

**RESOLUTION BY THE CITY OF HENDERSONVILLE CITY COUNCIL APPROVING A CAPITALIZATION THRESHOLD POLICY FOR LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

**WHEREAS**, the Governmental Accounting Standards Board (GASB) issued Statement 87 requiring lease agreements to be recognized in the City's financial statements and Statement 96 requiring subscription-based informational technology arrangements (SBITA) to be recognized in the City's financial statements;

**WHEREAS**, setting a reasonable capitalization threshold below which liabilities and right-of-use assets for leases and SBITAs are not recorded can reduce the time and cost of applying the guidance while not materially affecting financial reporting; and

**WHEREAS**, staff has reviewed guidance and analyzed relevant data and believes that a threshold of \$100,000 with respect to compliance with GASB Statements 87 & 96 is reasonable when applied to the present value of a payments for leases and SBITAs

**NOW THEREFORE, BE IT RESOLVED** by the City Council of the City of Hendersonville, North Carolina that: the City of Hendersonville does hereby adopt \$100,000 as the capitalization threshold for leases and subscription-based information technology agreements in compliance with GASB Statement 87 and GASB Statement 96.

Adopted by the City Council of the City of Hendersonville, North Carolina on this 12 day of April, 2023.

Attest:

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Barbara G. Volk, Mayor, City of Hendersonville

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Angela L. Reece, City Clerk

Approved as to form:\_\_\_\_\_

Angela S. Beeker, City Attorney