is generated. Note: a new tab will not be created if “yes” is not selected in column AN. The title of the tab is the Agreement name from the Inventory tab.

AN

Preparer Consideration of Materiality (yes = material, no = not considered)

Yes

Inventory | Asset Classes | Summary Am_Sch | Template | **New Lease-BTA LESSEE**

Click on this detail tab, “New Lease-BTA LESSEE,” to obtain the information for the fixed asset system, journal entries, and ACFR Worksheets as noted in the screen shots below.

Lease Inputs (input information based on lease inventory tab)

Lease Commencement Date	12/1/2021
Lease Term	4.00
Number of Payments	48.00
What is the payment frequency? Annual / SemiAnnual / Quarterly / Monthly / Weekly	Monthly
When are lease payments made? (B)eginning of the period in advance or (E)nd of the period in arrears	Beginning

Payment #	Date	Lease Liability Opening Balance	Payments	Interest Expense	Principal	Lease Liability Closing Balance
0	12/1/2021	\$ 157,014	\$ 3,500		\$ 3,500	\$ 153,514
1	1/1/2022	153,514	\$ 3,500	448	\$ 3,052	150,462
2	2/1/2022	150,462	\$ 3,500	439	\$ 3,061	147,401
3	3/1/2022	147,401	\$ 3,500	430	\$ 3,070	144,331
4	4/1/2022	144,331	\$ 3,500	421	\$ 3,079	141,252
5	5/1/2022	141,252	\$ 3,500	412	\$ 3,088	138,164
6	6/1/2022	138,164	\$ 3,500	403	\$ 3,097	135,067
7	7/1/2022	135,067	\$ 3,500	394	\$ 3,106	131,961
8	8/1/2022	131,961	\$ 3,500	385	\$ 3,115	128,845
9	9/1/2022	128,845	\$ 3,500	376	\$ 3,124	125,721
10	10/1/2022	125,721	\$ 3,500	367	\$ 3,133	122,588
11	11/1/2022	122,588	\$ 3,500	358	\$ 3,142	119,445
12	12/1/2022	119,445	\$ 3,500	348	\$ 3,152	116,294
13	1/1/2023	116,294	\$ 3,500	339	\$ 3,161	113,133
14	2/1/2023	113,133	\$ 3,500	330	\$ 3,170	109,963
15	3/1/2023	109,963	\$ 3,500	321	\$ 3,179	106,784
16	4/1/2023	106,784	\$ 3,500	311	\$ 3,189	103,595
17	5/1/2023	103,595	\$ 3,500	302	\$ 3,198	100,397
18	6/1/2023	100,397	\$ 3,500	293	\$ 3,207	97,190
19	7/1/2023	97,190	\$ 3,500	283	\$ 3,217	93,974
	8/1/2023	93,974	\$ 3,500	274	\$ 3,227	90,747

The above schedule continues for each year. A screen shot of the last payments are included below.

46			3,500		3,480	
47	11/1/2025	3,490	\$ 3,500	10	\$ 3,490	0
48	Last Period	0	\$ -	0	\$ (0)	0
Total			\$ 168,000	10,986	\$ 157,014	

Lease term: 4 years

Lease Liability measured per GASB 87 \$157,014

RTU lease asset – Equipment \$157,014*

* Ancillary charges necessary to place the lease asset into service should be capitalized and added to the value of the RTU lease asset. See OSC policy [102.1 Statewide Accounting Policy – Capitalization/Classification](#) for examples of ancillary charges.

* Lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received at or before the commencement of the lease term should be capitalized and added to the value of the RTU lease asset.

Equipment Useful life: 20 years (per OSC policy)

Principal payment: Monthly, \$21,947 total in FY 22; \$37,877 total in FY 23; continues through November 2025 or FY 2026

Interest payment: Monthly, \$2,553 total in FY 22; \$4,123 total in FY 23; continues through November 2025 or FY 2026

Journal Entries:

The entries below are prepared using the data from the Lease Amortization template spreadsheet screen shots above.

- 1) If any prepayments are made before the lease commences or if ancillary charges are paid at the commencement of the lease that are necessary to place the asset in service, the following entry will be made on a cash basis:

Debit 534560 RTU – Machinery & Equipment expense
Credit Cash

If lease incentives are received at or before the commencement of the lease, contact OSC for assistance, if needed.

- 2) To book the lease liability at the commencement of the lease term, December 1, 2021. This liability should be measured at the present value of future lease payments per the guidance in “General Reporting Requirements – Lessee” section of this Financial Reporting Update.

Entry in NCAS as of December 1, 2021, to be posted with a June 30th date/13th period entry:

Debit 127350 RTU Lease Asset – Mach. & Equip.	\$157,014*
Credit 214100 Lease liability – current	\$21,947
Credit 224100 Lease liability – Noncurrent	\$135,067
Credit 534560 RTU – Machinery & Equipment expense*	

*If prepayments are made before the lease commences or ancillary charges paid as noted in entry 1, the RTU asset will be increased by that amount and the RTU expense will be credited for that amount.

- 3) Cash basis entries:

To record periodic lease payments. Make this entry for the frequency of payments required to be made based on your contractual obligation (i.e., monthly, quarterly, annually, etc.). In this example payments will be made monthly. Universities must zero out the Lease Principal Payments at 6/30 by reducing the Lease Liability for the principal payments made during the year.

December 1, 2021 principal payment:

Debit 535313 Lease Principal Payments expense	\$3,500
Credit Cash	\$3,500

January 1, 2022 principal and interest payments:

Debit 535313 Lease Principal Payments expense	\$3,052
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Debit 535323 Lease Interest Payments expense	\$ 448
Credit Cash	\$3,500

Payments will be made each month according to the Lease Amortization schedule (see screen shot above).

Total Principal Payments recorded to account 535313 Lease Principal Payments expense at June 30, 2022: \$21,947

Total interest payments recorded to account 535323 Lease Interest expense at June 30, 2022: \$2,553

- 4) To reduce the lease liability by the principal payments made during the year and reduce lease principal payments expense to zero.

13th period, June 30, 2022 entry:

Debit 214100 Lease liability – current	\$21,947
Credit 535313 Lease Principal Payments expense	\$21,947

- 5) Establish the current/noncurrent portions of lease liability for next fiscal year.

13th period, June 30, 2022 entry:

Debit 224100 Lease liability – Noncurrent	\$37,877
Credit 214100 Lease liability – current	\$37,877

- 6) Record current year depreciation expense (1/2 year) and Accumulated Depreciation:

13th period, June 30, 2022 entry:

Debit 535430 Depreciation expense	\$19,626.75
Credit 127972 Accumulated Depreciation RTU M&E	\$19,626.75

ACFR Worksheets:

The NCAS package was prepared using the data from the Lease Amortization template spreadsheet screen shots and journal entries above.

201 Worksheet:

Description	Balance July 1, 2021 A	Prior Year Asset Adjustments B	Additions		Retirements G	Balance June 30, 2022 I
			Purchased Additions E	Donated Additions F		
Right to Use Lease assets, depreciable:						
12. Right to Use Lease Asset- Land and permanent easements						
13. Right to Use Lease Asset- Buildings						
14. Right to Use Lease Asset- Machinery and equipment			157,014.00			157,014.00
15. Right to Use Lease Asset- General Infrastructure						
Total Capital Assets			157,014.00			157,014.00

210 Worksheet:

Description	Accumulated Depreciation Balance July 1, 2021	Prior Year Adjustments	Accumulated Depreciation Increases	Accumulated Depreciation Decreases	Accumulated Depreciation Balance June 30, 2022
12. Right to Use Lease Asset- Land and permanent easements					
13. Right to Use Lease Asset- Buildings					
14. Right to Use Lease Asset- Machinery and equipment			19,626.75		19,626.75
15. Right to Use Lease Asset- General Infrastructure					
Total Accumulated Depreciation-Capital Assets			19,626.75		19,626.75

301 Worksheet:

I. Lessee:

Complete the following schedule for required lease disclosures:

Lease Payments for Fiscal Year	GovActivities	BusinessActivities	UnivFoundations	
	Governmental	Business-type	University	
	Activities	Activities ⁽¹⁾	Foundations ⁽¹⁾	
2023		42,000.00		Y1
2024		42,000.00		Y2
2025		42,000.00		Y3
2026		17,500.00		Y4
2027				Y5
2028 - 2032				Y6-Y10
2033 - 2037				Y11-Y15
2038 - 2042				Y16-Y20
2043 - 2047				Y21-Y25
2048 - 2052				Y26-Y30
2053 - 2057				Y31-Y35
2058 - 2062				Y36-Y39
2063 - 2067				Y40-Y44
2068 - 2072				Y45-Y49
2073 - Beyond				Y50-Beyond
Less: Amount Representing Interest		(8,433.00)		Less: Amount Re
Lease Liability		135,067.00		= June 30 lease liability on 310 WS

NOTE: These balances must agree to LEASES PAYABLE on the balance sheet.

(1) **Universities Only:** Leases of discretely presented component unit foundations should be reported separately in the "University Foundations" column.

The total of the "Business-type Activities" and the "University Foundations" columns must agree to LEASES PAYABLE on the balance sheet.

Additional disclosures are required in the attached ACFR Package Narratives. 301 Narrative WS is required Questions below (at bottom of WS) required to be answered

Do you have a lease with a component unit of the State?

Yes _____

No _____

Answer Missing

If yes, provide the component unit the lease is with and the amount of the lease.

Component Unit/ lease amount _____

310 Worksheet:

	Balance July 1, 2021	Prior Year Adjustments	Additions	Deletions	Balance June 30, 2022	Due Within One Year
	A	B	C	D	E	F
Bonds and similar debt payable:						
Revenue bonds						
GARVEE bonds						
Direct placements						
Certificates of participation						
Limited obligation bonds						
Issuance discounts						
Issuance premium						
Arbitrage rebate payable						
Workers compensation						
Notes from direct borrowings						
Leases payable			157,014.00	(21,947.00)	135,067.00	37,877.00

An accrued interest liability, account 216220, may need to be recorded in the financial statements depending on the timing and frequency of payments. In this example, payments are due monthly at the beginning of the month, so most likely there will be no accrued interest liability at year-end.

Community Colleges

Lessees

In the examples below it has been determined that the lease criteria in GASB Statement 87 and the OSC [capitalization threshold](#) have been met so a lease asset and liability will be reported in FY 2022 based on the GASB 87 requirements. Note: each college may have a different capitalization threshold. For the purposes of these examples, we used the OSC capitalization threshold.

1) Previous Operating Leases

Facts: See the [Universities section above](#).

Journal Entries: See the [Universities section above](#). Note: the entries will not be made in NCAS so the account numbers will be different, but the same type of accounts should be used.

ACFR Worksheets:

The Community College package was prepared using the data from the Lease Amortization template spreadsheet screen shots and journal entries above in the Universities section.

Capital Assets Worksheet:

CAPITAL ASSETS					
	Beg. Balance July 1, 2021	Prior Year Asset Adjustment	Current Year Additions	Current Year Deletions	End. Balance June 30, 2022
	A	B	C	D	E
	FCCS_OpeningBalance	Adjustments	Purchases	Retirements	
Capital assets - nondepreciable:					
Leasehold improvements	\$ 573,899.72		\$ —		\$ 573,899.72
Computer software					
Patents					
Other intangible assets					
Lease assets, depreciable:					
Right to Use Lease Asset - Land					
Right to Use Lease Asset - Buildings					
Right to Use Lease Asset - M&E		= 430 WS \$16,774.00			16,774.00
Right to Use Lease Asset - Gen Infrastructure					
Total capital/lease assets - depreciable	33,239,694.98	16,774.00			33,256,468.98
Less accumulated depreciation for:					
Capital assets, depreciable:					
Buildings	9,955,523.51				9,955,523.51
General Infrastructure	799,252.77				799,252.77
Machinery and equipment	2,952,933.33			+	2,952,933.33
Art, literature, and artifacts					
Computer software					
Patents					
Other intangible assets					
Lease assets, depreciable:					
Right to Use Lease Asset - Land					
Right to Use Lease Asset - Buildings			\$2,096.75		2,096.75
Right to Use Lease Asset - M&E					
Right to Use Lease Asset - Gen Infrastructure					
Total accumulated depreciation	13,707,709.61		2,096.75		13,709,806.36
Total capital assets - depreciable, net	19,531,985.37	16,774.00	(2,096.75)		19,546,662.62
Total Capital assets, net	\$ 20,675,876.95	\$ 16,774.00	\$ (2,096.75)	\$ —	\$ 20,690,554.20

Long-Term Liabilities:

Changes in Long-Term Liabilities							
Description		Balance July 1, 2021	Prior Year Adjustments	Additions	Deletions	Balance June 30, 2022	Current Portion
		[A]	[B]	[C]	[D]	[E]	[F]
Leases Payable	New for FY2022	—	\$ 16,774.00	\$ —	\$ (1,893.00)	\$ 14,881.00	\$ 1,910.00
Compensated Absences		803,064.75	= 430 WS	—	—	= Current	= Current
Notes from direct borrowings		—	—	—	—	= Current	= Current
Net Pension Liability		5,786,068.00	—	—	—	= Current	= Current
Net OPEB Liability		11,129,585.00	—	—	—	= Current	= Current
Annuity and Life Income Payable		—	—	—	—	Lease Liab + Noncurrent Lease Liab on ExhA&B	Lease Liab on ExhA&B
Pollution Remediation Payable		—	—	—	—	—	—
Asset Retirement Obligation		—	—	—	—	—	—
Total Long-Term Liabilities		\$ 17,718,717.75	\$ 16,774.00	\$ —	\$ (1,893.00)	\$ 17,733,598.75	\$ 684,081.27
						In Bal.	In Bal.

An accrued interest liability may need to be recorded in the financial statements depending on the timing and frequency of payments. In this example, payments are due monthly at the beginning of the month, so most likely there will be no accrued interest liability at year-end.

301 Worksheet:

I. Lessee:

Complete the following schedule for required lease disclosures:

Lease
Payments
for Fiscal Year

2023
2024
2025
2026
2027
2028 - 2032
2033 - 2037
2038 - 2042
2043 - 2047

Leases

2,400.00
2,400.00
2,400.00
2,400.00
2,400.00
4,800.00

Less: Amount Representing Interest

16,800.00
(1,919.00)

Lease Liability

14,881.00

= June 30 lease liability on Long-term Liabilities WS

NOTE: Lease payments balance must agree to LEASES PAYABLE on the Long-Term Liabilities worksheet.

Additional disclosures required -For lease payments reported above, please provide details of the leases related to the payments.

Please see requirements below: Disclosures listed here required in the box below.

- A general description of leasing arrangements, including (1) the basis, terms, and conditions on which variable payments not included in the measurement of the lease liability are determined and (2) the existence, terms, and conditions of residual value guarantees provided by the lessee not included in the measurement of the lease liability.
- The amount of outflows of resources recognized in the reporting period for variable payments not previously included in the measurement of the lease liability.
- The amount of outflows of resources recognized in the reporting period for other payments, such as residual value guarantees or termination penalties, not previously included in the measurement of the lease liability.
- Commitments under leases before the commencement of the lease term.

If applicable, please provide the following additional disclosures:

- Sublease transactions- The original lessee (now the lessor in the sublease) includes a general description of the sub leasing arrangement disclosed separately from the lessee transaction related to the original leasing arrangement.
- Sale-leaseback transactions- disclose the terms and conditions of the sale-leaseback transaction along with the required disclosures in a. through d. above.
- Lease-leaseback transactions- disclose the amounts of the lease and the leaseback separately.

Questions under the text box below required to be answered.

Type the Lessee disclosure here and the text will wrap for you.

Capital Assets Worksheet:

CAPITAL ASSETS					
	Beg. Balance July 1, 2021	Prior Year Asset Adjustment	Current Year Additions	Current Year Deletions	End. Balance June 30, 2022
Other intangible assets	—	—	—	—	—
Total capital assets - nondepreciable	6,619,822.55	—	—	—	6,619,822.55
Capital assets, depreciable:					
Buildings For this example, the \$5 million Bldg Cost is included in the July 1 Beg Balance	57,921,469.88	(\$5,000,000.00)	Remove tangible Building	—	52,921,469.88
General Infrastructure	3,784,929.11	—	—	—	3,784,929.11
Machinery and equipment	7,798,156.31	—	—	—	7,798,156.31
Art, literature, and artifacts	—	—	—	—	—
Computer software	—	—	—	—	—
Patents	—	—	—	—	—
Other intangible assets	—	—	—	—	—
Lease assets, depreciable:					
Right to Use Lease Asset - Land New for FY2022	—	—	—	—	—
Right to Use Lease Asset - Buildings New for FY2022	—	\$3,112,716.00	—	—	3,112,716.00
Right to Use Lease Asset - M&E New for FY2022	—	—	—	—	—
Right to Use Lease Asset - Gen Infrastructure New for FY2022	—	—	—	—	—
Total capital/lease assets - depreciable	69,504,555.30	(1,887,284.00)	—	—	67,617,271.30
Less accumulated depreciation for:					
Capital assets, depreciable:					
Buildings For this example, the \$454,545.46 Bldng A/D is included in the July 1 Beg Balance	18,361,168.69	(\$454,545.46)	Remove A/D for tangible Building	—	17,906,623.23
General Infrastructure	1,024,224.35	—	—	—	1,024,224.35
Machinery and equipment	3,040,148.27	—	—	—	3,040,148.27
Art, literature, and artifacts	—	—	—	—	—
Computer software	—	—	—	—	—
Patents	—	—	—	—	—
Other intangible assets	—	—	—	—	—
Lease assets, depreciable:					
Right to Use Lease Asset - Land New for FY2022	—	—	—	—	—
Right to Use Lease Asset - Buildings New for FY2022	—	—	\$155,635.80	—	155,635.80
Right to Use Lease Asset - M&E New for FY2022	—	—	—	—	—
Right to Use Lease Asset - Gen Infrastructure New for FY2022	—	—	—	—	—
Total accumulated depreciation	22,425,541.31	(454,545.46)	155,635.80	—	22,126,631.65
Total capital assets - depreciable, net	47,079,013.99	(1,432,738.54)	(155,635.80)	—	45,490,639.65
Total Capital assets, net	\$ 53,698,836.54	\$ (1,432,738.54)	\$ 155,635.80	\$ —	\$ 52,110,462.20

Long-Term Liabilities:

Changes in Long-Term Liabilities							
Description	Balance July 1, 2021	Prior Year Adjustments	Additions	Deletions	Balance June 30, 2022	Current Portion	
	[A]	[B]	[C]	[D]	[E]	[F]	
Leases Payable New for FY2022	3,000,000.00	\$ 112,716.00	\$ —	\$ (118,163.00)	\$ 2,994,553.00	\$ 112,992.00	
Compensated Absences	775,860.89	= 430 WS	—	—	—	—	= Current Lease Liab + Noncurrent Lease Liab on ExhA&B
Notes from direct borrowings	—	—	—	—	—	—	= Current Lease Liab on ExhA&B
Net Pension Liability	10,246,742.00	—	—	—	—	—	
Net OPEB Liability	19,024,400.00	—	—	—	—	—	
Annuity and Life Income Payable	—	—	—	—	—	—	
Pollution Remediation Payable	—	—	—	—	—	—	
Asset Retirement Obligation	—	—	—	—	—	—	
Total Long-Term Liabilities	\$ 33,047,002.89	\$ 112,716.00	\$ —	\$ (118,163.00)	\$ 33,041,555.89	\$ 795,163.27	
					In Bal.	In Bal.	

An accrued interest liability may need to be recorded in the financial statements depending on the timing and frequency of payments. In this example, payments are due monthly at the beginning of the month, so most likely there will be no accrued interest liability at year-end.

301 Worksheet:

I. Lessee:

Complete the following schedule for required lease disclosures:

Lease Payments for Fiscal Year	Leases
2023	216,000.00
2024	216,000.00
2025	216,000.00
2026	216,000.00
2027	216,000.00
2028 - 2032	1,080,000.00
2033 - 2037	1,080,000.00
2038 - 2042	864,000.00
2043 - 2047	4,104,000.00
Less: Amount Representing Interest	(1,109,447.00)
Lease Liability	2,994,553.00

= June 30 lease liability, on Long-term Liabilities WS

NOTE: Lease payments balance must agree to LEASES PAYABLE on the Long-Term Liabilities worksheet.

Additional disclosures required -For lease payments reported above, please provide details of the leases related to the payments.

Please see requirements below: Disclosures listed here required in the box below.

- a. A general description of leasing arrangements, including (1) the basis, terms, and conditions on which variable payments not included in the measurement of lease liability are determined and (2) the existence, terms, and conditions of residual value guarantees provided by the lessee not included in the measurement of the lease liability.
 - b. The amount of outflows of resources recognized in the reporting period for variable payments not previously included in the measurement of the lease liability.
 - c. The amount of outflows of resources recognized in the reporting period for other payments, such as residual value guarantees or termination penalties, not previously included in the measurement of the lease liability.
 - d. Commitments under leases before the commencement of the lease term.
- If applicable, please provide the following additional disclosures:
- e. Sublease transactions- The original lessee (now the lessor in the sublease) includes a general description of the sub leasing arrangement disclosed separately from the lessee transaction related to the original leasing arrangement.
 - f. Sale-leaseback transactions- disclose the terms and conditions of the sale-leaseback transaction along with the required disclosures in a. through d. above.
 - g. Lease-leaseback transactions- disclose the amounts of the lease and the leaseback separately.

Questions under the text box below required to be answered.

Type the Lessee disclosure here and the text will wrap for you.

430 Worksheet:

<i>Capital Transactions</i>	<i>Long Term/Short Term Liability Transactions</i>	<i>Other</i>	<i>Explanation</i>
Change July 1, 2021 Fund Equity	Change July 1, 2021 Fund Equity	Change July 1, 2021 Fund Equity	
+			
			GASB 87 - Restated Right to Use Assets: Operating Leases
			GASB 87 - Restated Lease Liability: Operating Leases
(\$1,432,738.54)			GASB 87 - Restated Right to Use Assets: Capital Leases
=Capital Assets WS	(\$112,716.00)		GASB 87 - Restated Lease Liability: Capital Leases
	=Long-term Liabilities WS		GASB 87 - Restated Lease Receivable
			GASB 87 - Restated Deferred Inflows Leases
(1,432,738.54)	(112,716.00)		
	Grand Total	(1,545,454.54)	= Restatement on ExhA&B

3) New Leases

Facts: See the [Universities section above](#).

Journal Entries: See the [Universities section above](#). Note: the entries will not be made in NCAS so the account numbers will be different, but the same type of accounts should be used.

ACFR Worksheets:

The Community College package was prepared using the data from the Lease Amortization template spreadsheet screen shots and journal entries above in the Universities section.

Capital Assets Worksheet:

CAPITAL ASSETS					
	Beg. Balance July 1, 2021	Prior Year Asset Adjustment	Current Year Additions	Current Year Deletions	End. Balance June 30, 2022
	A	B	C	D	E
	FCCS_OpeningBalance	Adjustments	Mvmts_PurchasedAdditions	Mvmts_Retirements	
Intangibles					
Other intangible assets	-	-	-	-	-
Lease assets, depreciable:					
Right to Use Lease Asset - Land	-	-	-	-	-
Right to Use Lease Asset - Buildings	-	-	-	-	-
Right to Use Lease Asset - M&E	-	-	\$157,014.00	-	157,014.00
Right to Use Lease Asset - Gen Infrastructure	-	-	-	-	-
Total capital/lease assets - depreciable	33,239,694.98	-	157,014.00	-	33,396,708.98
Less accumulated depreciation for:					
Intangibles					
Other intangible assets	-	-	-	-	-
Lease assets, depreciable:					
Right to Use Lease Asset - Land	-	-	-	-	-
Right to Use Lease Asset - Buildings	-	-	-	-	-
Right to Use Lease Asset - M&E	-	-	19,626.75	-	19,626.75
Right to Use Lease Asset - Gen Infrastructure	-	-	-	-	-
Total accumulated depreciation	13,707,709.61	-	19,626.75	-	13,727,336.36
Total capital assets - depreciable, net	19,531,985.37	-	137,387.25	-	19,669,372.62
Total Capital assets, net	\$ 20,675,876.95	\$ -	\$ 137,387.25	\$ -	\$ 20,813,264.20

Long-Term Liabilities:

Changes in Long-Term Liabilities						
Description	Balance July 1, 2021	Prior Year Adjustments	Additions	Deletions	Balance June 30, 2022	Current Portion
	[A]	[B]	[C]	[D]	[E]	[F]
	FCCS_OpeningBalance	Adjustments	Mvmts_LTDAAdditions	Mvmts_LTDDDeletions		FCCS_No Movement
Leases Payable	-	-	\$ 157,014.00	(\$21,947.00)	\$ 135,067.00	\$ 37,877.00
Compensated Absences	803,064.75	-	-	-	-	-
Notes from direct borrowings	-	-	-	-	-	-
Net Pension Liability	5,786,068.00	-	-	-	-	-
Net OPEB Liability	11,129,585.00	-	-	-	-	-
Annuity and Life Income Payable	-	-	-	-	-	-
Pollution Remediation Payable	-	-	-	-	-	-
Asset Retirement Obligation	-	-	-	-	-	-
Total Long-Term Liabilities	\$ 17,718,717.75	\$ -	\$ 157,014.00	\$ (21,947.00)	\$ 17,853,784.75	\$ 720,048.27
					In Bal.	In Bal.

An accrued interest liability may need to be recorded in the financial statements depending on the timing and frequency of payments. In this example, payments are due monthly at the beginning of the month, so most likely there will be no accrued interest liability at year-end.

301 Worksheet:

I. Lessee:

Complete the following schedule for required lease disclosures:

Lease Payments for Fiscal Year	Leases
2023	42,000.00
2024	42,000.00
2025	42,000.00
2026	17,500.00
2027	
2028 - 2032	
2033 - 2037	
2038 - 2042	
2043 - 2047	
	143,500.00
Less: Amount Representing Interest	(8,433.00)
Lease Liability	135,067.00

= June 30 lease liability, on Long-term Liabilities WS

NOTE: Lease payments balance must agree to LEASES PAYABLE on the Long-Term Liabilities worksheet.

Additional disclosures required - For lease payments reported above, please provide details of the leases related to the payments. Please see requirements below: Disclosures listed here required in the box below.

- a. A general description of leasing arrangements, including (1) the basis, terms, and conditions on which variable payments not included in the measurement of lease liability are determined and (2) the existence, terms, and conditions of residual value guarantees provided by the lessee not included in the measurement of the lease liability.
 - b. The amount of outflows of resources recognized in the reporting period for variable payments not previously included in the measurement of the lease liability.
 - c. The amount of outflows of resources recognized in the reporting period for other payments, such as residual value guarantees or termination penalties, not previously included in the measurement of the lease liability.
 - d. Commitments under leases before the commencement of the lease term.
- If applicable, please provide the following additional disclosures:
- e. Sublease transactions- The original lessee (now the lessor in the sublease) includes a general description of the sub leasing arrangement disclosed separately from the lessee transaction related to the original leasing arrangement.
 - f. Sale-leaseback transactions- disclose the terms and conditions of the sale-leaseback transaction along with the required disclosures in a. through d. above.
 - g. Lease-leaseback transactions- disclose the amounts of the lease and the leaseback separately.

Questions under the text box below required to be answered.

Type the Lessee disclosure here and the text will wrap for you.

Nonmajor Component Units

Lessees

In the examples below it has been determined that the lease criteria in GASB Statement 87 and the OSC [capitalization threshold](#) have been met so a lease asset and liability will be reported in FY 2022 based on the GASB 87 requirements. Note: each nonmajor CU may have a different capitalization threshold. For the purposes of these examples, we used the OSC capitalization threshold.

1) Previous Operating Leases

Facts: See the [Universities section above](#).

Journal Entries: See the [Universities section above](#). Note: for entities that do not use NCAS, the entries will not be made in NCAS so the account numbers will be different, but the same type of accounts should be used.

ACFR Worksheets:

The journal entries will impact the financial statements on the "GASB_Stmts" or "FASB_Stmts" and "FASB_Adj" tabs.

430 Worksheet: Refer to the [430BTA Worksheet above for Universities](#) or the [430 Worksheet above for community colleges](#).

2) Previous Capital Leases

Facts: See the [Universities section above](#).

Journal Entries: See the [Universities section above](#). Note: for entities that do not use NCAS, the entries will not be made in NCAS so the account numbers will be different, but the same type of accounts should be used.

ACFR Worksheets:

The journal entries will impact the financial statements on the "GASB_Stmts" or "FASB_Stmts" and "FASB_Adj" tabs.

430 Worksheet: Refer to the [430BTA Worksheet above for Universities](#) or the [430 Worksheet above for community colleges](#). The total restatement will equal the restatement on the "Stmts" tab.

3) New Leases

Facts: See the [Universities section above](#).

Journal Entries: See the [Universities section above](#). Note: for entities that do not use NCAS, the entries will not be made in NCAS so the account numbers will be different, but the same type of accounts should be used.

ACFR Worksheets:

The journal entries will impact the financial statements on the "GASB_Stmts" or "FASB_Stmts" and "FASB_Adj" tabs.