



SFFAS 54 LEASE GUIDANCE:
RIGHT-TO-USE LEASES:
DEEMED “CAPITAL LEASES” FOR BUDGETARY TREATMENT

EFFECTIVE FISCAL YEAR 2024

PREPARED BY:

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Proprietary Accounting Requirements & Agency Decision Points

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

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

For proprietary accounting, entity management is responsible for exercising professional judgement and collaborating within its agency to reach certain determinations before establishing proprietary accounting treatment, including:

- 1) Lease Term, with consideration for Options, Renewals/Terminations, and Cancellation Clauses;
- 2) Calculation of Lease Asset/Liability; with consideration for Fixed vs. Variable Payments;
- 3) Interest Rates - Amortization of Discount on Lease Liability/Receivable; and
- 4) Modifications, Terminations, and any respective remeasurements.

Proprietary Lease Term

For proprietary accounting, calculating the lease term is pivotal because the classification between short-term leases and right-to-use leases depends on the lease duration. The lease term is determined to be the noncancelable lease period, plus certain periods subject to options to extend or terminate the lease. The noncancelable period is the shorter of the period agreed upon in the lease contract that: **(1)** precedes any option to extend the lease; or **(2)** precedes the first option to terminate the lease. In addition, the lessee’s lease term should include the noncancelable period, along with periods:

- Involving an option to extend the lease, if it is probable that the lessee or lessor will exercise that option (SFFAS 54, Par. 15a & 15c)
- Following an option to terminate the lease, if it is probable that the lessee or lessor will not exercise that option (SFFAS 54, Par. 15b & 15d)

Some specific provisions may also need to be applied when determining the lease term:

- Periods for which the lessee/lessor **(1)** have an option to terminate the lease without permission from the other entity, or **(2)** have to agree to extend, are considered to be cancelable periods and are thus excluded from the lease term (SFFAS 54, Par. 19a.)
- An availability of funds/cancellation clause allowing lessees to cancel a lease agreement if funds for the lease payments are not appropriated should only affect the lease term when it is probable that the clause will be exercised (SFFAS 54, Par. 19c.)
- If a lessee has the option to purchase the underlying asset during the lease term and the contract is not a contract that transfers ownership, the lease term should exclude the period, after the date at which the option is probable of being exercised (SFFAS 61, Par. 19d.)

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

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

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

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

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

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

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

Lease Amortization & Lessor Unearned Revenue

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

Modifications/Terminations

In the event a right-to-use lease is terminated before the end of the contractual lease term (other than by a transfer of ownership/purchase of the underlying asset), a Lessee should account for the termination by reducing the carrying values of the lease liability and the lease asset and recognizing a gain/loss for the difference. Likewise, lessors should reduce the carrying value of the lease receivable and the related unearned revenue, and record a gain/loss for the difference.

Budgetary Accounting Requirements & Agency Decision Points

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

For budgetary accounting, entity management is responsible for exercising professional judgement and collaborating within its agency to reach certain determinations before establishing budgetary accounting treatment, including:

- 1) Operating vs. Capital Lease (as defined by Appendix B of OMB Circular No. A-11);
- 2) Budgetary Lease Term, with consideration for Cancellation Clauses; and
- 3) Budget Authority and Outlays.

Operating/Capital/Lease Purchase

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

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

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

Key Assumptions Driving Proprietary Accounting Entries:

Lease Term

- A federal reporting entity (Lessee) signs a 5-year lease with a non-federal entity (Lessor) for the right to control/right to use equipment. (For illustration purposes, the scenario also shows posting logic under a separate heading for a federal Lessor working with a non-federal Lessee.)
- For illustration purposes, the lease begins at the start of the fiscal year.
- No purchase option probable of being exercised exists.
- The Lessor already has equipment on its Balance Sheet valued at \$300,000 with \$150,000 Accumulated Depreciation.
- The Present Value of all expected fixed payments is \$100,000. The Lessor charges the Lessee the Treasury Rate of 10.00%.
- All monthly payments are made at the last business day of the month – This scenario assumes payments are made directly to vendor and that there is no lag time between disbursement, authorization, and receipt.

Lease Asset/Liability Calculation

- The contract amount is \$120,000 (\$2,000 monthly payments x 60 months.)
- Management calculates the Present Value of all expected fixed payments to be \$94,131. The Lessor charges the Lessee the Treasury Rate of 10.00%.
- The Lessor already has equipment on its Balance Sheet valued at \$300,000 with \$150,000 Accumulated Depreciation.

Fixed & Variable Payments

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

Key Assumptions Driving Budgetary Accounting Entries:

Budgetary Authority

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

Budgetary Lease Capital/Operating Determination

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

Budgetary Outlays

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

Cancellation Clauses

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

RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL
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Listing of USSGL Accounts Used in This Scenario:

Account Number	Account Title
<u>Budgetary</u>	
406000	Anticipated Collections From Non-Federal Sources
411900	Other Appropriations Realized
426600	Other Actual Business-Type Collections From Non-Federal Sources
445000	Unapportioned – Unexpired Authority
449000	Anticipated Resources - Unapportioned Authority
451000	Apportionments
459000	Apportionments – Anticipated Resources – Programs Subject to Apportionment
461000	Allotments – Realized Resources
480100	Undelivered Orders – Obligations, Unpaid
490100	Delivered Orders – Obligations, Unpaid
490200	Delivered Orders – Obligations, Paid
<u>Proprietary</u>	
101000	Fund Balance With Treasury
134000	Interest Receivable - Not Otherwise Classified
175000	Equipment
175900	Accumulated Depreciation on Equipment
193000	Lessor Lease Receivable¹
193900	Allowance for Loss on Lease Receivable*
195000	Lessee Right-To-Use Lease Asset*
195900	Accumulated Amortization on Lessee Lease Assets*
214000	Accrued Interest Payable - Not Otherwise Classified
233000	Unearned Lessor Revenue*
293000	Lessee Lease Liability*
310000	Unexpended Appropriations - Cumulative
310100	Unexpended Appropriations – Appropriations Received
310700	Unexpended Appropriations - Used - Accrued
310710	Unexpended Appropriations - Used - Disbursed
331000	Cumulative Results of Operations
531000	Interest Revenue - Other
570000	Expended Appropriations – Used Accrued
570010	Expended Appropriations - Disbursed

¹ See Treasury Financial Manual, Volume 1, USSGL Supplements, Section II for Account Definitions of new lease accounts.

593300	Amortization of Unearned Lessor Revenue*
633000	Other Interest Expense
671000	Depreciation, Amortization, and Depletion
671300	Lessee Lease Amortization*

Amortization Table

- **Contract Amount \$120,000**
- **5-Year Lease, 60 monthly payments of \$2,000 each**
- **Treasury Interest Rate of 10.0% for Proprietary and Budgetary Accounting.**
- **Present Value of Payments = \$94,131. Lessee Right-To-Use- Asset & Lease Liability amount: \$94,131**
- **Year 1 Budget Authority = \$94,131 Lease Principal Payments over 5 years; Year 1 Interest Expense of \$8,726 = \$102,857**
- **Year 2 Budget Authority = Year 2 Interest Expense of \$7,126 = \$7,126**
- **For illustration purposes, the lease begins at the start of the fiscal year.**
- **Monthly payments are considered to be disbursed on the last business day of each month.**

Disclaimer

The below guidance is intended to serve as a reference only based on a finite number of underlying assumptions. It is in no way intended to provide comprehensive posting logic for every leasing activity. Agencies should have a thorough understanding of authoritative standards SFFAS 54, SFFAS 60, and SFFAS 61 and apply other factors, including but not limited to certain prepayments, accruals, etc. As stated above, agency management must exercise professional judgement and collaborate within their agency to reach determinations of lease activities on a lease-by-lease basis, before establishing accounting treatment.

Entity management should document these decisions and incorporate them into management’s existing OMB Circular No. A-123, “Management's Responsibility for Enterprise Risk Management and Internal Control,” Appendix A, procedures.

RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL
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Month			Budgetary Resources				Lease Liability				Right-To-Use Lease Asset		
			Obligation Beginning Balance	Annual Appropriation	Monthly Payment	Obligation Closing Balance	Lease Liability Beginning Balance	Interest Expense	Principle Payment	Ending Lease Liability Balance	Lease Asset Beginning Balance	Monthly Amortization (Straightline)	Ending Lease Asset Balance
a	Yr 1	Month 1	\$0	\$102,857	\$2,000	\$100,857	94,130.74	784.42	1,215.58	92,915.16	94,130.74	1,568.85	92,561.89
b	Yr 1	Month 2	\$100,857	-	\$2,000	\$98,857	92,915.16	774.29	1,225.71	91,689.45	92,561.89	1,568.85	90,993.05
c	Yr 1	Month 3	\$98,857	-	\$2,000	\$96,857	91,689.45	764.08	1,235.92	90,453.53	90,993.05	1,568.85	89,424.20
d	Yr 1	Month 4	\$96,857	-	\$2,000	\$94,857	90,453.53	753.78	1,246.22	89,207.31	89,424.20	1,568.85	87,855.36
e	Yr 1	Month 5	\$94,857	-	\$2,000	\$92,857	89,207.31	743.39	1,256.61	87,950.71	87,855.36	1,568.85	86,286.51
f	Yr 1	Month 6	\$92,857	-	\$2,000	\$90,857	87,950.71	732.92	1,267.08	86,683.63	86,286.51	1,568.85	84,717.66
g	Yr 1	Month 7	\$90,857	-	\$2,000	\$88,857	86,683.63	722.36	1,277.64	85,405.99	84,717.66	1,568.85	83,148.82
h	Yr 1	Month 8	\$88,857	-	\$2,000	\$86,857	85,405.99	711.72	1,288.28	84,117.71	83,148.82	1,568.85	81,579.97
i	Yr 1	Month 9	\$86,857	-	\$2,000	\$84,857	84,117.71	700.98	1,299.02	82,818.69	81,579.97	1,568.85	80,011.13
j	Yr 1	Month 10	\$84,857	-	\$2,000	\$82,857	82,818.69	690.16	1,309.84	81,508.85	80,011.13	1,568.85	78,442.28
k	Yr 1	Month 11	\$82,857	-	\$2,000	\$80,857	81,508.85	679.24	1,320.76	80,188.09	78,442.28	1,568.85	76,873.44
l	Yr 1	Month 12	\$80,857	-	\$2,000	\$78,857	80,188.09	668.23	1,331.77	78,856.32	76,873.44	1,568.85	75,304.59
Year 1 Totals				\$102,857	\$24,000			\$8,726	\$15,274			\$18,826	
a	Yr 2	Month 1	\$78,857	\$7,126	\$2,000	\$83,983	78,856.32	657.14	1,342.86	77,513.46	75,304.59	1,568.85	73,735.74
b	Yr 2	Month 2	\$83,983	-	\$2,000	\$81,983	77,513.46	645.95	1,354.05	76,159.40	73,735.74	1,568.85	72,166.90
c	Yr 2	Month 3	\$81,983	-	\$2,000	\$79,983	76,159.40	634.66	1,365.34	74,794.06	72,166.90	1,568.85	70,598.05
d	Yr 2	Month 4	\$79,983	-	\$2,000	\$77,983	74,794.06	623.28	1,376.72	73,417.35	70,598.05	1,568.85	69,029.21
e	Yr 2	Month 5	\$77,983	-	\$2,000	\$75,983	73,417.35	611.81	1,388.19	72,029.16	69,029.21	1,568.85	67,460.36
f	Yr 2	Month 6	\$75,983	-	\$2,000	\$73,983	72,029.16	600.24	1,399.76	70,629.40	67,460.36	1,568.85	65,891.52
g	Yr 2	Month 7	\$73,983	-	\$2,000	\$71,983	70,629.40	588.58	1,411.42	69,217.98	65,891.52	1,568.85	64,322.67
h	Yr 2	Month 8	\$71,983	-	\$2,000	\$69,983	69,217.98	576.82	1,423.18	67,794.80	64,322.67	1,568.85	62,753.83
i	Yr 2	Month 9	\$69,983	-	\$2,000	\$67,983	67,794.80	564.96	1,435.04	66,359.75	62,753.83	1,568.85	61,184.98
j	Yr 2	Month 10	\$67,983	-	\$2,000	\$65,983	66,359.75	553.00	1,447.00	64,912.75	61,184.98	1,568.85	59,616.13
k	Yr 2	Month 11	\$65,983	-	\$2,000	\$63,983	64,912.75	540.94	1,459.06	63,453.69	59,616.13	1,568.85	58,047.29
l	Yr 2	Month 12	\$63,983	-	\$2,000	\$61,983	63,453.69	528.78	1,471.22	61,982.47	58,047.29	1,568.85	56,478.44
Year 2 Totals				\$7,126	\$24,000			\$7,126	\$16,874			\$18,826	

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-	Yr 3	Month 2	\$65,342	-	\$2,000	\$63,342	60,498.99	504.16	1,495.84	59,003.15	54,909.60	1,568.85	53,340.75
-	Yr 3	Month 3	\$63,342	-	\$2,000	\$61,342	59,003.15	491.69	1,508.31	57,494.84	53,340.75	1,568.85	51,771.91
-	Yr 3	Month 4	\$61,342	-	\$2,000	\$59,342	57,494.84	479.12	1,520.88	55,973.97	51,771.91	1,568.85	50,203.06
-	Yr 3	Month 5	\$59,342	-	\$2,000	\$57,342	55,973.97	466.45	1,533.55	54,440.42	50,203.06	1,568.85	48,634.21
-	Yr 3	Month 6	\$57,342	-	\$2,000	\$55,342	54,440.42	453.67	1,546.33	52,894.09	48,634.21	1,568.85	47,065.37
-	Yr 3	Month 7	\$55,342	-	\$2,000	\$53,342	52,894.09	440.78	1,559.22	51,334.87	47,065.37	1,568.85	45,496.52
-	Yr 3	Month 8	\$53,342	-	\$2,000	\$51,342	51,334.87	427.79	1,572.21	49,762.66	45,496.52	1,568.85	43,927.68
-	Yr 3	Month 9	\$51,342	-	\$2,000	\$49,342	49,762.66	414.69	1,585.31	48,177.35	43,927.68	1,568.85	42,358.83
-	Yr 3	Month 10	\$49,342	-	\$2,000	\$47,342	48,177.35	401.48	1,598.52	46,578.83	42,358.83	1,568.85	40,789.99
-	Yr 3	Month 11	\$47,342	-	\$2,000	\$45,342	46,578.83	388.16	1,611.84	44,966.98	40,789.99	1,568.85	39,221.14
-	Yr 3	Month 12	\$45,342	-	\$2,000	\$43,342	44,966.98	374.72	1,625.28	43,341.71	39,221.14	1,568.85	37,652.30
Year 3 Totals				\$5,359	\$24,000			\$5,359	\$18,641			\$18,826	
-	Yr 4	Month 1	\$43,342	\$3,407	\$2,000	\$44,749	43,341.71	361.18	1,638.82	41,702.89	37,652.30	1,568.85	36,083.45
-	Yr 4	Month 2	\$44,749	-	\$2,000	\$42,749	41,702.89	347.52	1,652.48	40,050.41	36,083.45	1,568.85	34,514.60
-	Yr 4	Month 3	\$42,749	-	\$2,000	\$40,749	40,050.41	333.75	1,666.25	38,384.17	34,514.60	1,568.85	32,945.76
-	Yr 4	Month 4	\$40,749	-	\$2,000	\$38,749	38,384.17	319.87	1,680.13	36,704.04	32,945.76	1,568.85	31,376.91
-	Yr 4	Month 5	\$38,749	-	\$2,000	\$36,749	36,704.04	305.87	1,694.13	35,009.90	31,376.91	1,568.85	29,808.07
-	Yr 4	Month 6	\$36,749	-	\$2,000	\$34,749	35,009.90	291.75	1,708.25	33,301.65	29,808.07	1,568.85	28,239.22
-	Yr 4	Month 7	\$34,749	-	\$2,000	\$32,749	33,301.65	277.51	1,722.49	31,579.17	28,239.22	1,568.85	26,670.38
-	Yr 4	Month 8	\$32,749	-	\$2,000	\$30,749	31,579.17	263.16	1,736.84	29,842.33	26,670.38	1,568.85	25,101.53
-	Yr 4	Month 9	\$30,749	-	\$2,000	\$28,749	29,842.33	248.69	1,751.31	28,091.01	25,101.53	1,568.85	23,532.68
-	Yr 4	Month 10	\$28,749	-	\$2,000	\$26,749	28,091.01	234.09	1,765.91	26,325.10	23,532.68	1,568.85	21,963.84
-	Yr 4	Month 11	\$26,749	-	\$2,000	\$24,749	26,325.10	219.38	1,780.62	24,544.48	21,963.84	1,568.85	20,394.99
-	Yr 4	Month 12	\$24,749	-	\$2,000	\$22,749	24,544.48	204.54	1,795.46	22,749.02	20,394.99	1,568.85	18,826.15
Year 4 Totals				\$3,407	\$24,000			\$3,407	\$20,593			\$18,826	
-	Yr 5	Month 1	\$22,749	\$1,251	\$2,000	\$22,000	22,749.02	189.58	1,810.42	20,938.59	18,826.15	1,568.85	17,257.30
-	Yr 5	Month 2	\$22,000	-	\$2,000	\$20,000	20,938.59	174.49	1,825.51	19,113.08	17,257.30	1,568.85	15,688.46
-	Yr 5	Month 3	\$20,000	-	\$2,000	\$18,000	19,113.08	159.28	1,840.72	17,272.36	15,688.46	1,568.85	14,119.61
-	Yr 5	Month 4	\$18,000	-	\$2,000	\$16,000	17,272.36	143.94	1,856.06	15,416.29	14,119.61	1,568.85	12,550.77
-	Yr 5	Month 5	\$16,000	-	\$2,000	\$14,000	15,416.29	128.47	1,871.53	13,544.76	12,550.77	1,568.85	10,981.92
-	Yr 5	Month 6	\$14,000	-	\$2,000	\$12,000	13,544.76	112.87	1,887.13	11,657.63	10,981.92	1,568.85	9,413.07
-	Yr 5	Month 7	\$12,000	-	\$2,000	\$10,000	11,657.63	97.15	1,902.85	9,754.78	9,413.07	1,568.85	7,844.23
-	Yr 5	Month 8	\$10,000	-	\$2,000	\$8,000	9,754.78	81.29	1,918.71	7,836.07	7,844.23	1,568.85	6,275.38
-	Yr 5	Month 9	\$8,000	-	\$2,000	\$6,000	7,836.07	65.30	1,934.70	5,901.37	6,275.38	1,568.85	4,706.54
-	Yr 5	Month 10	\$6,000	-	\$2,000	\$4,000	5,901.37	49.18	1,950.82	3,950.55	4,706.54	1,568.85	3,137.69
-	Yr 5	Month 11	\$4,000	-	\$2,000	\$2,000	3,950.55	32.92	1,967.08	1,983.47	3,137.69	1,568.85	1,568.85
-	Yr 5	Month 12	\$2,000	-	\$2,000	\$0	1,983.47	16.53	1,983.47	0.00	1,568.85	1,568.85	0.00
Year 5 Totals				\$1,251	\$24,000			\$1,251	\$22,749			\$18,826	
LEASE TOTAL				\$120,000	\$120,000			\$25,869	\$94,131			\$94,131	

FISCAL YEAR 1 - Right-To-Use Leases; “Capital” for Budgetary Treatment

Lessee Accounting

1. The Lessee records the enactment of appropriations in Year 1 of the 5-year lease agreement. Per <i>OMB Circular No. A-11, Appendix B</i> , this upfront Budget Authority includes the present value of the minimum lease and other contractually required payments over the full term of the lease, as well as the imputed interest accrued on the debt in Year 1. The Present Value of expected payments is \$94,131, and interest accrued during the first year is \$8,726 = Total upfront Budget Authority = \$102,857. (Imputed interest cost is recorded annually over the lease term.)			
Lessee	Debit	Credit	TC
<u>Budgetary Entry</u> 411900 Other Appropriations Realized 445000 Unapportioned - Unexpired Authority	102,857	102,857	A104
<u>Proprietary Entry</u> 101000 (G) Fund Balance With Treasury 310100 (G) Unexpended Appropriations – Appropriations Received	102,857	102,857	
2. The Lessee records budgetary authority apportioned by the Office of Management and Budget and available for allotment in Year 1.			
Lessee	Debit	Credit	TC
<u>Budgetary Entry</u> 445000 Unapportioned - Unexpired Authority 451000 Apportionments	102,857	102,857	A116
<u>Proprietary Entry</u> None			
3. The Lessee records the allotment of authority in Year 1.			
Lessee	Debit	Credit	TC

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<u>Budgetary Entry</u> 451000 Apportionments 461000 Allotments – Realized Resources	102,857	102,857	A120
<u>Proprietary Entry</u> None			

4. The lease contract is signed by both parties. The Lessee records current-year undelivered orders without an advance (Equal to only the \$100,000 Present Value of expected payments - Additional budget authority equal to the cost of financing (imputed interest cost) is recorded on an annual basis over the lease term.)			
Lessee	Debit	Credit	TC
<u>Budgetary Entry</u> 461000 Allotments – Realized Resources 480100 Undelivered Orders – Obligations, Unpaid	102,857	102,857	B306
<u>Proprietary Entry</u> None			

5. The Lessee takes control over the use of the equipment; The lease term is 5 years. A Lease Asset and Lease Liability are recorded per SFFAS 54, Par. 40 & Par. 49. The entire amount of the lease liability (principle) is covered from the Year 1 appropriation.			
Lessee	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 195000 Lessee Right-To-Use Lease Asset 293000 Lessee Lease Liability	94,131	94,131	

RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL
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6a. The lessee records accrued interest for month 1, per the proprietary amortization schedule. The lessee should calculate the amortization of the discount on the lease liability and recognize that amount as interest expense for the period. (SFFAS 54, Par. 43)			
Lessee - Accrual of Interest Expense for Month 1.	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 633000 Other Interest Expense 214000 Accrued Interest Payable – Not Otherwise Classified	784	784	B418

7a. The Lessee makes the monthly lease payment to Lessor and records the disbursement of appropriations for the fiscal year.			
Lessee - Disbursement of Monthly Lease Payment (Budget Authority received up-front in Year 1.)	Debit	Credit	TC
<u>Budgetary Entry</u> 480100 Undelivered Orders – Obligations, Unpaid 490200 Delivered Orders – Obligations, Paid	2,000	2,000	B110
<u>Proprietary Entry</u> 293000 Lessee Lease Liability 214000 Accrued Interest Payable - Not Otherwise Classified 101000 (G) Fund Balance With Treasury	1,216 784	2,000	
310710 Unexpended Appropriations - Used - Disbursed 570010 Expended Appropriations - Disbursed	2,000	2,000	B234
Ending Lease Liability Balance (USSGL 293000) = \$92,915			

8a. The Lessee records amortization of the right-to-use Lease Asset. (\$94,131 / 5 Year Life of Lease / 12 months = \$1,569 Straight-line Amortization per month.) A lease asset should be amortized in a systematic and rational manner over the shorter of: The lease term; OR the useful life of the underlying asset. (SFFAS 54, Par. 50)			
Lessee - Amortization of Lease Asset for Month 1.	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 671300 Lessee Lease Amortization 195900 Accumulated Amortization on Lessee Lease Assets	1,569	1,569	
Ending Lease Asset Balance (USSGL 195000 - 195900) = \$92,562			

RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL
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6b. The lessee records accrued interest for month 2, per the proprietary amortization schedule. The lessee should calculate the amortization of the discount on the lease liability and recognize that amount as interest expense for the period. (SFFAS 54, Par. 43)

Lessee - Accrual of Interest Expense for Month 2.	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 633000 Other Interest Expense 214000 (N) Accrued Interest Payable – Not Otherwise Classified	774	774	B418

7b. The Lessee makes the monthly lease payment to Lessor and records the disbursement of appropriations for the fiscal year.

Lessee - Disbursement of Monthly Lease Payment (Budget Authority received up-front in Year 1.)	Debit	Credit	TC
<u>Budgetary Entry</u> 480100 Undelivered Orders – Obligations, Unpaid 490200 Delivered Orders – Obligations, Paid	2,000	2,000	B110
<u>Proprietary Entry</u> 293000 Lessee Lease Liability 214000 (N) Accrued Interest Payable – Not Otherwise Classified 101000 (G) Fund Balance With Treasury	1,226 774	2,000	
310710 Unexpended Appropriations - Used - Disbursed 570010 Expended Appropriations - Disbursed	2,000	2,000	B234
<i>Ending Lease Liability Balance (USSGL 293000) = \$91,689</i>			

8b. The Lessee records amortization of the right-to-use Lease Asset. **(\$94,131 / 5 Year Life of Lease / 12 months = \$1,569 Straight-line Amortization per month.)**
A lease asset should be amortized in a systematic and rational manner over the shorter of: The lease term; OR the useful life of the underlying asset. (SFFAS 54, Par. 50)

Lessee - Amortization of Lease Asset for Month 2.	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 671300 Lessee Lease Amortization 195900 Accumulated Amortization on Lessee Lease Assets	1,569	1,569	
<i>Ending Lease Asset Balance (USSGL 195000 - 195900) = \$90,993</i>			

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6c. The lessee records accrued interest for month 3, per the proprietary amortization schedule. The lessee should calculate the amortization of the discount on the lease liability and recognize that amount as interest expense for the period. (SFFAS 54, Par. 43)			
Lessee - Accrual of Interest Expense for Month 3.	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 633000 Other Interest Expense 214000 (N) Accrued Interest Payable – Not Otherwise Classified	764	764	B418

7c. The Lessee makes the monthly lease payment to Lessor and records the disbursement of appropriations for the fiscal year.			
Lessee - Disbursement of Monthly Lease Payment (Budget Authority received up-front in Year 1.)	Debit	Credit	TC
<u>Budgetary Entry</u> 480100 Undelivered Orders – Obligations, Unpaid 490200 Delivered Orders – Obligations, Paid	2,000	2,000	B110
<u>Proprietary Entry</u> 293000 Lessee Lease Liability 214000 (N) Accrued Interest Payable – Not Otherwise Classified 101000 (G) Fund Balance With Treasury	1,236 764	2,000	
310710 Unexpended Appropriations - Used - Disbursed 570010 Expended Appropriations - Disbursed	2,000	2,000	B234
<i>Ending Lease Liability Balance (USSGL 293000) = \$90,454</i>			

8c. The Lessee records amortization of the right-to-use Lease Asset. (\$94,131 / 5 Year Life of Lease / 12 months = \$1,569 Straight-line Amortization per month.) A lease asset should be amortized in a systematic and rational manner over the shorter of: The lease term; OR the useful life of the underlying asset. (SFFAS 54, Par. 50)			
Lessee - Amortization of Lease Asset for Month 3.	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 671300 Lessee Lease Amortization 195900 Accumulated Amortization on Lessee Lease Assets	1,569	1,569	
<i>Ending Lease Asset Balance (USSGL 195000 - 195900) = \$89,424</i>			

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6d. The lessee records accrued interest for month 4, per the proprietary amortization schedule. The lessee should calculate the amortization of the discount on the lease liability and recognize that amount as interest expense for the period. (SFFAS 54, Par. 43)			
Lessee - Accrual of Interest Expense for Month 4.	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 633000 Other Interest Expense 214000 (N) Accrued Interest Payable – Not Otherwise Classified	754	754	B418
7d. The Lessee makes the monthly lease payment to Lessor and records the disbursement of appropriations for the fiscal year.			
Lessee - Disbursement of Monthly Lease Payment (Budget Authority received up-front in Year 1.)	Debit	Credit	TC
<u>Budgetary Entry</u> 480100 Undelivered Orders – Obligations, Unpaid 490200 Delivered Orders – Obligations, Paid	2,000	2,000	B110
<u>Proprietary Entry</u> 293000 Lessee Lease Liability 214000 (N) Accrued Interest Payable – Not Otherwise Classified 101000 (G) Fund Balance With Treasury	1,246 754	2,000	
310710 Unexpended Appropriations - Used - Disbursed 570010 Expended Appropriations - Disbursed	2,000	2,000	B234
Ending Lease Liability Balance (USSGL 293000) = \$89,207			
8d. The Lessee records amortization of the right-to-use Lease Asset. (\$94,131 / 5 Year Life of Lease / 12 months = \$1,569 Straight-line Amortization per month.) A lease asset should be amortized in a systematic and rational manner over the shorter of: The lease term; OR the useful life of the underlying asset. (SFFAS 54, Par. 50)			
Lessee - Amortization of Lease Asset for Month 4.	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 671300 Lessee Lease Amortization 195900 Accumulated Amortization on Lessee Lease Assets	1,569	1,569	
Ending Lease Asset Balance (USSGL 195000 - 195900) = \$87,855			

RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL
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6e. The lessee records accrued interest for month 5, per the proprietary amortization schedule. The lessee should calculate the amortization of the discount on the lease liability and recognize that amount as interest expense for the period. (SFFAS 54, Par. 43)			
Lessee - Accrual of Interest Expense for Month 5.	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 633000 Other Interest Expense 214000 (N) Accrued Interest Payable – Not Otherwise Classified	743	743	B418
7e. The Lessee makes the monthly lease payment to Lessor and records the disbursement of appropriations for the fiscal year.			
Lessee - Disbursement of Monthly Lease Payment (Budget Authority received up-front in Year 1.)	Debit	Credit	TC
<u>Budgetary Entry</u> 480100 Undelivered Orders – Obligations, Unpaid 490200 Delivered Orders – Obligations, Paid	2,000	2,000	B110
<u>Proprietary Entry</u> 293000 Lessee Lease Liability 214000 (N) Accrued Interest Payable – Not Otherwise Classified 101000 (G) Fund Balance With Treasury	1,257 743	2,000	
310710 Unexpended Appropriations - Used - Disbursed 570010 Expended Appropriations - Disbursed	2,000	2,000	B234
<i>Ending Lease Liability Balance (USSGL 293000) = \$87,951</i>			
8e. The Lessee records amortization of the right-to-use Lease Asset. (\$94,131 / 5 Year Life of Lease / 12 months = \$1,569 Straight-line Amortization per month.) A lease asset should be amortized in a systematic and rational manner over the shorter of: The lease term; OR the useful life of the underlying asset. (SFFAS 54, Par. 50)			
Lessee - Amortization of Lease Asset for Month 5.	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 671300 Lessee Lease Amortization 195900 Accumulated Amortization on Lessee Lease Assets	1,569	1,569	
<i>Ending Lease Asset Balance (USSGL 195000 - 195900) = \$86,287</i>			

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6f. The lessee records accrued interest for month 6, per the proprietary amortization schedule. The lessee should calculate the amortization of the discount on the lease liability and recognize that amount as interest expense for the period. (SFFAS 54, Par. 43)			
Lessee - Accrual of Interest Expense for Month 6.	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 633000 Other Interest Expense 214000 (N) Accrued Interest Payable – Not Otherwise Classified	733	733	B418
7f. The Lessee makes the monthly lease payment to Lessor and records the disbursement of appropriations for the fiscal year.			
Lessee - Disbursement of Monthly Lease Payment (Budget Authority received up-front in Year 1.)	Debit	Credit	TC
<u>Budgetary Entry</u> 480100 Undelivered Orders – Obligations, Unpaid 490200 Delivered Orders – Obligations, Paid	2,000	2,000	B110
<u>Proprietary Entry</u> 293000 Lessee Lease Liability 214000 (N) Accrued Interest Payable – Not Otherwise Classified 101000 (G) Fund Balance With Treasury	1,267 733	2,000	
310710 Unexpended Appropriations - Used - Disbursed 570010 Expended Appropriations - Disbursed	2,000	2,000	B234
Ending Lease Liability Balance (USSGL 293000) = \$86,684			
8f. The Lessee records amortization of the right-to-use Lease Asset. (\$94,131 / 5 Year Life of Lease / 12 months = \$1,569 Straight-line Amortization per month.) A lease asset should be amortized in a systematic and rational manner over the shorter of: The lease term; OR the useful life of the underlying asset. (SFFAS 54, Par. 50)			
Lessee - Amortization of Lease Asset for Month 6.	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 671300 Lessee Lease Amortization 195900 Accumulated Amortization on Lessee Lease Assets	1,569	1,569	
Ending Lease Asset Balance (USSGL 195000 - 195900) = \$84,718			

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(For simplicity, the recurring entries of Lessee Payments for Months 7-12 are not illustrated, but amounts can be seen in the amortization table.)

9. The Lessee records the closing of lease and interest expenses to cumulative results of operations.			
Lessee	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 331000 Cumulative Results of Operations 671300 Lessee Lease Amortization 633000 (N) Other Interest Expense	27,552	18,826 8,726	F336

10. The Lessee records the closing of expended appropriation to cumulative results of operations, along with the closing of fiscal-year activity to unexpended appropriations.			
Lessee	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 570010 Expended Appropriations – Disbursed 331000 Cumulative Results of Operations	24,000	24,000	F336
310000 Unexpended Appropriations – Cumulative 310710 Unexpended Appropriations - Used – Disbursed	24,000	24,000	F342
310100 (G) Unexpended Appropriations – Appropriations Received 310000 Unexpended Appropriations - Cumulative	102,857	102,857	F342

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

12. The Lessee records the consolidation of actual net-funded resources.			
Lessee	Debit	Credit	TC
<u>Budgetary Entry</u> 420100 Total Actual Resources, Collected 411900 Other Appropriations Realized	102,857	102,857	F302
<u>Proprietary Entry</u> None			

Lessor Accounting

1. In Year 1, the Lessor records anticipated collections. (The amount of expected Year 1 monthly payments is \$24,000.)			
Lessor	Debit	Credit	TC
<u>Budgetary Entry</u> 406000 Anticipated Collections From Non-Federal Sources 449000 Anticipated Resources - Unapportioned Authority	24,000	24,000	A140
<u>Proprietary Entry</u> None			
2. In Year 1, the Lessor records the apportionment approval by OMB of anticipated authority.			
Lessor	Debit	Credit	TC
<u>Budgetary Entry</u> 449000 Anticipated Resources - Unapportioned Authority 459000 Apportionments - Anticipated Resources - Programs Subject to Apportionment	24,000	24,000	A118
<u>Proprietary Entry</u> None			
3. The Lessee takes control over the use of the equipment; The lease term is 5 years. A Lease Receivable and Unearned Revenue are recorded per SFFAS 54. Also per SFFAS 54, Par. 56, the Lessor reduces the lease receivable by a provision for uncollectible amounts.			
Lessor	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 193000 Lessor Lease Receivable 193900 Allowance for Loss on Lease Receivable 233000 Lessor Lease Unearned Revenue	94,131	2,000 92,131	
<i>Initial Lease Receivable Balance of USSGL 193000 = \$94,131.</i>			

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4a. The Lessor recognizes interest revenue for the amortization of the discount on the lease receivable for month 1. (SFFAS 54, Par. 60)			
Lessor - Accrual of Interest Revenue for Year 1, Month 1	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 134000 Interest Receivable - Not Otherwise Classified 531000 Interest Revenue - Other	784	784	

5a. In month 1, the Lessee pays monthly lease payment to Lessor, and the Lessor records the receipt of payment. The Lessor allots the funds.			
Lessor - Receipt of first Monthly Lease Payment	Debit	Credit	TC
<u>Budgetary Entry</u> 426600 Other Actual Business-Type Collections From Non-Federal Sources 406000 Anticipated Collections From Non-Federal Sources	2,000	2,000	C109
459000 Apportionments - Anticipated Resources - Programs Subject to Apportionment 451000 Apportionments	2,000	2,000	A123
451000 Apportionments 461000 Allotments – Realized Resources	2,000	2,000	A120
<u>Proprietary Entry</u> 101000 (G) Fund Balance With Treasury 134000 Interest Receivable - Not Otherwise Classified 193000 Lessor Lease Receivable	2,000	784 1,216	
Ending Lease Receivable Balance of USSGL 193000 = \$92,915			

6a. The Lessor recognizes revenue from the measurement of the lease receivable as earned revenue for the reporting period via straightline amortization. A Lessor should amortize the unearned revenue (recognizing it as earned revenue) in a systematic and rational manner of life of the lease. (SFFAS 60, Par. 26)			
Lessor - Recognition of Unearned Revenue for Year 1, Month 1	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 233000 Lessor Lease Unearned Revenue 593300 Amortization of Unearned Lessor Revenue	1,569	1,569	

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4b. The Lessor recognizes interest revenue for the amortization of the discount on the lease receivable for month 2. (SFFAS 54, Par. 60)			
Lessor - Accrual of Interest Revenue for Year 1, Month 2	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 134000 Interest Receivable - Not Otherwise Classified 531000 Interest Revenue - Other	774	774	

5b. In month 2, the Lessee pays monthly lease payment to Lessor, and the Lessor records the receipt of payment. The Lessor allots the funds.			
Lessor - Receipt of second Monthly Lease Payment	Debit	Credit	TC
<u>Budgetary Entry</u> 426600 Other Actual Business-Type Collections From Non-Federal Sources 406000 Anticipated Collections From Non-Federal Sources 459000 Apportionments - Anticipated Resources - Programs Subject to Apportionment 451000 Apportionments 451000 Apportionments 461000 Allotments – Realized Resources	2,000 2,000 2,000	 2,000 2,000 2,000	 C109 A123 A120
<u>Proprietary Entry</u> 101000 (G) Fund Balance With Treasury 134000 Interest Receivable - Not Otherwise Classified 193000 Lessor Lease Receivable	2,000	 774 1,226	
Ending Lease Receivable Balance of USSGL 193000 = \$91,689			

6b. The Lessor recognizes revenue from the measurement of the lease receivable as earned revenue for the reporting period via straightline amortization. A Lessor should amortize the unearned revenue (recognizing it as earned revenue) in a systematic and rational manner of life of the lease. (SFFAS 60, Par. 26)			
Lessor - Recognition of Unearned Revenue for Year 1, Month 2	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 233000 Lessor Lease Unearned Revenue 593300 Amortization of Unearned Lessor Revenue	1,569	1,569	

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4c. The Lessor recognizes interest revenue for the amortization of the discount on the lease receivable for month 3. (SFFAS 54, Par. 60)			
Lessor - Accrual of Interest Revenue for Year 1, Month 3	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 134000 Interest Receivable - Not Otherwise Classified 531000 Interest Revenue - Other	764	764	

5c. In month 3, the Lessee pays monthly lease payment to Lessor, and the Lessor records the receipt of payment. The Lessor allots the funds.			
Lessor - Receipt of third Monthly Lease Payment	Debit	Credit	TC
<u>Budgetary Entry</u> 426600 Other Actual Business-Type Collections From Non-Federal Sources 406000 Anticipated Collections From Non-Federal Sources	2,000	2,000	C109
459000 Apportionments - Anticipated Resources - Programs Subject to Apportionment 451000 Apportionments	2,000	2,000	A123
451000 Apportionments 461000 Allotments – Realized Resources	2,000	2,000	A120
<u>Proprietary Entry</u> 101000 (G) Fund Balance With Treasury 134000 Interest Receivable - Not Otherwise Classified 193000 Lessor Lease Receivable	2,000	764 1,236	
<i>Ending Lease Receivable Balance of USSGL 193000 = \$90,454</i>			

6c. The Lessor recognizes revenue from the measurement of the lease receivable as earned revenue for the reporting period via straightline amortization. A Lessor should amortize the unearned revenue (recognizing it as earned revenue) in a systematic and rational manner of life of the lease. (SFFAS 60, Par. 26)			
Lessor - Recognition of Unearned Revenue for Year 1, Month 3	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 233000 Lessor Lease Unearned Revenue 593300 Amortization of Unearned Lessor Revenue	1,569	1,569	

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4d. The Lessor recognizes interest revenue for the amortization of the discount on the lease receivable for month 4. (SFFAS 54, Par. 60)			
Lessor - Accrual of Interest Revenue for Year 1, Month 4	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 134000 Interest Receivable - Not Otherwise Classified 531000 Interest Revenue - Other	764	764	

5d. In month 4, the Lessee pays monthly lease payment to Lessor, and the Lessor records the receipt of payment. The Lessor allots the funds.			
Lessor - Receipt of fourth Monthly Lease Payment	Debit	Credit	TC
<u>Budgetary Entry</u> 426600 Other Actual Business-Type Collections From Non-Federal Sources 406000 Anticipated Collections From Non-Federal Sources	2,000	2,000	C109
459000 Apportionments - Anticipated Resources - Programs Subject to Apportionment 451000 Apportionments	2,000	2,000	A123
451000 Apportionments 461000 Allotments – Realized Resources	2,000	2,000	A120
<u>Proprietary Entry</u> 101000 (G) Fund Balance With Treasury 134000 Interest Receivable - Not Otherwise Classified 193000 Lessor Lease Receivable	2,000	764 1,236	
<i>Ending Lease Receivable Balance of USSGL 193000 = \$89,207</i>			

6d. The Lessor recognizes revenue from the measurement of the lease receivable as earned revenue for the reporting period via straightline amortization. A Lessor should amortize the unearned revenue (recognizing it as earned revenue) in a systematic and rational manner of life of the lease. (SFFAS 60, Par. 26)			
Lessor - Recognition of Unearned Revenue for Year 1, Month 4	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 233000 Lessor Lease Unearned Revenue 593300 Amortization of Unearned Lessor Revenue	1,569	1,569	

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4e. The Lessor recognizes interest revenue for the amortization of the discount on the lease receivable for month 5. (SFFAS 54, Par. 60)			
Lessor - Accrual of Interest Revenue for Year 1, Month 5	Debit	Credit	TC
Budgetary Entry None			
Proprietary Entry 134000 Interest Receivable - Not Otherwise Classified 531000 Interest Revenue - Other	743	743	

5e. In month 5, the Lessee pays monthly lease payment to Lessor, and the Lessor records the receipt of payment. The Lessor allots the funds.			
Lessor - Receipt of fifth Monthly Lease Payment	Debit	Credit	TC
Budgetary Entry 426600 Other Actual Business-Type Collections From Non-Federal Sources 406000 Anticipated Collections From Non-Federal Sources	2,000	2,000	C109
459000 Apportionments - Anticipated Resources - Programs Subject to Apportionment 451000 Apportionments	2,000	2,000	A123
451000 Apportionments 461000 Allotments – Realized Resources	2,000	2,000	A120
Proprietary Entry 101000 (G) Fund Balance With Treasury 134000 Interest Receivable - Not Otherwise Classified 193000 Lessor Lease Receivable	2,000	743 1,257	
Ending Lease Receivable Balance of USSGL 193000 = \$87,951			

6e. The Lessor recognizes revenue from the measurement of the lease receivable as earned revenue for the reporting period via straightline amortization. A Lessor should amortize the unearned revenue (recognizing it as earned revenue) in a systematic and rational manner of life of the lease. (SFFAS 60, Par. 26)			
Lessor - Recognition of Unearned Revenue for Year 1, Month 5	Debit	Credit	TC
Budgetary Entry None			
Proprietary Entry 233000 Lessor Lease Unearned Revenue 593300 Amortization of Unearned Lessor Revenue	1,569	1,569	

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4f. The Lessor recognizes interest revenue for the amortization of the discount on the lease receivable for month 6. (SFFAS 54, Par. 60)			
Lessor - Accrual of Interest Revenue for Year 1, Month 6	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 134000 Interest Receivable - Not Otherwise Classified 531000 Interest Revenue - Other	733	733	

5f. In month 6, the Lessee pays monthly lease payment to Lessor, and the Lessor records the receipt of payment. The Lessor allots the funds.			
Lessor - Receipt of sixth Monthly Lease Payment	Debit	Credit	TC
<u>Budgetary Entry</u> 426600 Other Actual Business-Type Collections From Non-Federal Sources 406000 Anticipated Collections From Non-Federal Sources	2,000	2,000	C109
459000 Apportionments - Anticipated Resources - Programs Subject to Apportionment 451000 Apportionments	2,000	2,000	A123
451000 Apportionments 461000 Allotments – Realized Resources	2,000	2,000	A120
<u>Proprietary Entry</u> 101000 (G) Fund Balance With Treasury 134000 Interest Receivable - Not Otherwise Classified 193000 Lessor Lease Receivable	2,000	733 1,267	
<i>Ending Lease Receivable Balance of USSGL 193000 = \$86,684</i>			

6f. The Lessor recognizes revenue from the measurement of the lease receivable as earned revenue for the reporting period via straightline amortization. A Lessor should amortize the unearned revenue (recognizing it as earned revenue) in a systematic and rational manner of life of the lease. (SFFAS 60, Par. 26)			
Lessor - Recognition of Unearned Revenue for Year 1, Month 6	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 233000 Lessor Lease Unearned Revenue 593300 Amortization of Unearned Lessor Revenue	1,569	1,569	

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(For simplicity, the recurring entries of Lessor Receipts for Months 7-12 are not illustrated, but amounts can be seen in the amortization table.)

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

8. The Lessor records the closing of revenue to cumulative results of operations.			
Lessor	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 593300 Amortization of Unearned Lessor Revenue 531000 Interest Revenue - Other 331000 Cumulative Results of Operations	18,826 8,726	27,552	F336

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

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10. The Lessor records the closing of unobligated balances in programs subject to apportionment to unapportioned authority.			
Lessor	Debit	Credit	TC
<u>Budgetary Entry</u> 461000 Allotments – Realized Resources 445000 Unapportioned – Unexpired Authority <u>Proprietary Entry</u> None	24,000	24,000	F308

11. The Lessor records the consolidation of actual net-funded resources.			
Lessor	Debit	Credit	TC
<u>Budgetary Entry</u> 420100 Total Actual Resources, Collected 426600 Other Actual Business-Type Collections From Non-Federal Sources <u>Proprietary Entry</u> None	24,000	24,000	F302

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Fiscal Year 1 Post-Closing Adjusted Trial Balance:

FISCAL YEAR 1 POST-CLOSING		LESSEE		LESSOR	
Account	Description	Debit	Credit	Debit	Credit
Budgetary					
420100	Total Actual Resources, Collected	78,857	-	24,000	-
445000	Unapportioned – Unexpired Authority	-	-	-	24,000
490100	Delivered Orders, Obligations Unpaid	-	78,857	-	-
Total		78,857	78,857	24,000	24,000
Proprietary					
101000 (G)	Fund Balance With Treasury	78,857	-	24,000	-
134000 (N)	Interest Receivable - Not Otherwise Classified	-	-	-	-
175000	Equipment	-	-	300,000	-
175900	Acc. Depreciation on Equipment	-	-	-	165,000
193000	Lessor Lease Receivable	-	-	76,857	-
193900	Allowance for Loss on Lease Receivable	-	-	-	2,000
195000	Lessee Right-To-Use Lease Asset	94,131	-	-	-
195900	Accumulated Amortization on Lessee Lease Assets	-	18,826	-	-
214000 (N)	Accrued Interest Payable - Not Otherwise Classified	-	-	-	-
233000	Unearned Lessor Revenue	-	-	-	73,305
293000	Lessee Lease Liability	-	78,857	-	-
310000	Unexpended Appropriations - Cumulative	-	78,857	-	-
331000	Cumulative Results of Operations	3,552	-	-	162,552
Total		176,540	176,540	402,857	402,857

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Year 1 Financial Statements:

STANDARDIZED BALANCE SHEET – YEAR 1			
Line No.	YEAR 1	LESSEE	LESSOR
	Assets (Note 2)		
	Intra-governmental		
1	Fund Balance with Treasury (Note 3) (101000)	78,857	24,000
7	Total intra-governmental assets	78,857	24,000
	Other than intra-governmental		
12	General and right-to-use property, plant, and equipment, net (Note 10) (175000E, 175900E, 195000E, 195900E)	75,305	135,000
17	Other assets (Note 12) (193000E, 193900E)	-	76,857
18	Total other than intra-governmental	75,305	213,357
19	Total assets	<u>154,162</u>	<u>235,857</u>
	Liabilities (Note 13)		
	Other than intra-governmental		
36	Advances from others and deferred revenue (233000N)	-	73,305
37	Other liabilities (Notes 18, 19, and 20) (293000E)	78,857	-
38	Total other than intra-governmental	78,857	73,305
39	Total liabilities	78,857	73,305
	Net position		
41.2	Unexpended appropriations - Funds from Dedicated Collections (Note 21) (310000E)	78,857	-
42.2	Cumulative results of operations - Funds from other than Dedicated Collections (331000E)	(3,552)	162,552
43	Total net position	75,305	162,552
44	Total liabilities and net position	<u>154,162</u>	<u>235,857</u>

STATEMENT OF NET COST – YEAR 1			
Line No.	YEAR 1	LESSEE	LESSOR
	Gross Program Costs (Note 21):		
1	Gross costs (633000E, 671000E, 671300E, 693000E)	27,552	15,000
2	Less: earned revenue (531000E, 593000E, 593300E)	-	27,552
3	Net program costs	27,552	(12,552)
5	Net program costs including Assumption Changes:	27,552	(12,552)
8	Net cost of operations	27,552	(12,552)

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STATEMENT OF CHANGES IN NET POSITION – YEAR 1			
Line No.	YEAR 1	LESSEE	LESSOR
	Unexpended Appropriations:		
4	Appropriations received (310100E)	102,857	-
7	Appropriations used (310700E, 310710E)	24,000	-
8	Net Change in Unexpended Appropriations (calc.)	24,000	-
9	Total Unexpended Appropriations – Ending (calc.)	78,857	-
	Cumulative Results of Operations:		
10	Beginning Balances (331000B)	-	150,000
12	Beginning balances, as adjusted	-	150,000
14	Appropriations used (570000E, 570010E)	24,000	-
21	Revenue From (Net Cost of) Operations (+/-)	(27,552)	12,552
22	Net Change in Cumulative Results of Operations	(27,552)	12,552
23	Cumulative Results of Operations – Ending	(3,552)	162,552
24	Net Position (calc.)	<u>75,305</u>	<u>162,552</u>

Year 1 Reclassified Financial Statements:

STANDARDIZED BALANCE SHEET – YEAR 1			
Line No.	YEAR 1	LESSEE	LESSOR
	Assets (Note 2)		
	Intra-governmental		
1	Fund Balance with Treasury (Note 3) (101000)	78,857	24,000
7	Total intra-governmental assets	78,857	24,000
	Other than intra-governmental		
12	General and right-to-use property, plant, and equipment, net (Note 10) (175000E, 175900E, 195000E, 195900E)	75,305	135,000
17	Other assets (Note 12) (193000E, 193900E)	-	76,857
18	Total other than intra-governmental	75,305	213,357
19	Total assets	<u>154,162</u>	<u>235,857</u>
	Liabilities (Note 13)		
	Other than intra-governmental		

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36	Advances from others and deferred revenue (233000N)	-	73,305
37	Other liabilities (Notes 18, 19, and 20) (293000E)	78,857	-
38	Total other than intra-governmental	78,857	73,305
39	Total liabilities	78,857	73,305
	Net position		
41.2	Unexpended appropriations - Funds from Dedicated Collections (Note 21) (310000E)	78,857	-
42.2	Cumulative results of operations - Funds from other than Dedicated Collections (331000E)	(3,552)	162,552
43	Total net position	75,305	162,552
44	Total liabilities and net position	<u>154,162</u>	<u>235,857</u>

RECLASSIFIED STATEMENT OF NET COST – YEAR 1

Line No.	YEAR 1	LESSEE	LESSOR
1	Gross cost		
2	Non-federal gross cost (633000E, 671000E, 671300E, 693000E)	27,552	15,000
6	Total non-federal gross cost (calc.)	27,552	15,000
9	Department total gross cost (calc.)	27,552	15,000
	Earned revenue		
11	Non-federal earned revenue (531000E, 593000E, 593300E)	-	27,552
14	Department total earned revenue (calc.)	-	27,552
15	Net cost of operations (calc.)	27,552	(12,552)

RECLASSIFIED STATEMENT OF OPERATIONS AND CHANGES IN NET POSITION – YEAR 1

Line No.	YEAR 1	LESSEE	LESSOR
1	Net position, beginning of period (310000B, 331000B)	-	150,000
7	Financing sources:		
7.1	Appropriations received as adjusted (rescissions and other adjustments) (RC 41)/1 (310100E)	102,857	-
7.2	Appropriations used (RC 39) (310700E, 310710E)	24,000	-
7.3	Appropriations expended (RC 38)/1 (570000E, 570010E)	(24,000)	-
7.30	Total financing sources (calc.)	102,857	-
8	Revenue From (Net cost of) Operations (+/-)	(27,552)	12,552
9	Net position, end of period (calc.)	<u>75,305</u>	<u>162,552</u>

FISCAL YEAR 2 - Right-To-Use Leases; “Capital” for Budgetary Treatment

Lessee Accounting

1. In Year 2, the Lessee records the enactment of appropriations. Per OMB Circular No. A-11, Appendix B, interest accrued during the year is included in the appropriation. (Imputed interest cost is recorded annually over the lease term.)			
Lessee - Enactment of appropriation for Year 2 of interest.	Debit	Credit	TC
<u>Budgetary Entry</u> 411900 Other Appropriations Realized 445000 Unapportioned - Unexpired Authority	7,126	7,126	A104
<u>Proprietary Entry</u> 101000 (G) Fund Balance With Treasury 310100 (G) Unexpended Appropriations – Appropriations Received	7,126	7,126	
2. The Lessee records budgetary authority apportioned by the Office of Management and Budget and available for allotment in Year 2.			
Lessee	Debit	Credit	TC
<u>Budgetary Entry</u> 445000 Unapportioned - Unexpired Authority 451000 Apportionments	7,126	7,126	A116
<u>Proprietary Entry</u> None			
3. The Lessee records the allotment of authority in Year 2.			
Lessee	Debit	Credit	TC
<u>Budgetary Entry</u> 451000 Apportionments 461000 Allotments – Realized Resources	7,126	7,126	A120
<u>Proprietary Entry</u> None			

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4. The Lessee records current-year undelivered orders without an advance (Equal to only the cost of financing (imputed interest cost) which is recorded on an annual basis over the lease term.)			
Lessee	Debit	Credit	TC
<u>Budgetary Entry</u> 461000 Allotments – Realized Resources 480100 Undelivered Orders – Obligations, Unpaid	102,857	102,857	B306
<u>Proprietary Entry</u> None			

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5a. The lessee records accrued interest for Year 2, Month 1, per the proprietary amortization schedule. The lessee should calculate the amortization of the discount on the lease liability and recognize that amount as interest expense for the period. (SFFAS 54, Par. 43)

Lessee - Accrual of Interest Expense for Year 2, Month 1.	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 633000 Other Interest Expense 214000 (N) Accrued Interest Payable – Not Otherwise Classified	657	657	B418

6a. The Lessee makes the monthly lease payment to Lessor and records the disbursement of appropriations for the fiscal year.

Lessee - Disbursement of Monthly Lease Payment (Budget Authority received up-front in Year 1.)	Debit	Credit	TC
<u>Budgetary Entry</u> 480100 Undelivered Orders – Obligations, Unpaid 490200 Delivered Orders – Obligations, Paid	2,000	2,000	
<u>Proprietary Entry</u> 293000 Lessee Lease Liability 214000 (N) Accrued Interest Payable – Not Otherwise Classified 101000 (G) Fund Balance With Treasury	1,343 657	2,000	
310710 Unexpended Appropriations - Used - Disbursed 570010 Expended Appropriations - Disbursed	2,000	2,000	B235
<i>Ending Lease Liability Balance (USSGL 293000) = \$77,513</i>			

7a. The Lessee records amortization of the right-to-use Lease Asset. (**\$94,131 / 5 Year Life of Lease / 12 months = \$1,569 Straight-line Amortization per month.**) A lease asset should be amortized in a systematic and rational manner over the shorter of: The lease term; OR the useful life of the underlying asset. (SFFAS 54, Par. 50)

Lessee - Amortization of Lease Asset for Year 2, Month 1.	Debit	Credit	TC
<u>Budgetary Entry</u> - None			
<u>Proprietary Entry</u> 671300 Lessee Lease Amortization 195900 Accumulated Amortization on Lessee Lease Assets	1,569	1,569	
<i>Ending Lease Asset Balance (USSGL 195000 - 195900) = \$73,736</i>			

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5b. The lessee records accrued interest for month 2 per the proprietary amortization schedule. The lessee should calculate the amortization of the discount on the lease liability and recognize that amount as interest expense for the period. (SFFAS 54, Par. 43)			
Lessee - Accrual of Interest Expense for Year 2, Month 2.	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 633000 Other Interest Expense 214000 (N) Accrued Interest Payable – Not Otherwise Classified	646	646	B418
6b. The Lessee makes the monthly lease payment to Lessor and records the disbursement of appropriations for the fiscal year.			
Lessee - Disbursement of Monthly Lease Payment (Budget Authority received up-front in Year 1.)	Debit	Credit	TC
<u>Budgetary Entry</u> 480100 Undelivered Orders – Obligations, Unpaid 490200 Delivered Orders – Obligations, Paid	2,000	2,000	
<u>Proprietary Entry</u> 293000 Lessee Lease Liability 214000 (N) Accrued Interest Payable – Not Otherwise Classified 101000 (G) Fund Balance With Treasury	1,354 646	2,000	
310710 Unexpended Appropriations - Used - Disbursed 570010 Expended Appropriations - Disbursed	2,000	2,000	B235
<i>Ending Lease Liability Balance (USSGL 293000) = \$76,159</i>			
7b. The Lessee records amortization of the right-to-use Lease Asset. (\$94,131 / 5 Year Life of Lease / 12 months = \$1,569 Straight-line Amortization per month.) A lease asset should be amortized in a systematic and rational manner over the shorter of: The lease term; OR the useful life of the underlying asset. (SFFAS 54, Par. 50)			
Lessee - Amortization of Lease Asset for Year 2, Month 2.	Debit	Credit	TC
<u>Budgetary Entry</u> - None			
<u>Proprietary Entry</u> 671300 Lessee Lease Amortization 195900 Accumulated Amortization on Lessee Lease Assets	1,569	1,569	
<i>Ending Lease Asset Balance (USSGL 195000 - 195900) = \$72,167</i>			

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5c. The lessee records accrued interest for month 3 per the proprietary amortization schedule. The lessee should calculate the amortization of the discount on the lease liability and recognize that amount as interest expense for the period. (SFFAS 54, Par. 43)			
Lessee - Accrual of Interest Expense for Year 2, Month 3.	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 633000 Other Interest Expense 214000 (N) Accrued Interest Payable – Not Otherwise Classified	635	635	B418

6c. The Lessee makes the monthly lease payment to Lessor and records the disbursement of appropriations for the fiscal year.			
Lessee - Disbursement of Monthly Lease Payment (Budget Authority received up-front in Year 1.)	Debit	Credit	TC
<u>Budgetary Entry</u> 480100 Undelivered Orders – Obligations, Unpaid 490200 Delivered Orders – Obligations, Paid	2,000	2,000	
<u>Proprietary Entry</u> 293000 Lessee Lease Liability 214000 (N) Accrued Interest Payable – Not Otherwise Classified 101000 (G) Fund Balance With Treasury	1,365 635	2,000	
310710 Unexpended Appropriations - Used - Disbursed 570010 Expended Appropriations - Disbursed	2,000	2,000	B235
Ending Lease Liability Balance (USSGL 293000) = \$74,794			

7c. The Lessee records amortization of the right-to-use Lease Asset. (\$94,131 / 5 Year Life of Lease / 12 months = \$1,569 Straight-line Amortization per month.) A lease asset should be amortized in a systematic and rational manner over the shorter of: The lease term; OR the useful life of the underlying asset. (SFFAS 54, Par. 50)			
Lessee - Amortization of Lease Asset for Year 2, Month 3.	Debit	Credit	TC
<u>Budgetary Entry</u> - None			
<u>Proprietary Entry</u> 671300 Lessee Lease Amortization 195900 Accumulated Amortization on Lessee Lease Assets	1,569	1,569	
Ending Lease Asset Balance (USSGL 195000 - 195900) = \$70,598			

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5d. The lessee records accrued interest for month 4 per the proprietary amortization schedule. The lessee should calculate the amortization of the discount on the lease liability and recognize that amount as interest expense for the period. (SFFAS 54, Par. 43)			
Lessee - Accrual of Interest Expense for Year 2, Month 4.	Debit	Credit	TC
<u>Budgetary Entry</u>			
<u>Proprietary Entry</u>			
633000 Other Interest Expense	623		
214000 (N) Accrued Interest Payable – Not Otherwise Classified		623	B418
6d. The Lessee makes the monthly lease payment to Lessor and records the disbursement of appropriations for the fiscal year.			
Lessee - Disbursement of Monthly Lease Payment (Budget Authority received up-front in Year 1.)	Debit	Credit	TC
<u>Budgetary Entry</u>			
480100 Undelivered Orders – Obligations, Unpaid	2,000		
490200 Delivered Orders – Obligations, Paid		2,000	
<u>Proprietary Entry</u>			
293000 Lessee Lease Liability	1,377		
214000 (N) Accrued Interest Payable – Not Otherwise Classified	623		
101000 (G) Fund Balance With Treasury		2,000	
310710 Unexpended Appropriations - Used - Disbursed	2,000		
570010 Expended Appropriations - Disbursed		2,000	B235
<i>Ending Lease Liability Balance (USSGL 293000) = \$73,417</i>			
7d. The Lessee records amortization of the right-to-use Lease Asset. (\$94,131 / 5 Year Life of Lease / 12 months = \$1,569 Straight-line Amortization per month.) A lease asset should be amortized in a systematic and rational manner over the shorter of: The lease term; OR the useful life of the underlying asset. (SFFAS 54, Par. 50)			
Lessee - Amortization of Lease Asset for Year 2, Month 4.	Debit	Credit	TC
<u>Budgetary Entry</u> - None			
<u>Proprietary Entry</u>			
671300 Lessee Lease Amortization	1,569		
195900 Accumulated Amortization on Lessee Lease Assets		1,569	
<i>Ending Lease Asset Balance (USSGL 195000 - 195900) = \$69,029</i>			

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5e. The lessee records accrued interest for month 5 per the proprietary amortization schedule. The lessee should calculate the amortization of the discount on the lease liability and recognize that amount as interest expense for the period. (SFFAS 54, Par. 43)			
Lessee - Accrual of Interest Expense for Year 2, Month 5.	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 633000 Other Interest Expense 214000 (N) Accrued Interest Payable – Not Otherwise Classified	612	612	B418

6e. The Lessee makes the monthly lease payment to Lessor and records the disbursement of appropriations for the fiscal year.			
Lessee - Disbursement of Monthly Lease Payment (Budget Authority received up-front in Year 1.)	Debit	Credit	TC
<u>Budgetary Entry</u> 480100 Undelivered Orders – Obligations, Unpaid 490200 Delivered Orders – Obligations, Paid	2,000	2,000	
<u>Proprietary Entry</u> 293000 Lessee Lease Liability 214000 (N) Accrued Interest Payable – Not Otherwise Classified 101000 (G) Fund Balance With Treasury	1,388 612	2,000	
310710 Unexpended Appropriations - Used - Disbursed 570010 Expended Appropriations - Disbursed	2,000	2,000	B235
Ending Lease Liability Balance (USSGL 293000) = \$72,029			

7e. The Lessee records amortization of the right-to-use Lease Asset. (\$94,131 / 5 Year Life of Lease / 12 months = \$1,569 Straight-line Amortization per month.) A lease asset should be amortized in a systematic and rational manner over the shorter of: The lease term; OR the useful life of the underlying asset. (SFFAS 54, Par. 50)			
Lessee - Amortization of Lease Asset for Year 2, Month 5.	Debit	Credit	TC
<u>Budgetary Entry</u> - None			
<u>Proprietary Entry</u> 671300 Lessee Lease Amortization 195900 Accumulated Amortization on Lessee Lease Assets	1,569	1,569	
Ending Lease Asset Balance (USSGL 195000 - 195900) = \$67,460			

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5f. The lessee records accrued interest for month 6 per the proprietary amortization schedule. The lessee should calculate the amortization of the discount on the lease liability and recognize that amount as interest expense for the period. (SFFAS 54, Par. 43)			
Lessee - Accrual of Interest Expense for Year 2, Month 6.	Debit	Credit	TC
<u>Budgetary Entry</u>			
<u>Proprietary Entry</u> 633000 Other Interest Expense 214000 (N) Accrued Interest Payable – Not Otherwise Classified	600	600	B418
6f. The Lessee makes the monthly lease payment to Lessor and records the disbursement of appropriations for the fiscal year.			
Lessee - Disbursement of Monthly Lease Payment (Budget Authority received up-front in Year 1.)	Debit	Credit	TC
<u>Budgetary Entry</u> 480100 Undelivered Orders – Obligations, Unpaid 490200 Delivered Orders – Obligations, Paid	2,000	2,000	
<u>Proprietary Entry</u> 293000 Lessee Lease Liability 214000 (N) Accrued Interest Payable – Not Otherwise Classified 101000 (G) Fund Balance With Treasury	1,400 600	2,000	
310710 Unexpended Appropriations - Used - Disbursed 570010 Expended Appropriations - Disbursed	2,000	2,000	B235
Ending Lease Liability Balance (USSGL 293000) = \$70,629			
7f. The Lessee records amortization of the right-to-use Lease Asset. (\$94,131 / 5 Year Life of Lease / 12 months = \$1,569 Straight-line Amortization per month.) A lease asset should be amortized in a systematic and rational manner over the shorter of: The lease term; OR the useful life of the underlying asset. (SFFAS 54, Par. 50)			
Lessee - Amortization of Lease Asset for Year 2, Month 6.	Debit	Credit	TC
<u>Budgetary Entry</u> - None			
<u>Proprietary Entry</u> 671300 Lessee Lease Amortization 195900 Accumulated Amortization on Lessee Lease Assets	1,569	1,569	
Ending Lease Asset Balance (USSGL 195000 - 195900) = \$65,892			

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(For simplicity, the recurring entries of Lessee Payments for Months 7-12 are not illustrated, but amounts can be seen in the amortization table.)

8. The Lessee records the closing of lease and interest expenses to cumulative results of operations.			
Lessee	Debit	Credit	TC
<u>Budgetary Entry</u>			
None			
<u>Proprietary Entry</u>			
331000 Cumulative Results of Operations	25,952		F336
671300 Lessee Lease Amortization		18,826	
633000 (N) Other Interest Expense		7,126	

9. The Lessee records the closing of expended appropriation to cumulative results of operations, along with the closing of fiscal-year activity to unexpended appropriations.			
Lessee	Debit	Credit	TC
<u>Budgetary Entry</u>			
None			
<u>Proprietary Entry</u>			
570010 Expended Appropriations – Disbursed	24,000		F336
331000 Cumulative Results of Operations		24,000	
310000 Unexpended Appropriations – Cumulative	24,000		F342
310710 Unexpended Appropriations - Used – Disbursed		24,000	
310100 (G) Unexpended Appropriations – Appropriations Received	7,126		F342
310000 Unexpended Appropriations - Cumulative		7,126	

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10. The Lessee records the closing of paid delivered orders to total actual resources.			
Lessee	Debit	Credit	TC
<u>Budgetary Entry</u> 490200 Delivered Orders – Obligations, Paid 420100 Total Actual Resources, Collected	24,000	24,000	F314
<u>Proprietary Entry</u> None			

11. The Lessee records the consolidation of actual net-funded resources.			
Lessee	Debit	Credit	TC
<u>Budgetary Entry</u> 420100 Total Actual Resources, Collected 411900 Other Appropriations Realized	7,126	7,126	F302
<u>Proprietary Entry</u> None			

Lessor Accounting

1. In Year 2, the Lessor records anticipated collections. (The amount of expected Year 2 monthly payments is \$24,000.)			
Lessor	Debit	Credit	TC
<u>Budgetary Entry</u> 406000 Anticipated Collections From Non-Federal Sources 449000 Anticipated Resources - Unapportioned Authority <u>Proprietary Entry</u> None	24,000	24,000	A140

2. In Year 2, the Lessor records the apportionment approval by OMB of anticipated authority.			
Lessor	Debit	Credit	TC
<u>Budgetary Entry</u> 449000 Anticipated Resources - Unapportioned Authority 459000 Apportionments - Anticipated Resources - Programs Subject to Apportionment <u>Proprietary Entry</u> None	24,000	24,000	A118

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4a. The Lessor recognizes interest revenue for the amortization of the discount on the lease receivable for month 1. (SFFAS 54, Par. 60)			
Lessor - Accrual of Interest Revenue for Year 2, Month 1	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 134000 Interest Receivable - Not Otherwise Classified 531000 Interest Revenue - Other	657	657	

5a. In month 1, the Lessee pays monthly lease payment to Lessor, and the Lessor records the receipt of payment. The Lessor allots the funds.			
Lessor - Receipt of Year 2, Month 1 Lease Payment	Debit	Credit	TC
<u>Budgetary Entry</u> 426600 Other Actual Business-Type Collections From Non-Federal Sources 406000 Anticipated Collections From Non-Federal Sources	2,000	2,000	C109
459000 Apportionments - Anticipated Resources - Programs Subject to Apportionment 451000 Apportionments	2,000	2,000	A123
451000 Apportionments 461000 Allotments – Realized Resources	2,000	2,000	A120
<u>Proprietary Entry</u> 101000 (G) Fund Balance With Treasury 134000 Interest Receivable - Not Otherwise Classified 193000 Lessor Lease Receivable	2,000	657 1,343	
Ending Lease Receivable Balance of USSGL 193000 = \$77,513			

6a. The Lessor recognizes revenue from the measurement of the lease receivable as earned revenue for the reporting period via straightline amortization. A Lessor should amortize the unearned revenue (recognizing it as earned revenue) in a systematic and rational manner of life of the lease. (SFFAS 60, Par. 26)			
Lessor - Recognition of Unearned Revenue for Year 2, Month 1	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 233000 Lessor Lease Unearned Revenue 593300 Amortization of Unearned Lessor Revenue	1,569	1,569	

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4b. The Lessor recognizes interest revenue for the amortization of the discount on the lease receivable for month 2. (SFFAS 54, Par. 60)			
Lessor - Accrual of Interest Revenue for Year 2, Month 2	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 134000 Interest Receivable - Not Otherwise Classified 531000 Interest Revenue - Other	646	646	

5b. In month 2, the Lessee pays monthly lease payment to Lessor, and the Lessor records the receipt of payment. The Lessor allots the funds.			
Lessor - Receipt of Year 2, Month 2 Lease Payment	Debit	Credit	TC
<u>Budgetary Entry</u> 426600 Other Actual Business-Type Collections From Non-Federal Sources 406000 Anticipated Collections From Non-Federal Sources 459000 Apportionments - Anticipated Resources - Programs Subject to Apportionment 451000 Apportionments 451000 Apportionments 461000 Allotments – Realized Resources	2,000 2,000 2,000	2,000 2,000 2,000	C109 A123 A120
<u>Proprietary Entry</u> 101000 (G) Fund Balance With Treasury 134000 Interest Receivable - Not Otherwise Classified 193000 Lessor Lease Receivable	2,000	646 1,354	
<i>Ending Lease Receivable Balance of USSGL 193000 = \$76,159</i>			

6b. The Lessor recognizes revenue from the measurement of the lease receivable as earned revenue for the reporting period via straightline amortization. A Lessor should amortize the unearned revenue (recognizing it as earned revenue) in a systematic and rational manner of life of the lease. (SFFAS 60, Par. 26)			
Lessor - Recognition of Unearned Revenue for Year 2, Month 2	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 233000 Lessor Lease Unearned Revenue 593300 Amortization of Unearned Lessor Revenue	1,569	1,569	

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4c. The Lessor recognizes interest revenue for the amortization of the discount on the lease receivable for month 3. (SFFAS 54, Par. 60)			
Lessor - Accrual of Interest Revenue for Year 2, Month 3	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 134000 Interest Receivable - Not Otherwise Classified 531000 Interest Revenue - Other	635	635	

5c. In month 3, the Lessee pays monthly lease payment to Lessor, and the Lessor records the receipt of payment. The Lessor allots the funds.			
Lessor - Receipt of Year 2, Month 3 Lease Payment	Debit	Credit	TC
<u>Budgetary Entry</u> 426600 Other Actual Business-Type Collections From Non-Federal Sources 406000 Anticipated Collections From Non-Federal Sources	2,000	2,000	C109
459000 Apportionments - Anticipated Resources - Programs Subject to Apportionment 451000 Apportionments	2,000	2,000	A123
451000 Apportionments 461000 Allotments – Realized Resources	2,000	2,000	A120
<u>Proprietary Entry</u> 101000 (G) Fund Balance With Treasury 134000 Interest Receivable - Not Otherwise Classified 193000 Lessor Lease Receivable	2,000	635 1,365	
<i>Ending Lease Receivable Balance of USSGL 193000 = \$74,794</i>			

6c. The Lessor recognizes revenue from the measurement of the lease receivable as earned revenue for the reporting period via straightline amortization. A Lessor should amortize the unearned revenue (recognizing it as earned revenue) in a systematic and rational manner of life of the lease. (SFFAS 60, Par. 26)			
Lessor - Recognition of Unearned Revenue for Year 2, Month 3	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 233000 Lessor Lease Unearned Revenue 593300 Amortization of Unearned Lessor Revenue	1,569	1,569	

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4d. The Lessor recognizes interest revenue for the amortization of the discount on the lease receivable for month 4. (SFFAS 54, Par. 60)			
Lessor - Accrual of Interest Revenue for Year 2, Month 4	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 134000 Interest Receivable - Not Otherwise Classified 531000 Interest Revenue - Other	623	623	

5d. In month 4, the Lessee pays monthly lease payment to Lessor, and the Lessor records the receipt of payment. The Lessor allots the funds.			
Lessor - Receipt of Year 2, Month 4 Lease Payment	Debit	Credit	TC
<u>Budgetary Entry</u> 426600 Other Actual Business-Type Collections From Non-Federal Sources 406000 Anticipated Collections From Non-Federal Sources	2,000	2,000	C109
459000 Apportionments - Anticipated Resources - Programs Subject to Apportionment 451000 Apportionments	2,000	2,000	A123
451000 Apportionments 461000 Allotments – Realized Resources	2,000	2,000	A120
<u>Proprietary Entry</u> 101000 (G) Fund Balance With Treasury 134000 Interest Receivable - Not Otherwise Classified 193000 Lessor Lease Receivable	2,000	623 1,377	
<i>Ending Lease Receivable Balance of USSGL 193000 = \$73,417</i>			

6d. The Lessor recognizes revenue from the measurement of the lease receivable as earned revenue for the reporting period via straightline amortization. A Lessor should amortize the unearned revenue (recognizing it as earned revenue) in a systematic and rational manner of life of the lease. (SFFAS 60, Par. 26)			
Lessor - Recognition of Unearned Revenue for Year 2, Month 4	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 233000 Lessor Lease Unearned Revenue 593300 Amortization of Unearned Lessor Revenue	1,569	1,569	

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4e. The Lessor recognizes interest revenue for the amortization of the discount on the lease receivable for month 5. (SFFAS 54, Par. 60)			
Lessor - Accrual of Interest Revenue for Year 2, Month 5	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 134000 Interest Receivable - Not Otherwise Classified 531000 Interest Revenue - Other	612	612	

5e. In month 5, the Lessee pays monthly lease payment to Lessor, and the Lessor records the receipt of payment. The Lessor allots the funds.			
Lessor - Receipt of Year 2, Month 5 Lease Payment	Debit	Credit	TC
<u>Budgetary Entry</u> 426600 Other Actual Business-Type Collections From Non-Federal Sources 406000 Anticipated Collections From Non-Federal Sources	2,000	2,000	C109
459000 Apportionments - Anticipated Resources - Programs Subject to Apportionment 451000 Apportionments	2,000	2,000	A123
451000 Apportionments 461000 Allotments – Realized Resources	2,000	2,000	A120
<u>Proprietary Entry</u> 101000 (G) Fund Balance With Treasury 134000 Interest Receivable - Not Otherwise Classified 193000 Lessor Lease Receivable	2,000	612 1,388	
<i>Ending Lease Receivable Balance of USSGL 193000 = \$72,029</i>			

6e. The Lessor recognizes revenue from the measurement of the lease receivable as earned revenue for the reporting period via straightline amortization. A Lessor should amortize the unearned revenue (recognizing it as earned revenue) in a systematic and rational manner of life of the lease. (SFFAS 60, Par. 26)			
Lessor - Recognition of Unearned Revenue for Year 2, Month 5	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 233000 Lessor Lease Unearned Revenue 593300 Amortization of Unearned Lessor Revenue	1,569	1,569	

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4f. The Lessor recognizes interest revenue for the amortization of the discount on the lease receivable for month 6. (SFFAS 54, Par. 60)			
Lessor - Accrual of Interest Revenue for Year 2, Month 6	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 134000 Interest Receivable - Not Otherwise Classified 531000 Interest Revenue - Other	600	600	

5f. In month 6, the Lessee pays monthly lease payment to Lessor, and the Lessor records the receipt of payment. The Lessor allots the funds.			
Lessor - Receipt of Year 2, Month 6 Lease Payment	Debit	Credit	TC
<u>Budgetary Entry</u> 426600 Other Actual Business-Type Collections From Non-Federal Sources 406000 Anticipated Collections From Non-Federal Sources	2,000	2,000	C109
459000 Apportionments - Anticipated Resources - Programs Subject to Apportionment 451000 Apportionments	2,000	2,000	A123
451000 Apportionments 461000 Allotments – Realized Resources	2,000	2,000	A120
<u>Proprietary Entry</u> 101000 (G) Fund Balance With Treasury 134000 Interest Receivable - Not Otherwise Classified 193000 Lessor Lease Receivable	2,000	600 1,400	
<i>Ending Lease Receivable Balance of USSGL 193000 = \$70,629</i>			

6f. The Lessor recognizes revenue from the measurement of the lease receivable as earned revenue for the reporting period via straightline amortization. A Lessor should amortize the unearned revenue (recognizing it as earned revenue) in a systematic and rational manner of life of the lease. (SFFAS 60, Par. 26)			
Lessor - Recognition of Unearned Revenue for Year 2, Month 6	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 233000 Lessor Lease Unearned Revenue 593300 Amortization of Unearned Lessor Revenue	1,569	1,569	

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

8. The Lessor records the closing of revenue to cumulative results of operations.			
Lessor	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 593300 Amortization of Unearned Lessor Revenue 531000 (N) Interest Revenue - Other 331000 Cumulative Results of Operations	18,826 7,126	25,952	F336

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

11. The Lessor records the closing of unobligated balances in programs subject to apportionment to unapportioned authority.			
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Lessor	Debit	Credit	TC
<u>Budgetary Entry</u> 461000 Allotments – Realized Resources 445000 Unapportioned – Unexpired Authority <u>Proprietary Entry</u> None	24,000	24,000	F308

12. The Lessor records the consolidation of actual net-funded resources.			
Lessor	Debit	Credit	TC
<u>Budgetary Entry</u> 420100 Total Actual Resources, Collected 426600 Other Actual Business-Type Collections From Non-Federal Sources <u>Proprietary Entry</u> None	24,000	24,000	F302

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Fiscal Year 2 Post-Closing Adjusted Trial Balance:

FISCAL YEAR 2 POST-CLOSING		LESSEE		LESSOR	
Account	Description	Debit	Credit	Debit	Credit
Budgetary					
420100	Total Actual Resources, Collected	61,983	-	48,000	-
445000	Unapportioned – Unexpired Authority	-	-	-	48,000
490100	Delivered Orders, Obligations Unpaid	-	61,983	-	-
Total		61,983	61,983	48,000	48,000
Proprietary					
101000 (G)	Fund Balance With Treasury	61,983	-	48,000	-
175000	Equipment	-	-	300,000	-
175900	Acc. Depreciation on Equipment	-	-	-	180,000
193000	Lessor Lease Receivable	-	-	61,983	-
193900	Allowance for Loss on Lease Receivable	-	-	-	2,000
195000	Lessee Right-To-Use Lease Asset	94,131	-	-	-
195900	Accumulated Amortization on Lessee Lease Assets	-	37,652	-	-
233000	Unearned Lessor Revenue	-	-	-	54,479
293000	Lessee Lease Liability	-	61,983	-	-
310000	Unexpended Appropriations - Cumulative	-	61,983	-	-
331000	Cumulative Results of Operations	5,504	-	-	173,504
Total		161,618	161,618	409,983	409,983

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Year 2 Financial Statements:

STANDARDIZED BALANCE SHEET – YEAR 2			
Line No.	YEAR 2	LESSEE	LESSOR
	Assets (Note 2)		
	Intra-governmental		
1	Fund Balance with Treasury (Note 3) (101000)	61,983	48,000
7	Total intra-governmental assets	61,983	48,000
	Other than intra-governmental		
12	General and right-to-use property, plant, and equipment, net (Note 10) (175000E, 175900E, 195000E, 195900E)	56,479	135,000
17	Other assets (Note 12) (193000E, 193900E)	-	59,983
18	Total other than intra-governmental	56,479	179,983
19	Total assets	<u>118,462</u>	<u>227,983</u>
	Liabilities (Note 13)		
	Other than intra-governmental		
36	Advances from others and deferred revenue (233000N)	-	54,479
37	Other liabilities (Notes 18, 19, and 20) (293000E)	61,983	-
38	Total other than intra-governmental	61,983	54,479
39	Total liabilities	61,983	54,479
	Net position		
41.2	Unexpended appropriations - Funds from other than Dedicated Collections (Note 21) (310000E)	61,983	-
42.2	Cumulative results of operations - Funds from other than Dedicated Collections (331000E)	(5,504)	173,504
43	Total net position	56,479	173,504
44	Total liabilities and net position	<u>118,462</u>	<u>227,983</u>

STATEMENT OF NET COST – YEAR 2			
Line No.	YEAR 2	LESSEE	LESSOR
	Gross Program Costs (Note 21):		
1	Gross costs (633000E, 671000E, 671300E, 693000E)	25,952	15,000
2	Less: earned revenue (531000E, 593000E, 593300E)	-	25,952
3	Net program costs	25,952	(10,952)
5	Net program costs including Assumption Changes:	25,952	(10,952)
8	Net cost of operations	25,952	(10,952)

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STATEMENT OF CHANGES IN NET POSITION – YEAR 2			
Line No.	YEAR 2	LESSEE	LESSOR
	Unexpended Appropriations:		
1	Beginning Balance (310000B)	78,857	-
3	Beginning balance, as adjusted	78,857	-
4	Appropriations received (310100E)	7,126	-
7	Appropriations used (310700E, 310710E)	24,000	-
8	Net Change in Unexpended Appropriations (calc.)	24,000	-
9	Total Unexpended Appropriations – Ending (calc.)	61,983	-
	Cumulative Results of Operations:		
10	Beginning Balances (331000B)	(3,552)	162,552
12	Beginning balances, as adjusted	(3,552)	162,552
14	Appropriations used (570000E, 570010E)	24,000	-
21	Revenue From (Net Cost of) Operations (+/-)	(25,952)	10,952
22	Net Change in Cumulative Results of Operations	(25,952)	10,952
23	Cumulative Results of Operations – Ending	(5,504)	173,504
24	Net Position (calc.)	<u>56,479</u>	<u>173,504</u>

Year 2 Reclassified Financial Statements:

STANDARDIZED BALANCE SHEET – YEAR 2			
Line No.	YEAR 2	LESSEE	LESSOR
	Assets (Note 2)		
	Intra-governmental		
1	Fund Balance with Treasury (Note 3) (101000)	61,983	48,000
7	Total intra-governmental assets	61,983	48,000
	Other than intra-governmental		
12	General and right-to-use property, plant, and equipment, net (Note 10) (175000E, 175900E, 195000E, 195900E)	56,479	135,000
17	Other assets (Note 12) (193000E, 193900E)	-	59,983
18	Total other than intra-governmental	56,479	179,983
19	Total assets	<u>118,462</u>	<u>227,983</u>
	Liabilities (Note 13)		

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	Other than intra-governmental		
36	Advances from others and deferred revenue (233000N)	-	54,479
37	Other liabilities (Notes 18, 19, and 20) (293000E)	61,983	-
38	Total other than intra-governmental	61,983	54,479
39	Total liabilities	61,983	54,479
	Net position		
41.2	Unexpended appropriations - Funds from other than Dedicated Collections (Note 21) (310000E)	61,983	-
42.2	Cumulative results of operations - Funds from other than Dedicated Collections (331000E)	(5,504)	173,504
43	Total net position	56,479	173,504
44	Total liabilities and net position	<u>118,462</u>	<u>227,983</u>

RECLASSIFIED STATEMENT OF NET COST – YEAR 2			
Line No.	YEAR 2	LESSEE	LESSOR
1	Gross cost		
2	Non-federal gross cost (633000E, 671000E, 671300E, 693000E)	25,952	15,000
6	Total non-federal gross cost (calc.)	25,952	15,000
9	Department total gross cost (calc.)	25,952	15,000
10	Earned revenue		
11	Non-federal earned revenue (531000E, 593000E, 593300E)	-	25,952
14	Department total earned revenue (calc.)	-	25,952
15	Net cost of operations (calc.)	25,952	(10,952)

RECLASSIFIED STATEMENT OF OPERATIONS AND CHANGES IN NET POSITION – YEAR 2			
Line No.	YEAR 2	LESSEE	LESSOR
1	Net position, beginning of period (310000B, 331000B)	75,305	162,552
7	Financing sources:		
7.1	Appropriations received as adjusted (rescissions and other adjustments) (RC 41)/1 (310100E)	7,126	-
7.2	Appropriations used (RC 39) (310700E, 310710E)	24,000	-
7.3	Appropriations expended (RC 38)/1 (570000E, 570010E)	(24,000)	-
7.30	Total financing sources (calc.)	82,431	-
8	Revenue From (Net cost of) Operations (+/-)	(25,952)	10,952
9	Net position, end of period (calc.)	<u>56,479</u>	<u>173,504</u>

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STATEMENT OF BUDGETARY RESOURCES – YEAR 3			
Line No.	YEAR 3	LESSEE	LESSOR
	Budgetary resources:		
1071	Unobligated balance from prior year budget authority, net (discretionary and mandatory) (Note 25) (420100B, 490100B, 490100E)	19,820	47,964
1290	Appropriations (discretionary and mandatory) (411900E)	4,162	-
1890	Spending authority from offsetting collection (discretionary and mandatory) (426600E)	-	23,982
1910	Total budgetary resources (calc.)	23,982	71,946
	Status of budgetary resources:		
2190	New obligations and upward adjustments (total) (Note 31) (490100E – 490100B, 490200E)	4,162	-
	Unobligated balance, end of year:		
2204	Apportioned, unexpired account (461000E)	-	23,982
2405	Unapportioned, unexpired accounts (445000E)	-	47,964
2412	Unexpired unobligated balance, end of year (calc.)	-	71,946
2490	Unobligated balance, end of year (total)	-	71,946
2500	Total budgetary resources (calc.)	4,162	71,946
	Outlays, Net and Disbursements, Net		
4190	Outlays, net (total) (discretionary and mandatory) (426600E, 490200E)	23,982	(23,982)

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SF 133 AND SCHEDULE P – REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES AND BUDGET PROGRAM AND FINANCING SCHEDULE – YEAR 3					
Line No.	YEAR 3	LESSEE		LESSOR	
	BUDGETARY RESOURCES	<i>SF 133</i>	<i>Schedule P</i>	<i>SF 133</i>	<i>Schedule P</i>
0900	Total new obligations, unexpired accounts (490200E)	-	23,982	-	-
1000	Unobligated balance brought forward, Oct 1 (490100B)	65,602	65,602	47,964	47,964
1070	Unobligated balance (total) (calc.)	65,602	65,602	47,964	47,964
	Budget authority:				
	Appropriations:				
	Discretionary:				
1100	Appropriation (411900E)	4,162	4,162	-	-
1160	Appropriation, discretionary (total)	4,162	4,162	-	-
1700	Collected (426600E)	-	-	23,982	23,982
1750	Spending authority from offsetting collections, discretionary (total)	-	-	23,982	23,982
1900	Budget authority (total)	4,162	4,162	23,982	23,982
1910	Total budgetary resources (calc.)	69,764	-	71,946	-
1930	Total budgetary resources available	-	69,764	-	71,946
	Memorandum (non-add) entries:				
1941	Unexpired unobligated balance, end of year (445000E, 461000E)	-	-	-	71,946
	STATUS OF BUDGETARY RESOURCES				
	New obligations and upward adjustments:				
	Direct:				
2002	Category B (by project) (490100E – 490100B, 490200E)	69,764	-	-	-
2004	Direct obligations (total) (calc.)	69,764	-	-	-
2170	New obligations, unexpired accounts (490100E – 490100B, 490200E)	23,982	-	-	-
2190	New obligations and upward adjustments (total)	23,982	-	-	-
2201	Available in the current period (461000E)	-	-	23,982	-
2403	Other (445000E)	-	-	47,964	-
2412	Unexpired unobligated balance: end of year (calc.)	-	-	71,946	-

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2490	Unobligated balance, end of year (total)	-	-	71,946	-
2500	Total budgetary resources (calc.)	69,794	-	71,946	-
	Memorandum (non-add) entries:				
2501	Subject to apportionment – excluding anticipated amounts (445000E, 461000E)	-	-	71,946	-
	CHANGE IN OBLIGATED BALANCE				
	Unpaid obligations:				
3000	Unpaid obligations, brought forward, Oct 1 (490100B)	65,602	65,602	-	-
3010	New obligations, unexpired accounts (490100E – 490100B, 490200E)	69,794	69,794	-	-
3020	Outlays (gross) (-) (490200E)	(23,982)	(23,982)	-	-
3050	Unpaid obligations, end of year (490100E)	45,782	45,782		
3200	Obligated balance, end of year (= or -)	45,782	45,782	-	-
	BUDGET AUTHORITY AND OUTLAYS, NET				
	Discretionary:				
4000	Budget authority, gross (calc.)	4,162	4,162	23,982	23,982
	Outlays, gross				
4010	Outlays from new discretionary authority (490200E)	23,982	23,982	-	-
4020	Outlays, gross (total)	23,982	23,982	-	-
	Offsets against gross budget authority and outlays:				
	Offsetting collections (collected) from:				
4033	Non-Federal sources (-) (426600E)	-	-	(23,982)	(23,982)
4040	Offsets against gross budget authority and outlays (-) (calc.)	-	-	(23,982)	(23,982)
4070	Budget authority, net (discretionary) (calc.)	4,162	4,162	23,982	23,982
4080	Outlays, net (discretionary) (calc.)	23,982	23,982	(23,982)	(23,982)
4180	Budget authority, net (total) (calc.)	4,162	4,162	(23,982)	(23,982)
4190	Outlays, net (total) (calc.)	23,982	23,982	(23,982)	(23,982)
	Unobligated balance:				
5311	Direct unobligated balance, start of year (420100B, 490100B)	-	-	47,964	47,964
5313	Discretionary unobligated balance, start of years (420100B)	-	-	47,964	47,964
5321	Direct unobligated balance, end of year (445000E, 461000E)	-	-	71,946	71,946
5323	Discretionary unobligated balance, end of year (445000E, 461000E)	-	-	71,946	71,946