

FINANCIAL MANAGEMENT

Lease Capitalization Threshold

To ensure accuracy in reporting the district's financial position, the district will reflect operating and capital leases as liabilities and assets on financial statements per governmental accounting standards.

Accordingly, the district establishes a lease capitalization threshold to identify the financial significance of district leases for purposes of reporting on financial statements. The lease capitalization threshold is five million dollars (\$5,000,000). The lease capitalization threshold applies to all capital and operating leases with a maximum possible term of more than one (1) year.

Equipment leases of similar type will be aggregated together when evaluating if they meet or exceed the district threshold. Leases of a maximum term of less than one (1) year and leases which do not meet the capitalization threshold, either individually or in the aggregate for similar types, are deemed immaterial.

Legal References:

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*

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