



# SCEIS Finance

## Accounting for Master Lease/Purchase



- ④ GASB requires different treatment of assets and liabilities for Proprietary Funds versus Governmental Funds.
  - Proprietary – will record assets and liabilities within the same fund that will be responsible for liquidating the debt.
  - Governmental – assets and liabilities are not required to be in the same fund that will be responsible for liquidating the debt.

## Obstacles to overcome:

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

## Overcome obstacles:

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

## Steps in the process:

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

Step 1. STO receives cash:

FI Entry

Budget

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

Dr E160 Cash

No Impact

Cr E160 Liability (2090030000)

No Impact

Step 1. STO receives cash:

Fund 4XXXXXXXXX

E160		E160	
Cash		Liability	
1,000,000			1,000,000

## Step 2. STO transfers cash to agency:

### FI Entry

### Budget

Fund 4XXXXXXXXX

Dr E160 Liability (2090030000)

No Impact

Cr E160 Cash

No Impact

Fund 46N1000X\*

Dr D500 Cash

No Impact

Cr D500 Liability (2090030000)

No Impact

\* The 46N1000X fund used will depend on the *Fund Type* as well as the *GAAP Individual Fund Code* of the fund that will ultimately be utilized to pay the bank lease/purchase payments.



## Step 2. STO transfers cash to agency:

Fund 4XXXXXXX for E160 & 46N1000X for D500

E160		E160	
Cash		Liability	
1,000,000			1,000,000
	1,000,000	1,000,000	
D500		D500	
Cash		Liability	
1,000,000			1,000,000

Step 3. Agency pays vendor:

FI Entry

Budget

Fund 46N1000X

Dr D500 Liability (2090030000)

No Impact

Cr D500 Cash

No Impact

## Step 3. Agency pays vendor:

Fund 4XXXXXXX for E160 and 46N1000X for D500

E160		E160	
Cash		Liability	
1,000,000			1,000,000
	1,000,000	1,000,000	
D500		D500	
Cash		Liability	
1,000,000			1,000,000
	1,000,000	1,000,000	

## Step 4. Record assets and liabilities, ABZON

FI Entry

Budget

Fund 30350001\*

Dr D500 Asset (1801XXXXXX)

No Impact

Cr D500 Liability (2306200000)

No Impact

\* Note fund is proprietary fund that will be responsible for payment.

- ④ SCEIS will need to be notified of the date you are doing this transaction.
- ④ The ABZON process is used when capitalizing assets procured under the Master Loan/Lease program.

## Step 1: Create Asset Shells

- You can do this using the multiple asset functionality
- T-Code: AS01

*Create Asset: Initial screen*

Master data | Depreciation areas

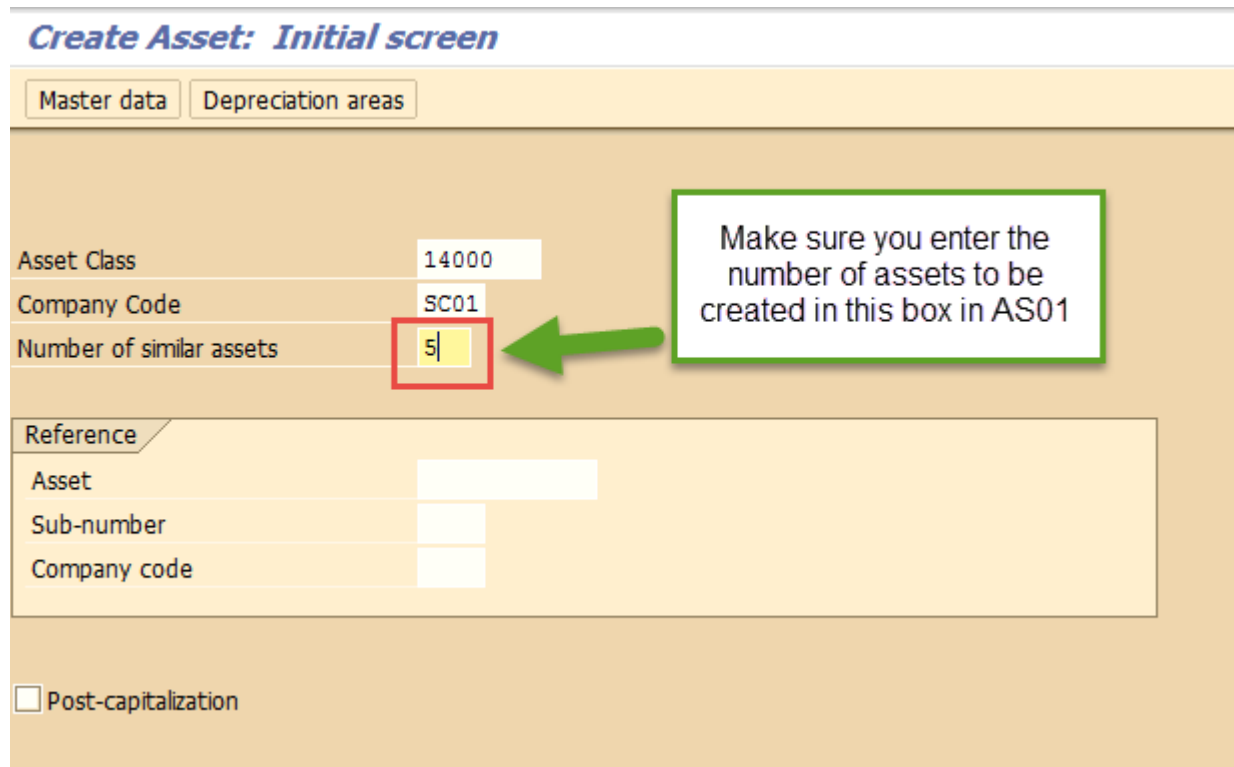
Asset Class: 14000  
Company Code: SC01  
Number of similar assets: 5

Reference

Asset:   
Sub-number:   
Company code:

Post-capitalization

Make sure you enter the number of assets to be created in this box in AS01



## Time-Dependent Tab:

**Create Asset: Master data**

Asset values

Asset: INTERN-00001 0      Capital Lease Example Car  
Class: 14000      SCEIS\_Vehicles      Company Code: SC01

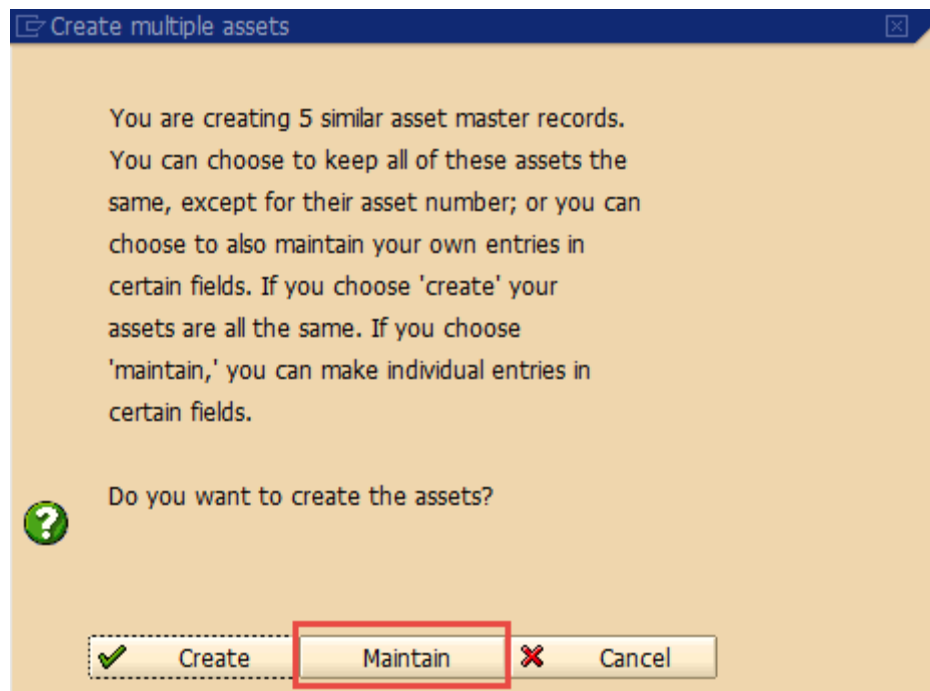
General | **Time-dependent** | Allocations | Origin | Leasing | Deprec. Areas

Interval from 01/01/1900 to 12/31/9999

Business Area	D500	DEPARTMENT OF ADMINISTRATION
Cost Center	D500BG1010	ADM DTO Inventory
Resp. cost center		
Int. order		
Location		
Room		
License plate number		
Personnel Number		
Fund	30350001	OP REV- INT SERV FD
Functional Area	D500_GA00	DTO Administration
Grant	NOT RELEVANT	Not Relevant for GM
Funds Center	D500BG1010	ADM DTO Inventory

The fund used on the asset shell must be the fund from which the loan/lease payment will be made.


- Click 
- Then select “Maintain”










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

*Maintain Fields that Should Be Different in Similar Assets*


  
Company Code   
Asset Class  Vehicles and Transportation

No.	Status	Inventory no.	Serial number	Cost Center	Int. order	Resp. cost ...	Fund	Functional Area	Grant	Funds Center
1		TBD	123	D500BG1010			30350001	D500_GA00	NOT RELEVANT	D500BG1010
2		TBD	123	D500BG1010			30350001	D500_GA00	NOT RELEVANT	D500BG1010
3		TBD	123	D500BG1010			30350001	D500_GA00	NOT RELEVANT	D500BG1010
4		TBD	123	D500BG1010			30350001	D500_GA00	NOT RELEVANT	D500BG1010
5		TBD	123	D500BG1010			30350001	D500_GA00	NOT RELEVANT	D500BG1010

Next click the check button 






Once you have a green status, click the save button 

### Maintain Fields that Should Be Different in Similar Assets




Company Code

Asset Class  Vehicles and Transportation

No.	Status	Inventory no.	Serial number	Cost Center	Int. order	Resp. cost ...	Fund	Functional Area	Grant	Funds Center
1		TBD	TBD	D500BG1010			30350001	D500_GA00	NOT RELEVANT	D500BG1010
2		TBD	TBD	D500BG1010			30350001	D500_GA00	NOT RELEVANT	D500BG1010
3		TBD	TBD	D500BG1010			30350001	D500_GA00	NOT RELEVANT	D500BG1010
4		TBD	TBD	D500BG1010			30350001	D500_GA00	NOT RELEVANT	D500BG1010
5		TBD	<input type="text" value="TBD"/>	D500BG1010			30350001	D500_GA00	NOT RELEVANT	D500BG1010






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

 Assets 140000034103-0 to 140000034107-0 have been created


## ABZON

### Step One: Click Multiple Assets

*Enter Asset Transaction: Acquis. w/Autom. Offsetting Entry*

 Line items  Change company code  **Multiple assets**  

Company Code  State of South Carolina


Existing asset  

New asset

Description

Asset Class

Cost Center

Transaction data **Additional details**  Note

Document Date

Posting Date

Asset value date

Amount posted  USD

Quantity

Text

## Complete the Transaction Data Tab:

*Enter Asset Transaction: Acquis. w/Autom. Offsetting Entry*

Line items Change company code

Transaction data Additional details Note

Document Date 02/08/2017  
 Posting Date 02/08/2017  
 Asset value date 02/08/2017  
 Text Lease Information here  
 Asset Subnumbers

You can copy and paste up to six assets at a time below. Once you complete 6 lines, hit enter and scroll down to open up the next 6 lines.

List of assets

Asset	SNo.	Amount posted	Crcy	Quantity	BUn	Asset description
140000034103		25,000.00	USD		1.00 EA	Capital Lease Eample
140000034104		25,000.00	USD		1.00 EA	Capital Lease Eample
140000034105		25,000.00	USD		1.00 EA	Capital Lease Eample
140000034106		25,000.00	USD		1.00 EA	Capital Lease Eample
140000034107		25,000.00	USD		1.00 EA	Capital Lease Eample
			USD			

You **MUST** go to the Additional Details Tab. These fields must be filled in as shown.

*Enter Asset Transaction: Acquis. w/Autom. Offsetting Entry*

Line items Change company code

Transaction data Additional details Note

Special specif. for document

Posting Period	
Document Type	AL
Offsetting acct no.	2090030000

Special specif. for transaction

Transaction Type	ZDQ
Trading Partner	

Additional info on document

Reference	
Allocation	

## Things to Remember:

- 1) SCEIS will need to be notified of the date you are doing this transaction.
- 2) The additional details tab is mandatory.

## Step 4. Record assets and liabilities, ABZON Fund 30350001

D500		D500	
Asset		Liability	
1,000,000			1,000,000

## Step 5. Agency makes loan payment Fund 30350001

D500		D500	
Cash		Asset	
<u>1,000,000</u>	<u>2,500</u>	<u>1,000,000</u>	
<u>997,500</u>		<u>1,000,000</u>	
D500		D500	
Liability		Interest Exp	
<u>2,000</u>	<u>1,000,000</u>	<u>500</u>	
	<u>998,000</u>	<u>500</u>	



## Step 5. Agency makes loan payment

### FI Entry

### Budget

Fund 30350001\*\*

Dr D500 Liability (2306200000)

Consumes 508\*

Dr D500 Interest (5080150000)

Consumes 508\*

Cr D500 Cash

No Impact

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

## ABZON – Advantages & Disadvantages

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


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

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

- ④ Governmental – assets and liabilities are not required to be in the same fund that will be responsible for liquidating the debt.
- ④ There will be no liability recorded at the agency/fund level.

- ④ Governmental fund liabilities will be reported by the STO and the CG's CAFR Team will make any necessary entries.
- ④ Cash will be transferred into an unbudgeted governmental fund.

- ④ Agencies will use the direct pay method using the unbudgeted governmental fund (46N1000X) to purchase the assets. Agencies will use account 5060999996 when paying the vendor.
- ④ Future amortized payments to the bank should be made from the governmental fund initially identified as the source that will be utilized (the 46N1000X fund used for the STO transfers was based on the Fund Type and GAAP Individual Fund Code of this fund).

-  Overcome obstacles:
  - Record multiple like assets, use PO process
  - Record liability, Not Applicable
  - Lack of budget, use unbudgeted governmental fund

## Steps in the process:

1. STO receives loan proceeds, cash,
2. STO transfers cash to agency,
3. Agency pays vendor via direct pay using the unbudgeted fund of 46N1000X and GL account 5060999996,
4. Agency setups asset and capital outlay, ABZON process. Using the 5060999996 account for the offset and applying the appropriate fund (ex:10010000),
5. Agency makes loan payment

Step 1. STO receives cash:

FI Entry

Budget

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

Dr E160 Cash

No Impact

Cr E160 Liability (2090030000)

No Impact



Step 1. STO receives cash:

Fund 4XXXXXXXXX

E160		E160	
Cash		Liability	
1,000,000			1,000,000

## Step 2. STO transfers cash to agency:

### FI Entry

### Budget

Fund 4XXXXXXXX

Dr E160 Liability (2090030000)

No Impact

Cr E160 Cash

No Impact

Fund 46N1000X\*

Dr D500 Cash

No Impact

Cr D500 Revenue (4600060000)

No Impact

\* The 46N1000X fund used will depend on the *Fund Type* as well as the *GAAP Individual Fund Code* of the fund that will ultimately be utilized to pay the bank lease/purchase payments.

## Step 2. STO transfers cash to agency:

Fund 4XXXXXXX for E160 and 46N10000 for D500

E160		E160	
Cash		Liability	
1,000,000			1,000,000
	1,000,000	1,000,000	
D500		D500	
Cash		Revenue	
1,000,000			1,000,000
		-	

Step 3. Agency procures assets via direct payment:

FI Entry

Budget

Fund 46N1000X

Dr D500 Capital Outlay (5060999996)      No Impact

Cr D500 Cash      No Impact

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

D500			D500	
Cash			Capital Outlay (506X)	
1,000,000	1,000,000		1,000,000	
D500				
Revenue				
	1,000,000			

Step 4. Agency performs the ABZON process using 5060999996 for the account offset and enters the fund number that will hold or use the assets (ex: 1001000).

## Step 4. Agency sets up asset: Fund 10010000

D500			
Asset			
1,000,000			
D500			
Capital Outlay (5060999996)			
	1,000,000		

Step 5. Agency makes loan payment:

Fund 10010000

Dr D500 Principle (5080030000)

Consumes 508\*

Dr D500 Interest (5080150000)

Consumes 508\*

Cr D500 Cash

No Impact



## Steps in SCEIS:

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

Step 1. STO receives cash:

FI Entry

Budget

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

Dr E160 Cash

No Impact

Cr E160 Liability (2090030000)

No Impact

Step 1. STO receives cash:

Fund 4XXXXXXXX

E160		E160	
Cash		Liability	
1,000,000			1,000,000

## Step 2. STO transfers cash to agency:

### FI Entry

### Budget

Fund 4XXXXXXXX

Dr E160 Liability (2090030000)

No Impact

Cr E160 Cash

No Impact

Fund 46N19000

Dr H150 Cash

No Impact

Cr H150 Liability (2090030000)

No Impact

Step 2. STO transfers cash to agency:  
Fund 4XXXXXX for E160 & 46N19000  
for H150

E160		E160	
Cash		Liability	
1,000,000			1,000,000
	1,000,000	1,000,000	
H150		H150	
Cash		Liability	
1,000,000			1,000,000

Step 2. The funds must stay segregated and will remain in fund 46N19000, G/L 2090030000 until the college/university is ready to record the cash draw

Step 3. In order to draw the funds down, colleges/universities will follow the usual steps with a couple of key differences:

- 1) The funds will stay in fund 46N19000
- 2) G/L 5910010000 – LS AGENCY WITHDRAWAL will NOT be used. Instead, when creating the Vendor Invoice (FV60,KR doc type) with the college/university as the vendor, the debit will be to G/L 2090030000 – MASTER LEASE PROCEEDS.

## Step 3. FV60

### Park Vendor Invoice: Company Code SC01

Tree on Company Code Simulate Save as completed Post Editing options

Transactn Invoice Bal. 0.00

Basic data Payment Details Tax Notes

Vendor 000H150501 SGL Ind

Invoice date 05/23/2018 Reference

Posting Date 05/23/2018 Period 11

Document Type KR (Vendor invoic...)

Amount 1,000,000.00 USD  Doc.currency  Calculate tax

Tax amount

Text CASH DRAW

Company Code SC01 State of South Carolina Columbia, SC

Lot No.

0 Items ( No entry variant selected )

G/L acct	D/C	Amount in doc.cu...	Busi...	Cost center	Func. Area	Fund	Grant	WB
2090030000	Debit	1,000,000.00	H150	H150000010	H510_0004	46N19000	NOT RELEVANT	
	Debit							
	Debit							
	Debit							
	Debit							
	Debit							
	Debit							
	Debit							
	Debit							
	Debit							





Questions ?





Thank you for attending !

