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**MEMORANDUM**

TO: SCEIS Agency GAAP Contacts  
FROM: CAFR Statewide Reporting  
SUBJECT: GASB 87 Lease Implementation Guidance Update  
DATE: June 25, 2021

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**1. Updates Recently Approved**

- A. All leased land and buildings, regardless of amount, should be accounted for according to the new GASB 87 reporting requirements.
- B. Leased computer equipment, leased copy equipment and leased other equipment: \$5,000 or less should be excluded.
  1. This means you will not need to create an asset or post interest and principal separately. The payment will post as lease or rent expense. However, you will still be required to track the lease and the lease terms on the closing package so please make sure to keep track of contracts.
  2. Example: An agency entered into a copier contract on 3/11/19 for five years, leaving 2 years and 9 months remaining at July 1, 2021. This leaves 33 payments at \$159.64 and when amortized, the asset value (or sum of principal payments) is \$4,894.79. This copier is excluded due to the capitalization threshold and therefore the entire payment should be posted to one lease expense GL for leased low value copier equipment, 5040067000 - LEASE - LOW VALUE COPIER EQUIPMENT.
- C. Parking, postage equipment, PO boxes, storage space, towers and trash containers are to be excluded.
  1. This means you will not need to create an asset, amortization schedule, or post interest and principal separately. It will all be posted as lease or rent expense. However, you will still be required to track the lease and the lease terms on the closing package so please make sure to keep track of contracts.
  2. Example: PO Box payments should post to 5040490003 RENT POST OFFICE BOX
  3. Example: Storage space rent should post to 5040490010 RENT STORAGE SPACE

D. General ledger accounts have changed since our original implementation file. Please be sure to identify the correct GL on your agency's lease master data for all leases, excluded or not.

1. <https://cg.sc.gov/guidance-and-forms-state-agencies/gasb-87-lease-accounting>


Home > [Guidance and Forms for State Agencies](#) > [GASB 87 - Lease Accounting](#)

## GASB 87 - Lease Accounting

**UPDATE:** Due to the COVID-19 pandemic the Governmental Accounting Standards Board (GASB) voted unanimously year. The effective date for GASB 87, lease implementation will now be July 1, 2021 for fiscal year (FY) 2022. Current remain until June 30, 2021. All short-term, long-term and contingent rentals will continue to be paid as they are today from our office.

### Guidance and Helpful Links

- [GASB Statement No. 87 - Leases](#)
- [Implementation Guide No. 2019-3, Leases](#)
- [Lease Accounting Checklist](#)
- [Lease Accounting Questions & Answers](#)
- [Lease Calculator for Creating Amortization Schedules](#)
- [Sample Completed Lease Calculator](#)
- [SCEIS Capital Lease Functionality](#)
- [New Lease Expenditure GLs \(Effective July 1, 2021\)](#)
- [Asset Class Listing \(Effective July 1, 2021\)](#)



## 2. To be done IMMEDIATELY

- A. Submit Final Lease Implementation file to the CAFR team
  1. Master Data MUST be completed – including short-term and excluded leases.
  2. Asset Listing completed and reconciled to individual lease calculators and master data.
  3. Complete Asset Load and ABZON tabs
- B. CAFR and SCEIS Teams will then work with agencies individually to load and capitalize your leased assets in SCEIS.
  1. Assets must be created in SCEIS in FY22 before July 31.
- C. Shopping carts and POs need to be setup using the correct principal/ interest splits. Agencies will also receive a message from SCEIS outlining system changes and reminders related to GASB 87.
  1. ALL FY2022 leases/rentals – whether excluded from GASB 87 or not, should be entered using PO type ZOPE – LEASE/RENTAL PO.
  2. IMPORTANT: The asset is NOT assigned on the purchase order.

## 3. Beginning July 1, 2021

- A. Beginning July 1, all vendor payments made on leases should reconcile to the individual amortization schedules. Attached documentation submitted to the Comptroller General's accounts payable department should agree to the principal and interest split allocation per the amortization schedule and tie to the proper g/l accounts. Interest is to be recorded in the interest g/l's and principal to the correct principal expenditure accounts. It is your agency's responsibility to make sure the g/l reconciles to the Amortization Schedule in the Lease Implementation file. See illustrations below for further detail.



4. It is important to ensure these payments are made correctly the first time. It gets extremely difficult/confusing to reconcile as more payments post to these GLs.

B. Because of the complexity of this implementation and the need to make sure the schedules are in constant agreement to the G/L's (see illustrations 1-3 above), the CAFR team will require a mid-year lease reporting package due March 2022 and a final package due at year-end to verify that your agency has properly calculated the amortization and properly posted payments to the correct accounts. More information to follow.

**4. Publications for the GASB 87 process for Fiscal Year 2022 can be found on the Comptroller General's website**

- [Guidance and Helpful Links regarding GASB 87-Lease Accounting](#)