

3358: 14-9-12 Leases.**(A) Classification of leases**

- (1) Northwest state community college classifies all leases in which the college is a lessee as either capital or operating leases. Northwest state community college shall utilize the following criteria to determine whether a lease is capital or operating in nature:
 - (a) The lease transfers ownership to Northwest state community college the end of the lease term.
 - (b) The lease contains a bargain purchase option.
- (2) All leases that do not possess any of the four preceding characteristics shall be treated as operating leases. In addition, all leases that are immaterial in nature shall be accounted for as operating leases.

(B) Reasonableness of leases

- (1) Northwest state community college assesses the value of leases according to the requirements of 2 CFR part 220 as follows:
 - (a) The rate is reasonable when compared to similar property in the same area.
 - (b) The rate of any alternatives.
 - (c) The type, life expectancy, condition, and value of the property leased.
- (2) Rental arrangements will be reviewed every five years to determine if circumstances have changed and other options are available.

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CERTIFIED ELECTRONICALLY

Certification

03/05/2015

Date

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