

## STATE OF VERMONT INVENTORY LOG FOR LEASES (GASB-87)

### **LEASE INVENTORY (“Revenue and Expense”) LOG – ACFR-12**

Please complete the inventory log for all contracts currently in place that conveys the right to use the State’s and/or another entity’s underlying asset based on the criteria described below.

**New Lease Rules** require States to identify all lease revenue and lease expense applicable under the GASB Statement 87. A lease under GASB 87 is defined as follows:

**Lease:** A lease is defined as a “contract that conveys control of the right to use another entity’s nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction”.

The term “lease agreement” is synonymous with the term “contract” under GASB 87.

- Contract refers to any contractual obligation which may or may not contain the use of “lease agreement” within the contract but meet the definition of a lease (conveys control of the right to use).
- Control in the lease applies to the right-to-use the asset; the contract should convey both of the following:
  - a. The right to obtain the present service capacity from use of the underlying asset as specified in the contract
  - b. The right to determine the nature and manner of use of the underlying asset as specified in the contract.
- Nonfinancial assets refer to capital assets – like buildings, land, vehicles, and equipment.
- Period-of-time is the Lease Term of the contract that meets the capital lease criteria as defined under GASB87. The lease term must be greater than 12 months, including any options to extend, regardless of their probability of being exercised.
- Exchange or exchange-like occurs when the transaction gives things of similar value to lessee/lessor. Contracts that transfer the right to use asset for only \$1 per year would be a consider a donation not an exchange-like transaction.

**Accumulation of Immaterial Agreements** - Contracts with annual revenue and/or annual expense less than \$5,000 must be reported separately. Provide the VISION Transactions showing the supporting detail and frequency of rents received/paid.

**Contracts with Multiple Components and Contract Combinations:** Contracts that contain a lease component as defined above and non-lease component (such as services) should be included on the lease inventory log. A contract that involves the right to use multiples assets should be included.

**Excluded:** The Lessor on an expense contract cannot be a state agency or department. For example, do not include payments to BGS – Property for leased space on the Lease Inventory ACFR-12 worksheet(s).

## **COMPLETING THE LEASE INVENTORY LOGS**

ACFR-12 (Revenue & Expenses Leases worksheets):

Please provide with the ACFR-12 submission a PDF copy of each lease.

### **Contact Information:**

1. Enter Business Unit Number, Agency/Department Name, and Preparer's Contact Information
2. **Revenue Leases:** Complete the Revenue Lease tab on the ACFR12 Log for all revenue received from outside entities for an underlying asset leased out by the State as defined above. These could be assets owned by the State or leased by the State (Sublease and Leaseback Arrangements).

### **Columns on the ACFR-12 Revenue Leases tab include:**

- Agency / Department – provide the agency or department's name
  - Business Unit number – provide the agency or department's Business Unit number
  - AR/BI Unit – provide the Business Unit's Accounts Receivable Unit number
  - Contract # - provide the VISION contract # (with all preceding digits/zeros)
  - Action – select appropriate action from the drop-down prompt
  - VISION Customer ID – provide the VISION Customer ID (not applicable for Direct Journals)
  - VISION Lessee / Customer Name – provide the VISION Customer name
  - Underlying Asset Type – select appropriate underlying asset type from the drop-down prompt
    - If "other" is used, please provide an explanation in Column P
  - Include? – auto filled field based on the Underlying Asset Type selected above (if the auto fill answer is "no", then the rest of the information is not required) Yes and Maybe continue with form
  - VISION ID found on VT\_AM\_ASSET\_LIST query
  - Fund – provide the fund(s) used for collection of the lease revenue
  - Dept ID – provide the department number(s) used for when revenue is collected
  - Journal Type – select appropriate Journal Type for when revenue is collected
  - Revenue account – provide the revenue account
  - Annual Rent – enter the annual obligation per contract (if annual amount is less than \$5,000, go to Annual Revenue Leases < \$5,000 tab)
  - "OTHER" Asset Type Explanation – provide an explanation
  - Annual Rent Check <\$5000 – This is an internal check to make sure the amount reported in Annual Rent is equal to or greater than \$5,000
3. **Annual Revenue Leases < \$5,000:** Complete the Annual Revenue < \$5,000 tab on the ACFR12 Log for all revenue received from outside entities for an underlying asset leased out by the State that is less than \$5,000 per year.
    - Asset Description – Provide a brief explanation of the asset being leased
    - Rent Frequency – Enter the frequency of the payment from the drop-down column
    - Provide a copy of contract or a sample lease contract if multiple contracts exist using like contract terms
    - Provide the VISION supporting transactions using the VT\_JOURNAL\_DETAIL\_ALL query

4. **Lease Expense:** Complete the Lease Expense tab on the ACFR12 Log for all expense/expenditures paid to outside entities for the use of an underlying leased asset supplied to the State. Do not include rental payments to any State Department/Agency (for example, payments to BGS for rental of office space).

Columns on the ACFR12 - Expense Leases tab include:

- Name of the Agency / Department – provide the agency or department’s name
  - Business Unit number – provide the agency of department’s Business Unit number
  - AP Unit – provide the Business Unit’s Accounts Payable Unit number
  - Contract # - provide the VISION contract # (with all preceding digits/zeros)
  - Action – select appropriate action from the drop-down prompt
  - VISION Supplier (Lessor) number – provide the VISION Supplier ID
  - VISION Supplier (Lessor) name – provide the VISION Supplier name
  - Underlying Asset Type – select appropriate underlying asset type from the drop-down prompt
    - If “other” is used, please provide an explanation in Column N
  - Include? – auto filled field based on the selection above (if the auto fill answer is “no”, then the rest of the information is not required) Yes and Maybe continue with form
  - Fund – provide the fund(s) used for monthly lease payments
  - Dept ID – provide the department number(s) used for monthly lease payments
  - Expense account – provide the expense account
  - Annual Rent – enter the annual obligation per contract (if annual amount is less than \$5,000, go to Annual Expense Leases < \$5,000 tab)
  - “OTHER” Asset Type Explanation – provide an explanation
  - Annual Rent Check <\$5000 – This is an internal check to make sure the amount reported in Annual Rent is equal to or greater than \$5,000
5. **Annual Expense Leases < \$5,000:** Complete the Annual Expense < \$5,000 tab on the ACFR12 Log for all expense/expenditures paid to outside entities for use of underlying asset by the State that cost less than \$5,000 per year.
- Asset Description – Provide a brief explanation of the asset being leased
  - Rent Frequency – Enter the frequency of the payment from the drop-down column
  - Provide a copy of contract or a sample lease contract if multiple contracts exist using like contract terms
  - Provide the VISION supporting transactions using the VT\_JOURNAL\_DETAIL\_ALL query
6. Complete the **Certification Sheet**. By checking the box on the Certification sheet and submitting it electronically from your state email account, it is considered electronically signed and approved by the authorized individual. All forms must be approved by an authorized official (reference Certification tab for definition of “Authorized Official”)
7. **Underlying Contracts:** Please submit copies of the underlying contract (lease, vendor/sales agreement) for all leases reported on the ACFR12 Log for lease revenue and lease expense.

Please include the lease and submit the contract for any contract that you are unsure whether the criteria for reporting has been met. The log is part of F&M’s initial assessment; the assessment of the

contract and terms under GASB 87 is complex. Following review of all contracts, F&M will reach out to departments/agencies with further requests for completing the implementation of the new standard.

Submit the completed ACFR12 LEASE INVENTORY LOG to [VISION.ACFR@vermont.gov](mailto:VISION.ACFR@vermont.gov).

All inventory logs should be submitted no later than Friday April 15th.

If you have questions, please send an email to [VISION.ACFR@vermont.gov](mailto:VISION.ACFR@vermont.gov).