

Rental or Lease of District Real Property

When district real property is not needed, the board has the authority to call for bids to rent or lease any surplus real property. A notice of the intent to rent or lease property will be published in a newspaper of general circulation in the district at least 45 days before the rental or lease takes effect, if the value of the rental or lease is \$10,000.00 or more. The district may establish a minimum acceptable bid based upon the fair market value, provided that such minimum bid is non-discriminatory within classes of users.

Such property will be rented or leased for lawful purposes. The rental or lease will be in the best interests of the district and not interfere with the conduct of the district's educational program and related activities. The lease or rental agreement shall permit the recapture of the leased or rented surplus property should such property be needed for school purposes in the future unless proximity to an international airport precludes the possible or appropriate use of the property for a school, or the property is leased or rented for affordable housing purposes.

Proceeds from rental or lease of district property which are in excess of the operational costs incurred for such rental or lease will be deposited in the capital projects fund or debt service fund.

At the option of the board of directors, after evaluating the sufficiency of the school district's capital projects fund for purposes of meeting demands for new construction and improvements, moneys derived from the lease or rental of real property may be deposited into the district's general fund to be used exclusively for nonrecurring costs related to operating school facilities, including but not limited to, expenses for maintenance.

It is a violation of district policy, with the exception of the Critical Incident Response Team (CIRT) members, for any person, including a renter or leaser to knowingly carry a firearm or dangerous weapon on district premises. "Premises" includes district property, including rental property, used exclusively for school district activities and does not extend to a property rented or leased as a personal domicile.

Lease Capitalization Threshold

In accordance with GASB 87, a lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

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. A district may establish a single capitalization threshold for all leases or different capitalization thresholds for different classes of leases. The threshold should be established at a small enough level such that the leases excluded would be clearly insignificant to financial reporting in aggregate. In establishing a threshold, districts should consider the different types and groups of leases they have, and management information needs.

Based on the above guidelines, the district has determined a lease liability threshold of \$75,000. 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.

Subscription-Based Information Technology Arrangements (SBITA)

In accordance with GASB 96, a SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

To the extent relevant, the accounting guidance for SBITAs is based on the standards established under GASB Statement 87—Leases and described in the previous section on Leases.

Based on the above guidelines, the district has determined a SBITA liability threshold of \$25,000. This capitalization threshold applies to all SBITA's with a maximum possible term of more than one year.

Cross References: 4210 - Regulation of Dangerous Weapons on School Premises
GASB 87 Accounting for Leases
SDAM Chapter 3

GASB 96 Subscription Based Information
Technology Arrangements

Legal References: RCW28A.335.040 Surplus school property, rental, lease or
use of — Authorized – Limitations
RCW28A.335.050 Surplus school property, rental, lease or
use of — Joint use—Compensation—Conditions generally
RCW28A.335.060 Surplus school property, rental lease or use
of — Disposition of moneys received from
RCW28A.335.070 Surplus school property, rental, lease or
use of — Existing contracts not impaired
RCW28A.335.080 Surplus school property, rental, lease or
use of — Community use not impaired
RCW28A.335.090 Conveyance and acquisition of property —
Management— Appraisal
RCW28A.335.130 Real property — Sale — Use of proceeds

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