

Adopted from BerganKDV  
Approved:  
Revised:

**BLUFFVIEW MONTESSORI SCHOOL**  
**POLICY 798**  
**LEASE ACCOUNTING POLICY**

**Purpose:** To set the policies and procedures needed to gain control and efficiencies in the lease process to ensure Bluffview Montessori (the “District”) properly and accurately accounts for leases in the School’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:** The District will capitalize any leases that have a present value of \$5,000 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 the incremental borrowing rate at the commencement of the lease or the implementation date of this GASB statement.
3. **Compiling Lease Agreements:** The District will maintain the information on the various leases and will forward all lease agreements to their BerganKDV Finance Advisor.
4. **Lease Reviews:** The Finance Advisor 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 Finance Advisor will review the details of each lease to determine and make the appropriate lease entries in the School’s AFR. The entries will be completed at the end of each fiscal year.