GASB requires different treatment of assets and liabilities for Proprietary Funds versus Governmental Funds.

- Proprietary – will record assets and liabilities within the same fund that will be responsible for liquidating the debt.

- Governmental – assets and liabilities are not required to be in the same fund that will be responsible for liquidating the debt.
Obstacles to overcome:

- Agencies must identify, prior to receiving any master lease proceeds, which SCEIS fund will be used as the source for the future bank payments.
- Recording multiple like assets,
- Determine if and how the liability is recorded,
- Overcome lack of budget
Proprietary Funds

Overcome obstacles:

- Record multiple like assets, use ABZON process
- Record liability, use ABZON process
- Lack of budget, use unbudgeted intermediary fund
Proprietary Funds

Steps in the process:
1. STO receives loan proceeds, cash,
2. STO transfers cash to agency,
3. Agency pays vendor,
4. Record assets and liabilities, ABZON,
5. Agency makes loan payment.
Step 1. STO receives cash:

FI Entry

Budget

Fund 4XXXXXXX (unique E160 fund created for each agreement with the agency as the Associated Business Area)

Dr E160 Cash

No Impact

Cr E160 Liability (2090030000)

No Impact
Proprietary Funds

Step 1. STO receives cash:

Fund 4XXXXXXX

<table>
<thead>
<tr>
<th>E160</th>
<th>E160</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>Liability</td>
</tr>
<tr>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>
Proprietary Funds

**Step 2. STO transfers cash to agency:**

<table>
<thead>
<tr>
<th>FI Entry</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fund 4XXXXXXX</strong></td>
<td></td>
</tr>
<tr>
<td>Dr E160 Liability (2090030000)</td>
<td>No Impact</td>
</tr>
<tr>
<td>Cr E160 Cash</td>
<td>No Impact</td>
</tr>
<tr>
<td><strong>Fund 46N1000X</strong></td>
<td></td>
</tr>
<tr>
<td>Dr D500 Cash</td>
<td>No Impact</td>
</tr>
<tr>
<td>Cr D500 Liability (2090030000)</td>
<td>No Impact</td>
</tr>
</tbody>
</table>

*The 46N1000X fund used will depend on the Fund Type as well as the GAAP Individual Fund Code of the fund that will ultimately be utilized to pay the bank lease/purchase payments.*
Step 2. STO transfers cash to agency:

Fund 4XXXXXXX for E160 & 46N1000X for D500

<table>
<thead>
<tr>
<th></th>
<th>E160</th>
<th></th>
<th>E160</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>1,000,000</td>
<td>Liability</td>
<td>1,000,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,000,000</td>
<td></td>
<td>1,000,000</td>
<td></td>
</tr>
<tr>
<td>D500</td>
<td></td>
<td>D500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>1,000,000</td>
<td>Liability</td>
<td>1,000,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,000,000</td>
<td></td>
<td>1,000,000</td>
<td></td>
</tr>
</tbody>
</table>
Proprietary Funds

Step 3. Agency pays vendor:

FI Entry

Fund 46N1000X

Dr  D500 Liability (2090030000)  No Impact
Cr  D500  Cash  No Impact

Budget
Step 3. Agency pays vendor:
Fund 4XXXXXXXX for E160 and 46N1000X for D500

<table>
<thead>
<tr>
<th>E160</th>
<th>E160</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>Cash</td>
</tr>
<tr>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>D500</th>
<th>D500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>Liability</td>
</tr>
<tr>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Proprietary Funds

Step 4. Record assets and liabilities, ABZON

FI Entry

<table>
<thead>
<tr>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund 30350001*</td>
</tr>
<tr>
<td>Dr  D500 Asset (1801XXXXXX)</td>
</tr>
<tr>
<td>Cr  D500 Liability (2306200000)</td>
</tr>
</tbody>
</table>

* Note fund is proprietary fund that will be responsible for payment.
SCEIS will need to be notified of the date you are doing this transaction.

The ABZON process is used when capitalizing assets procured under the Master Loan/Lease program.
Step 1: Create Asset Shells

- You can do this using the multiple asset functionality
- T-Code: AS01
The fund used on the asset shell must be the fund from which the loan/lease payment will be made.
ABZON for Leases

- Click
- Then select “Maintain”
ABZON for Leases

You can change any of the data you need to for the multiple assets on this screen.

*Maintain Fields that Should Be Different in Similar Assets*

<table>
<thead>
<tr>
<th>No.</th>
<th>Status</th>
<th>Inventory no.</th>
<th>Serial number</th>
<th>Cost Center</th>
<th>Int. order</th>
<th>Resp. cost</th>
<th>Fund</th>
<th>Functional Area</th>
<th>Grant</th>
<th>Funds Center</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>TBD</td>
<td></td>
<td>123</td>
<td>D500BG1010</td>
<td></td>
<td>30350001</td>
<td>D500_GA00</td>
<td>NOT RELEVANT</td>
<td></td>
<td>D500BG1010</td>
</tr>
<tr>
<td>2</td>
<td>TBD</td>
<td></td>
<td>123</td>
<td>D500BG1010</td>
<td></td>
<td>30350001</td>
<td>D500_GA00</td>
<td>NOT RELEVANT</td>
<td></td>
<td>D500BG1010</td>
</tr>
<tr>
<td>3</td>
<td>TBD</td>
<td></td>
<td>123</td>
<td>D500BG1010</td>
<td></td>
<td>30350001</td>
<td>D500_GA00</td>
<td>NOT RELEVANT</td>
<td></td>
<td>D500BG1010</td>
</tr>
<tr>
<td>4</td>
<td>TBD</td>
<td></td>
<td>123</td>
<td>D500BG1010</td>
<td></td>
<td>30350001</td>
<td>D500_GA00</td>
<td>NOT RELEVANT</td>
<td></td>
<td>D500BG1010</td>
</tr>
<tr>
<td>5</td>
<td>TBD</td>
<td></td>
<td>123</td>
<td>D500BG1010</td>
<td></td>
<td>30350001</td>
<td>D500_GA00</td>
<td>NOT RELEVANT</td>
<td></td>
<td>D500BG1010</td>
</tr>
</tbody>
</table>

Next click the check button
Once you have a green status, click the save button

Your asset numbers will then be displayed at the bottom of the screen
ABZON for Leases

ABZON

Step One: Click Multiple Assets
Complete the Transaction Data Tab:

You can copy and paste up to six assets at a time below. Once you complete 6 lines, hit enter and scroll down to open up the next 6 lines.
You MUST go to the Additional Details Tab. These fields must be filled in as shown.
Things to Remember:

1) SCEIS will need to be notified of the date you are doing this transaction.
2) The additional details tab is mandatory.
Step 4. Record assets and liabilities, ABZON Fund 30350001

<table>
<thead>
<tr>
<th>D500</th>
<th>D500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset</td>
<td>Liability</td>
</tr>
<tr>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>
Proprietary Funds

Step 5. Agency makes loan payment
Fund 30350001

<table>
<thead>
<tr>
<th></th>
<th>D500</th>
<th>D500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>1,000,000</td>
<td>2,500</td>
</tr>
<tr>
<td></td>
<td>997,500</td>
<td></td>
</tr>
<tr>
<td>Liability</td>
<td>2,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td></td>
<td>998,000</td>
<td></td>
</tr>
<tr>
<td>Asset</td>
<td>1,000,000</td>
<td></td>
</tr>
<tr>
<td>Interest Exp</td>
<td>500</td>
<td></td>
</tr>
</tbody>
</table>
Proprietary Funds

Step 5. Agency makes loan payment

FI Entry

Fund 30350001**

Dr  D500 Liability (2306200000)  Consumes 508*
Dr  D500 Interest (5080150000)  Consumes 508*
Cr  D500 Cash  No Impact

** Note fund used is the proprietary fund originally identified as the source for the future loan payments. The 46N1XXXX fund the STO transferred the lease proceeds to was based on the Fund Type and GAAP Individual Fund Code of this fund.
ABZON – Advantages & Disadvantages

Advantage – provides ability to capitalize many assets, you don’t have to capitalize one at a time.

Disadvantage – limited to one offset account number, you can’t categorize liability as current or non-current.

- At year end, all liabilities should be correctly categorized as current or non current.
Governmental Funds

Governmental – assets and liabilities are not required to be in the same fund that will be responsible for liquidating the debt.

There will be no liability recorded at the agency/fund level.
Governmental Funds

Governmental fund liabilities will be reported by the STO and the CG’s CAFR Team will make any necessary entries.

Cash will be transferred into an unbudgeted governmental fund.
Agencies will use the **direct pay** method using the un-budgeted governmental fund (46N1000X) to purchase the assets. Agencies will use account 5060999996 when paying the vendor.

Future amortized payments to the bank should be made from the governmental fund initially identified as the source that will be utilized (the 46N1000X fund used for the STO transfers was based on the Fund Type and GAAP Individual Fund Code of this fund).
Governmental Funds

Overcome obstacles:

• Record multiple like assets, use PO process
• Record liability, Not Applicable
• Lack of budget, use unbudgeted governmental fund
Steps in the process:

1. STO receives loan proceeds, cash,

2. STO transfers cash to agency,

3. Agency pays vendor via direct pay using the unbudgeted fund of 46N1000X and GL account 5060999996,

4. Agency setups asset and capital outlay, ABZON process. Using the 5060999996 account for the offset and applying the appropriate fund (ex:10010000),

5. Agency makes loan payment
Governmental Funds

Step 1. STO receives cash:

FI Entry  

Fund 4XXXXXXX (unique E160 fund created for each agreement with the agency as the Associated Business Area)

Dr E160  Cash  No Impact
Cr E160  Liability (2090030000)  No Impact
Step 1. STO receives cash:

**Fund 4XXXXXXXX**

<table>
<thead>
<tr>
<th>E160</th>
<th>Cash</th>
<th>1,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>E160</td>
<td>Liability</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>
Step 2. STO transfers cash to agency:

<table>
<thead>
<tr>
<th>FI Entry</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fund 4XXXXXXXX</strong></td>
<td></td>
</tr>
<tr>
<td>Dr E160 Liability (2090030000)</td>
<td>No Impact</td>
</tr>
<tr>
<td>Cr E160 Cash</td>
<td>No Impact</td>
</tr>
<tr>
<td><strong>Fund 46N1000X</strong></td>
<td></td>
</tr>
<tr>
<td>Dr D500 Cash</td>
<td>No Impact</td>
</tr>
<tr>
<td>Cr D500 Revenue (4600060000)</td>
<td>No Impact</td>
</tr>
</tbody>
</table>

* The 46N1000X fund used will depend on the Fund Type as well as the GAAP Individual Fund Code of the fund that will ultimately be utilized to pay the bank lease/purchase payments.
Step 2. STO transfers cash to agency:

Fund 4XXXXXXX for E160 and 46N100000 for D500

<table>
<thead>
<tr>
<th></th>
<th>E160</th>
<th>E160</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Liability</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>D500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Revenue</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>
Governmental Funds

Step 3. Agency procures assets via direct payment:

<table>
<thead>
<tr>
<th>FI Entry</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund 46N1000X</td>
<td></td>
</tr>
<tr>
<td>Dr D500 Capital Outlay (5060999996)</td>
<td>No Impact</td>
</tr>
<tr>
<td>Cr D500 Cash</td>
<td>No Impact</td>
</tr>
</tbody>
</table>
### Governmental Funds

#### Step 3. Agency pays vendor for assets: Fund 46N1000X

<table>
<thead>
<tr>
<th></th>
<th>D500</th>
<th>D500</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash</strong></td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>1,000,000</td>
<td></td>
</tr>
<tr>
<td><strong>Capital Outlay (506X)</strong></td>
<td>1,000,000</td>
<td></td>
</tr>
</tbody>
</table>
Governmental Funds

Step 4. Agency performs the ABZON process using 5060999996 for the account offset and enters the fund number that will hold or use the assets (ex: 1001000).
Step 4. Agency sets up asset: 
Fund 10010000
Step 5. Agency makes loan payment:
Fund 10010000

Dr  D500  Principle (5080030000)       Consumes 508*
Dr  D500   Interest (5080150000)       Consumes 508*
Cr   D500  Cash                       No Impact
Colleges & Universities

Steps in SCEIS:

1. STO receives loan proceeds, cash
2. STO transfers cash to college/university
3. College/university draws the cash down in SCEIS
Step 1. STO receives cash:

- **FI Entry**
  - Dr E160 Cash
  - Cr E160 Liability (2090030000)

**Budget**

Fund 4XXXXXXX (unique E160 fund created for each agreement with the college/university as the Associated Business Area)

- No Impact
- No Impact
Step 1. STO receives cash:

Fund 4XXXXXXX
Step 2. STO transfers cash to agency:

<table>
<thead>
<tr>
<th>FI Entry</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fund 4XXXXXXXX</strong></td>
<td></td>
</tr>
<tr>
<td>Dr E160 Liability (2090030000)</td>
<td>No Impact</td>
</tr>
<tr>
<td>Cr E160 Cash</td>
<td>No Impact</td>
</tr>
<tr>
<td><strong>Fund 46N19000</strong></td>
<td></td>
</tr>
<tr>
<td>Dr H150 Cash</td>
<td>No Impact</td>
</tr>
<tr>
<td>Cr H150 Liability (2090030000)</td>
<td>No Impact</td>
</tr>
</tbody>
</table>
Step 2. STO transfers cash to agency:
Fund 4XXXXXXX for E160 & 46N19000 for H150
Step 2. The funds must stay segregated and will remain in fund 46N19000, G/L 2090030000 until the college/university is ready to record the cash draw.
Step 3. In order to draw the funds down, colleges/universities will follow the usual steps with a couple of key differences:

1) The funds will stay in fund 46N19000

2) G/L 5910010000 – LS AGENCY WITHDRAWAL will NOT be used. Instead, when creating the Vendor Invoice (FV60,KR doc type) with the college/university as the vendor, the debit will be to G/L 2090030000 – MASTER LEASE PROCEEDS.
Colleges & Universities

Step 3. FV60

*Park Vendor Invoice: Company Code SC01*

- **Vendor**: 000H150501
- **Invoice date**: 05/23/2018
- **Posting Date**: 05/23/2018
- **Document Type**: KR (Vendor invoice)
- **Amount**: 1,000,000.00
- **Tax amount**: [Details]
- **Text**: CASH DRAW
- **Company Code**: SC01 State of South Carolina Columbia, SC

**G/L account details**:

<table>
<thead>
<tr>
<th>G/L account</th>
<th>D/C</th>
<th>Amount in doc. cu.</th>
<th>Busi.</th>
<th>Cost center</th>
<th>Func. Area</th>
<th>Fund</th>
<th>Grant</th>
<th>WB</th>
</tr>
</thead>
<tbody>
<tr>
<td>2090030000</td>
<td>Debit</td>
<td>1,000,000.00</td>
<td>8150</td>
<td>81500000010</td>
<td>8510_0004</td>
<td>46N19000</td>
<td>NOT RELEVANT</td>
<td></td>
</tr>
</tbody>
</table>

[Diagram of the invoice details]
Questions ?
Thank you for attending!