

FINANCIAL MANAGEMENT

Lease Capitalization Threshold

Per the Governmental Accounting Standards Board (GASB) Statement No. 87 and No. 96, *Leases and Subscription-Based Information Technology Arrangements*, operating, and capital leases are required to be reflected as liabilities and assets on financial statements.

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

The district has determined a lease and subscription-based information technology arrangements liability threshold of \$5,000,000. This capitalization threshold applies to all leases and subscription-based information technology arrangements with a maximum possible term of more than one year. Leases of similar type will be aggregated together when evaluating if they meet the district threshold.

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