

Comptroller General’s Office Accounting Guidance for Master Leases

Master Lease Program

About the Program

The establishment and maintenance of the [State Treasurer's Office \(STO\) Master Lease Program](#) is authorized through SC Code of Laws § 1-1-1020.

It is important to keep in mind that master leases under this program are generally *purchase financing arrangements* and not traditional “leases”.

If your agency has entered into a master lease financing agreement with the STO, please review the accounting guidance on our [website](#).

An initial consideration is to determine the agency source that will be used to ultimately repay the loan, i.e., what **fund** will be used to pay the periodic repayment amounts to the bank? The **Fund Type** associated with this fund, i.e., Governmental, Proprietary, etc., will determine the master lease fund to be used by the agency to receive the proceeds from the STO:

Fund	Name	Description
46N10000	MASTER LEASE PROCEED	MASTER LEASE PROCEEDS - GOVERNMENTAL 001
46N10001	ML PROC - PROPRI 107	MASTER LEASE PROCEEDS - PROPRIETARY 107
46N10002	ML PROC - PROPRI 109	MASTER LEASE PROCEEDS - PROPRIETARY 109
46N19000	AFS-MSTR LEASE PROC	AFS-MASTER LEASE PROCEEDS-DCU GOVERNMENT
46N19001	AFS-ML PROC GOV 999	AFS-MASTER LEASE PROC - GOVERNMENTAL 999

In most cases, it will be a Governmental Fund. If there are any questions about the Fund Type, please contact the Comptroller General’s (CG) Office Statewide Accounting team. The agency will then coordinate with the STO to request access in SCEIS to the appropriate 46N1XXXX fund.

The following is a high-level summary of the accounting steps involved, with E120 as the Lessee using a Governmental Fund for the loan repayment:

1. **STO Records Deposit of Cash from Loan Closing (Document Type SK – Cash Document)**

DR E160 Cash – Fund 4XXXXXXX – E120 MASTER LEASE PROCEEDS – OFFICE EQUIP 2026 [new fund for each new master lease]

CR E160 Liability G/L 2090030000 – MASTER LEASE PROGRAM, Fund 4XXXXXXX

2. **Agency Requests Cash Draws from STO to Pay Vendor Invoice(s) for the Equipment**

DR E160 Liability G/L 2090030000 – MASTER LEASE PROGRAM, Fund 4XXXXXXX
CR E160 Cash

DR E120 Cash
CR E120 Revenue G/L 4600060000 – MASTER LEASE PROCEEDS, Fund 46N10000 –
MASTER LEASE PROCEEDS - GOVERNMENTAL 001

3. **Agency Pays Vendor Invoice(s) for the Equipment via Direct Pay (a purchase order is not required under master lease financing arrangements)**

DR E120 Expense G/L 5060999996* – MASTER LEASE ASSET CONTRA, Fund 46N10000
– MASTER LEASE PROCEEDS - GOVERNMENTAL 001
CR E120 Cash

** this G/L is statistical meaning it does not consume budget*

4. **Agency records assets via ABZON in the governmental fund that will ultimately be used to pay the debt /loan payments** (using fund 10010000 as an example)

DR E120 Asset G/L 1801XXXXXX – Fixed Asset, Fund 10010000 (example fund)
CR E120 G/L 5060999996* – MASTER LEASE ASSET CONTRA, Fund
10010000 (example fund)

** same G/L as above that does not consume budget*

5. **Agency records loan payments to the lender, e.g. Bank of America, – using the governmental fund where the budget and cash are located** (this step consumes budget)

DR E120 Principle G/L 5080030000 – PRINCIPAL-MASTER LEASE PROGRAM, Fund
10010000 [consumes 508* budget]
DR E120 G/L 5080150000 – INTEREST-MASTER LEASE PROGRAM, Fund 10010000
[consumes 508* budget]
CR E120 Cash

As noted in the process above, the intent is for agencies to incur budget consumption only when repaying the loan – and not when paying the vendor for the equipment. Paying the vendor is essentially transferring the cash drawn down from the STO from the loan to pay for the equipment. After that, the agency will need to periodically repay the bank for those

loan proceeds based on the terms of the agreement, i.e., monthly, quarterly, semi-annual, annual.

Agencies should contact the STO for any questions related to master leases in general and the CG's Office for questions related to the accounting transactions associated with master leases.