

State of Georgia
Note Disclosure – Operating Leases
Governmental, Proprietary and Fiduciary Instructions

Generally Accepted Accounting Principles (GAAP) requires that certain operating lease information be disclosed on the State's Comprehensive Annual Financial Report (CAFR). As part of this process, agencies are required to evaluate each lease agreement and complete the note disclosure form. Review the Leases Policy before completing the forms.

The total number of operating leases recorded in the Form_Operating Leases should equal the total number of operating leases recorded in the Form_Lease Agreement Data.

The instructions for each subtitle below correspond to the row numbers provided in the Form_Operating Leases.

1) Fund name

Enter the fund name where the lease is recorded in the accounting records.

- Fund name, such as, A1, A4 and B1.

2) Fund type

Enter the fund type where the lease is recorded in the accounting records.

- Fund types are *governmental*, *proprietary* and *fiduciary*.
 - If proprietary enter either **enterprise** or **internal service**.
 - An *enterprise fund* accounts for activities like a business-type.
 - An *internal service fund* accounts for activities like an enterprise fund but provides goods and services to other departments within the State.

3) Asset class

Enter the asset class where the lease is recorded in the accounting records.

- Asset class, such as, equipment, machinery, vehicles, furniture, land and buildings.

4) Future fiscal year minimum lease payments

Enter the amounts of the total operating lease payments that will be made in the next five years (**lines 4 through 8**) and amounts in five year increments thereafter (**lines 9 through 11**), based upon the operating lease agreement. The total amount should **exclude** contingent rental amounts.

- A contingent rental indicates that lease payments depend on a factor related to the future use of the leased property, such as machine hours of use or number of copies made. Accordingly, they are excluded from minimum lease payments in their entirety.

12) Total future minimum lease payments

The total amount of the future fiscal year minimum lease payments, lines 4 through 11.

13) Total operating lease expenditure/expense for the current fiscal year

Enter the total amount of operating expenses paid in the current fiscal year **including** any contingent rent payments.

- A contingent rental indicates that lease payments depend on a factor related to the future use of the leased property, such as machine hours of use or number of copies made.

14) Amount of current fiscal year expenditure/expense relating to minimum rental payments per the lease agreement

Enter the total amount of operating expenses paid in the current fiscal year **excluding** any contingent rent payments. *The totals of lines 14 and 15 should equal line 13.*

- A contingent rental indicates that lease payments depend on a factor related to the future use of the leased property, such as machine hours of use or number of copies made. Accordingly, they are excluded from minimum lease payments in their entirety.

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15) Amount of current fiscal year expenditure/expense relating to contingent rental payments

Enter the total amount of **only** contingent rents paid in the current fiscal year. *The totals of lines 14 and 15 should equal line 13.*

- A contingent rental indicates that lease payments depend on a factor related to the future use of the leased property, such as machine hours of use or number of copies made.

16) Sublease rental payments received for the current fiscal year

A sublease is leasing out an asset that is leased from another party.

- Enter the amount received for sublease rentals, if applicable.

17) Prepared by

Enter the name of the person who is responsible for lease information.

18) Telephone

Enter the telephone number of the person who is responsible for lease information.