

898 Lease Accounting Policy

I. Purpose

To set the policies and procedures needed to gain control and efficiencies in the lease process to ensure the District properly and accurately accounts for leases in the District's financial statements beginning with the fiscal year ending June 30, 2022, following GASB Statement No. 87.

Below are the policies that the District has put into place regarding the handling of leases. These policies are subject to change.

1. **Capitalization Threshold:** Fridley Public Schools will capitalize any leases that have a present value of \$10,000 or more at the commencement date of the lease or the implementation date of this GASB statement. This threshold will apply to leases of capital assets, including buildings, land, and equipment where the District is a Lessor or a Lessee.
2. **Discount Rate:** Unless otherwise noted in the lease agreement, the discount rate used to calculate the present value of the lease payments should be in the District's incremental borrowing rate at the commencement of the lease or the implementation date of this GASB statement.
3. **Compiling Lease Agreements:**
 - a. Department Responsibility: District departments that maintain the information on the various leases should forward all lease agreements for their department to the Director of Finance and Operations.
 - b. Finance Responsibility: The Director of Finance and Operations should maintain a listing of the lease agreements received from departments for use in the lease reviews.
4. **Lease Reviews:** The Director of Finance and Operations will review the lease agreements and contracts to determine if they qualify as a lease under GASB Statement No. 87. *
5. **Lease Entries for Annual Financial Report (AFR):** The Director of Finance and Operations will review the details of each lease to determine and make the appropriate lease entries in the District's AFR. The entries will be completed at the end of each fiscal year. *

*The Accounting Supervisor will complete a secondary review to confirm the determination and that leases are properly and accurately accounted for.

Refer to the Lease SOP for detailed instruction.



A World-Class Community of Learners

Fridley Public Schools is committed to creating a welcoming, respectful environment that provides an equitable and inclusive education for each student, staff and community member by ensuring that opportunities, access, and resources are aligned to support the growth and academic achievement of each student.

Legal References:

GASB Statement No. 87

Cross References:

None

SCHOOL BOARD ACTION:

Adopted as Policy 898 on December 20, 2022