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## WVU POLICY

### DIVISION OF FINANCE

### LEASE ACCOUNTING

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#### 1. PURPOSE & SCOPE

- 1.1. **Purpose** – To establish a procedure for accounting for the lease of nonfinancial assets, including equipment and real estate, that complies with federal, state, and West Virginia University (WVU) reporting requirements.
- 1.2. **Scope** – This policy applies to all West Virginia University departments, including those on the regional campuses - Potomac State College of WVU, WVU Institute of Technology, Charleston division of the Robert C. Byrd Health Sciences Center, Jackson’s Mill State 4-H Conference Center and Camp, and the WVU Farms – and the West Virginia University Research Corporation.

#### 2. POLICY

- 2.1. The Institutional Accounting, Reporting and Analysis unit (IARA) is responsible for the annual audited financial statements. As part of the financial reporting process, IARA must review all contracts entered into by WVU or the WVU Research Corporation to determine the proper accounting treatment. See Appendix A for further information.

In order to assist IARA with this task, University departments should provide IARA with a copy of any contracts that convey the right to use another entity’s asset. IARA may also request additional information as needed.

#### 3. DEFINITIONS

- 3.1. **Lease** – A contract that conveys control of the right to use another party’s nonfinancial asset for a noncancelable period of time of twelve months or longer in an exchange or exchange-like transaction (as prescribed by Governmental Accounting Standards Board No. 87, as amended). See Appendix A for more detail.



#### 4. RESPONSIBILITIES

- 4.1. **Interpretation** – The responsibility for interpretation of this policy rests with the Senior Associate Vice President for the Division of Finance or designee.
- 4.2. **Application** – The responsibility for application of this policy rests with the Institutional Accounting, Reporting and Analysis.
- 4.3. **Procedure Development** – The responsibility for procedure development of this policy rests with Institutional Accounting, Reporting and Analysis.

#### 5. AUTHORITY & REFERENCES

- 5.1. WVU Board of Governors Finance & Administration Rule 5.1 Approvals and Delegation of Authority for Financial and Administrative Matters (under consideration for approval and out for public comment).

#### 6. SUPERCEDES

- 6.1. This policy supersedes all other Lease Accounting policies, procedures or guidelines at the University to the extent those documents are inconsistent with and fall under the scope of this policy.

Signature: Barbara Weiss Date: Jun 21, 2024

Barbara Weiss  
Senior Associate Vice President – Division of Finance








# FIN-IARA-7 Lease Accounting

Final Audit Report

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