

Long-Term Obligations Capital Leases



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Capital Leases

- Overview
 - Criteria / Conditions
 - ACO Capital Lease Test
 - Asset Lease Module
 - ACO Requirements



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Capital Leases

- FASB Criteria
 - Statement of Financial Accounting Standards No. 13 (FAS 13)
 1. The lease transfers ownership of the property to the lessee at the end of the lease term.
 2. The lease contains a bargain purchase option.



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Asset Lease Module

Capitalization Accounting Entry

Debit 192600 Vehicles-Leased
Credit 283103 Lease Obligation



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Asset Lease Module

Lease Payment Accounting Entry

Debit 532600 Cap Lease-Purch Principal
Debit 533720 Cap Lease-Purch Interest
Credit 101100 Cash



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Asset Lease Module

Lease Obligation Reduction Accounting Entry

Debit 283103 Lease Obligation
Credit 532600 Cap Lease-Purch Principal



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Reporting Capital Leases

- Required
 - »Capitalize
 - »Complete AM 5 (Capital Asset Form)



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Reporting Capital Leases

- Required (Contd.)
 - Submit AM 5 to the ACO Capital Assets with copies of the following:
 - »Lease Agreement
 - »Amortization Schedule
 - »P. O.'s
 - »Capital Lease Test
 - »Invoice



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Capital Leases

–ACO Contact Persons

- Reggie Arhin 58134
- Echel Ybanez 53556
- Lisette Rose 53821
- Hank Johnson 58569
- Beverly Markwardt 53886



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