

T3.8.5 Accounting Treatment of Leases Revised 9/2020

A General Added 1/2006

1 Evaluation of Lease to Determine Accounting Treatment Revised 1/2022

B Clauses Added 1/2006

C Forms Added 1/2006

D Appendix Added 1/2006

T3.8.5 Accounting Treatment of Leases Revised 9/2020

A General Added 1/2006

1 Evaluation of Lease to Determine Accounting Treatment Revised 1/2022

Any cost lease must be evaluated prior to award to determine whether it should be classified as an operating lease, a capital lease, or lease purchase. This classification has profound effect on the amount of funding that must be scored (reserved) for the lease per the requirements of OMB Circular A-11, and COs must be aware that a capital lease is not to be entered into, unless the requesting office certifies that it has reserved appropriate funds for the capital lease IAW OMB Circular A-11 requirements. The evaluation is initiated by the funding service organization, finalized by the CO prior to award, and is provided to the assigned accounting office. The CO should reference the following sources for further information on lease determinations:

- (i) PRISM/DELPHI Business Process Solution: see Capital Leases
- (ii) PRISM/DELPHI Business Process Solution: see Leases
- (iii) Accounting Capitalization Desk Guide: see Accounting Capitalization Desk Guide
- (iv) OMB Circular A-11, Appendixes A & B: see OMB Circular A-1, Part 8, Appendix A and OMB Circular A-11, Part 8, Appendix B
- (v) Real Estate Contracting Officers refer to Guidance T3.8.8.B.8 Capitalization of Leases and Leasehold Improvements

B Clauses Added 1/2006

[view contract clauses](#)

C Forms Added 1/2006

[view procurement forms](#)

D Appendix Added 1/2006

1. Reserved for Copy of Sample personal property lease
2. PRISM/DELPHI Lease Business Process: Leases
3. PRISM/DELPHI Capital Lease Business Process: CAPITAL LEASES