



SFFAS 54 LEASE GUIDANCE:

SHORT-TERM LEASES

RENEWAL OPTIONS

LEASE CONCESSIONS

EFFECTIVE FISCAL YEAR 2024

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BUREAU OF THE FISCAL SERVICE

U.S. DEPARTMENT OF THE TREASURY

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1.0	11/2022	Original	TFM Bulletin No. 2024-01
1.1	08/2023	Added Footnote 2 to offer flexibility for agencies to record short-term lease expenses/short-term lease revenues.	TFM Bulletin No. 2024-01

Proprietary Accounting Requirements & Agency Decision Points

SFFAS No. 54, *Leases*, as amended by SFFAS No. 60, *Omnibus Leases-Related Topics*, 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)

Short-Term Leases

Short-Term leases are non-intragovernmental leases with a lease term of 24 months or less. Short-term lease payments are recognized as expenses/revenues based on the payment provisions of the contract and the respective payables/receivables standards. Reporting entities do not record lease liabilities or lease assets for short-term leases. (SFFAS 54, Pars. 23-24)

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;
- 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.)

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- 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.)

Lease Concessions

On certain occasions, Lessors will offer rent discounts in order to persuade a potential Lessee to sign a lease contract. SFFAS 60 amends SFFAS 54 guidance, stating that these lease concessions are to be recognized by the lessee as reductions of lease rental expense when incurred. Likewise, lease concessions should be recognized by the lessor as reductions in rental income as incurred. (SFFAS 60, Par. 15 rescinds SFFAS 54, Pars. 32-33.) FASAB Technical Release 20, Par. 36, provides one example of how concessions should be recognized.

Advances/Prepayments

If the lease contract allows for prepayments or advance payments, a Lessee should recognize a prepaid asset if payments are made in advance of the reporting period to which they relate, as well as a payable for rent due and unpaid at the end of the reporting period to which they relate. Likewise, a Lessor should recognize a liability for advances and prepayments if payments are received in advance of the reporting period, or a receivable for rent due and to be received. (SFFAS 54, Pars. 23-24, *as amended by* SFFAS 60, Pars. 9-10)

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

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 related guidance in *OMB Circular No. A-11, Appendix B* does not classify leases into the same buckets as FASAB's SFFAS No. 54. Rather than intragovernmental, short-term, or right-to-use classifications, the lease scorekeeping rule distinguishes leases as either "Operating", "Capital", or "Lease-Purchases."

"An Operating Lease meets all the criteria listed below. If the criteria are not met, the lease will be considered to be a capital lease or a lease-purchase:

- Ownership of the asset remains with the lessor during the term of the lease and is not transferred to the Government at or shortly after the end of the lease term;
- The lease does not contain a bargain-price purchase option;
- The lease term does not exceed 75 percent of the estimated economic life of the asset;
- The present value of the minimum contractually required payments over the life of the lease does not exceed 90 percent of the fair market value of the asset at the beginning of the lease term;
- The asset is a general purpose asset rather than being for a special purpose of the Government and is not built to the unique specification of the Government as lessee; and
- There is a private sector market for the asset."

Operating leases allow agencies to budget their lease costs annually, while capital leases require the agency to budget the entire asset cost (net present value of all lease and other contractually required payments over the lease term) up-front, including any option/renewal terms.

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 leases deemed to be Short-Term for proprietary accounting. This may or may not include consultation with OMB, depending on the specific characteristics of the transaction.

Budgetary Lease Term & Renewal Options

One step in determining the proper budgetary treatment is calculating the term of the lease. *OMB Circular No. A-11, Appendix B* states agencies should presume that all options will be exercised when calculating the lease term:

“If the lease agreement contains an option to renew that can be exercised without additional legislation, it will be presumed that the option will be exercised. If the lease agreement contains an option to purchase at less than fair market value (at the time the option is to be exercised), and the option can be exercised without additional legislation, it will be presumed that the option will be exercised.”

This calculation then factors into the six-part operating lease/capital lease test, excerpted above.

Budget Authority and Outlays – Operating Lease

Assuming all six parts of the operating lease test above are met, this would mean the lease should be considered an operating lease for budgetary purposes. The lease scorekeeping rule prescribes the following budgetary treatment for budget authority and outlays:

“For operating leases, budget authority is required to be obligated up front in the amount necessary to cover the Government's legal obligations, consistent with the requirements of the Antideficiency Act. This will include the estimated total payments expected to arise under the full term of the contract or, if the contract includes a cancellation clause, an amount sufficient to cover the lease and other contractually required payments for the first year plus an amount sufficient to cover the costs associated with cancellation of the contract. For each subsequent year, sufficient budget authority is required to be obligated to cover the annual lease payment for that year plus any additional cancellation costs.”

The amount necessary to cover the Government’s legal obligations in the example below is the first noncancelable period’s total amount of lease payments. The Government does not incur an obligation for the second year until it exercises the renewal option.

Some agencies may have special legislative authority to enter into long-term leases, and only funding for the first year must be available to obligate. Obligations are recorded each year as they become due. However, these agencies are still required to evaluate proposed lease transactions against the six-part operating lease test as well as follow other guidance included in Appendix B of OMB Circular No. A-11.

Budget Authority and Outlays – Capital Lease

At other times, short-term leases could be considered ‘Capital leases’ for budgetary purposes when one of the criteria above is not met. In these cases, the lease scorekeeping rule prescribes the following budgetary treatment:

“The up-front budget authority required for capital leases (called the asset cost) is 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. 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.”

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If management determines the lease to be a “Capital lease” for budgetary treatment, it should calculate the asset cost (present value of the minimum lease and other contractually required payments.) As part of this calculation, the agency would be required to assume the renewal option is exercised. The agency would then obligate the asset cost (present value of the full 24 months of payments) upfront upon signing the lease.

Key Assumptions Driving Proprietary Accounting Entries:

Lease Term & Classification

- A federal reporting entity (Lessee) signs a 12-month lease with a non-federal Lessor for use of equipment, in which the monthly lease payments are \$100,000. In the corresponding example titled “Lessor Entries”, a federal reporting entity acts as a Lessor conducting business with a non-federal lessee. (i.e., transactions are not taking place between both entities within the examples.)
- In addition to the initial 12-month period, the lease contract specifies that the Lessee has an option to extend the lease by another 12 months. Management believes it is probable, based on all relevant factors, that it will exercise that option. Therefore, the lessee’s lease term is 24 months, which includes the noncancelable period of the initial 12 months, plus the following 12-month renewal period (See SFFAS 54, Pars. 14-15a.) Thus, management determines the lease term to be 24 months, meeting the definition of a Short-Term Lease per SFFAS 54.
- The Lessor already has equipment on its Balance Sheet with a cost basis of \$1,000,000 prior to the start of the lease contract and \$850,000 Accumulated Depreciation. The equipment has a 20-year useful life and depreciation expense is \$50,000 annually.
- The lease contract within this scenario does not allow for prepayments or advance payments.

Lease Concessions

- As part of a lease concession, the Lessor will give \$20,000 in reduced rent as the Lessee meets all occupation contingencies in the contract. The Lessee qualifies for reduced rent in each of the first three months of the lease term.
- The \$20,000 reduced rent is awarded after the Lessee meets the contract contingencies only in months 1-3. Thus, the Lessee recognizes the reduction in rental expense **as incurred** in each of the first 3 months by recording \$20,000 less in rental expense in months 1-3.
- In months 4-12, the Lessee recognizes the full \$100,000 monthly rent payment. (See Also FASAB Technical Release 20, *Lease Implementation Guidance*, Par. 36.) The lease concessions are recognized as incurred and not spread out across the entire lease term.

Key Assumptions Driving Budgetary Accounting Entries:

Budgetary Authority

- The Lessee received a direct appropriation and is working from an annual 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.

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Budgetary Lease Capital/Operating Determination

- Appendix B states that agencies should presume that all options will be exercised when calculating the lease term, if it can be exercised without additional legislation. Therefore, the lease term for purposes of distinguishing between capital and operating leases is 24 months: the initial 12-month period plus the 12-month renewal option.
- Management concludes that the lease satisfies the six-part test to be considered an “**Operating lease**” for budgetary purposes.
- As an ‘Operating’ lease for budgetary treatment, budget authority is obligated up front in the amount necessary to cover the Government's legal obligations, which in this case includes the estimated total payments expected to arise under the full term as there is no cancellation clause.
- The amount necessary to cover the Government’s legal obligations is only the first 12 months of lease payments; the agency does not incur an obligation for the second year until it exercises the renewal option.
- Because the lease concession is not fixed as part of the initial contract, the agency’s obligation should include the full amount of the first three months’ lease payments.

Budgetary Outlays

- Since the lease is an “Operating lease” for budgetary purposes, Outlays will be scored over the lease term, equal to the annual lease and other “contractually required payments.” Agency management has determined all outlays are in fact contractually required payments.

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
310000	Unexpended Appropriations - Cumulative
310100	Unexpended Appropriations – Appropriations Received

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310710	Unexpended Appropriations - Used - Disbursed
331000	Cumulative Results of Operations
570010	Expended Appropriations – Used - Disbursed
593000	Lessor Lease Revenue*¹
671000	Depreciation, Amortization, and Depletion
693000	Lessee Lease Expense*

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.

Budgetary and/or legal staff should ascertain the applicability of certain budgetary accounting terms from OMB Circular No. A-11, Appendix B, including but not limited to “contractually required payments.”

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.

¹ Effective FY2024, please see Treasury Financial Manual, Volume 1, USSGL Supplements, Section II for Account Definitions of new lease accounts.

Short-Term Leases with Rent Concessions

Lessee Accounting

1. The Lessee records the enactment of appropriations of \$1,200,000, or \$100,000 monthly payment x 12-months in the first year of the lease. (The agency does not incur an obligation for the second year until it exercises the renewal option.)			
Lessee	Debit	Credit	TC
<u>Budgetary Entry</u> 411900 Other Appropriations Realized 445000 Unapportioned – Unexpired Authority	1,200,000	1,200,000	A104
<u>Proprietary Entry</u> 101000 (G) Fund Balance With Treasury 310100 (G) Unexpended Appropriations – Appropriations Received	1,200,000	1,200,000	

2. The Lessee records budget authority apportioned by the Office of Management and Budget and available for allotment.			
Lessee	Debit	Credit	TC
<u>Budgetary Entry</u> 445000 Unapportioned – Unexpired Authority 451000 Apportionments	1,200,000	1,200,000	A116
<u>Proprietary Entry</u> None			

3. The Lessee records the allotment of authority.			
Lessee	Debit	Credit	TC
<u>Budgetary Entry</u> 451000 Apportionments 461000 Allotments – Realized Resources	1,200,000	1,200,000	A120
<u>Proprietary Entry</u> None			

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4. The Lessee records undelivered orders without an advance.			
Lessee	Debit	Credit	TC
<u>Budgetary Entry</u> 461000 Allotments – Realized Resources 480100 Undelivered Orders – Obligations, Unpaid	1,200,000	1,200,000	B306
<u>Proprietary Entry</u> None			

5. In each of the first three months of Year 1, the Lessee meets all occupation contingencies in the contract, and pays the monthly lease payments to the Lessor and records the payment of funds not previously accrued. (\$100,000 monthly payment - \$20,000 incentive = \$80,000.)			
Lessee	Debit	Credit	TC
<u>Budgetary Entry</u> 480100 Undelivered Orders – Obligations, Unpaid 490200 Delivered Orders – Obligations, Paid	80,000	80,000	B107
<u>Proprietary Entry</u> 610000 (N) Operating Expenses ² 101000 Fund Balance with Treasury	80,000	80,000	
310710 Unexpended Appropriations – Used – Disbursed 570010 Expended Appropriations – Disbursed	80,000	80,000	B234

² Note: SGL 693000 is designed to capture all lease expenses that agencies wish to disclose. While SFFAS 54 does not require disclosures for short-term leases, OMB Circular No. A-136 and Treasury provide flexibility to lessees who may wish to disclose expenses other than those required. Due to forthcoming authoritative guidance from FASAB to offer a transition accommodation for “embedded leases”, lessees may choose to record short-term lease expenses in SGL 610000 or 693000 in FY24, while lessors may choose to record short-term lease revenues in SGL 520000 or 593000 in FY24.

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6. In each of the first three months of Year 1, the Lessee records a downward adjustment of a current-year unpaid undelivered order for the \$60,000 total in reduced rent in Year 1. The Lessee has made the payment to the Lessor and met all occupation contingencies. (\$20,000 incentive per month in Months 1, 2, & 3.)			
Lessee	Debit	Credit	TC
<u>Budgetary Entry</u> 4801000 Undelivered Orders – Obligations, Unpaid 461000 Allotments – Realized Resources <u>Proprietary Entry</u> None	20,000	20,000	B404

7. In each of the remaining 9 months of Year 1, the Lessee pays the monthly lease payments to the Lessor and records the payment of funds not previously accrued. (Normal \$100,000 monthly payment for months 4-12.)			
Lessee	Debit	Credit	TC
<u>Budgetary Entry</u> 480100 Undelivered Orders – Obligations, Unpaid 490200 Delivered Orders – Obligations, Paid <u>Proprietary Entry</u> 610000 (N) Lessee Lease Expense 101000 Fund Balance with Treasury 310710 Unexpended Appropriations – Used – Disbursed 570010 Expended Appropriations – Disbursed	100,000	100,000	B107
	100,000	100,000	B107
	100,000	100,000	B234

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Lessor Accounting

1. In Year 1, the Lessor records anticipated collections. (\$100,000 monthly payment x 12 months of the year.)			
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	1,200,000	1,200,000	A140
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	1,200,000	1,200,000	A118

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3. In each of the first three months of Year 1, the Lessor receives the monthly lease payment from the Lessee. (\$100,000 monthly payment - \$20,000 incentive = \$80,000.) The Lessor determines that the Lessee met all occupation contingencies in the contract and accepts the \$20,000 incentive for the first three months.			
Lessor	Debit	Credit	TC
<u>Budgetary Entry</u>			
426600 Other Actual Business-Type Collections From Non-Federal Sources	80,000		C109
406000 Anticipated Collections From Non-Federal Sources		80,000	
459000 Apportionments – Anticipated Resources – Programs Subject to Apportionment	80,000		A123
451000 Apportionments		80,000	
451000 Apportionments	80,000		A120
461000 Allotments – Realized Resources		80,000	
<u>Proprietary Entry</u>			
101000 Fund Balance with Treasury	80,000		C109
520000 (N) Revenue For Services Provided		80,000	

4. In each of the first three months of Year 1, the Lessor must adjust anticipated resources not realized for the reduced rent (\$20,000 per month lease concessions from Months 1, 2, & 3) after the Lessor determines that the Lessee has met all occupation contingencies in the contract.			
Lessor	Debit	Credit	TC
<u>Budgetary Entry</u>			
459000 Apportionments – Anticipated Resources – Programs Subject to Apportionment	20,000		F112
406000 Anticipated Collections From Non-Federal Sources		20,000	
<u>Proprietary Entry</u>			
None			

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5. In each of the remaining 9 months of Year 1, the Lessee pays the monthly lease payments to the Lessor and records the payment. (Normal \$100,000 monthly payment for months 4-12.)			
Lessor	Debit	Credit	TC
<u>Budgetary Entry</u>			
426600 Other Actual Business-Type Collections From Non-Federal Sources	100,000		C109
406000 Anticipated Collections From Non-Federal Sources		100,000	
459000 Apportionments – Anticipated Resources – Programs Subject to Apportionment	100,000		A123
451000 Apportionments		100,000	
451000 Apportionments	100,000		A120
461000 Allotments – Realized Resources		100,000	
<u>Proprietary Entry</u>			
101000 Fund Balance with Treasury	100,000		C109
520000 (N) Revenue For Services Provided		100,000	

6. In Year 1, the Lessor records depreciation expense on equipment it owns as an underlying asset within the lease. The equipment has a 20-year useful life; annual depreciation expense is \$50,000.			
Lessor	Debit	Credit	TC
<u>Budgetary Entry</u>			
None			
<u>Proprietary Entry</u>			
671000 (N) Depreciation, Amortization, and Depletion	50,000		E120
175900 Accumulated Depreciation on Equipment		50,000	

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Pre-Closing Adjusted Trial Balance:

PRE-CLOSING		LESSEE		LESSOR	
Account	Description	Debit	Credit	Debit	Credit
<u>Budgetary</u>					
411900	Other Appropriations Realized	1,200,000	-	-	-
426600	Other Actual Business-Type Collections From Non-Federal Sources	-	-	1,140,000	-
461000	Allotments – Realized Resources	-	60,000	-	1,140,000
480100	Undelivered Orders – Obligations, Unpaid	-	-	-	-
490100	Delivered Orders, Obligations Unpaid	-	-	-	-
490200	Delivered Orders – Obligations, Paid	-	1,140,000	-	-
Total		1,200,000	1,200,000	1,140,000	1,140,000
<u>Proprietary</u>					
101000 (G)	Fund Balance With Treasury	60,000	-	1,140,000	-
175000	Equipment	-	-	1,000,000	-
175900	Accumulated Depreciation on Equipment	-	-	-	900,000
310000	Unexpended Appropriations - Cumulative	-	-	-	-
310100 (G)	Unexpended Appropriations – Appropriations Received	-	1,200,000	-	-
310710 (G)	Unexpended Appropriations – Used - Disbursed	1,140,000	-	-	-
331000 (G)	Cumulative Results of Operations	-	-	-	150,000
570010 (G)	Expended Appropriations – Used - Disbursed	-	1,140,000	-	-
520000 (N)	Revenue From Services Provided	-	-	-	1,140,000
610000 (N)	Operating Expenses	1,140,000	-	-	-
671000 (N)	Depreciation, Amortization, and Depletion	-	-	50,000	-
Total		2,340,000	2,340,000	2,190,000	2,190,000

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Lessee Closing Entries:

8. The Lessee records the closing of lease expense to cumulative results of operations.			
Lessee	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 331000 Cumulative Results of Operations 610000 (N) Operating Expenses	1,140,000	1,140,000	F336
570010 Expended Appropriations – Disbursed 331000 Cumulative Results of Operations	1,140,000	1,140,000	F336
310000 Unexpended Appropriations – Cumulative 310710 Unexpended Appropriations - Used - Disbursed	1,140,000	1,140,000	F342
310100 (G) Unexpended Appropriations – Appropriations Received 310000 Unexpended Appropriations - Cumulative	1,200,000	1,200,000	F342

9. 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	1,140,000	1,140,000	F314
<u>Proprietary Entry</u> None			

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10. 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	1,200,000	1,200,000	F302
<u>Proprietary Entry</u> None			

11. The Lessee records the closing of unobligated balances in programs subject to apportionment to unapportioned authority.			
Lessee	Debit	Credit	TC
<u>Budgetary Entry</u> 461000 Allotments – Realized Resources 445000 Unapportioned – Unexpired Authority	60,000	60,000	F308
<u>Proprietary Entry</u> None			

Lessor Closing Entries:

7. 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> 520000 (N) Revenue From Services Provided 331000 Cumulative Results of Operations	1,140,000	1,140,000	F336

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8. The Lessor records the closing of 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 (N) Depreciation, Amortization, and Depletion	50,000	50,000	F336

9. 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	1,140,000	1,140,000	F308
<u>Proprietary Entry</u> None			

10. 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	1,140,000	1,140,000	F302
<u>Proprietary Entry</u> None			

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Post-Closing Adjusted Trial Balance:

POST-CLOSING		LESSEE		LESSOR	
Account	Description	Debit	Credit	Debit	Credit
<u>Budgetary</u>					
420100	Total Actual Resources, Collected	60,000	-	1,140,000	-
445000	Unapportioned – Unexpired Authority	-	60,000	-	1,140,000
Total		60,000	60,000	1,140,000	1,140,000
<u>Proprietary</u>					
101000 (G)	Fund Balance With Treasury	60,000	-	1,140,000	-
175000	Equipment	-	-	1,000,000	-
175900	Accumulated Depreciation on Equipment	-	-	-	900,000
310000	Unexpended Appropriations - Cumulative	-	60,000	-	1,240,000
Total		60,000	60,000	2,140,000	2,140,000

SHORT-TERM LEASE WITH RENEWAL OPTIONS
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Financial Statements:

STANDARDIZED BALANCE SHEET			
Line No.		LESSEE	LESSOR
	Assets (Note 2)		
	Intra-governmental		
1	Fund Balance with Treasury (Note 3) (101000E)	60,000	1,140,000
7	Total intra-governmental assets	60,000	1,140,000
12	General property, plant, and equipment, net (Note 10) (175000E, 175900E)	-	100,000
18	Total other than intra-governmental assets	-	100,000
19	Total assets	<u>60,000</u>	<u>1,240,000</u>
	Net position		
41.2	Unexpended appropriations - Funds from other than Dedicated Collections (310000E, 310100E, 310700E, 310710E)	60,000	-
42.2	Cumulative results of operations - Funds from other than Dedicated Collections (331000B, 570010E, 593000E, 693000E, 671000E)	-	1,240,000
43	Total net position	60,000	1,240,000
44	Total liabilities and net position	<u>60,000</u>	<u>1,240,000</u>

STATEMENT OF NET COST			
Line No.		LESSEE	LESSOR
	Gross Program Costs (Note 21):		
1	Gross costs (671000E, 610000E, 693000E)	1,140,000	50,000
2	Less: earned revenue (520000E, 593000E)	-	1,140,000
3	Net program costs	1,140,000	(1,090,000)
5	Net program costs including Assumption Changes:	1,140,000	(1,090,000)
8	Net cost of operations	1,140,000	(1,090,000)

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STATEMENT OF CHANGES IN NET POSITION			
Line No.		LESSEE	LESSOR
	Unexpended Appropriations:		
4	Appropriations received (310000E, 310100E)	1,200,000	-
7	Appropriations used (310700E, 310710E)	(1,140,000)	-
8	Net Change in Unexpended Appropriations (calc.)	60,000	-
9	Total Unexpended Appropriations – Ending (calc.)	60,000	-
	Cumulative Results of Operations:		
10	Beginning Balances (331000B)	-	150,000
12	Beginning balances, as adjusted	-	150,000
14	Appropriations used (570010E)	1,140,000	-
21	Revenue From (Net Cost of) Operations (+/-)	(1,140,000)	1,090,000
22	Net Change in Cumulative Results of Operations	-	1,090,000
23	Cumulative Results of Operations – Ending	-	1,240,000
24	Net Position (calc.)	60,000	1,240,000

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STATEMENT OF BUDGETARY RESOURCES			
Line No.		LESSEE	LESSOR
	Budgetary resources:		
1290	Appropriations (discretionary and mandatory) (411900E)	1,200,000	-
1890	Spending authority from offsetting collection (discretionary and mandatory) (426600E)	-	1,140,000
1910	Total budgetary resources (calc.)	1,200,000	1,140,000
	Status of budgetary resources:		
2190	New obligations and upward adjustments (total) (Note 31) (490200E)	1,140,000	-
	Unobligated balance, end of year:		
2204	Apportioned, unexpired account (461000E)	60,000	1,140,000
2412	Unexpired unobligated balance, end of year (calc.)	60,000	1,140,000
2490	Unobligated balance, end of year (total)	60,000	1,140,000
2500	Total budgetary resources (calc.)	1,200,000	1,140,000
	Outlays, Net and Disbursements, Net		
4190	Outlays, net (total) (discretionary and mandatory) (426600E, 490200E)	1,140,000	(1,140,000)

SF 133 AND SCHEDULE P – REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES AND BUDGET PROGRAM AND FINANCING SCHEDULE					
Line No.		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)	-	1,140,000	-	-
	Budget authority:				
	Appropriations:				
	Discretionary:				
1100	Appropriation (411900E)	1,200,000	1,200,000	-	-
1160	Appropriation, discretionary (total)	1,200,000	1,200,000	-	-

SHORT-TERM LEASE WITH RENEWAL OPTIONS

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1700	Collected (426600E)	-	-	1,140,000	1,140,000
1750	Spending authority from offsetting collections, discretionary (total)	-	-	1,140,000	1,140,000
1900	Budget authority (total)	1,200,000	1,200,000	1,140,000	1,140,000
1910	Total budgetary resources (calc.)	1,200,000	-	1,140,000	-
1930	Total budgetary resources available	-	1,200,000	-	1,140,000
	Memorandum (non-add) entries:				
1941	Unexpired unobligated balance, end of year (461000E)	-	60,000	-	1,140,000
	STATUS OF BUDGETARY RESOURCES				
	New obligations and upward adjustments:				
	Direct:				
2002	Category B (by project) (490200E)	1,140,000	-	-	-
2004	Direct obligations (total) (calc.)	1,140,000	-	-	-
2170	New obligations, unexpired accounts (490200E)	1,140,000	-	-	-
2190	New obligations and upward adjustments (total)	1,140,000	-	-	-
2201	Available in the current period (461000E)	60,000	-	1,140,000	-
2412	Unexpired unobligated balance: end of year (calc.)	60,000	-	1,140,000	-
2490	Unobligated balance, end of year (total)	60,000	-	1,140,000	-
2500	Total budgetary resources (calc.)	1,200,000	-	1,140,000	-
	Memorandum (non-add) entries:				
2501	Subject to apportionment – excluding anticipated amounts (461000E)	60,000	-	1,140,000	-
	CHANGE IN OBLIGATED BALANCE				
	Unpaid obligations:				
3010	New obligations, unexpired accounts (490200E)	1,140,000	1,140,000	-	-
3020	Outlays (gross) (-) (490200E)	(1,140,000)	(1,140,000)	-	-
3200	Obligated balance, end of year (= or -)	-	-	-	-
	BUDGET AUTHORITY AND OUTLAYS, NET				
	Discretionary:				
4000	Budget authority, gross (calc.)	1,200,000	1,200,000	1,140,000	1,140,000
	Outlays, gross				

SHORT-TERM LEASE WITH RENEWAL OPTIONS
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4010	Outlays from new discretionary authority (490200E)	1,140,000	1,140,000	-	-
4020	Outlays, gross (total)	1,140,000	1,140,000	-	-
	Offsets against gross budget authority and outlays:				
	Offsetting collections (collected) from:				
4033	Non-Federal sources (-) (426600E)	-	-	(1,140,000)	(1,140,000)
4040	Offsets against gross budget authority and outlays (-) (calc.)	-	-	(1,140,000)	(1,140,000)
4070	Budget authority, net (discretionary) (calc.)	1,200,000	1,200,000	1,140,000	1,140,000
4080	Outlays, net (discretionary) (calc.)	1,140,000	1,140,000	(1,140,000)	(1,140,000)
4180	Budget authority, net (total) (calc.)	1,200,000	1,200,000	(1,140,000)	(1,140,000)
4190	Outlays, net (total) (calc.)	1,140,000	1,140,000	(1,140,000)	(1,140,000)
	Unobligated balance:				
5321	Direct unobligated balance, end of year (461000E)	60,000	60,000	(1,140,000)	(1,140,000)
5323	Discretionary unobligated balance, end of year (461000E)	60,000	60,000	(1,140,000)	(1,140,000)

Reclassified Financial Statements:

STANDARDIZED BALANCE SHEET			
Line No.		LESSEE	LESSOR
	Assets (Note 2)		
	Intra-governmental		
1	Fund Balance with Treasury (Note 3) (101000E)	60,000	1,140,000
7	Total intra-governmental assets	60,000	1,140,000
12	General property, plant, and equipment, net (Note 10) (175000E, 175900E)	-	100,000
18	Total other than intra-governmental assets	-	100,000
19	Total assets	<u>60,000</u>	<u>1,240,000</u>
	Net position		
41.2	Unexpended appropriations - Funds from other than Dedicated Collections (310000E, 310100E, 310700E, 310710E)	60,000	-
42.2	Cumulative results of operations - Funds from other than Dedicated Collections (593000E, 693000E, 671000E)	-	1,240,000
43	Total net position	60,000	1,240,000
44	Total liabilities and net position	<u>60,000</u>	<u>1,240,000</u>

SHORT-TERM LEASE WITH RENEWAL OPTIONS
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RECLASSIFIED STATEMENT OF NET COST			
Line No.		LESSEE	LESSOR
1	Gross cost		
2	Non-federal gross cost (610000E, 693000E, 671000E)	1,140,000	50,000
6	Total non-federal gross cost (calc.)	1,140,000	50,000
7	Federal gross cost (610000E, 693000E) (RC24)	-	-
8	Total federal gross cost (calc.)	-	-
9	Department total gross cost (calc.)	1,140,000	50,000
10	Earned revenue		
11	Non-federal earned revenue (520000E, 593000E)	-	1,140,000
13	Total federal earned revenue (calc.)	-	-
14	Department total earned revenue (calc.)	-	1,140,000
15	Net cost of operations (calc.)	1,140,000	(1,090,000)

RECLASSIFIED STATEMENT OF OPERATIONS AND CHANGES IN NET POSITION			
Line No.		LESSEE	LESSOR
1	Net position, beginning of period (331000B)	-	150,000
7	Financing sources:		
7.1	Appropriations received as adjusted (rescissions and other adjustments) (RC 41)/1 (310000E, 310100E)	1,200,000	-
7.2	Appropriations used (RC 39) (310710E)	(1,140,000)	-
7.3	Appropriations expended (RC 38)/1 (570010E)	1,140,000	-
7.30	Total financing sources (calc.)	1,200,000	-
8	Revenue From (Net Cost of) Operations (+/-)	(1,140,000)	1,090,000
9	Net position, end of period (calc.)	60,000	1,240,000