

**Lessee entries at lease commencement**

|      |  |                     |   |  |      | Measurement Focus  |                             |
|------|--|---------------------|---|--|------|--------------------|-----------------------------|
| Step | Description of transaction                                   | T-Code              | DR  | CR   | Cobj | Economic Resources | Current Financial Resources |
| 1.   | Recognize lease proceeds (complete lease purchase-rev)       | 908R                | 1551-Deposit Liability                          | 3200-GAAP Revenue Offset                                 | 1700 | X                  | X                           |
| 2.   | Recognize acquisition of asset (complete lease purchase-exp) | 909R                | 3600-GAAP Expenditure Offset                    | 1551-Deposit Liability                                   | 5770 | X                  | X                           |
| 3.   | Establish lease liability (eliminate 1700)                   | 462                 | 3200-GAAP Revenue Offset                        | 1716-Lease Oblig.  | 1700 | X                  |                             |
| 4.   | Establish lease asset (eliminate 5xxx)                       | 545 or<br>555 (FID) | 08XX-Leased Asset<br>3074-Change in Cap. Assets | 3600-GAAP Exp. Offset<br>3018-Net Invest. In Cap. Assets | 5770 | X<br>X             |                             |

**Lessee entries throughout the fiscal year**

|      |   |                     |  |  |      | Measurement Focus  |                             |
|------|---|---------------------|--|--|------|--------------------|-----------------------------|
| Step | Description of transaction                                | T-Code              | DR   | CR   | Cobj | Economic Resources | Current Financial Resources |
| 5.   | Record accumulated amortization of lease                  | 542 or<br>541 (FID) | 3600-GAAP Exp. Offset<br>3018-Net Invest. In Cap. Assets | 08XX-Amort. of Lease<br>3074-Change in Cap. Assets | 74xx | X<br>X             |                             |
| 6a.  | a. Record lease payment (principal portion)               | 222                 | 3500-Expenditure Control Cash                            | 0070-Cash on Deposit w/ OST                        | 70xx | X                  | X                           |
|      | b. Record lease payment (interest portion)                | 222                 | 3500-Expenditure Control Cash                            | 0070-Cash on Deposit w/ OST                        | 7401 |                    |                             |
|      | <b>OR</b>   |                     |  |  |      |                    |                             |
| 6b.  | a. Record total lease payment                             | 222                 | 3500-Expenditure Control Cash                            | 0070-Cash on Deposit w/ OST                        | 70xx | X                  | X                           |
|      | b. Reclassify interest portion of lease payment           | 416                 | 0070-Cash on Deposit w/ OST                              | 3500-Expenditure Control Cash                      | 70xx | X                  | X                           |
|      | c. Reclassify interest portion of lease payment           | 415                 | 3500-Expenditure Control Cash                            | 0070-Cash on Deposit w/ OST                        | 7401 | X                  | X                           |
| 7.   | Reduce lease liability by <u>principal</u> lease payments | 459                 | 1716-Lease Oblig.  | 3600-GAAP Exp. Offset                              | 70xx | X                  |                             |

**Lessee entries at fiscal year end**

|      |   |        |                              |                           |      | Measurement Focus  |                             |
|------|---|--------|------------------------------|---------------------------|------|--------------------|-----------------------------|
| Step | Description of transaction                  | T-Code | DR                           | CR                        | Cobj | Economic Resources | Current Financial Resources |
| 8.   | Reclass current portion of lease liability  |        |                              |                           |      |                    |                             |
|      | a. Reduce lease liability-noncurrent        | 475R   | 1716-Lease Oblig. Noncurrent | 2951-System Clearing GL   | N/A  | X                  |                             |
|      | b. Establish/adjust lease liability-current | 475    | 2951-System Clearing GL      | 1281-Lease Oblig. Current | N/A  | X                  |                             |

**Lessee entries at lease remeasurement or modification**

|      |   |                     |   |  |      | Measurement Focus  |                             |
|------|---|---------------------|---|--|------|--------------------|-----------------------------|
| Step | Description of transaction  | T-Code              | DR  | CR   | Cobj | Economic Resources | Current Financial Resources |
| 9.   | a. Recognize lease proceeds   | 908R                | 1551-Deposit Liability                                      | 3200-GAAP Revenue Offset                                 | 1700 | X                  | X                           |
|      | b. Recognize acquisition of asset   | 909R                | 3600-GAAP Expenditure Offset                                | 1551-Deposit Liability                                   | 5770 | X                  | X                           |
|      | c. Adjust lease liability (eliminate amount from 9a)  | 462                 | 3200-GAAP Revenue Offset                                    | 1716-Lease Oblig.  | 1700 | X                  |                             |
|      | d. Adjust lease asset (eliminate amount from 9b)  | 545 or<br>555 (FID) | 08XX-Leased Asset<br>3074-Change in Cap. Assets             | 3600-GAAP Exp. Offset<br>3018-Net Invest. In Cap. Assets | 5770 | X<br>X             |                             |
| 10.  | Recognize gain/(loss) on leased asset <b>only</b> if the change reduces the carrying value of the leased asset to zero. | 537 or<br>536 (FID) | 3200-GAAP Revenue Offset<br>3018-Net Invest. In Cap. Assets | 08XX-Leased Asset<br>3074-Change in Cap. Assets          | 2331 | x<br>x             |                             |

**Lessee entries at lease termination or at the end of the lease**

|      |   |                       |   |   |      | Measurement Focus  |                             |
|------|---|-----------------------|---|---|------|--------------------|-----------------------------|
| Step | Description of transaction  | T-Code                | DR  | CR  | Cobj | Economic Resources | Current Financial Resources |
| 11.  | Move current portion of lease liability to noncurrent lease liability |                       |   |   |      |                    |                             |
|      | a. Reduce lease liability-current                                     | 475R                  | 1281-Lease Oblig. Current                                   | 2951-System Clearing GL                         | N/A  | X                  |                             |
|      | b. Adjust lease liability-noncurrent                                  | 475                   | 2951-System Clearing GL                                     | 1716-Lease Oblig. Noncurrent                    | N/A  | X                  |                             |
| 12.  | a. Eliminate excess asset value, record gain/(loss)                   | 537 or<br>536 (FID)   | 3200-GAAP Revenue Offset<br>3018-Net Invest. In Cap. Assets | 08XX-Leased Asset<br>3074-Change in Cap. Assets | 2331 | x<br>x             |                             |
|      | b. Remove accumulated amortization                                    | 573                   | 08XX-Amort. of Lease  | 2951-System Clearing GL                         | N/A  | x                  |                             |
|      | c. Remove asset value   | 574                   | 2951-System Clearing GL                                     | 08XX-Leased Asset                               | N/A  | x                  |                             |
| 13.  | a. Eliminate lease proceeds   | 908                   | 3200-GAAP Revenue Offset                                    | 1551-Deposit Liability                          | 1700 | X                  | X                           |
|      | b. Eliminate acquisition of leased asset                              | 909                   | 1551-Deposit Liability                                      | 3600-GAAP Exp. Offset                           | 5770 | X                  | X                           |
|      | c. Adjust lease liability (eliminate amount from 13a)                 | 462R                  | 1716-Lease Oblig.   | 3200-GAAP Revenue Offset                        | 1700 | X                  |                             |
|      | d. Adjust lease asset (eliminate amount from 13b)                     | 545R or<br>555R (FID) | 3600-GAAP Exp. Offset<br>3018-Net Invest. In Cap. Assets    | 08XX-Leased Asset<br>3074-Change in Cap. Assets | 5770 | X<br>X             |                             |

**Lessor entries at lease commencement**

|      |   |        |                                  |                                     |      | Measurement Focus  |                             |
|------|---|--------|----------------------------------|-------------------------------------|------|--------------------|-----------------------------|
| Step | Description of transaction  | T-Code | DR                               | CR                                  | Cobj | Economic Resources | Current Financial Resources |
| 1.   | Establish lease receivable-noncurrent                             | 498    | 0941-Lease Receivable-noncurrent | 1861-Def. Inflow Lease Rec.         | N/A  | X                  | X                           |
| 2.   | Establish allowance for uncollectible lease receivable-noncurrent | 498R   | 1861-Def. Inflow Lease Rec.      | 0942-Allow for Doubt. Lease Rec. NC | N/A  | X                  | X                           |
| 3.   | Record payments <u>received before lease commencement</u>         |        |                                  |                                     |      |                    |                             |
|      | a. Recognize cash transaction                                     | 190    | 0070-Cash on Deposit w/ OST      | 3100-Revenue Control Cash           | 0687 | X                  | X                           |
|      | b. Recognize deferred inflow-lease receivable                     | 522R   | 3200-GAAP Revenue Offset         | 1861-Def. Inflow Lease Rec.         | 0687 | X                  | X                           |

**Lessor entries throughout the fiscal year**

|      |   |        |                             |                                  |      | Measurement Focus  |                             |
|------|---|--------|-----------------------------|----------------------------------|------|--------------------|-----------------------------|
| Step | Description of transaction                                  | T-Code | DR                          | CR                               | Cobj | Economic Resources | Current Financial Resources |
| 4a.  | a. Record receipt of monthly lease <u>principal</u> payment | 190    | 0070-Cash on Deposit w/ OST | 3100-Revenue Control Cash        | 0687 | X                  | X                           |
|      | b. Record receipt of monthly lease <u>interest</u> payment  | 190    | 0070-Cash on Deposit w/ OST | 3100-Revenue Control Cash        | 0802 | X                  | X                           |
|      | <b>OR</b>   |        |                             |                                  |      |                    |                             |
| 4b.  | a. Record receipt of <u>total</u> monthly lease payment     | 190    | 0070-Cash on Deposit w/ OST | 3100-Revenue Control Cash        | 0687 | X                  | X                           |
|      | b. Reclass interest income on lease receivable              | 407    | 3100-Revenue Control Cash   | 0070-Cash on Deposit w/ OST      | 0687 | X                  | X                           |
|      | c. Reclass interest income on lease receivable )            | 408    | 0070-Cash on Deposit w/ OST | 3100-Revenue Control Cash        | 0802 | X                  | X                           |
| 5.   | Reduce lease receivable by lease payments (principal)       | 560    | 3200-GAAP Revenue Offset    | 0941-Lease Receivable-noncurrent | 0687 | X                  | X                           |
| 6.   | Record accumulated amortization of deferred inflow          | 522    | 1861-Def. Inflow Lease Rec. | 3200-GAAP Revenue Offset         | 2347 | X                  | X                           |

**Lessor entries at fiscal year end**

|      |  |        |                               |                                     |      | Measurement Focus  |                             |
|------|--|--------|-------------------------------|-------------------------------------|------|--------------------|-----------------------------|
| Step | Description of transaction                                     | T-Code | DR                            | CR                                  | Cobj | Economic Resources | Current Financial Resources |
| 7.   | Reclass current portion of lease receivable                    |        |                               |                                     |      |                    |                             |
|      | a. Reduce lease receivable-noncurrent                          | 474R   | 2951-System Clearing GL       | 0941-Lease Receivable-noncurrent    | N/A  | X                  | X                           |
|      | b. Establish/adjust lease receivable-current                   | 474    | 0506-Lease Receivable-current | 2951-System Clearing GL             | N/A  | X                  | X                           |
| 8.   | Adjust allowance for uncollectible lease receivable-noncurrent | 498R   | 1861-Def. Inflow Lease Rec.   | 0942-Allow for Doubt. Lease Rec. NC | N/A  | X                  | X                           |

**Lessor entries at lease remeasurement or modification**

|      |  |        |                                  |                                     |      | Measurement Focus  |                             |
|------|--|--------|----------------------------------|-------------------------------------|------|--------------------|-----------------------------|
| Step | Description of transaction                                     | T-Code | DR                               | CR                                  | Cobj | Economic Resources | Current Financial Resources |
| 9.   | Adjust lease receivable-noncurrent                             | 498    | 0941-Lease Receivable-noncurrent | 1861-Def. Inflow Lease Rec.         | N/A  | X                  | X                           |
| 10.  | Adjust allowance for uncollectible lease receivable-noncurrent | 498R   | 1861-Def. Inflow Lease Rec.      | 0942-Allow for Doubt. Lease Rec. NC | N/A  | X                  | X                           |

**Lessor entries at lease termination or at the end of the lease**

|      |   |        |                                     |                                  |      | Measurement Focus  |                             |
|------|---|--------|-------------------------------------|----------------------------------|------|--------------------|-----------------------------|
| Step | Description of transaction  | T-Code | DR                                  | CR                               | Cobj | Economic Resources | Current Financial Resources |
| 11.  | Move current portion of lease receivable to noncurrent  |        |                                     |                                  |      |                    |                             |
|      | a. Adjust lease receivable-current (non-document supported GL)  | 474R   | 2951-System Clearing GL             | 0506-Lease Receivable-current    | N/A  | X                  | X                           |
|      | b. Adjust lease receivable-noncurrent   | 474    | 0941-Lease Receivable-noncurrent    | 2951-System Clearing GL          | N/A  | X                  | X                           |
| 12.  | Eliminate allowance for uncollectible lease receivable-noncurrent   | 498    | 0942-Allow for Doubt. Lease Rec. NC | 1861-Def. Inflow Lease Rec.      | N/A  | X                  | X                           |
| 13.  | a. Record gain/(loss) on lease (calculation = NC receivable balance less deferred inflow on lease receivable balance) | 522    | 1861-Def. Inflow Lease Rec.         | 3200-GAAP Revenue Offset         | 2332 | X                  | X                           |
|      | b. Eliminate lease receivable-noncurrent  | 498R   | 1861-Def. Inflow Lease Rec.         | 0941-Lease Receivable-noncurrent | N/A  | X                  | X                           |