

POLICY TITLE: Prepaid Expenses
POLICY NUMBER: 2020

2020.1 Prepaid expenses are payments to vendors that reflect costs applicable to future accounting periods and are recorded as prepaid items. Reported prepaid amounts of governmental funds are reported as assets, but are not in spendable form and thus, an equivalent portion of fund balance is shown as non-spendable. Typical prepaid expenses arise from payments for memberships, maintenance contracts and insurance. The District shall record prepaid expenses in excess of \$1,000, per payment. The District may, at its discretion, record prepaid expenses that are less than \$1,000.