

## University Guidelines

Section 3.11 Financial Services: Procurement

Reporting of Lease Agreements (*5 Policies of the Board of Trustees C*)

Issued: December 2025

Replaces:

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The University prepares financial statements in accordance with accounting principles generally accepted in the United States. One of the financial statements reporting requirements relates to Government Accounting Standards Board (GASB) Statement Number 87 on leases. GASB 87 requires reporting of certain leases in the financial statements. This University Guideline provides guidance on collecting lease information for financial statement reporting.

The University is permitted to enter into agreements where the right to use an asset owned by a third party is granted to the University, and the University is the lessee. The University may grant the right to a third party to use a University owned asset, and the University is the lessor. There are agreements where the University grants the vending of a privilege or a license agreement to a third party. In the above instances, the respective agreements shall be evaluated for financial statement reporting under GASB 87.

Under *5 Policies of the Board C*, leases, license agreements and vending of a privilege agreements valued at \$500,000 or more require prior approval by the President and agreements of \$1,000,000 or more require prior approval by the Board of Trustees. The Procurement Directors shall provide the President relevant documents for approval and / or recommendation to the Board. After approval, the President will forward a copy of the documents to the Board Treasurer to evaluate for financial statement reporting.

For leases, license agreements and vending of a privilege agreements valued under \$500,000, the Procurement Directors shall provide the documents to the Board Treasurer to evaluate for financial statement reporting. This includes agreements between the University and University Related Organizations. Examples of these agreements include, but are not limited to:

- Equipment, vehicle, or cell tower agreements where the University is granted the right to use a third party's asset;
- Equipment, vehicle, or cell tower agreements where the University grants a third party a right to use university owned assets;
- Real estate agreements (including land and buildings), where the University is the lessee;
- Vending agreements or use of University owned property (including land and buildings), where the University is the lessor;
- Sublease and lease-leaseback transactions;
- License agreements; and
- Software subscription agreements that include embedded right to use equipment or other assets.

The relevant documents to be submitted to the Board Treasurer shall include the original agreement, and any renewals, modifications, amendments, terminations of the above-described agreements.

The Procurement Directors shall provide to the President for approval all renewals, modifications, amendments, and terminations of agreements that originally required the President's or Board of Trustees approval. For contracts of \$1,000,000 or more, Board approval is required for supplemental requisitions in excess of 10% of the original amount. After approval,

the President will forward a copy of the documents to the Board Treasurer to evaluate for financial statement reporting.



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Daniel F. Mahony  
President

12/18/2025

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Date