

Subject: SRM GASB 87 Process for Fiscal Year 2022

Audience: SRM Shopping Cart Creators and Buyers

The SCEIS team has prepared the following information to help users with the SRM GASB 87 process for Fiscal Year 2022. The items were specifically developed to assist users with the creation of SRM Shopping Carts and Purchase Orders related to lease or rental of buildings, land, equipment and machinery.

1. System change effective July 1, 2021: The Capital Lease PO (ZCAP) Document Type will **no longer be available** for selection in SRM.

Lease Purchase Order reminders.

- A lease purchase order is used when an agency enters into a lease for non-state-owned immovable real property such as land and buildings, or for the lease of movable personal property such as equipment.
- The agency must determine if the personal property lease should be accounted for as a lease or short-term lease, or if it is excluded under current GASB standards.

2. Checklist for SRM Shopping Cart Creators.

a. Before you begin:

- You must have the amortization schedule from your finance department.
- You must have the lease or rental GL account associated with the principle, interest and executory cost (if applicable) for the lease or rental of buildings, land, equipment and machinery.

b. SRM Shopping Cart Creators — Create the SRM Shopping Cart.

In the Account Assignment tab details:

- For Lease/Rental, a minimum of two lines are required:
 - For the entry of the total dollar value.
 - For the lease or rental GL account details specific to the determined lease category unless the lease or rental is excluded or short term. For an excluded or short-term lease or rental, only one line is required.
- Cost Distribution, “By Value” should be selected from the drop-down menu.
- Enter the total dollar value of the principle and interest associated with the lease or rental of buildings, land or equipment and machinery.
- Enter the GL account associated with the principle and interest for the lease or rental of the building, land or equipment and machinery.
- For example: Lease for Other Equipment and Machinery:
 - 5041820000- Lease Other Principle
 - 5041830000- Lease Other Interest

- 5041810000- Lease Other Executory Cost (if applicable). *An additional line will be required for entry of the Executory Cost details.*
- **Reminders:**
 - *Attach the amortization schedule.*
 - *Attach the contract/master lease agreement.*

*Note: **The asset is not assigned** on the shopping cart for this type of shopping cart.*

3. Checklist for SRM Buyers.

a. Note

- **All FY2022 leases/rentals** whether excluded from GASB 87 or not, should be entered using PO type ZOPE – LEASE/RENTAL PO.

b. SRM Buyers Create the Purchase Order.

- Select the **ZOPE- LEASE/RENTAL PO** document type.
- Enter the total value of the PO in the Quantity/Unit field and Quantity of 1 in the Gross Price/Per Field.
- Uncheck Goods Receipt/Confirmation.
- Review the accounting lines to verify the correct cost distribution split between the principle and interest GL Accounts, and make any necessary changes.
- **Reminders**
 - *Attach the amortization schedule.*
 - *Attach the contract/master lease agreement.*
 - *Monitor open PO's monthly to ensure all have the:*
 - Correct PO Document Type.
 - Correct cost distribution split between the principal and interest GL Accounts.

*Note: The asset is **not** assigned on the purchase order for this type of Purchase Order.*

Agencies may also reference the following South Carolina Comptroller General's publications for the GASB 87 process for Fiscal Year 2022:

- [Guidance and Helpful Links regarding GASB 87-Lease Accounting](#)
- [New Lease Expenditure GLs \(effective July 1, 2021\)](#)

If you have questions, please Contact the SCEIS Help Desk (803-896-0001 and **select option 2** for SCEIS issues, or visit <http://sceis.sc.gov/requests>).

Thank you,
The SCEIS Team