

## **FINANCIAL MANAGEMENT**

### Lease Capitalization Threshold

Per the Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, operating, and capital leases are required to be reflected as liabilities and assets on financial statements.

School districts may establish a lease liability threshold for leases that are clearly insignificant individually and in the aggregate. This threshold defines the dollar amount at which a lease with a maximum possible term of more than one year will be classified as a lease liability.

The District has determined a lease liability threshold of 1.5% of prior year General Fund expenditures. This capitalization threshold applies to all leases with a maximum possible term of more than one year. Equipment leases of similar type will be aggregated together when evaluating if they meet the District threshold.

Adopted: August 24, 2022