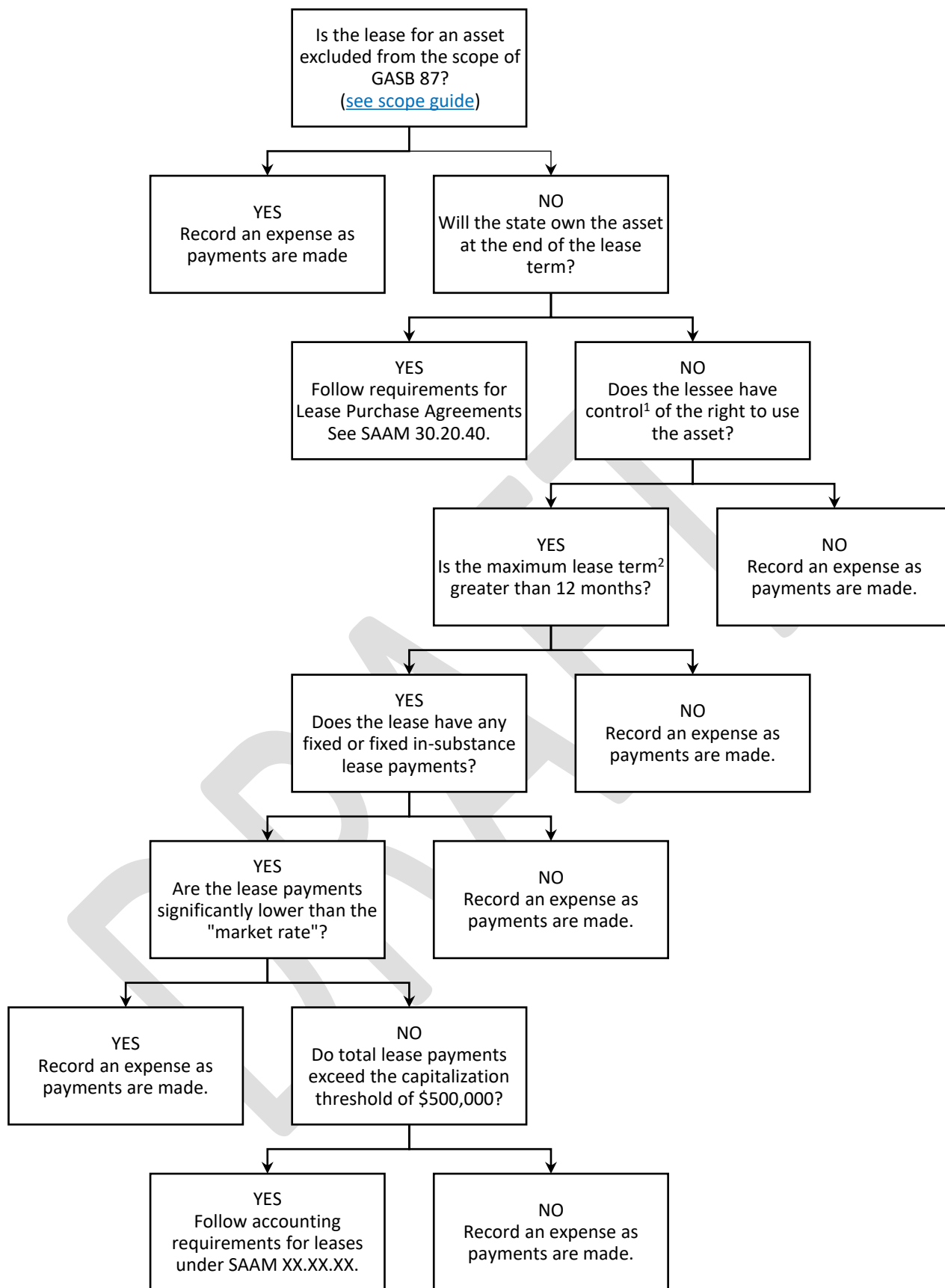


Lease Accounting Decision Tree for Lessees

For assets leased from a non-state agency.



¹A contract conveys control of the right to use the asset when the lessee is provided both

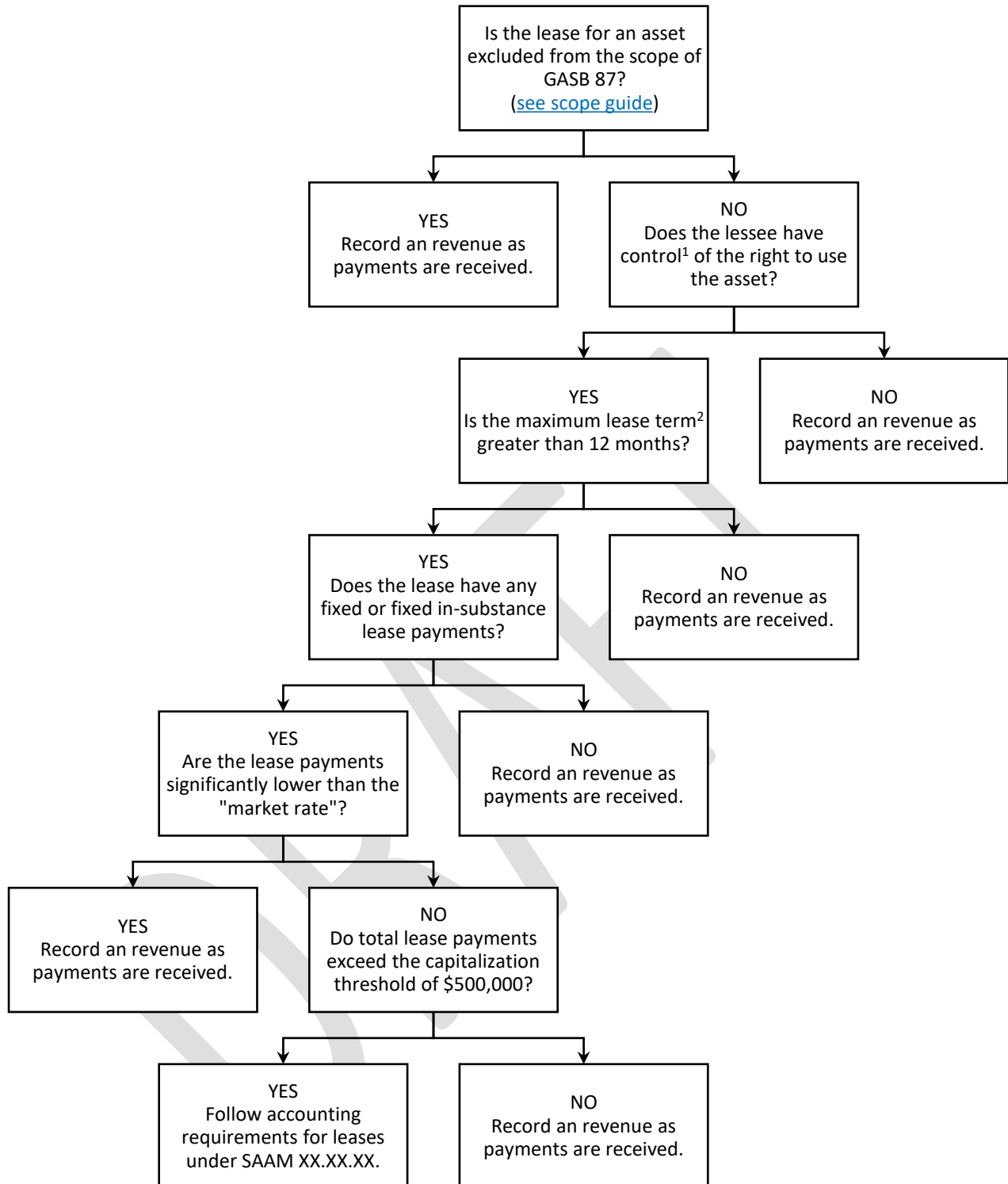
1. The right to determine the nature and manner of use of the asset, and
2. The right to obtain service level capacity from use of the asset

²Period a lessee has a non-cancelable right to use the asset, plus a lessee or lessor's option to:

- Extend the lease if it is reasonably certain the option will be exercised or
- Terminate the lease if it is reasonably certain that the option will not be exercised.

Lease Accounting Decision Tree for Lessors

For assets leased to an outside entity (non-state agency)



¹A contract conveys control of the right to use the asset when the lessee is provided both

3. The right to determine the nature and manner of use of the asset, and
4. The right to obtain service level capacity from use of the asset

²Period a lessee has a non-cancelable right to use the asset, plus a lessee or lessor's option to:

- Extend the lease if it is reasonably certain the option will be exercised or
- Terminate the lease if it is reasonably certain that the option will not be exercised.