

*Note: The journal entries below are effective until 6/30/2021. As of 7/1/2021 (Fiscal Year 2022), GASB Standard 87: *Leases*, will supersede this document. Refer to the GASB 87 **OSC Financial Reporting Update** for further guidance.*

LEASES

Operating Leases Entries - Governmental and Proprietary funds

- 1) Debit Rent Expense 5325AA
Credit Cash (Accounts Payable)
(To record the operating lease monthly/yearly amount)

Capital Leases Entries -Governmental Funds

Cash basis entries

- 1) Debit Principal 535313
Debit Interest 535323
Credit Cash 11XXXX
(To record the payment for the month/year)

Thirteenth Period entries

- 2) Entry at the inception of lease- one time entry in the 1st year

Debit Equipment 53XXXX
Credit Proceeds from capital lease 437213
(To record execution of capital lease agreement)

- 3) Entry at the inception of lease- one time entry in the 1st year

Debit Asset 127XXX
Credit Investment in capital assets 34XXXX
(To record the investment of capital asset)

- 4) Entry for the 1st year:

Debit Amount to be provided 128100
Credit Capital Lease Payable 224100
(Entry to record the capital lease payable)

- 5) For subsequent years:

Debit Capital leases payable 224100
Credit Amount to be provided 128100
(To close the principal into the capital leases payable)

Note: The amount of deduction reported on CAFR worksheet 305 should agree to

the amount recorded above. It should also be the amount of principal recorded on the 52G in account 535313.

Any additional leases repeat the entries.

Capital Leases Entries -Proprietary Funds

Cash basis entries

1) Debit	Principal	535313
	Debit Interest	535323
	Credit Cash	11XXXX

(To record the payment for the month/year)

Thirteenth Period entries

- 1) Entry at the inception of lease- one time entry in the 1st year

Debit	Asset	127XXX
Credit	Capital leases payable-current	214100
Credit	Capital leases payable-non-current	224100

(To record execution of capital lease agreement)

- 2) Debit Capital leases payable 214100/224100
Credit Principal 535313

(To close the principal into the capital leases payable and appropriately record the current and noncurrent portion)

Note: The amount of deduction reported on CAFR worksheet 310 should agree to the amount recorded above.

- 3) Debit Depreciation 535430
Credit Accumulated depreciation – fixed assets 1279XX

(To record depreciation expense for leased asset)

Any additional leases repeat the entries.