



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

**EFFECTIVE FISCAL YEAR 2024**

**PREPARED BY:**

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<b>Version Number</b>	<b>Date</b>	<b>Description of Change</b>	<b>Effective USSGL TFM</b>
1.0	01/2023	Original	TFM Bulletin No. 2023-03
1.1	03/2023	Lessee Transactions 6-8 updated with budget/accrual guidance.	TFM Bulletin No. 2024-01
1.2	04/2023	Lessor Year 1 Transactions updated with USSGL 593900	TFM Bulletin No. 2024-01
1.3	05/2023	Assumptions for Proprietary Interest Rates clarified per SFFAS 61 amendments.	TFM Bulletin No. 2024-01
1.4	09/2023	SFFAS 62 practical accommodation added to “Proprietary Accounting Requirements & Agency Decision Points”	TFM Bulletin No. 2024-01
1.5	12/2023	New Lease Transaction Codes added after November IRC	TFM Bulletin No. 2024-01

## **Proprietary Accounting Requirements & Agency Decision Points**

SFFAS No. 54, *Leases*, as amended by SFFAS No. 60 and SFFAS No. 61, 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) Selection of Proprietary Interest Rates - Amortization of Discount on Lease Liability/Receivable;
- 4) Modifications, Terminations, and any respective remeasurements; and
- 5) Contracts or Agreements Containing Nonlease and Lease Components (if applicable)

### **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. 6)

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

The Lessee's lease asset and the Lessor's lease receivable 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 liability/lease receivable. (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.

### **Proprietary Interest Rates - Amortization of Discount on Lease Liability/Receivable - Interest Expense/Revenue**

Future lease payments should be discounted using the interest rate the lessor charges the lessee. When the rate is not stated in the lease, SFFAS 61 allows agencies flexibility to use a rate based on a recent marketable Treasury security rate, or a historical average interest rate on marketable Treasury securities of a similar maturity to the term of the lease: "If the interest rate is not stated in the lease, the interest rate should be based on the interest rate on marketable Treasury securities at the commencement of the lease term (or at the subsequent financial reporting date), with a similar maturity to the term of the lease." (SFFAS 61, Par. 6) Methodology for selecting interest rates based on marketable Treasury securities should be documented and should be consistent from period to period.

In subsequent 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 (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.

**Contracts or Agreements Containing Nonlease and Lease Components**

For contracts or agreements containing both nonlease and lease components, in which the purpose of the contract is primarily attributable to the nonlease component(s), entities may elect to apply the practical accommodation in SFFAS 62.

This practical accommodation allows for the entity to treat the entire contact (including lease components) as a nonlease contract and to expense/recognize as revenue the lease payments, rather than recognizing both expenses/revenue and lease assets/liabilities following the provisions of SFFAS 54. (See SFFAS 62 for complete details on how to make the election, along with how to apply certain reporting and disclosure requirements.

Entity management must use professional judgement to assess the nature of contracts or agreements to make the most appropriate decision on the primary purpose of the contract. (SFFAS 62, Par. 5)

**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;
- 3) The Budgetary Interest Rate is selected per OMB Circular No. A-94, Appendix C guidance; and
- 4) 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).”

**Listing of USSGL Accounts Used in This Scenario:**

<b>Account Number</b>	<b>Account Title</b>
<b><u>Budgetary</u></b>	
406000	Anticipated Collections From Non-Federal Sources
411900	Other Appropriations Realized

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

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
<b><u>Proprietary</u></b>	
101000	Fund Balance With Treasury
134000	Interest Receivable - Not Otherwise Classified
175000	Equipment
175900	Accumulated Depreciation on Equipment
<b>193000</b>	<b>Lessor Lease Receivable<sup>1</sup></b>
<b>193900</b>	<b>Allowance for Loss on Lease Receivable*</b>
<b>195000</b>	<b>Lessee Right-To-Use Lease Asset*</b>
<b>195900</b>	<b>Accumulated Amortization on Lessee Lease Assets*</b>
214000	Accrued Interest Payable - Not Otherwise Classified
<b>233000</b>	<b>Unearned Lessor Revenue*</b>
<b>293000</b>	<b>Lessee Lease Liability*</b>
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
<b>593300</b>	<b>Amortization of Unearned Lessor Revenue*</b>
<b>593900</b>	<b>Contra Revenue for Lessor Lease Revenue*</b>
633000	Other Interest Expense
671000	Depreciation, Amortization, and Depletion
<b>671300</b>	<b>Lessee Lease Amortization*</b>

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

**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 is assumed to begin at the start of the fiscal year, **10/01/2023**.
- 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 Interest Rate on marketable Treasury securities as of the commencement of the lease term, per SFFAS 61 Paragraph 6 guidance, which for purposes of this scenario is assumed to be 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**

- For illustration purposes, the lease is assumed to begin at the start of the fiscal year, **10/01/2023**.
- 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.)
- The Lessor charges the Lessee the Interest Rate from *OMB Circular No. A-94, Appendix C* guidance, which for purposes of this scenarios is assumed to be 10.00%. Per *OMB Circular No. A-11, Appendix B*, all assumptions required to perform the lease analysis are subject to OMB approval.
- 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.

### **Proprietary Amortization Table**

- **Contract Amount \$120,000**
- **5-Year Lease, 60 monthly payments of \$2,000 each**
- **Interest Rate of 10.0% for Proprietary Accounting**
- **Present Value of Payments = \$94,131**
- **Lessee Right-To-Use- Asset & Lease Liability amount: \$94,131**
- **For illustration purposes, the lease begins at the start of the fiscal year, 10/01/23**
- **Monthly payments are considered to be disbursed on the last business day of each month.**

### **Schedule of Budgetary Resources**

- **Year 1 Budget Authority = Up-front Budget Authority (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.  
\$94,131 Lease Principal Payments over 5 years, plus Year 1 Interest Expense of \$8,726 = \$102,857**
- **Year 2 Budget Authority = Year 2 Interest Expense of \$7,126 = \$7,126**
- **Interest Rate of 10.0% for Budgetary Accounting.**
- **Budget Outlays correspond to the monthly fixed payments over the lease term.**

### **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.

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

Month			Budgetary Resources				Lease Liability				Right-To-Use Lease Asset		
			Obligation Opening 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	94,131	784	1,216	92,915	94,131	1,569	92,562
b	Yr 1	Month 2	100,857		2,000	98,857	92,915	774	1,226	91,689	92,562	1,569	90,993
c	Yr 1	Month 3	98,857		2,000	96,857	91,689	764	1,236	90,454	90,993	1,569	89,424
d	Yr 1	Month 4	96,857		2,000	94,857	90,454	754	1,246	89,207	89,424	1,569	87,855
e	Yr 1	Month 5	94,857		2,000	92,857	89,207	743	1,257	87,951	87,855	1,569	86,287
f	Yr 1	Month 6	92,857		2,000	90,857	87,951	733	1,267	86,684	86,287	1,569	84,718
g	Yr 1	Month 7	90,857		2,000	88,857	86,684	722	1,278	85,406	84,718	1,569	83,149
h	Yr 1	Month 8	88,857		2,000	86,857	85,406	712	1,288	84,118	83,149	1,569	81,580
i	Yr 1	Month 9	86,857		2,000	84,857	84,118	701	1,299	82,819	81,580	1,569	80,011
j	Yr 1	Month 10	84,857		2,000	82,857	82,819	690	1,310	81,509	80,011	1,569	78,442
k	Yr 1	Month 11	82,857		2,000	80,857	81,509	679	1,321	80,188	78,442	1,569	76,873
l	Yr 1	Month 12	80,857		2,000	78,857	80,188	668	1,332	78,856	76,873	1,569	75,305
<b>Year 1 Totals</b>					<b>\$24,000</b>			<b>\$8,726</b>	<b>\$15,274</b>			<b>\$18,826</b>	
a	Yr 2	Month 1	78,857	7,126	2,000	83,983	78,856	657	1,343	77,513	75,305	1,569	73,736
b	Yr 2	Month 2	83,983		2,000	81,983	77,513	646	1,354	76,159	73,736	1,569	72,167
c	Yr 2	Month 3	81,983		2,000	79,983	76,159	635	1,365	74,794	72,167	1,569	70,598
d	Yr 2	Month 4	79,983		2,000	77,983	74,794	623	1,377	73,417	70,598	1,569	69,029
e	Yr 2	Month 5	77,983		2,000	75,983	73,417	612	1,388	72,029	69,029	1,569	67,460
f	Yr 2	Month 6	75,983		2,000	73,983	72,029	600	1,400	70,629	67,460	1,569	65,892
g	Yr 2	Month 7	73,983		2,000	71,983	70,629	589	1,411	69,218	65,892	1,569	64,323
h	Yr 2	Month 8	71,983		2,000	69,983	69,218	577	1,423	67,795	64,323	1,569	62,754
i	Yr 2	Month 9	69,983		2,000	67,983	67,795	565	1,435	66,360	62,754	1,569	61,185
j	Yr 2	Month 10	67,983		2,000	65,983	66,360	553	1,447	64,913	61,185	1,569	59,616
k	Yr 2	Month 11	65,983		2,000	63,983	64,913	541	1,459	63,454	59,616	1,569	58,047
l	Yr 2	Month 12	63,983		2,000	61,983	63,454	529	1,471	61,982	58,047	1,569	56,478
<b>Year 2 Totals</b>					<b>\$24,000</b>			<b>\$7,126</b>	<b>\$16,874</b>			<b>\$18,826</b>	

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

a	Yr 3	Month 1	61,983	5,359	2,000	65,342	61,982	517	1,483	60,499	56,478	1,569	54,910
b	Yr 3	Month 2	65,342		2,000	63,342	60,499	504	1,496	59,003	54,910	1,569	53,341
c	Yr 3	Month 3	63,342		2,000	61,342	59,003	492	1,508	57,495	53,341	1,569	51,772
d	Yr 3	Month 4	61,342		2,000	59,342	57,495	479	1,521	55,974	51,772	1,569	50,203
e	Yr 3	Month 5	59,342		2,000	57,342	55,974	466	1,534	54,440	50,203	1,569	48,634
f	Yr 3	Month 6	57,342		2,000	55,342	54,440	454	1,546	52,894	48,634	1,569	47,065
g	Yr 3	Month 7	55,342		2,000	53,342	52,894	441	1,559	51,335	47,065	1,569	45,497
h	Yr 3	Month 8	53,342		2,000	51,342	51,335	428	1,572	49,763	45,497	1,569	43,928
i	Yr 3	Month 9	51,342		2,000	49,342	49,763	415	1,585	48,177	43,928	1,569	42,359
j	Yr 3	Month 10	49,342		2,000	47,342	48,177	401	1,599	46,579	42,359	1,569	40,790
k	Yr 3	Month 11	47,342		2,000	45,342	46,579	388	1,612	44,967	40,790	1,569	39,221
l	Yr 3	Month 12	45,342		2,000	43,342	44,967	375	1,625	43,342	39,221	1,569	37,652
<b>Year 3 Totals</b>					<b>\$24,000</b>			<b>\$5,359</b>	<b>\$18,641</b>			<b>\$18,826</b>	
a	Yr 4	Month 1	43,342	3,407	2,000	44,749	43,342	361	1,639	41,703	37,652	1,569	36,083
b	Yr 4	Month 2	44,749		2,000	42,749	41,703	348	1,652	40,050	36,083	1,569	34,515
c	Yr 4	Month 3	42,749		2,000	40,749	40,050	334	1,666	38,384	34,515	1,569	32,946
d	Yr 4	Month 4	40,749		2,000	38,749	38,384	320	1,680	36,704	32,946	1,569	31,377
e	Yr 4	Month 5	38,749		2,000	36,749	36,704	306	1,694	35,010	31,377	1,569	29,808
f	Yr 4	Month 6	36,749		2,000	34,749	35,010	292	1,708	33,302	29,808	1,569	28,239
g	Yr 4	Month 7	34,749		2,000	32,749	33,302	278	1,722	31,579	28,239	1,569	26,670
h	Yr 4	Month 8	32,749		2,000	30,749	31,579	263	1,737	29,842	26,670	1,569	25,102
i	Yr 4	Month 9	30,749		2,000	28,749	29,842	249	1,751	28,091	25,102	1,569	23,533
j	Yr 4	Month 10	28,749		2,000	26,749	28,091	234	1,766	26,325	23,533	1,569	21,964
k	Yr 4	Month 11	26,749		2,000	24,749	26,325	219	1,781	24,544	21,964	1,569	20,395
l	Yr 4	Month 12	24,749		2,000	22,749	24,544	205	1,795	22,749	20,395	1,569	18,826
<b>Year 4 Totals</b>					<b>\$24,000</b>			<b>\$3,407</b>	<b>\$20,593</b>			<b>\$18,826</b>	
a	Yr 5	Month 1	22,749	1,251	2,000	22,000	22,749	190	1,810	20,939	18,826	1,569	17,257
b	Yr 5	Month 2	22,000		2,000	20,000	20,939	174	1,826	19,113	17,257	1,569	15,688
c	Yr 5	Month 3	20,000		2,000	18,000	19,113	159	1,841	17,272	15,688	1,569	14,120
d	Yr 5	Month 4	18,000		2,000	16,000	17,272	144	1,856	15,416	14,120	1,569	12,551
e	Yr 5	Month 5	16,000		2,000	14,000	15,416	128	1,872	13,545	12,551	1,569	10,982
f	Yr 5	Month 6	14,000		2,000	12,000	13,545	113	1,887	11,658	10,982	1,569	9,413
g	Yr 5	Month 7	12,000		2,000	10,000	11,658	97	1,903	9,755	9,413	1,569	7,844
h	Yr 5	Month 8	10,000		2,000	8,000	9,755	81	1,919	7,836	7,844	1,569	6,275
i	Yr 5	Month 9	8,000		2,000	6,000	7,836	65	1,935	5,901	6,275	1,569	4,707
j	Yr 5	Month 10	6,000		2,000	4,000	5,901	49	1,951	3,951	4,707	1,569	3,138
k	Yr 5	Month 11	4,000		2,000	2,000	3,951	33	1,967	1,983	3,138	1,569	1,569
l	Yr 5	Month 12	2,000		2,000	0	1,983	17	1,983	0	1,569	1,569	0
<b>Year 5 Totals</b>					<b>\$24,000</b>			<b>\$1,251</b>	<b>\$22,749</b>			<b>\$18,826</b>	
<b>LEASE TOTAL</b>					<b>\$120,000</b>			<b>\$25,869</b>	<b>\$94,131</b>			<b>\$94,131</b>	

**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. <b>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.</b> (Imputed interest cost is recorded annually over the lease term.)			
Lessee	Debit	Credit	TC
<p><b><u>Budgetary Entry</u></b>                      411900 Other Appropriations Realized                      445000 Unapportioned - Unexpired Authority</p>	102,857	102,857	A104
<p><b><u>Proprietary Entry</u></b>                      101000 (G) Fund Balance With Treasury                      310100 (G) Unexpended Appropriations – Appropriations Received</p>	102,857	102,857	A104
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
<p><b><u>Budgetary Entry</u></b>                      445000 Unapportioned - Unexpired Authority                      451000 Apportionments</p>	102,857	102,857	A116
<p><b><u>Proprietary Entry</u></b>                      None</p>			

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

3. The Lessee records the allotment of authority in Year 1.			
<b>Lessee</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<u><b>Budgetary Entry</b></u> 451000 Apportionments 461000 Allotments – Realized Resources  <u><b>Proprietary Entry</b></u> None	102,857	102,857	A120

4. The lease contract is signed by both parties. The Lessee records current-year undelivered orders without an advance (Equal to only the \$94,131 Present Value of expected payments, plus \$8,726 Year 1 Interest- Additional budget authority equal to the cost of financing (imputed interest cost) is recorded on an annual basis over the lease term.)			
<b>Lessee</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<u><b>Budgetary Entry</b></u> 461000 Allotments – Realized Resources 480100 Undelivered Orders – Obligations, Unpaid  <u><b>Proprietary Entry</b></u> None	102,857	102,857	B306

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.			
<b>Lessee</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<u><b>Budgetary Entry</b></u> 480100 Undelivered Orders – Obligations, Unpaid 490100 Delivered Orders – Obligations, Unpaid  <u><b>Proprietary Entry</b></u> 195000 Lessee Right-To-Use Lease Asset 293000 Lessee Lease Liability 310700 Unexpended Appropriations - Used - Accrued 570000 Expended Appropriations - Accrued	94,131	94,131	B145
	94,131	94,131	B437
	94,131	94,131	B134

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

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)			
<b>Lessee - Accrual of Interest Expense for Month 1.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b>Budgetary Entry</b>			
480100 Undelivered Orders – Obligations, Unpaid	784		B117
490100 Delivered Orders – Obligations, Unpaid		784	
<b>Proprietary Entry</b>			
633000 Other Interest Expense	784		B117
214000 Accrued Interest Payable – Not Otherwise Classified		784	
310700 Unexpended Appropriations - Used - Accrued	784		B134
570000 Expended Appropriations - Accrued		784	
7a. The Lessee makes the monthly lease payment to Lessor and records the disbursement of appropriations for the fiscal year.			
<b>Lessee - Disbursement of Monthly Lease Payment (Budget Authority received up-front in Year 1.)</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b>Budgetary Entry</b>			
490100 Delivered Orders – Obligations, Unpaid	2,000		B110
490200 Delivered Orders – Obligations, Paid		2,000	
<b>Proprietary Entry</b>			
293000 Lessee Lease Liability	1,216		B110
214000 Accrued Interest Payable - Not Otherwise Classified	784		
101000 (G) Fund Balance With Treasury		2,000	
310710 Unexpended Appropriations - Used – Disbursed	2,000		B235
570000 Expended Appropriations - Accrued	2,000		
310700 Unexpended Appropriations - Used - Accrued		2,000	
570010 Expended Appropriations - Disbursed		2,000	
<b>Ending Lease Liability Balance (USSGL 293000) = \$92,915</b>			
8a. The Lessee records amortization of the right-to-use Lease Asset. ( <b>\$94,131 / 5 Year Life of Lease / 12 months = \$1,569 Straight-line Amortization per month.</b> ) 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)			
<b>Lessee - Amortization of Lease Asset for Month 1.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b>Budgetary Entry</b>			
None			
<b>Proprietary Entry</b>			
671300 Lessee Lease Amortization	1,569		E127
195900 Accumulated Amortization on Lessee Lease Assets		1,569	
<b>Ending Lease Asset Balance (USSGL 195000 - 195900) = \$92,562</b>			

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

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)			
<b>Lessee - Accrual of Interest Expense for Month 2.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b>Budgetary Entry</b>			
480100 Undelivered Orders – Obligations, Unpaid	774		B117
490100 Delivered Orders – Obligations, Unpaid		774	
<b>Proprietary Entry</b>			
633000 Other Interest Expense	774		B117
214000 Accrued Interest Payable – Not Otherwise Classified		774	
310700 Unexpended Appropriations - Used - Accrued	774		B134
570000 Expended Appropriations - Accrued		774	
7b. The Lessee makes the monthly lease payment to Lessor and records the disbursement of appropriations for the fiscal year.			
<b>Lessee - Disbursement of Monthly Lease Payment (Budget Authority received up-front in Year 1.)</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b>Budgetary Entry</b>			
490100 Delivered Orders – Obligations, Unpaid	2,000		B110
490200 Delivered Orders – Obligations, Paid		2,000	
<b>Proprietary Entry</b>			
293000 Lessee Lease Liability	1,226		B110
214000 Accrued Interest Payable - Not Otherwise Classified	774		
101000 (G) Fund Balance With Treasury		2,000	
310710 Unexpended Appropriations - Used – Disbursed	2,000		B235
570000 Expended Appropriations - Accrued	2,000		
310700 Unexpended Appropriations - Used - Accrued		2,000	
570010 Expended Appropriations - Disbursed		2,000	
<b>Ending Lease Liability Balance (USSGL 293000) = \$91,689</b>			
8b. The Lessee records amortization of the right-to-use Lease Asset. <b>(\$94,131 / 5 Year Life of Lease / 12 months = \$1,569 Straight-line Amortization per month.)</b> 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)			
<b>Lessee - Amortization of Lease Asset for Month 2.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b>Budgetary Entry</b>			
None			
<b>Proprietary Entry</b>			
671300 Lessee Lease Amortization	1,569		E127
195900 Accumulated Amortization on Lessee Lease Assets		1,569	
<b>Ending Lease Asset Balance (USSGL 195000 - 195900) = \$90,993</b>			



**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

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)			
<b>Lessee - Accrual of Interest Expense for Month 3.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b>			
480100 Undelivered Orders – Obligations, Unpaid	764		B117
490100 Delivered Orders – Obligations, Unpaid		764	
<b><u>Proprietary Entry</u></b>			
633000 Other Interest Expense	764		B117
214000 Accrued Interest Payable – Not Otherwise Classified		764	
310700 Unexpended Appropriations - Used - Accrued	764		B134
570000 Expended Appropriations - Accrued		764	
7c. The Lessee makes the monthly lease payment to Lessor and records the disbursement of appropriations for the fiscal year.			
<b>Lessee - Disbursement of Monthly Lease Payment (Budget Authority received up-front in Year 1.)</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b>			
490100 Delivered Orders – Obligations, Unpaid	2,000		B110
490200 Delivered Orders – Obligations, Paid		2,000	
<b><u>Proprietary Entry</u></b>			
293000 Lessee Lease Liability	1,236		B110
214000 Accrued Interest Payable - Not Otherwise Classified	764		
101000 (G) Fund Balance With Treasury		2,000	
310710 Unexpended Appropriations - Used – Disbursed	2,000		B235
570000 Expended Appropriations - Accrued	2,000		
310700 Unexpended Appropriations - Used - Accrued		2,000	
570010 Expended Appropriations - Disbursed		2,000	
<b>Ending Lease Liability Balance (USSGL 293000) = \$90,454</b>			
8c. The Lessee records amortization of the right-to-use Lease Asset. ( <b>\$94,131 / 5 Year Life of Lease / 12 months = \$1,569 Straight-line Amortization per month.</b> ) 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)			
<b>Lessee - Amortization of Lease Asset for Month 3.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b>			
None			
<b><u>Proprietary Entry</u></b>			
671300 Lessee Lease Amortization	1,569		E127
195900 Accumulated Amortization on Lessee Lease Assets		1,569	
<b>Ending Lease Asset Balance (USSGL 195000 - 195900) = \$89,424</b>			

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

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)			
<b>Lessee - Accrual of Interest Expense for Month 4.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b>Budgetary Entry</b>			
480100 Undelivered Orders – Obligations, Unpaid	754		B117
490100 Delivered Orders – Obligations, Unpaid		754	
<b>Proprietary Entry</b>			
633000 Other Interest Expense	754		B117
214000 Accrued Interest Payable – Not Otherwise Classified		754	
310700 Unexpended Appropriations - Used - Accrued	754		B134
570000 Expended Appropriations - Accrued		754	
7d. The Lessee makes the monthly lease payment to Lessor and records the disbursement of appropriations for the fiscal year.			
<b>Lessee - Disbursement of Monthly Lease Payment (Budget Authority received up-front in Year 1.)</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b>Budgetary Entry</b>			
490100 Delivered Orders – Obligations, Unpaid	2,000		B110
490200 Delivered Orders – Obligations, Paid		2,000	
<b>Proprietary Entry</b>			
293000 Lessee Lease Liability	1,246		B110
214000 Accrued Interest Payable - Not Otherwise Classified	754		
101000 (G) Fund Balance With Treasury		2,000	
310710 Unexpended Appropriations - Used – Disbursed	2,000		B235
570000 Expended Appropriations - Accrued	2,000		
310700 Unexpended Appropriations - Used - Accrued		2,000	
570010 Expended Appropriations - Disbursed		2,000	
<b>Ending Lease Liability Balance (USSGL 293000) = \$89,207</b>			
8d. The Lessee records amortization of the right-to-use Lease Asset. <b>(\$94,131 / 5 Year Life of Lease / 12 months = \$1,569 Straight-line Amortization per month.)</b> 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)			
<b>Lessee - Amortization of Lease Asset for Month 4.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b>Budgetary Entry</b>			
None			
<b>Proprietary Entry</b>			
671300 Lessee Lease Amortization	1,569		E127
195900 Accumulated Amortization on Lessee Lease Assets		1,569	
<b>Ending Lease Asset Balance (USSGL 195000 - 195900) = \$87,855</b>			

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

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)			
<b>Lessee - Accrual of Interest Expense for Month 5.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b>Budgetary Entry</b>			
480100 Undelivered Orders – Obligations, Unpaid	743		B117
490100 Delivered Orders – Obligations, Unpaid		743	
<b>Proprietary Entry</b>			
633000 Other Interest Expense	743		B117
214000 Accrued Interest Payable – Not Otherwise Classified		743	
310700 Unexpended Appropriations - Used - Accrued	743		B134
570000 Expended Appropriations - Accrued		743	
7e. The Lessee makes the monthly lease payment to Lessor and records the disbursement of appropriations for the fiscal year.			
<b>Lessee - Disbursement of Monthly Lease Payment (Budget Authority received up-front in Year 1.)</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b>Budgetary Entry</b>			
490100 Delivered Orders – Obligations, Unpaid	2,000		B110
490200 Delivered Orders – Obligations, Paid		2,000	
<b>Proprietary Entry</b>			
293000 Lessee Lease Liability	1,257		B110
214000 Accrued Interest Payable - Not Otherwise Classified	743		
101000 (G) Fund Balance With Treasury		2,000	
310710 Unexpended Appropriations - Used – Disbursed	2,000		B235
570000 Expended Appropriations - Accrued	2,000		
310700 Unexpended Appropriations - Used - Accrued		2,000	
570010 Expended Appropriations - Disbursed		2,000	
<b>Ending Lease Liability Balance (USSGL 293000) = \$87,951</b>			
8e. The Lessee records amortization of the right-to-use Lease Asset. ( <b>\$94,131 / 5 Year Life of Lease / 12 months = \$1,569 Straight-line Amortization per month.</b> ) 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)			
<b>Lessee - Amortization of Lease Asset for Month 5.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b>Budgetary Entry</b>			
None			
<b>Proprietary Entry</b>			
671300 Lessee Lease Amortization	1,569		E127
195900 Accumulated Amortization on Lessee Lease Assets		1,569	
<b>Ending Lease Asset Balance (USSGL 195000 - 195900) = \$86,287</b>			

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

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)			
<b>Lessee - Accrual of Interest Expense for Month 6.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b>Budgetary Entry</b>			
480100 Undelivered Orders – Obligations, Unpaid	733		B117
490100 Delivered Orders – Obligations, Unpaid		733	
<b>Proprietary Entry</b>			
633000 Other Interest Expense	733		B117
214000 Accrued Interest Payable – Not Otherwise Classified		733	
310700 Unexpended Appropriations - Used - Accrued	733		B134
570000 Expended Appropriations - Accrued		733	
7f. The Lessee makes the monthly lease payment to Lessor and records the disbursement of appropriations for the fiscal year.			
<b>Lessee - Disbursement of Monthly Lease Payment (Budget Authority received up-front in Year 1.)</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b>Budgetary Entry</b>			
490100 Delivered Orders – Obligations, Unpaid	2,000		B110
490200 Delivered Orders – Obligations, Paid		2,000	
<b>Proprietary Entry</b>			
293000 Lessee Lease Liability	1,267		B110
214000 Accrued Interest Payable - Not Otherwise Classified	733		
101000 (G) Fund Balance With Treasury		2,000	
310710 Unexpended Appropriations - Used – Disbursed	2,000		B235
570000 Expended Appropriations - Accrued	2,000		
310700 Unexpended Appropriations - Used - Accrued		2,000	
570010 Expended Appropriations - Disbursed		2,000	
<b>Ending Lease Liability Balance (USSGL 293000) = \$86,684</b>			
8f. The Lessee records amortization of the right-to-use Lease Asset. ( <b>\$94,131 / 5 Year Life of Lease / 12 months = \$1,569 Straight-line Amortization per month.</b> ) 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)			
<b>Lessee - Amortization of Lease Asset for Month 6.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b>Budgetary Entry</b>			
None			
<b>Proprietary Entry</b>			
671300 Lessee Lease Amortization	1,569		E127
195900 Accumulated Amortization on Lessee Lease Assets		1,569	
<b>Ending Lease Asset Balance (USSGL 195000 - 195900) = \$84,718</b>			

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

6g. The lessee records accrued interest for month 7, 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)

<b>Lessee - Accrual of Interest Expense for Month 7.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b>			
480100 Undelivered Orders – Obligations, Unpaid	722		B117
490100 Delivered Orders – Obligations, Unpaid		722	
<b><u>Proprietary Entry</u></b>			
633000 Other Interest Expense	722		B117
214000 Accrued Interest Payable – Not Otherwise Classified		722	
310700 Unexpended Appropriations - Used - Accrued	722		B134
570000 Expended Appropriations - Accrued		722	

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

<b>Lessee - Disbursement of Monthly Lease Payment (Budget Authority received up-front in Year 1.)</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b>			
490100 Delivered Orders – Obligations, Unpaid	2,000		B110
490200 Delivered Orders – Obligations, Paid		2,000	
<b><u>Proprietary Entry</u></b>			
293000 Lessee Lease Liability	1,278		B110
214000 Accrued Interest Payable - Not Otherwise Classified	722		
101000 (G) Fund Balance With Treasury		2,000	
310710 Unexpended Appropriations - Used – Disbursed	2,000		B235
570000 Expended Appropriations - Accrued	2,000		
310700 Unexpended Appropriations - Used - Accrued		2,000	
570010 Expended Appropriations - Disbursed		2,000	
<b>Ending Lease Liability Balance (USSGL 293000) = \$85,406</b>			

8g. 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)

<b>Lessee - Amortization of Lease Asset for Month 7.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b>			
None			
<b><u>Proprietary Entry</u></b>			
671300 Lessee Lease Amortization	1,569		E127
195900 Accumulated Amortization on Lessee Lease Assets		1,569	
<b>Ending Lease Asset Balance (USSGL 195000 - 195900) = \$83,149</b>			

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

6h. The lessee records accrued interest for month 8, 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)			
<b>Lessee - Accrual of Interest Expense for Month 8.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b>Budgetary Entry</b>			
480100 Undelivered Orders – Obligations, Unpaid	712		B117
490100 Delivered Orders – Obligations, Unpaid		712	
<b>Proprietary Entry</b>			
633000 Other Interest Expense	712		B117
214000 Accrued Interest Payable – Not Otherwise Classified		712	
310700 Unexpended Appropriations - Used - Accrued	712		B134
570000 Expended Appropriations - Accrued		712	
7h. The Lessee makes the monthly lease payment to Lessor and records the disbursement of appropriations for the fiscal year.			
<b>Lessee - Disbursement of Monthly Lease Payment (Budget Authority received up-front in Year 1.)</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b>Budgetary Entry</b>			
490100 Delivered Orders – Obligations, Unpaid	2,000		B110
490200 Delivered Orders – Obligations, Paid		2,000	
<b>Proprietary Entry</b>			
293000 Lessee Lease Liability	1,288		B110
214000 Accrued Interest Payable - Not Otherwise Classified	712		
101000 (G) Fund Balance With Treasury		2,000	
310710 Unexpended Appropriations - Used – Disbursed	2,000		B235
570000 Expended Appropriations - Accrued	2,000		
310700 Unexpended Appropriations - Used - Accrued		2,000	
570010 Expended Appropriations - Disbursed		2,000	
<b>Ending Lease Liability Balance (USSGL 293000) = \$84,118</b>			
8h. The Lessee records amortization of the right-to-use Lease Asset. <b>(\$94,131 / 5 Year Life of Lease / 12 months = \$1,569 Straight-line Amortization per month.)</b> 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)			
<b>Lessee - Amortization of Lease Asset for Month 8.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b>Budgetary Entry</b>			
None			
<b>Proprietary Entry</b>			
671300 Lessee Lease Amortization	1,569		E127
195900 Accumulated Amortization on Lessee Lease Assets		1,569	
<b>Ending Lease Asset Balance (USSGL 195000 - 195900) = \$81,580</b>			

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

6i. The lessee records accrued interest for month 9, 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)			
<b>Lessee - Accrual of Interest Expense for Month 9.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b>Budgetary Entry</b>			
480100 Undelivered Orders – Obligations, Unpaid	701		B117
490100 Delivered Orders – Obligations, Unpaid		701	
<b>Proprietary Entry</b>			
633000 Other Interest Expense	701		B117
214000 Accrued Interest Payable – Not Otherwise Classified		701	
310700 Unexpended Appropriations - Used - Accrued	701		B134
570000 Expended Appropriations - Accrued		701	
7i. The Lessee makes the monthly lease payment to Lessor and records the disbursement of appropriations for the fiscal year.			
<b>Lessee - Disbursement of Monthly Lease Payment (Budget Authority received up-front in Year 1.)</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b>Budgetary Entry</b>			
490100 Delivered Orders – Obligations, Unpaid	2,000		B110
490200 Delivered Orders – Obligations, Paid		2,000	
<b>Proprietary Entry</b>			
293000 Lessee Lease Liability	1,299		B110
214000 Accrued Interest Payable - Not Otherwise Classified	701		
101000 (G) Fund Balance With Treasury		2,000	
310710 Unexpended Appropriations - Used – Disbursed	2,000		B235
570000 Expended Appropriations - Accrued	2,000		
310700 Unexpended Appropriations - Used - Accrued		2,000	
570010 Expended Appropriations - Disbursed		2,000	
<b>Ending Lease Liability Balance (USSGL 293000) = \$82,819</b>			
8i. The Lessee records amortization of the right-to-use Lease Asset. ( <b>\$94,131 / 5 Year Life of Lease / 12 months = \$1,569 Straight-line Amortization per month.</b> ) 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)			
<b>Lessee - Amortization of Lease Asset for Month 9.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b>Budgetary Entry</b>			
None			
<b>Proprietary Entry</b>			
671300 Lessee Lease Amortization	1,569		E127
195900 Accumulated Amortization on Lessee Lease Assets		1,569	
<b>Ending Lease Asset Balance (USSGL 195000 - 195900) = \$80,011</b>			

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

6j. The lessee records accrued interest for month 10, 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)

<b>Lessee - Accrual of Interest Expense for Month 10.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b>			
480100 Undelivered Orders – Obligations, Unpaid	690		B117
490100 Delivered Orders – Obligations, Unpaid		690	
<b><u>Proprietary Entry</u></b>			
633000 Other Interest Expense	690		B117
214000 Accrued Interest Payable – Not Otherwise Classified		690	
310700 Unexpended Appropriations - Used - Accrued	690		B134
570000 Expended Appropriations - Accrued		690	

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

<b>Lessee - Disbursement of Monthly Lease Payment (Budget Authority received up-front in Year 1.)</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b>			
490100 Delivered Orders – Obligations, Unpaid	2,000		B110
490200 Delivered Orders – Obligations, Paid		2,000	
<b><u>Proprietary Entry</u></b>			
293000 Lessee Lease Liability	1,310		B110
214000 Accrued Interest Payable - Not Otherwise Classified	690		
101000 (G) Fund Balance With Treasury		2,000	
310710 Unexpended Appropriations - Used – Disbursed	2,000		B235
570000 Expended Appropriations - Accrued	2,000		
310700 Unexpended Appropriations - Used - Accrued		2,000	
570010 Expended Appropriations - Disbursed		2,000	
<b><i>Ending Lease Liability Balance (USSGL 293000) = \$81,509</i></b>			

8j. 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)

<b>Lessee - Amortization of Lease Asset for Month 10.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b>			
None			
<b><u>Proprietary Entry</u></b>			
671300 Lessee Lease Amortization	1,569		E127
195900 Accumulated Amortization on Lessee Lease Assets		1,569	
<b><i>Ending Lease Asset Balance (USSGL 195000 - 195900) = \$78,442</i></b>			



**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

6k. The lessee records accrued interest for month 11, 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)			
<b>Lessee - Accrual of Interest Expense for Month 11.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b>			
480100 Undelivered Orders – Obligations, Unpaid	679		B117
490100 Delivered Orders – Obligations, Unpaid		679	
<b><u>Proprietary Entry</u></b>			
633000 Other Interest Expense	679		B117
214000 Accrued Interest Payable – Not Otherwise Classified		679	
310700 Unexpended Appropriations - Used - Accrued	679		B134
570000 Expended Appropriations - Accrued		679	
7k. The Lessee makes the monthly lease payment to Lessor and records the disbursement of appropriations for the fiscal year.			
<b>Lessee - Disbursement of Monthly Lease Payment (Budget Authority received up-front in Year 1.)</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b>			
490100 Delivered Orders – Obligations, Unpaid	2,000		B110
490200 Delivered Orders – Obligations, Paid		2,000	
<b><u>Proprietary Entry</u></b>			
293000 Lessee Lease Liability	1,321		B110
214000 Accrued Interest Payable - Not Otherwise Classified	679		
101000 (G) Fund Balance With Treasury		2,000	
310710 Unexpended Appropriations - Used – Disbursed	2,000		B235
570000 Expended Appropriations - Accrued	2,000		
310700 Unexpended Appropriations - Used - Accrued		2,000	
570010 Expended Appropriations - Disbursed		2,000	
<b>Ending Lease Liability Balance (USSGL 293000) = \$80,188</b>			
8k. The Lessee records amortization of the right-to-use Lease Asset. <b>(\$94,131 / 5 Year Life of Lease / 12 months = \$1,569 Straight-line Amortization per month.)</b> 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)			
<b>Lessee - Amortization of Lease Asset for Month 11.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b>			
None			
<b><u>Proprietary Entry</u></b>			
671300 Lessee Lease Amortization	1,569		E127
195900 Accumulated Amortization on Lessee Lease Assets		1,569	
<b>Ending Lease Asset Balance (USSGL 195000 - 195900) = \$76,873</b>			

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

61. The lessee records accrued interest for month 12, 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)

<b>Lessee - Accrual of Interest Expense for Month 12.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b>			
480100 Undelivered Orders – Obligations, Unpaid	668		B117
490100 Delivered Orders – Obligations, Unpaid		668	
<b><u>Proprietary Entry</u></b>			
633000 Other Interest Expense	668		B117
214000 Accrued Interest Payable – Not Otherwise Classified		668	
310700 Unexpended Appropriations - Used - Accrued	668		B134
570000 Expended Appropriations - Accrued		668	

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

<b>Lessee - Disbursement of Monthly Lease Payment (Budget Authority received up-front in Year 1.)</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b>			
490100 Delivered Orders – Obligations, Unpaid	2,000		B110
490200 Delivered Orders – Obligations, Paid		2,000	
<b><u>Proprietary Entry</u></b>			
293000 Lessee Lease Liability	1,332		B110
214000 Accrued Interest Payable - Not Otherwise Classified	668		
101000 (G) Fund Balance With Treasury		2,000	
310710 Unexpended Appropriations - Used – Disbursed	2,000		B235
570000 Expended Appropriations - Accrued	2,000		
310700 Unexpended Appropriations - Used - Accrued		2,000	
570010 Expended Appropriations - Disbursed		2,000	
<b>Ending Lease Liability Balance (USSGL 293000) = \$78,856</b>			

81. 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)

<b>Lessee - Amortization of Lease Asset for Month 12.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b>			
None			
<b><u>Proprietary Entry</u></b>			
671300 Lessee Lease Amortization	1,569		E127
195900 Accumulated Amortization on Lessee Lease Assets		1,569	
<b>Ending Lease Asset Balance (USSGL 195000 - 195900) = \$75,305</b>			

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

9. The Lessee records the closing of lease and interest expenses to cumulative results of operations.			
Lessee	Debit	Credit	TC
<u><b>Budgetary Entry</b></u> None			
<u><b>Proprietary Entry</b></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><b>Budgetary Entry</b></u> None			
<u><b>Proprietary Entry</b></u> 570000 Expended Appropriations – Accrued 570010 Expended Appropriations – Disbursed 331000 Cumulative Results of Operations  310000 Unexpended Appropriations – Cumulative 310700 Unexpended Appropriations - Used – Accrued 310710 Unexpended Appropriations - Used – Disbursed  310100 (G) Unexpended Appropriations – Appropriations Received 310000 Unexpended Appropriations - Cumulative	78,857 24,000  102,857	102,857  78,857 24,000  102,857	F336   F342  F342

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

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

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

**Lessor Accounting – FY 1**

1. In Year 1, the Lessor records anticipated collections. (The amount of expected Year 1 monthly payments is \$24,000.)			
<b>Lessor</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<u><b>Budgetary Entry</b></u> 406000 Anticipated Collections From Non-Federal Sources 449000 Anticipated Resources - Unapportioned Authority  <u><b>Proprietary Entry</b></u> None	24,000	24,000	A140
2. In Year 1, the Lessor records the apportionment approval by OMB of anticipated authority.			
<b>Lessor</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<u><b>Budgetary Entry</b></u> 449000 Anticipated Resources - Unapportioned Authority 459000 Apportionments - Anticipated Resources - Programs Subject to Apportionment  <u><b>Proprietary Entry</b></u> None	24,000	24,000	A118
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 based on adjustments/allowances/refunds.			
<b>Lessor</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<u><b>Budgetary Entry</b></u> None  <u><b>Proprietary Entry</b></u> 193000 Lessor Lease Receivable 233000 Lessor Lease Unearned Revenue 593900 Contra Revenue for Lessor Lease Revenue 193900 Allowance for Loss on Lease Receivable	94,131   2,000	   94,131  2,000	C129   D402
<i>Initial Lease Receivable Balance of USSGL 193000 = \$94,131</i>			

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

4a. The Lessor recognizes interest revenue for the amortization of the discount on the lease receivable for month 1. (SFFAS 54, Par. 60)			
<b>Lessor - Accrual of Interest Revenue for Year 1, Month 1</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 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.			
<b>Lessor - Receipt of first Monthly Lease Payment</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 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
<b><u>Proprietary Entry</u></b> 101000 (G) Fund Balance With Treasury 134000 Interest Receivable - Not Otherwise Classified 193000 Lessor Lease Receivable	2,000	784 1,216	C109
<b>*Note- Lessors may elect to record USSGL 426400 “Actual Collections of Rent” rather than 426600, based on management’s judgement of the nature of collections. Ending Lease Receivable Balance of USSGL 193000 = \$92,915</b>			

6a. The Lessor recognizes revenue from the measurement of the lease receivable as earned revenue for the reporting period via straight-line 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)			
<b>Lessor - Recognition of Unearned Revenue for Year 1, Month 1</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 233000 Lessor Lease Unearned Revenue 593300 Amortization of Unearned Lessor Revenue	1,569	1,569	C460

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

4b. The Lessor recognizes interest revenue for the amortization of the discount on the lease receivable for month 2. (SFFAS 54, Par. 60)			
<b>Lessor - Accrual of Interest Revenue for Year 1, Month 2</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 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.			
<b>Lessor - Receipt of second Monthly Lease Payment</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 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
<b><u>Proprietary Entry</u></b> 101000 (G) Fund Balance With Treasury 134000 Interest Receivable - Not Otherwise Classified 193000 Lessor Lease Receivable	2,000	774 1,226	C109
<b><i>Ending Lease Receivable Balance of USSGL 193000 = \$91,689</i></b>			

6b. The Lessor recognizes revenue from the measurement of the lease receivable as earned revenue for the reporting period via straight-line 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)			
<b>Lessor - Recognition of Unearned Revenue for Year 1, Month 2</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 233000 Lessor Lease Unearned Revenue 593300 Amortization of Unearned Lessor Revenue	1,569	1,569	C460

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

4c. The Lessor recognizes interest revenue for the amortization of the discount on the lease receivable for month 3. (SFFAS 54, Par. 60)			
<b>Lessor - Accrual of Interest Revenue for Year 1, Month 3</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 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.			
<b>Lessor - Receipt of third Monthly Lease Payment</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 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
<b><u>Proprietary Entry</u></b> 101000 (G) Fund Balance With Treasury 134000 Interest Receivable - Not Otherwise Classified 193000 Lessor Lease Receivable	2,000	764 1,236	C109
<b><i>Ending Lease Receivable Balance of USSGL 193000 = \$90,454</i></b>			

6c. The Lessor recognizes revenue from the measurement of the lease receivable as earned revenue for the reporting period via straight-line 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)			
<b>Lessor - Recognition of Unearned Revenue for Year 1, Month 3</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 233000 Lessor Lease Unearned Revenue 593300 Amortization of Unearned Lessor Revenue	1,569	1,569	C460



**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

4d. The Lessor recognizes interest revenue for the amortization of the discount on the lease receivable for month 4. (SFFAS 54, Par. 60)			
<b>Lessor - Accrual of Interest Revenue for Year 1, Month 4</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 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.			
<b>Lessor - Receipt of fourth Monthly Lease Payment</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 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
<b><u>Proprietary Entry</u></b> 101000 (G) Fund Balance With Treasury 134000 Interest Receivable - Not Otherwise Classified 193000 Lessor Lease Receivable	2,000	764 1,236	C109
<b><i>Ending Lease Receivable Balance of USSGL 193000 = \$89,207</i></b>			

6d. The Lessor recognizes revenue from the measurement of the lease receivable as earned revenue for the reporting period via straight-line 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)			
<b>Lessor - Recognition of Unearned Revenue for Year 1, Month 4</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 233000 Lessor Lease Unearned Revenue 593300 Amortization of Unearned Lessor Revenue	1,569	1,569	C460

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

4e. The Lessor recognizes interest revenue for the amortization of the discount on the lease receivable for month 5. (SFFAS 54, Par. 60)			
<b>Lessor - Accrual of Interest Revenue for Year 1, Month 5</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 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.			
<b>Lessor - Receipt of fifth Monthly Lease Payment</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 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
<b><u>Proprietary Entry</u></b> 101000 (G) Fund Balance With Treasury 134000 Interest Receivable - Not Otherwise Classified 193000 Lessor Lease Receivable	2,000	743 1,257	C109
<b><i>Ending Lease Receivable Balance of USSGL 193000 = \$87,951</i></b>			

6e. The Lessor recognizes revenue from the measurement of the lease receivable as earned revenue for the reporting period via straight-line 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)			
<b>Lessor - Recognition of Unearned Revenue for Year 1, Month 5</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 233000 Lessor Lease Unearned Revenue 593300 Amortization of Unearned Lessor Revenue	1,569	1,569	C460

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

4f. The Lessor recognizes interest revenue for the amortization of the discount on the lease receivable for month 6. (SFFAS 54, Par. 60)			
<b>Lessor - Accrual of Interest Revenue for Year 1, Month 6</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 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.			
<b>Lessor - Receipt of sixth Monthly Lease Payment</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 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
<b><u>Proprietary Entry</u></b> 101000 (G) Fund Balance With Treasury 134000 Interest Receivable - Not Otherwise Classified 193000 Lessor Lease Receivable	2,000	733 1,267	C109
<b><i>Ending Lease Receivable Balance of USSGL 193000 = \$86,684</i></b>			

6f. The Lessor recognizes revenue from the measurement of the lease receivable as earned revenue for the reporting period via straight-line 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)			
<b>Lessor - Recognition of Unearned Revenue for Year 1, Month 6</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 233000 Lessor Lease Unearned Revenue 593300 Amortization of Unearned Lessor Revenue	1,569	1,569	C460

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

*\*(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.			
<b>Lessor</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 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.			
<b>Lessor</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 593300 Amortization of Unearned Lessor Revenue 531000 Interest Revenue – Other 593900 Contra Revenue for Lessor Lease Revenue 331000 Cumulative Results of Operations	18,826 8,726	2,000 25,552	F336

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

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

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

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

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

**Fiscal Year 1 Post-Closing Adjusted Trial Balance:**

FISCAL YEAR 1 POST-CLOSING		LESSEE		LESSOR	
Account	Description	Debit	Credit	Debit	Credit
<b>Budgetary</b>					
420100	Total Actual Resources, Collected	78,857	-	24,000	-
445000	Unapportioned – Unexpired Authority	-	-	-	24,000
490100	Delivered Orders, Obligations Unpaid	-	78,857	-	-
<b>Total</b>		<b>78,857</b>	<b>78,857</b>	<b>24,000</b>	<b>24,000</b>
<b>Proprietary</b>					
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	-	-	-	75,305
293000	Lessee Lease Liability	-	78,857	-	-
310000	Unexpended Appropriations - Cumulative	-	-	-	-
331000	Cumulative Results of Operations	-	75,305	-	160,552
<b>Total</b>		<b>172,988</b>	<b>172,988</b>	<b>402,857</b>	<b>402,857</b>

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

**Year 1 Financial Statements:**

<b>STANDARDIZED BALANCE SHEET – YEAR 1</b>			
<b>Line No.</b>	<b>YEAR 1</b>	<b>LESSEE</b>	<b>LESSOR</b>
	<b>Assets (Note 2)</b>		
	<b>Intra-governmental</b>		
1	Fund Balance with Treasury (Note 3) (101000)	78,857	24,000
7	<b>Total intra-governmental assets</b>	<b>78,857</b>	<b>24,000</b>
	<b>Other than intra-governmental</b>		
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	<b>Total other than intra-governmental</b>	<b>75,305</b>	<b>213,357</b>
19	<b>Total assets</b>	<b><u>154,162</u></b>	<b><u>235,857</u></b>
	<b>Liabilities (Note 13)</b>		
	<b>Other than intra-governmental</b>		
36	Advances from others and deferred revenue (233000N)	-	75,305
37	Other liabilities (Notes 18, 19, and 20) (293000E)	78,857	-
38	<b>Total other than intra-governmental</b>	<b>78,857</b>	<b>75,305</b>
39	<b>Total liabilities</b>	<b>78,857</b>	<b>75,305</b>
	<b>Net position</b>		
42.2	Cumulative results of operations - Funds from other than Dedicated Collections (331000E)	75,305	160,552
43	<b>Total net position</b>	<b>75,305</b>	<b>160,552</b>
44	<b>Total liabilities and net position</b>	<b><u>154,162</u></b>	<b><u>235,857</u></b>

<b>STATEMENT OF NET COST – YEAR 1</b>			
<b>Line No.</b>	<b>YEAR 1</b>	<b>LESSEE</b>	<b>LESSOR</b>
	<b>Gross Program Costs (Note 21):</b>		
1	Gross costs (633000E, 671000E, 671300E, 693000E)	27,552	15,000
2	Less: earned revenue (531000E, 593000E, 593300E, 593900E)	-	25,552
3	Net program costs	27,552	(10,552)
5	Net program costs including Assumption Changes:	27,552	(10,552)
8	<b>Net cost of operations</b>	<b>27,552</b>	<b>(10,552)</b>

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

STATEMENT OF CHANGES IN NET POSITION – YEAR 1			
Line No.	YEAR 1	LESSEE	LESSOR
	<b>Unexpended Appropriations:</b>		
4	Appropriations received (310100E)	102,857	-
7	Appropriations used (310700E, 310710E)	102,857	-
8	Net Change in Unexpended Appropriations (calc.)	-	-
9	Total Unexpended Appropriations – Ending (calc.)	-	-
	<b>Cumulative Results of Operations:</b>		
10	Beginning Balances (331000B)	-	150,000
12	Beginning balances, as adjusted	-	150,000
14	Appropriations used (570000E, 570010E)	102,857	-
21	Revenue From (Net Cost of) Operations (+/-)	(27,552)	10,552
22	Net Change in Cumulative Results of Operations	75,305	10,552
23	Cumulative Results of Operations – Ending	75,305	160,552
<b>24</b>	<b>Net Position (calc.)</b>	<b><u>75,305</u></b>	<b><u>160,552</u></b>

SF 133 AND SCHEDULE P – REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES AND BUDGET PROGRAM AND FINANCING SCHEDULE – YEAR 1					
Line No.	YEAR 1	LESSEE		LESSOR	
	<b>BUDGETARY RESOURCES</b>	<i>SF 133</i>	<i>Schedule P</i>	<i>SF 133</i>	<i>Schedule P</i>
0900	Total new obligations, unexpired accounts (480100E, 490100E, 490200E)	-	102,857	-	-
	<b>Budget authority:</b>				
	<b>Appropriations:</b>				
	<b>Discretionary:</b>				
1100	Appropriation (411900E)	102,857	102,857	-	-
1160	Appropriation, discretionary (total)	102,857	102,857	-	-
1700	Collected (426600E)	-	-	24,000	24,000
1750	Spending authority from offsetting collections, discretionary (total)	-	-	24,000	24,000
1900	Budget authority (total)	102,857	102,857	24,000	24,000



**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

<b>1910</b>	<b>Total budgetary resources (calc.)</b>	<b>102,857</b>	<b>-</b>	<b>24,000</b>	<b>-</b>
1930	Total budgetary resources available	-	102,857	-	24,000
1941	Unexpired unobligated balance, end of year (461000E)				24,000
	<b>STATUS OF BUDGETARY RESOURCES</b>				
	<b>New obligations and upward adjustments:</b>				
	<b>Direct:</b>				
2002	Category B (by project) (480100E, 4901000E, 490200E)	102,857	-	-	-
2004	Direct obligations (total) (calc.)	102,857	-	-	-
2170	New obligations, unexpired accounts (480100E, 4901000E, 490200E)	102,857	-	-	-
2190	New obligations and upward adjustments (total)	102,857	-	-	-
2201	Available in the current period (461000E)	-	-	24,000	-
2412	Unexpired unobligated balance: end of year (calc.)	-	-	24,000	-
2490	Unobligated balance, end of year (total)	-	-	24,000	-
<b>2500</b>	<b>Total budgetary resources (calc.)</b>	<b>102,857</b>	<b>-</b>	<b>24,000</b>	<b>-</b>
<b>2501</b>	<b>Subject to apportionment unobligated balance, end of year (461000E)</b>			<b>24,000</b>	
	<b>CHANGE IN OBLIGATED BALANCE</b>				
	<b>Unpaid obligations:</b>				
3010	New obligations, unexpired accounts (480100E, 4901000E, 490200E)	102,857	102,857	-	-
3020	Outlays (gross) (-) (490200E)	(24,000)	(24,000)	-	-
3050	Unpaid obligations, end of year (480100E, 490100E)	78,857	78,857		
3200	Obligated balance, end of year (= or -)	78,857	78,857	-	-
	<b>BUDGET AUTHORITY AND OUTLAYS, NET</b>				
	<b>Discretionary:</b>				
4000	Budget authority, gross (calc.)	102,857	102,857	24,000	24,000
	<b>Outlays, gross</b>				
4010	Outlays from new discretionary authority (490200E)	24,000	24,000	-	-
4020	Outlays, gross (total)	24,000	24,000	-	-
	<b>Offsets against gross budget authority and outlays:</b>				
	<b>Offsetting collections (collected) from:</b>				
4033	Non-Federal sources (-) (426600E)	-	-	(24,000)	(24,000)
4040	Offsets against gross budget authority and outlays (-) (calc.)	-	-	(24,000)	(24,000)
4070	Budget authority, net (discretionary) (calc.)	102,857	102,857		
4080	Outlays, net (discretionary) (calc.)	24,000	24,000	(24,000)	(24,000)

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

4180	Budget authority, net (total) (calc.)	102,857	102,857		
4190	Outlays, net (total) (calc.)	24,000	24,000	(24,000)	(24,000)
	<b>Unobligated balance:</b>				
5321	Direct unobligated balance, end of year (461000E)	-	-	(24,000)	(24,000)
5323	Discretionary unobligated balance, end of year (461000E)	-	-	(24,000)	(24,000)
5341	Direct obligated balance, end of year (480100E, 490100E)	78,857	78,857		
5343	Discretionary obligated balance, end of year (480100E, 490100E)	78,857	78,857		

**Year 1 Reclassified Financial Statements:**

<b>STANDARDIZED BALANCE SHEET – YEAR 1</b>				
Line No.	YEAR 1	LESSEE	LESSOR	
	<b>Assets (Note 2)</b>			
	<b>Intra-governmental</b>			
1	Fund Balance with Treasury (Note 3) (101000)	78,857	24,000	
7	<b>Total intra-governmental assets</b>	<b>78,857</b>	<b>24,000</b>	
	<b>Other than intra-governmental</b>			
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	<b>Total other than intra-governmental</b>	<b>75,305</b>	<b>213,357</b>	
19	<b>Total assets</b>	<b><u>154,162</u></b>	<b><u>235,857</u></b>	
	<b>Liabilities (Note 13)</b>			
	<b>Other than intra-governmental</b>			
36	Advances from others and deferred revenue (233000N)	-	75,305	
37	Other liabilities (Notes 18, 19, and 20) (293000E)	78,857	-	
38	<b>Total other than intra-governmental</b>	<b>78,857</b>	<b>75,305</b>	
39	<b>Total liabilities</b>	<b>78,857</b>	<b>75,305</b>	
	<b>Net position</b>			
42.2	Cumulative results of operations - Funds from other than Dedicated Collections (331000E)	75,305	160,552	
43	<b>Total net position</b>	<b>75,305</b>	<b>160,552</b>	
44	<b>Total liabilities and net position</b>	<b><u>154,162</u></b>	<b><u>235,857</u></b>	

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

<b>RECLASSIFIED STATEMENT OF NET COST – YEAR 1</b>			
<b>Line No.</b>	<b>YEAR 1</b>	<b>LESSEE</b>	<b>LESSOR</b>
<b>1</b>	<b>Gross cost</b>		
2	Non-federal gross cost (633000E, 671000E, 671300E, 693000E)	27,552	15,000
<b>6</b>	<b>Total non-federal gross cost (calc.)</b>	<b>27,552</b>	<b>15,000</b>
<b>9</b>	<b>Department total gross cost (calc.)</b>	<b>27,552</b>	<b>15,000</b>
<b>10</b>	<b>Earned revenue</b>		
11	Non-federal earned revenue (531000E, 593000E, 593300E, 593900E)	-	25,552
14	Department total earned revenue (calc.)	-	<b>25,552</b>
<b>15</b>	<b>Net cost of operations (calc.)</b>	<b>27,552</b>	<b>(10,552)</b>

<b>RECLASSIFIED STATEMENT OF OPERATIONS AND CHANGES IN NET POSITION – YEAR 1</b>			
<b>Line No.</b>	<b>YEAR 1</b>	<b>LESSEE</b>	<b>LESSOR</b>
<b>1</b>	<b>Net position, beginning of period (310000B, 331000B)</b>	-	<b>150,000</b>
<b>7</b>	<b>Financing sources:</b>		
7.1	Appropriations received as adjusted (rescissions and other adjustments) (RC 41)/1 (310100E)	102,857	-
7.2	Appropriations used (RC 39) (310700E, 310710E)	102,857	-
7.3	Appropriations expended (RC 38)/1 (570000E, 570010E)	(102,857)	-
<b>7.30</b>	<b>Total financing sources (calc.)</b>	<b>102,857</b>	-
8	Revenue From (Net cost of) Operations (+/-)	(27,552)	10,552
<b>9</b>	<b>Net position, end of period (calc.)</b>	<b><u>75,305</u></b>	<b><u>160,552</u></b>

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

**Lessee Accounting – FY 2**

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.)			
<b>Lessee - Enactment of appropriation for Year 2 of interest.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<u><b>Budgetary Entry</b></u> 411900 Other Appropriations Realized 445000 Unapportioned - Unexpired Authority	7,126	7,126	A104
<u><b>Proprietary Entry</b></u> 101000 (G) Fund Balance With Treasury 310100 (G) Unexpended Appropriations – Appropriations Received	7,126	7,126	A104
2. The Lessee records budgetary authority apportioned by the Office of Management and Budget and available for allotment in Year 2.			
<b>Lessee</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<u><b>Budgetary Entry</b></u> 445000 Unapportioned - Unexpired Authority 451000 Apportionments	7,126	7,126	A116
<u><b>Proprietary Entry</b></u> None			
3. The Lessee records the allotment of authority in Year 2.			
<b>Lessee</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<u><b>Budgetary Entry</b></u> 451000 Apportionments 461000 Allotments – Realized Resources	7,126	7,126	A120
<u><b>Proprietary Entry</b></u> None			

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

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><b>Budgetary Entry</b></u> 461000 Allotments – Realized Resources 480100 Undelivered Orders – Obligations, Unpaid	7,126	7,126	B306
<u><b>Proprietary Entry</b></u> None			

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

5a. 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)			
<b>Lessee - Accrual of Interest Expense for Month 1.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b>			
480100 Undelivered Orders – Obligations, Unpaid	657		B117
490100 Delivered Orders – Obligations, Unpaid		657	
<b><u>Proprietary Entry</u></b>			
633000 Other Interest Expense	657		B117
214000 Accrued Interest Payable – Not Otherwise Classified		657	
310700 Unexpended Appropriations - Used - Accrued	657		B134
570000 Expended Appropriations - Accrued		657	
6a. The Lessee makes the monthly lease payment to Lessor and records the disbursement of appropriations for the fiscal year.			
<b>Lessee - Disbursement of Monthly Lease Payment (Budget Authority for principal received up-front in Year 1, Interest in Year 2.)</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b>			
490100 Delivered Orders – Obligations, Unpaid	2,000		B110
490200 Delivered Orders – Obligations, Paid		2,000	
<b><u>Proprietary Entry</u></b>			
293000 Lessee Lease Liability	1,343		B110
214000 Accrued Interest Payable - Not Otherwise Classified	657		
101000 (G) Fund Balance With Treasury		2,000	
310710 Unexpended Appropriations - Used – Disbursed	2,000		B235
570000 Expended Appropriations - Accrued	2,000		
310700 Unexpended Appropriations - Used - Accrued		2,000	
570010 Expended Appropriations - Disbursed		2,000	
<b>Ending Lease Liability Balance (USSGL 293000) = \$77,513</b>			
7a. The Lessee records amortization of the right-to-use Lease Asset. <b>(\$94,131 / 5 Year Life of Lease / 12 months = \$1,569 Straight-line Amortization per month.)</b> 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)			
<b>Lessee - Amortization of Lease Asset for Month 1.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b>			
None			
<b><u>Proprietary Entry</u></b>			
671300 Lessee Lease Amortization	1,569		E127
195900 Accumulated Amortization on Lessee Lease Assets		1,569	
<b>Ending Lease Asset Balance (USSGL 195000 - 195900) = \$73,736</b>			

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

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)			
<b>Lessee - Accrual of Interest Expense for Month 2.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b>Budgetary Entry</b>			
480100 Undelivered Orders – Obligations, Unpaid	646		B117
490100 Delivered Orders – Obligations, Unpaid		646	
<b>Proprietary Entry</b>			
633000 Other Interest Expense	646		B117
214000 Accrued Interest Payable – Not Otherwise Classified		646	
310700 Unexpended Appropriations - Used - Accrued	646		B134
570000 Expended Appropriations - Accrued		646	
6b. The Lessee makes the monthly lease payment to Lessor and records the disbursement of appropriations for the fiscal year.			
<b>Lessee - Disbursement of Monthly Lease Payment (Budget Authority for principal received up-front in Year 1, Interest in Year 2.)</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b>Budgetary Entry</b>			
490100 Delivered Orders – Obligations, Unpaid	2,000		B110
490200 Delivered Orders – Obligations, Paid		2,000	
<b>Proprietary Entry</b>			
293000 Lessee Lease Liability	1,354		B110
214000 Accrued Interest Payable - Not Otherwise Classified	646		
101000 (G) Fund Balance With Treasury		2,000	
310710 Unexpended Appropriations - Used – Disbursed	2,000		B235
570000 Expended Appropriations - Accrued	2,000		
310700 Unexpended Appropriations - Used - Accrued		2,000	
570010 Expended Appropriations - Disbursed		2,000	
<b>Ending Lease Liability Balance (USSGL 293000) = \$76,159</b>			
7b. The Lessee records amortization of the right-to-use Lease Asset. <b>(\$94,131 / 5 Year Life of Lease / 12 months = \$1,569 Straight-line Amortization per month.)</b> 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)			
<b>Lessee - Amortization of Lease Asset for Month 2.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b>Budgetary Entry</b>			
None			
<b>Proprietary Entry</b>			
671300 Lessee Lease Amortization	1,569		E127
195900 Accumulated Amortization on Lessee Lease Assets		1,569	
<b>Ending Lease Asset Balance (USSGL 195000 - 195900) = \$72,167</b>			

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

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)			
<b>Lessee - Accrual of Interest Expense for Month 3.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b>Budgetary Entry</b>			
480100 Undelivered Orders – Obligations, Unpaid	635		B117
490100 Delivered Orders – Obligations, Unpaid		635	
<b>Proprietary Entry</b>			
633000 Other Interest Expense	635		B117
214000 Accrued Interest Payable – Not Otherwise Classified		635	
310700 Unexpended Appropriations - Used - Accrued	635		B134
570000 Expended Appropriations - Accrued		635	
6c. The Lessee makes the monthly lease payment to Lessor and records the disbursement of appropriations for the fiscal year.			
<b>Lessee - Disbursement of Monthly Lease Payment (Budget Authority for principal received up-front in Year 1, Interest in Year 2.)</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b>Budgetary Entry</b>			
490100 Delivered Orders – Obligations, Unpaid	2,000		B110
490200 Delivered Orders – Obligations, Paid		2,000	
<b>Proprietary Entry</b>			
293000 Lessee Lease Liability	1,365		B110
214000 Accrued Interest Payable - Not Otherwise Classified	635		
101000 (G) Fund Balance With Treasury		2,000	
310710 Unexpended Appropriations - Used – Disbursed	2,000		B235
570000 Expended Appropriations - Accrued	2,000		
310700 Unexpended Appropriations - Used - Accrued		2,000	
570010 Expended Appropriations - Disbursed		2,000	
<b>Ending Lease Liability Balance (USSGL 293000) = \$74,794</b>			
7c. The Lessee records amortization of the right-to-use Lease Asset. <b>(\$94,131 / 5 Year Life of Lease / 12 months = \$1,569 Straight-line Amortization per month.)</b> 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)			
<b>Lessee - Amortization of Lease Asset for Month 3.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b>Budgetary Entry</b>			
None			
<b>Proprietary Entry</b>			
671300 Lessee Lease Amortization	1,569		E127
195900 Accumulated Amortization on Lessee Lease Assets		1,569	
<b>Ending Lease Asset Balance (USSGL 195000 - 195900) = \$70,598</b>			



**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

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)			
<b>Lessee - Accrual of Interest Expense for Month 4.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b>			
480100 Undelivered Orders – Obligations, Unpaid	623		B117
490100 Delivered Orders – Obligations, Unpaid		623	
<b><u>Proprietary Entry</u></b>			
633000 Other Interest Expense	623		B117
214000 Accrued Interest Payable – Not Otherwise Classified		623	
310700 Unexpended Appropriations - Used - Accrued	623		B134
570000 Expended Appropriations - Accrued		623	
6d. The Lessee makes the monthly lease payment to Lessor and records the disbursement of appropriations for the fiscal year.			
<b>Lessee - Disbursement of Monthly Lease Payment (Budget Authority for principal received up-front in Year 1, Interest in Year 2.)</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b>			
490100 Delivered Orders – Obligations, Unpaid	2,000		B110
490200 Delivered Orders – Obligations, Paid		2,000	
<b><u>Proprietary Entry</u></b>			
293000 Lessee Lease Liability	1,377		B110
214000 Accrued Interest Payable - Not Otherwise Classified	623		
101000 (G) Fund Balance With Treasury		2,000	
310710 Unexpended Appropriations - Used – Disbursed	2,000		B235
570000 Expended Appropriations - Accrued	2,000		
310700 Unexpended Appropriations - Used - Accrued		2,000	
570010 Expended Appropriations - Disbursed		2,000	
<b>Ending Lease Liability Balance (USSGL 293000) = \$73,417</b>			
7d. The Lessee records amortization of the right-to-use Lease Asset. <b>(\$94,131 / 5 Year Life of Lease / 12 months = \$1,569 Straight-line Amortization per month.)</b> 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)			
<b>Lessee - Amortization of Lease Asset for Month 4.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b>			
None			
<b><u>Proprietary Entry</u></b>			
671300 Lessee Lease Amortization	1,569		E127
195900 Accumulated Amortization on Lessee Lease Assets		1,569	
<b>Ending Lease Asset Balance (USSGL 195000 - 195900) = \$69,029</b>			

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

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)			
<b>Lessee - Accrual of Interest Expense for Month 5.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 480100 Undelivered Orders – Obligations, Unpaid 490100 Delivered Orders – Obligations, Unpaid	612	612	B117
<b><u>Proprietary Entry</u></b> 633000 Other Interest Expense 214000 Accrued Interest Payable – Not Otherwise Classified 310700 Unexpended Appropriations - Used - Accrued 570000 Expended Appropriations - Accrued	612 612	612 612	B117 B134
6e. The Lessee makes the monthly lease payment to Lessor and records the disbursement of appropriations for the fiscal year.			
<b>Lessee - Disbursement of Monthly Lease Payment (Budget Authority for principal received up-front in Year 1, Interest in Year 2.)</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 490100 Delivered Orders – Obligations, Unpaid 490200 Delivered Orders – Obligations, Paid	2,000	2,000	B110
<b><u>Proprietary Entry</u></b> 293000 Lessee Lease Liability 214000 Accrued Interest Payable - Not Otherwise Classified 101000 (G) Fund Balance With Treasury  310710 Unexpended Appropriations - Used – Disbursed 570000 Expended Appropriations - Accrued 310700 Unexpended Appropriations - Used - Accrued 570010 Expended Appropriations - Disbursed	1,388 612	2,000	B110  B235
<b>Ending Lease Liability Balance (USSGL 293000) = \$72,029</b>			
7e. The Lessee records amortization of the right-to-use Lease Asset. <b>(\$94,131 / 5 Year Life of Lease / 12 months = \$1,569 Straight-line Amortization per month.)</b> 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)			
<b>Lessee - Amortization of Lease Asset for Month 5.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 671300 Lessee Lease Amortization 195900 Accumulated Amortization on Lessee Lease Assets	1,569	1,569	E127
<b>Ending Lease Asset Balance (USSGL 195000 - 195900) = \$67,460</b>			

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

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)			
<b>Lessee - Accrual of Interest Expense for Month 6.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b>			
480100 Undelivered Orders – Obligations, Unpaid	600		B117
490100 Delivered Orders – Obligations, Unpaid		600	
<b><u>Proprietary Entry</u></b>			
633000 Other Interest Expense	600		B117
214000 Accrued Interest Payable – Not Otherwise Classified		600	
310700 Unexpended Appropriations - Used - Accrued	600		B134
570000 Expended Appropriations - Accrued		600	
6f. The Lessee makes the monthly lease payment to Lessor and records the disbursement of appropriations for the fiscal year.			
<b>Lessee - Disbursement of Monthly Lease Payment (Budget Authority for principal received up-front in Year 1, Interest in Year 2.)</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b>			
490100 Delivered Orders – Obligations, Unpaid	2,000		B110
490200 Delivered Orders – Obligations, Paid		2,000	
<b><u>Proprietary Entry</u></b>			
293000 Lessee Lease Liability	1,400		B110
214000 Accrued Interest Payable - Not Otherwise Classified	600		
101000 (G) Fund Balance With Treasury		2,000	
310710 Unexpended Appropriations - Used – Disbursed	2,000		B235
570000 Expended Appropriations - Accrued	2,000		
310700 Unexpended Appropriations - Used - Accrued		2,000	
570010 Expended Appropriations - Disbursed		2,000	
<b>Ending Lease Liability Balance (USSGL 293000) = \$70,629</b>			
7f. The Lessee records amortization of the right-to-use Lease Asset. ( <b>\$94,131 / 5 Year Life of Lease / 12 months = \$1,569 Straight-line Amortization per month.</b> ) 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)			
<b>Lessee - Amortization of Lease Asset for Month 6.</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b>			
None			
<b><u>Proprietary Entry</u></b>			
671300 Lessee Lease Amortization	1,569		E127
195900 Accumulated Amortization on Lessee Lease Assets		1,569	
<b>Ending Lease Asset Balance (USSGL 195000 - 195900) = \$65,892</b>			

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

*\*(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
<b><u>Budgetary Entry</u></b>			
None			
<b><u>Proprietary Entry</u></b>			
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
<b><u>Budgetary Entry</u></b>			
None			
<b><u>Proprietary Entry</u></b>			
570010 Expended Appropriations – Disbursed	24,000		F336
570000 Expended Appropriations – Accrued		16,874	
331000 Cumulative Results of Operations		7,126	
310000 Unexpended Appropriations – Cumulative	7,126		F342
310700 Unexpended Appropriations - Used – Accrued	16,874		
310710 Unexpended Appropriations - Used – Disbursed		24,000	
310100 (G) Unexpended Appropriations – Appropriations Received	7,126		F342
310000 Unexpended Appropriations - Cumulative		7,126	

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

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

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

**Lessor Accounting – FY 2**

1. In Year 2, the Lessor records anticipated collections. (The amount of expected Year 2 monthly payments is \$24,000.)			
Lessor	Debit	Credit	TC
<b><u>Budgetary Entry</u></b> 406000 Anticipated Collections From Non-Federal Sources 449000 Anticipated Resources - Unapportioned Authority  <b><u>Proprietary Entry</u></b> 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
<b><u>Budgetary Entry</u></b> 449000 Anticipated Resources - Unapportioned Authority 459000 Apportionments - Anticipated Resources - Programs Subject to Apportionment  <b><u>Proprietary Entry</u></b> None	24,000	24,000	A118

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

4a. The Lessor recognizes interest revenue for the amortization of the discount on the lease receivable for month 1. (SFFAS 54, Par. 60)			
<b>Lessor - Accrual of Interest Revenue for Year 2, Month 1</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 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.			
<b>Lessor - Receipt of Year 2, Month 1 Lease Payment</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 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
<b><u>Proprietary Entry</u></b> 101000 (G) Fund Balance With Treasury 134000 Interest Receivable - Not Otherwise Classified 193000 Lessor Lease Receivable	2,000	657 1,343	C109
<b><i>Ending Lease Receivable Balance of USSGL 193000 = \$77,513</i></b>			

6a. The Lessor recognizes revenue from the measurement of the lease receivable as earned revenue for the reporting period via straight-line 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)			
<b>Lessor - Recognition of Unearned Revenue for Year 2, Month 1</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 233000 Lessor Lease Unearned Revenue 593300 Amortization of Unearned Lessor Revenue	1,569	1,569	C460

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

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
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 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
<b><u>Budgetary Entry</u></b> 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
<b><u>Proprietary Entry</u></b> 101000 (G) Fund Balance With Treasury 134000 Interest Receivable - Not Otherwise Classified 193000 Lessor Lease Receivable	2,000	646 1,354	C109
<b><i>Ending Lease Receivable Balance of USSGL 193000 = \$76,159</i></b>			

6b. The Lessor recognizes revenue from the measurement of the lease receivable as earned revenue for the reporting period via straight-line 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
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 233000 Lessor Lease Unearned Revenue 593300 Amortization of Unearned Lessor Revenue	1,569	1,569	C460



**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

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
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 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
<b><u>Budgetary Entry</u></b> 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
<b><u>Proprietary Entry</u></b> 101000 (G) Fund Balance With Treasury 134000 Interest Receivable - Not Otherwise Classified 193000 Lessor Lease Receivable	2,000	635 1,365	C109
<b><i>Ending Lease Receivable Balance of USSGL 193000 = \$74,794</i></b>			

6c. The Lessor recognizes revenue from the measurement of the lease receivable as earned revenue for the reporting period via straight-line 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
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 233000 Lessor Lease Unearned Revenue 593300 Amortization of Unearned Lessor Revenue	1,569	1,569	C460

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

4d. The Lessor recognizes interest revenue for the amortization of the discount on the lease receivable for month 4. (SFFAS 54, Par. 60)			
<b>Lessor - Accrual of Interest Revenue for Year 2, Month 4</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 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.			
<b>Lessor - Receipt of Year 2, Month 4 Lease Payment</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 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
<b><u>Proprietary Entry</u></b> 101000 (G) Fund Balance With Treasury 134000 Interest Receivable - Not Otherwise Classified 193000 Lessor Lease Receivable	2,000	623 1,377	C109
<b><i>Ending Lease Receivable Balance of USSGL 193000 = \$73,417</i></b>			

6d. The Lessor recognizes revenue from the measurement of the lease receivable as earned revenue for the reporting period via straight-line 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)			
<b>Lessor - Recognition of Unearned Revenue for Year 2, Month 4</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 233000 Lessor Lease Unearned Revenue 593300 Amortization of Unearned Lessor Revenue	1,569	1,569	C460

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

4e. The Lessor recognizes interest revenue for the amortization of the discount on the lease receivable for month 5. (SFFAS 54, Par. 60)			
<b>Lessor - Accrual of Interest Revenue for Year 2, Month 5</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 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.			
<b>Lessor - Receipt of Year 2, Month 5 Lease Payment</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 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
<b><u>Proprietary Entry</u></b> 101000 (G) Fund Balance With Treasury 134000 Interest Receivable - Not Otherwise Classified 193000 Lessor Lease Receivable	2,000	612 1,388	C109
<b><i>Ending Lease Receivable Balance of USSGL 193000 = \$72,029</i></b>			

6e. The Lessor recognizes revenue from the measurement of the lease receivable as earned revenue for the reporting period via straight-line 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)			
<b>Lessor - Recognition of Unearned Revenue for Year 2, Month 5</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 233000 Lessor Lease Unearned Revenue 593300 Amortization of Unearned Lessor Revenue	1,569	1,569	C460

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

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
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 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
<b><u>Budgetary Entry</u></b> 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
<b><u>Proprietary Entry</u></b> 101000 (G) Fund Balance With Treasury 134000 Interest Receivable - Not Otherwise Classified 193000 Lessor Lease Receivable	2,000	   600 1,400	   C109
<b><i>Ending Lease Receivable Balance of USSGL 193000 = \$70,629</i></b>			

6f. The Lessor recognizes revenue from the measurement of the lease receivable as earned revenue for the reporting period via straight-line 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
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 233000 Lessor Lease Unearned Revenue 593300 Amortization of Unearned Lessor Revenue	1,569	1,569	C460

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

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.			
<b>Lessor</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 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.			
<b>Lessor</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 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.			
<b>Lessor</b>	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 331000 Cumulative Results of Operations 671000 Depreciation, Amortization, and Depletion	15,000	15,000	F336

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

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

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

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

**Fiscal Year 2 Post-Closing Adjusted Trial Balance:**

FISCAL YEAR 2 POST-CLOSING		LESSEE		LESSOR	
Account	Description	Debit	Credit	Debit	Credit
<b><u>Budgetary</u></b>					
420100	Total Actual Resources, Collected	61,983	-	48,000	-
445000	Unapportioned – Unexpired Authority	-	-	-	48,000
490100	Delivered Orders, Obligations Unpaid	-	61,983	-	-
<b>Total</b>		<b>61,983</b>	<b>61,983</b>	<b>48,000</b>	<b>48,000</b>
<b><u>Proprietary</u></b>					
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	-	-	-	56,479
293000	Lessee Lease Liability	-	61,983	-	-
310000	Unexpended Appropriations - Cumulative	-	-	-	-
331000	Cumulative Results of Operations	-	56,479	-	171,504
<b>Total</b>		<b>156,114</b>	<b>156,114</b>	<b>409,983</b>	<b>409,983</b>

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

**Year 2 Financial Statements:**

<b>STANDARDIZED BALANCE SHEET – YEAR 2</b>			
<b>Line No.</b>	<b>YEAR 2</b>	<b>LESSEE</b>	<b>LESSOR</b>
	<b>Assets (Note 2)</b>		
	<b>Intra-governmental</b>		
1	Fund Balance with Treasury (Note 3) (101000)	61,983	48,000
7	<b>Total intra-governmental assets</b>	<b>61,983</b>	<b>48,000</b>
	<b>Other than intra-governmental</b>		
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	<b>Total other than intra-governmental</b>	<b>56,479</b>	<b>179,983</b>
19	<b>Total assets</b>	<b>118,462</b>	<b>227,983</b>
	<b>Liabilities (Note 13)</b>		
	<b>Other than intra-governmental</b>		
36	Advances from others and deferred revenue (233000N)	-	56,479
37	Other liabilities (Notes 18, 19, and 20) (293000E)	61,983	-
38	<b>Total other than intra-governmental</b>	<b>61,983</b>	<b>56,479</b>
39	<b>Total liabilities</b>	<b>61,983</b>	<b>56,479</b>
	<b>Net position</b>		
42.2	Cumulative results of operations - Funds from other than Dedicated Collections (331000E)	56,479	171,504
43	<b>Total net position</b>	<b>56,479</b>	<b>171,504</b>
44	<b>Total liabilities and net position</b>	<b>118,462</b>	<b>227,983</b>

<b>STATEMENT OF NET COST – YEAR 2</b>			
<b>Line No.</b>	<b>YEAR 2</b>	<b>LESSEE</b>	<b>LESSOR</b>
	<b>Gross Program Costs (Note 21):</b>		
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	<b>Net cost of operations</b>	<b>25,952</b>	<b>(10,952)</b>



**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

STATEMENT OF CHANGES IN NET POSITION – YEAR 2				
Line No.	YEAR 2	LESSEE		LESSOR
	<b>Unexpended Appropriations:</b>			
1	Beginning Balance (310000B)	-		-
3	Beginning balance, as adjusted	-		-
4	Appropriations received (310100E)	7,126		-
7	Appropriations used (310700E, 310710E)	7,126		-
8	Net Change in Unexpended Appropriations (calc.)	-		-
9	Total Unexpended Appropriations – Ending (calc.)	-		-
	<b>Cumulative Results of Operations:</b>			
10	Beginning Balances (331000B)	75,305		160,552
12	Beginning balances, as adjusted	75,305		160,552
14	Appropriations used (570000E, 570010E)	7,126		-
21	Revenue From (Net Cost of) Operations (+/-)	(25,952)		10,952
22	Net Change in Cumulative Results of Operations	(18,826)		10,952
23	Cumulative Results of Operations – Ending	56,479		171,504
<b>24</b>	<b>Net Position (calc.)</b>	<b><u>56,479</u></b>		<b><u>171,504</u></b>

SF 133 AND SCHEDULE P – REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES AND BUDGET PROGRAM AND FINANCING SCHEDULE – YEAR 2					
Line No.	YEAR 2	LESSEE		LESSOR	
	<b>BUDGETARY RESOURCES</b>	<i>SF 133</i>	<i>Schedule P</i>	<i>SF 133</i>	<i>Schedule P</i>
0900	Total new obligations, unexpired accounts (420100B, 480100B, 490100B)	-	-		
1000	Unobligated balance brought forward, Oct 1 (420100B, 480100B, 490100B)	-	-	24,000	24,000
1070	Unobligated balance (total) (calc.)	-	-	24,000	24,000
	<b>Budget authority:</b>				
	<b>Appropriations:</b>				
	<b>Discretionary:</b>				
1100	Appropriation (411900E)	7,126	7,126	-	-
1160	Appropriation, discretionary (total)	7,126	7,126	-	-

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

1700	Collected (426600E)	-	-	24,000	24,000
1750	Spending authority from offsetting collections, discretionary (total)	-	-	24,000	24,000
1900	Budget authority (total)	7,126	7,126	24,000	24,000
<b>1910</b>	<b>Total budgetary resources (calc.)</b>	<b>7,126</b>	<b>-</b>	<b>48,000</b>	<b>-</b>
<b>1930</b>	<b>Total budgetary resources available</b>	<b>-</b>	<b>7,126</b>	<b>-</b>	<b>48,000</b>
	<b>Memorandum (non-add) entries:</b>				
1941	Unexpired unobligated balance, end of year (445000E, 461000E)	-	-	-	48,000
	<b>STATUS OF BUDGETARY RESOURCES</b>				
	<b>New obligations and upward adjustments:</b>				
	<b>Direct:</b>				
2002	Category B (by project) (480100E – 480100B, 490100E – 490100B, 490200E)	7,126	-	-	-
2004	Direct obligations (total) (calc.)	7,126	-	-	-
2170	New obligations, unexpired accounts (480100E – 480100B, 490100E – 490100B, 490200E)	7,126	-	-	-
2190	New obligations and upward adjustments (total)	7,126	-	-	-
	Unobligated balance:				
	Apportioned, unexpired accounts:				
2201	Available in the current period (461000E)	-	-	24,000	-
2403	Other (445000E)	-	-	24,000	-
2412	Unexpired unobligated balance: end of year (calc.)	-	-	48,000	-
2490	Unobligated balance, end of year (total)	-	-	48,000	-
<b>2500</b>	<b>Total budgetary resources (calc.)</b>	<b>7,126</b>	<b>-</b>	<b>48,000</b>	<b>-</b>
	<b>Memorandum (non-add) entries:</b>				
2501	Subject to apportionment – excluding anticipated amounts (445000E, 461000E)	-	-	48,000	-
	<b>CHANGE IN OBLIGATED BALANCE</b>				
	<b>Unpaid obligations:</b>				
3000	Unpaid obligations, brought forward, Oct 1 (480100B, 490100B)	78,857	78,857	-	-
3010	New obligations, unexpired accounts (480100EE – 480100B, 490100E – 490100B, 490200E)	7,126	7,126	-	-
3020	Outlays (gross) (-) (490200E)	(24,000)	(24,000)	-	-
3050	Unpaid obligations, end of year (480100E, 490100E)	61,983	61,983	-	-
3100	Obligated balance, start of year (+ or -)	78,857	78,857	-	-
3200	Obligated balance, end of year (= or -)	61,983	61,983	-	-
	<b>BUDGET AUTHORITY AND OUTLAYS, NET</b>				
	<b>Discretionary:</b>				

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

4000	Budget authority, gross (calc.)	-	-	24,000	24,000
	<b>Outlays, gross</b>				
4010	Outlays from new discretionary authority (490200E)	24,000	24,000	-	-
4020	Outlays, gross (total)	24,000	24,000	-	-
	<b>Offsets against gross budget authority and outlays:</b>				
	<b>Offsetting collections (collected) from:</b>				
4033	Non-Federal sources (-) (426600E)	-	-	(24,000)	(24,000)
4040	Offsets against gross budget authority and outlays (-) (calc.)	-	-	(24,000)	(24,000)
4070	Budget authority, net (discretionary) (calc.)			-	25,500
4080	Outlays, net (discretionary) (calc.)	24,000	24,000	(24,000)	(24,000)
4180	Budget authority, net (total) (calc.)	-	-	-	(24,000)
4190	Outlays, net (total) (calc.)	24,000	24,000	(24,000)	(24,000)
	<b>Unobligated balance:</b>				
5311	Direct unobligated balance, start of year (420100B, 480100B, 490100B)	-	-	24,000	24,000
5313	Discretionary unobligated balance, start of years (420100B, 480100B, 490100B)	-	-	24,000	24,000
5321	Direct unobligated balance, end of year (445000E, 461000E)	-	-	48,000	48,000
5323	Discretionary unobligated balance, end of year (445000E, 461000E)	-	-	48,000	48,000
5331	Direct obligated balance, start of year (480100B, 490100B)	78,857	78,857		
5333	Discretionary obligated balance, start of year (480100B, 490100B)	78,857	78,857		
5341	Direct obligated balance, end of year (480100B, 490100B)	61,983	61,983		
5343	Discretionary obligated balance, end of year (480100B, 490100B)	61,983	61,983		

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

**Year 2 Reclassified Financial Statements:**

<b>STANDARDIZED BALANCE SHEET – YEAR 2</b>			
<b>Line No.</b>	<b>YEAR 2</b>	<b>LESSEE</b>	<b>LESSOR</b>
	<b>Assets (Note 2)</b>		
	<b>Intra-governmental</b>		
1	Fund Balance with Treasury (Note 3) (101000)	61,983	48,000
<b>7</b>	<b>Total intra-governmental assets</b>	<b>61,983</b>	<b>48,000</b>
	<b>Other than intra-governmental</b>		
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
<b>18</b>	<b>Total other than intra-governmental</b>	<b>56,479</b>	<b>179,983</b>
<b>19</b>	<b>Total assets</b>	<b><u>118,462</u></b>	<b><u>227,983</u></b>
	<b>Liabilities (Note 13)</b>		
	<b>Other than intra-governmental</b>		
36	Advances from others and deferred revenue (233000N)	-	56,479
37	Other liabilities (Notes 18, 19, and 20) (293000E)	61,983	-
<b>38</b>	<b>Total other than intra-governmental</b>	<b>61,983</b>	<b>56,479</b>
<b>39</b>	<b>Total liabilities</b>	<b>61,983</b>	<b>56,479</b>
	<b>Net position</b>		
42.2	Cumulative results of operations - Funds from other than Dedicated Collections (331000E)	56,479	171,504
<b>43</b>	<b>Total net position</b>	<b>56,479</b>	<b>171,504</b>
<b>44</b>	<b>Total liabilities and net position</b>	<b><u>118,462</u></b>	<b><u>227,983</u></b>

**RIGHT-TO-USE LEASES GUIDANCE: BUDGETARY CAPITAL**  
**Effective Fiscal 2024**

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

<b>RECLASSIFIED STATEMENT OF OPERATIONS AND CHANGES IN NET POSITION – YEAR 2</b>			
<b>Line No.</b>	<b>YEAR 2</b>	<b>LESSEE</b>	<b>LESSOR</b>
<b>1</b>	<b>Net position, beginning of period (310000B, 331000B)</b>	<b>75,305</b>	<b>160,552</b>
<b>7</b>	<b>Financing sources:</b>		
7.1	Appropriations received as adjusted (rescissions and other adjustments) (RC 41)/1 (310100E)	7,126	-
7.2	Appropriations used (RC 39) (310700E, 310710E)	7,126	-
7.3	Appropriations expended (RC 38)/1 (570000E, 570010E)	(7,126)	-
<b>7.30</b>	<b>Total financing sources (calc.)</b>	<b>82,431</b>	<b>-</b>
8	Revenue From (Net cost of) Operations (+/-)	(25,952)	10,952
<b>9</b>	<b>Net position, end of period (calc.)</b>	<b><u>56,479</u></b>	<b><u>171,504</u></b>