

GASB 87 – Agency Lease Accounting Checklist

- Agency enters into a lease of more than 12 months for land, buildings, equipment, machinery or vehicles.
 - This includes all payments with a base rent.
 - Keep in mind service agreements containing a separate line for rent.
- An amortization schedule is created (if not provided by lessor) showing the monthly split between principal and interest. At a minimum, this should be shared with:
 - Shopping cart creator
 - Asset custodian
 - Procurement
 - Accounts Payable
 - Person/department assigned with monitoring lease process
- Create shopping cart.
 - In the Account Assignment tab, at least two lines should be created: one for principle and one for interest.
 - The asset is NOT assigned to the shopping cart.
- Procurement creates the PO.
 - Important: select PO document type ZCAP – Capital Lease PO
 - Uncheck goods receipt/confirmation
 - Review account assignment
 - Attach contract/ Lease master data
 - Attach amortization schedule
 - Again, asset is not on the capital lease PO
- Asset shell is created using AS01.
 - Asset class depends on intent to retain asset at the end of the lease
 - Leasing tab must be completed for the main asset and left blank for all sub assets
 - Depreciation Areas - do not change useful life if low value asset
- Capitalize Asset using the ABZON transaction.
 - Capitalize only the sum of the principal payments
 - Offsetting account number should be 5060999997
 - Transaction type is ZDO
 - Note document number and review using FB03
- Run report S_ALR_87010141 – Liabilities from Leasing Agreements
 - Click the [+] to view all available prompt selections
 - Choose a report date 30 years from current date to capture all future payments
 - Confirm liability are equal to the total annual payment by asset
- Pay invoices as set in the agreement
 - The periodic payment remains the same, the split between principle and interest will change with each payment based on the amortization schedule.
 - A/P approvers should be ensuring that there are at least two lines for each lease invoice – one for principle and one for interest.
 - A copy of the amortization schedule must be attached as supporting documentation for approval by the CG's audit department.
 - Comptroller General AP will not process payments without the proper amounts coded to principal and interest as well as having the amortization schedule attached to the voucher
- Monthly monitoring of open PO's to ensure all have:
 - Correct document type
 - Correct split between principal and interest
- Retire assets at the end of the lease term.
 - Transfer from lease to non-lease asset class if initial intent was to return at end of lease but agency decides to keep asset.