

Ratification of Lease Activities Approved by the University
FINANCE AND RESOURCE MANAGEMENT COMMITTEE

October 29, 2025

In fiscal year 2022, the university adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. This standard replaced the previous classifications of operating and capital leases with short-term and long-term leases.

The university recognizes a lease as long-term if it has a maximum term exceeding 12 months and a present value of \$50,000 or more. These long-term leases are considered debt obligations of the university. Lease activities falling below the capital project threshold are approved by the university and ratified by the Board of Visitors, following the approval process established in the Board's June 2021 meeting.

In fiscal year 2025, the university approved the following long-term leases payable activities:

<u>Long-term Leases Payable Activities</u>	<u>Count</u>	<u>Debt Effect (in millions)</u>
New Leases	6	\$ 2.1
Lease Revisions	24	1.0
Terminations	12	(0.9)
Net Effect of Management Activities		2.2
Contractual Payments		(21.0)
Change in Long-term Leases Payable		\$ (18.8)

The university also approved \$0.2 million of payments for long-term lease improvements and recognized \$0.2 million completed in fiscal year 2025.

RECOMMENDATION:

That the fiscal year 2025 university-approved lease activities be ratified.

November 18, 2025

Long-Term Leases Payable Activity for the fiscal year ended June 30, 2025 <i>all dollars in thousands</i>						
	Beginning Balance	Additions: New Leases	Additions: Modifications	Retirements: Terminations	Retirements:P ayments	Ending Balance ³ <i>(unaudited)</i>
Value						
Previously approved activity	\$ 189,837	\$ -	\$ -	\$ -	\$ -	189,837
Board approved activity ¹		-	-	-	-	-
University approved activity ²		2,105	991	(901)	(21,016)	(18,821)
Total value of long-term lease activity	\$ 189,837	\$ 2,105	\$ 991	\$ (901)	\$ (21,016)	\$ 171,016
Number						
University approved activity ²						
\$1,000,000 - \$2,999,999		-	5	2		
\$250,000 - \$999,999		4	9	4		
\$249,999 or less		2	6	6		

¹Long-term lease activities with a present value equal to or greater than the capital projects threshold.

²All other long-term lease activities, ratified by the Board of Visitors annually.

³Leases with the Virginia Tech Foundation represent \$137.9 million (81%) of the ending value of long-term leases payable.

Long-Term Lease Improvements Activity for the fiscal year ended June 30, 2025 <i>all dollars in thousands</i>				
	Beginning Balance	Additions: Payments	Reductions: Capitalized Projects	Ending Balance (unaudited)
Value				
Previously approved activity	\$ -	\$ 28	\$ (28)	\$ -
Board approved activity ¹		47	(47)	-
University approved activity ²		110	(110)	-
Total lease improvement activity	\$ -	\$ 185	\$ (185)	\$ -
Number				
University approved activity ²				
\$1,000,000 - \$2,999,999		-		
\$250,000 - \$999,999		1		
\$249,999 or less		2		
¹ Long-term lease improvement projects with a present value equal to or greater than the capital projects threshold. ² All other long-term lease improvement activities, ratified by the Board of Visitors annually.				