

Arkansas State University - Jonesboro

Effective Date: 07/01/13

Number: 05-43

Section: Finance and Administration

Subject: Lease Financing Procedures

Definition

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time. Examples of nonfinancial assets include, but are not limited to, buildings, land, vehicles, and equipment.

Procedure

A lease is considered an obligation of the University. In accordance with the Governmental Accounting Standards Board, the University will recognize a lease liability and a lease asset at the commencement of the lease term or a financial purchase (if the transfer of ownership occurs at the end of the lease).

Any department that wishes to enter into a lease agreement must follow the steps below:

- Complete the [Lease Form](#), attach related documents and send to Gretchen Burns, Senior Associate Controller
- Once reviewed, approval is required by the Executive Vice Chancellor for Finance and Administration and the System Executive Vice President
- If approved, payments for leases are made by Accounts Payable; departments are not authorized to enter requisitions for payments of a lease

A lease term (including options to extend) that is for 12 months (or less) is not subject to the above.

Revised on 06/21/2019.