



VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

INTERCOLLEGIATE ATHLETICS PROGRAMS FOR THE YEAR ENDED JUNE 30, 2022

Auditor of Public Accounts

Staci A. Henshaw, CPA

www.apa.virginia.gov

(804) 225-3350



– TABLE OF CONTENTS –

Pages

INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES	1-8
SCHEDULE	
Schedule of Revenues and Expenses of Intercollegiate Athletics Programs	9
Notes to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs	10-13
UNIVERSITY OFFICIALS	14



Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

April 7, 2023

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Timothy D. Sands
President, Virginia Polytechnic Institute and State University

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below on the **Virginia Polytechnic Institute and State University's** (Virginia Tech) Schedule of Revenues and Expenses of Intercollegiate Athletics Programs (Schedule) for the year ended June 30, 2022. University management is responsible for the Schedule and its compliance with National Collegiate Athletic Association (NCAA) requirements.

University management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating whether the Schedule is in compliance with NCAA Constitution 3.2.4.17.1, for the year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Agreed-Upon Procedures Related to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

Procedures described below were limited to material items. For the purpose of this report, and as defined in the agreed-upon procedures, items are considered material if they exceed four percent of total revenues or total expenses, as applicable. The procedures and associated findings are as follows:

Internal Controls

1. We reviewed the relationship of internal control over intercollegiate athletics programs to internal control reviewed in connection with our audit of the University's financial

statements. In addition, we identified and reviewed those controls unique to the Intercollegiate Athletics Department, which were not reviewed in connection with our audit of the University's financial statements.

2. Intercollegiate Athletics Department management provided a current organizational chart. We also made certain inquiries of management regarding control consciousness, the use of internal audit in the department, competence of personnel, protection of records and equipment, and controls regarding information systems with the Information Technology Department.
3. Intercollegiate Athletics Department management provided us with their process for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the University's intercollegiate athletics programs. We tested these procedures as noted below.

Affiliated and Outside Organizations

4. Intercollegiate Athletics Department management identified all related affiliated and outside organizations and provided us with copies of audited financial statements for each such organization for the reporting period.
5. Intercollegiate Athletics Department management prepared and provided us a summary of revenues and expenses for or on behalf of the University's intercollegiate athletics programs by affiliated and outside organizations included in the Schedule.
6. Intercollegiate Athletics Department management provided to us any additional reports regarding internal control matters identified during the audits of affiliated and outside organizations performed by independent public accountants. We were not made aware of any internal control findings.

Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

7. Intercollegiate Athletics Department management provided to us the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs for the year ended June 30, 2022, as prepared by the University and shown in this report. We recalculated the addition of the amounts in the Schedule, traced the amounts on the Schedule to management's trial balance worksheets, and agreed the amounts in management's trial balance worksheets to the Intercollegiate Athletics Department's accounts in the accounting records. Certain adjustments to the Schedule were necessary to conform to NCAA reporting guidance. We discussed the nature of adjusting journal entries with management and are satisfied that the adjustments are appropriate. While the Agreed-Upon-Procedures specify a deadline of January 15th for the completion of our work, delays in receiving the Schedule and associated supporting documentation, as well as subsequent questions regarding specific item presented in the Schedule, prevented the

completion of these procedures by the required deadline. In addition, Intercollegiate Athletics Department management continued to make adjustments and/or reclassifications after the January 15th deadline, some of which could not be corrected in the NCAA financial reporting system.

8. We compared each major revenue and expense account over ten percent of total revenues or total expenses, respectively, to prior period amounts and budget estimates. Variances exceeding ten percent of prior period amounts or budget estimates are explained below:

Line Item	Explanation
Ticket Sales	The increase of \$20.5 million or 41,938.08 percent is attributable to the fact that in the prior year, the University did not have spectators at sports events due to COVID restrictions. The current year reflects the return to normal for in-person game attendance.
Student fees	The increase of \$1.5 million or 14.55 percent is due to an increase in the athletic fee charged to students.
Contributions	The increase of \$9.5 million or 59.08 percent is attributable to not having per seat donations during the prior year since no football tickets were sold due to COVID restrictions. Additionally, in the current year, there was an increase in funds transferred from the Foundation to fund athletic program operating expenses.
Media rights	The increase of \$7.9 million or 26.81 percent is related to an increase in ACC media revenue funding.
Coaching salaries, benefits, and bonuses paid by the University and related entities	The increase of \$2.7 million or 14.76 percent is attributable increases in employee compensation and fringe benefit costs.

Support staff/administrative salaries, benefits, and bonuses paid by the University and related entities The increase of \$2.2 million or 13.51 percent is attributable to increases in employee compensation and fringe benefit costs.

Revenues

9. We reviewed a sample of ticket sales reconciliations performed for accuracy and proper review and approval. We performed a recalculation of ticket sales revenue for Football and Men’s Basketball by comparing the number of tickets sold, attendance, and sale price to total revenue recorded in the Schedule. We determined the reconciliations reviewed to be accurate and the amounts reported in the Schedule to be substantially in agreement with our recalculation.
10. We obtained documentation of the University’s methodology for allocating student fees to intercollegiate athletics programs. We compared student fees reported in the Schedule to amounts reported in the accounting records and an expected amount based on fee rates and enrollment. We found these amounts to be substantially in agreement with minor differences attributed to the methodology used for projecting student fee revenue. We obtained the amount of indirect institutional support revenue from the Schedule. The amount was deemed to be immaterial for detailed testing. We obtained the amount of game guarantee revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
11. Intercollegiate Athletics Department management provided us with a listing of all contributions of moneys, goods or services received directly by its intercollegiate athletics programs from any affiliated or outside organization, agency or group of individuals that constitutes ten percent or more of all contributions received during the reporting period. Except for contributions received from the Virginia Tech Foundation, Inc., an affiliated organization, we noted no individual contribution which constituted more than ten percent of total contributions received for intercollegiate athletics programs. We reviewed contributions from the Virginia Tech Foundation, Inc., which exceeded ten percent of all contributions, and agreed them to supporting documentation. We identified a reconciling difference of \$11,415 between the amount reported in the Schedule and the amount reported as contributions by the Virginia Tech Foundation.
12. We obtained the amount of in-kind revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
13. We obtained a summary of compensation and benefits provided by third parties as of the end of the reporting period. The amount was deemed to be immaterial for detailed testing.

14. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to media rights. We gained an understanding of the relevant terms of the agreements and agreed selected amounts to proper posting in the accounting records and supporting documentation.
15. We obtained the amount of NCAA distribution revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
16. We obtained the amount of conference distributions (non-media and non-football bowl) revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
17. We obtained the amount of conference distributions of football bowl generated revenue from the Schedule. We agreed to corroborative supporting documentation and found them to be in agreement.
18. We obtained the amount of program, novelty, parking, and concession sales revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
19. We obtained the amount of royalties, licensing, advertisements, and sponsorships. The amount was deemed to be immaterial for detailed testing.
20. We obtained the amount of sport camp revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
21. We obtained the amount of athletics-restricted endowment and investments income revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
22. We obtained the amount of other operating revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
23. We obtained the amount for football bowl revenue from the Schedule. The amount was deemed immaterial for detailed testing.

Expenses

24. Intercollegiate Athletics Department management provided us with a listing of student aid recipients during the reporting period. Since the University used the ARMS software to prepare athletic aid detail, we selected 60 individual student-athletes across all sports and obtained the students' account detail from the University's student information system. We agreed each student's information to the information reported in the NCAA Membership Financial Reporting System by comparing the reported amounts to amounts in the finance and student information systems. We also ensured that the total aid

amount for each sport agreed to amounts reported as financial aid in the student accounting system. We performed a check of selected students' information as reported in the NCAA Membership Financial Reporting System to ensure proper calculation of revenue distribution equivalencies.

25. We obtained the amount of guarantee expense from the Schedule. The amount was deemed to be immaterial for detailed testing.
26. Intercollegiate Athletics Department management provided us with a listing of coaches, support staff, and administrative personnel employed and paid by the University during the reporting period. We selected and tested individuals, including football and men's and women's basketball coaches, and compared amounts paid during the fiscal year from the payroll accounting system to their contract or other employment agreement document. We found that recorded expenses equaled amounts paid as salary and bonuses and were in agreement with approved contracts or other documentation. After adjusting the Schedule by \$750,000 for coaches, the amounts were deemed to be accurately reported in the Schedule.
27. We obtained the amount of compensation and benefits provided by a third party. The amount was deemed immaterial for detailed testing.
28. Intercollegiate Athletics Department management provided us with a listing of severance payments made during the reporting period. We reviewed selected severance payment, comparing it to the termination letter, employment contract or other supporting documentation. After adjusting the Schedule by \$750,000, the amount was deemed to be accurately reported in the Schedule.
29. We obtained the Intercollegiate Athletics Department's written recruiting and team travel policies from Intercollegiate Athletics Department management and documented an understanding of those policies. We compared these policies to existing University and NCAA policies and noted substantial agreement of those policies.
30. We selected a sample of disbursements for team travel, game expenses and direct overhead and administration from the Schedule. We compared and agreed the selected operating expenses to adequate supporting documentation. We found all reviewed amounts to be properly approved, reasonable to intercollegiate athletics, and properly recorded in the accounting records.
31. We obtained the amount of lease payments and rental fees from the Schedule. The amount was deemed immaterial for detailed testing.
32. We obtained a listing of debt service payments for athletic facilities for the reporting year. We selected a sample of debt payments included in the Schedule, including the two highest facility payments, and agreed them to supporting documentation.

33. We obtained an understanding of the University's methodology for charging indirect cost to the athletic department. We evaluated indirect cost charges for reasonableness and noted proper reporting of these charges in the Schedule.
34. We obtained the amount of indirect institutional support. The amount was deemed to be immaterial for detailed testing.
35. We reviewed all components of the other operating expenses. We determined the amount has been reported accurately.

Other Reporting Items

36. We obtained repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. We recalculated annual maturities reported in the notes to the Schedule and agreed total annual maturities and total outstanding athletic-related debt to supporting documentation.
37. We agreed total outstanding institutional debt to supporting debt schedules and the University's audited financial statements.
38. We agreed the fair value of athletics-dedicated endowments to supporting documentation provided by the University's Foundation.
39. We agreed the fair value of institutional endowments to supporting documentation provided by the University's Foundation.
40. We obtained a schedule of athletics-related capital expenditures made during the period. We selected a sample of transactions to validate existence and accuracy of recording and recalculated totals.

Additional Procedures

41. We compared the sports sponsored by the University, as reported in the NCAA Membership Financial Reporting System, to the Calculation of Revenue Distribution Equivalencies Report (CRDE) from the ARMS software for the institution. We noted agreement of the sports reported.
42. We compared total current year grants-in-aid revenue distribution equivalencies to total prior year reported equivalencies per the NCAA Membership Financial Report submission and noted variations exceeding four percent when compared to prior year. The variance was caused by an increase attributable to football, primarily for exhausted eligibility and medical equivalencies.

43. We obtained the University's Sports Sponsorship and Demographics Forms Report for the reporting year. We validated that the countable sports identified by the institution met the minimum requirements for number of contests and minimum number of participants as defined in NCAA Bylaw 20.10.6.3 or qualified for the extraordinary blanket waiver per NCAA guidance due to the COVID-19 pandemic. We ensured that countable sports have been properly identified in the NCAA Membership Financial Reporting System for the purpose of revenue distribution calculations.
44. We compared the current number of sports sponsored to the prior year total reported in the University's NCAA Membership Financial Report submission and noted no variations when compared to prior year.
45. We obtained a listing of student-athletes receiving Pell grant awards from the University's student information system and agreed the total value of these Pell grants to the amount reported in the NCAA Membership Financial Reporting System. We noted agreement of the amounts reported.
46. We compared the total number of Pell grant awards in the current year to the number reported in the prior year NCAA Membership Financial Report submission. We noted no variations greater than 20 grants when compared with the prior year.

We were engaged by University management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit, examination, or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs or any of the accounts or items referred to above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of Virginia Tech and its President and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

JRQ:vks

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY
SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
For the year ended June 30, 2022

	Football	Men's Basketball	Women's Basketball	Men's Other Sports	Women's Other Sports	Non-Program Specific	Total
Operating revenues:							
Ticket sales	\$ 18,201,919	\$ 2,154,286	\$ 150,377	\$ 117,298	\$ -	\$ -	\$ 20,623,880
Student fees	-	-	-	-	2,619,206	9,854,971	12,474,177
Indirect institutional support	-	-	-	-	-	1,718,981	1,718,981
Guarantees	100,000	-	-	-	-	-	100,000
Contributions	5,742,887	190,468	71,007	691,124	605,206	18,536,273	25,836,965
In-Kind	13,764	28,401	-	553	3,140	-	45,858
Compensation and benefits provided by a third party	-	-	-	25,000	-	-	25,000
Media rights	28,583,757	8,032,184	454,750	316,000	300,500	-	37,687,191
NCAA distributions	-	2,070,700	-	-	-	2,283,745	4,354,445
Conference distributions (non-media and non-football bowl)	784,811	471,744	-	-	-	-	1,256,555
Conference distributions of football bowl generated revenue	5,339,947	-	-	-	-	-	5,339,947
Program, novelty, parking, and concession sales	1,920,126	77,410	12,337	118,862	36,691	10,185	2,175,611
Royalties, licensing, advertisement and sponsorships	1,246,288	96,435	73,250	319,233	208,430	1,450,642	3,394,278
Sports camp revenues	39,177	-	-	-	-	45,683	84,860
Athletics-Restricted endowment and investments income	-	-	-	-	-	4,009,698	4,009,698
Other operating revenue	137,911	-	-	57,739	58,691	569,027	823,368
Football bowl revenues	1,831,875	-	-	-	-	-	1,831,875
Total operating revenues	63,942,462	13,121,628	761,721	1,645,809	3,831,864	38,479,205	121,782,689
Operating expenses:							
Athletic student aid	4,925,357	673,711	753,872	3,139,043	4,995,892	1,276,562	15,764,437
Guarantees	912,500	559,057	79,337	86,715	8,411	-	1,646,020
Coaching salaries, benefits, and bonuses paid by the university and related entities	9,823,850	3,674,726	1,369,070	3,399,778	3,229,574	-	21,496,998
Coaching salaries, benefits and bonuses paid by a third party	-	-	-	25,000	-	-	25,000
Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	3,357,874	1,000,572	570,605	563,337	361,522	12,941,303	18,795,213
Severance payments	10,766,910	-	26,259	15,920	27,516	145,882	10,982,487
Recruiting	898,675	307,755	130,281	276,907	225,264	-	1,838,882
Team travel	1,055,873	980,881	436,198	1,030,165	1,229,142	394	4,732,653
Sports equipment, uniforms, and supplies	537,295	80,745	141,074	783,308	498,050	169,531	2,210,003
Game expenses	2,361,147	656,222	281,647	379,533	272,463	407,267	4,358,279
Fundraising, marketing and promotion	388,242	66,710	22,043	41,095	45,279	1,509,984	2,073,353
Sports camp expenses	848	-	-	-	-	-	848
Spirit groups	6,345	-	3,138	-	-	293,032	302,515
Athletic facility leases and rental fees	-	-	-	125,032	125,032	4,232	254,296
Athletic facility debt service	-	-	-	-	-	4,114,086	4,114,086
Direct overhead and administrative expenses	1,575,146	761,818	73,758	768,595	382,228	4,868,033	8,429,578
Indirect cost paid to the institution by athletics	144,599	-	-	-	-	5,791,665	5,936,264
Indirect institutional support	-	-	-	-	-	1,718,981	1,718,981
Medical expenses and insurance	251,835	23,867	29,598	273,909	257,445	666,686	1,503,340
Memberships and dues	3,740	3,175	515	20,942	20,621	25,363	74,356
Student-Athlete meals (non-travel)	1,196,499	131,357	93,234	705,866	602,710	329,491	3,059,157
Other operating expenses	1,495,826	299,787	96,602	299,390	171,365	3,286,594	5,649,564
Football bowl expenses	1,726,764	-	-	-	-	-	1,726,764
Football bowl expenses - coaching compensation/bonuses	231,435	-	-	-	-	-	231,435
Total operating expenses	41,660,760	9,220,383	4,107,231	11,934,535	12,452,514	37,549,086	116,924,509
Excess (deficiency) of revenues over (under) expenses	\$ 22,281,702	\$ 3,901,245	\$ (3,345,510)	\$ (10,288,726)	\$ (8,620,650)	\$ 930,119	\$ 4,858,180
Other Reporting Items:							
Total athletics-related debt							\$ 97,357,000
Total institutional debt							\$ 525,390,000
Value of athletics-dedicated endowments							\$ 68,063,593
Value of institutional endowments							\$ 1,586,446,030
Total athletics-related capital expenditures							\$ 3,272,000

The accompanying Notes to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs are an integral part of this Schedule.

VIRGINIA TECH
NOTES TO SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2022

1. BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenses of Intercollegiate Athletic Programs has been prepared on the accrual basis of accounting. The purpose of the Schedule is to present a summary of revenues and expenses of the intercollegiate athletic programs of the University for the year ended June 30, 2022. The Schedule includes those intercollegiate athletics revenues and expenses made on behalf of the University's athletics programs by outside organizations not under the accounting control of the University. Because the Schedule presents only a selected portion of the activities of the University, it is not intended to and does not present either the financial position, changes in fund balances, or cash flows for the year then ended. Revenues and expenses directly identifiable with each category of sport presented are reported accordingly. Revenues and expenses not directly identifiable to a specific sport are reported under the category "Non-Program Specific."

2. AFFILIATED ORGANIZATIONS

The University received \$29,846,663 from the Virginia Tech Foundation, Inc. Approximately \$15,764,437 of these funds were used for grant-in-aid scholarships for student-athletes. These amounts received are included in the accompanying Schedule as follows: \$25,836,965 is included in the Contributions line item and \$4,009,698 is included in the Athletics Restricted Endowment and Investment Income line item.

3. LONG-TERM DEBT

Externally funded debt

The University, on behalf of the Athletic Department, has obtained debt financing for capital improvement projects as needed. These debts usually consist of Section 9(d) revenue bonds issued by the University or notes payable issued through the Virginia College Building Authority (VCBA) and will be repaid by the department using operating revenues and private fund-raising proceeds. Outstanding principal as of June 30, 2022 (in dollars):

Project	Maturity	Principal
Indoor Practice Facility		
Series 2015B, 9(d) revenue bond	2035	\$ 510,000
Series 2021, 9(d) revenue bond	2036	40,000
Lane Stadium - West Side Expansion		
Series 2021, 9(d) refunding revenue bond	2041	21,825,000
Lane Stadium - South End Zone		
Series 2021, 9(d) refunding revenue bond	2041	7,055,000
Hahn Hurst Basketball Practice Center		
Series 2021, 9(d) refunding revenue bond	2041	6,075,000
		<u>\$ 35,505,000</u>

Internally funded debt

The University has internally loaned the Athletic Department funds for capital improvement projects as needed. These debts will be repaid by the department using operating revenues and private fund-raising proceeds. Outstanding principal as of June 30, 2022 (all dollars):

Project	Maturity	Principal
Student Athletic Performance Center	2030	\$ 3,723,000
ACC Media Studio	2031	9,335,000
Creativity & Innovation District	2041	20,286,000
Baseball Stadium and Rector Field House	2045	26,965,000
		<u>\$ 60,309,000</u>

Long-term lease payable

The University, on behalf of the Athletic Department, has entered into a long-term lease with the Town of Christiansburg for the use of the town's aquatic center. The lease will be paid by the department using operating revenues and private fund-raising proceeds. Outstanding principal as of June 30, 2022 (in dollars):

Lease	Maturity	Principal
Town of Christiansburg, aquatic center	2035	\$ 1,543,000

A summary of future principal and interest commitments for fiscal years subsequent to June 30, 2022, is presented as follows (all dollars):

	Principal	Interest	Total
2023	\$ 3,298,000	\$ 1,081,000	\$ 4,379,000
2024	5,070,000	1,635,000	6,705,000
2025	5,388,000	1,568,000	6,956,000
2026	5,207,000	1,490,000	6,697,000
2027	5,287,000	1,413,000	6,700,000
2028-2032	24,286,000	5,777,000	30,063,000
2033-2037	20,241,000	3,815,000	24,056,000
2038-2042	20,747,000	1,777,000	22,524,000
2043-2045	7,833,000	231,000	8,064,000
	<u>\$ 97,357,000</u>	<u>\$ 18,787,000</u>	<u>\$ 116,144,000</u>

4. UNIVERSITY ADMINISTRATION FEE

As with all auxiliary enterprises, the University charges the Athletic Department an administrative fee. During the fiscal year, the Athletic Department paid \$5,936,264 to the University. This amount is included in the Indirect Cost Paid to the Institution by Athletics line item in the Non-Program Specific category.

5. CAPITAL ASSETS

Capital assets consisting of buildings, infrastructure, and equipment are stated at appraised historical cost or actual cost where determinable. Construction in progress (CIP) is capitalized at actual cost as expenses are incurred. All gifts of capital assets are recorded at acquisition value as of the donation date.

Intangible right-to-use assets consisting of the right-to-use buildings are stated at the net present value of future minimum lease payments at the commencement of the lease term. Intangible right-to-use assets are recognized when the net present value of future minimum lease payments is \$50,000 or greater.

Equipment is capitalized when the unit acquisition cost is \$2,000 or greater and the estimated useful life is one year or more. Software is capitalized when the acquisition and/or the development costs exceed \$100,000. Renovation costs are capitalized when expenses total more than \$100,000, the asset value significantly increases, or the useful life is significantly extended. Routine repairs and maintenance are charged to operating expense in the year the expense is incurred.

Depreciation is computed using the straight-line method over the useful life of the assets. The useful life is 40 to 60 years for buildings, ten to 50 years for infrastructure and land improvements, and three to 30 years for fixed and movable equipment. Right-to-use lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The beginning balance has been restated for the implementation of GASB Statement 87, Leases. A summary of changes in capital assets follows for the year ending June 30, 2022 (all dollars in thousands):

	Beginning Balance (Restated)	Additions	Retirements	Ending Balance
Depreciable capital assets				
Buildings	\$ 232,069	\$ 1,632	\$ 37	\$ 233,664
Moveable equipment	15,156	1,144	322	15,978
Software	313	-	-	313
Fixed equipment	14,588	124	-	14,712
Infrastructure	21,311	1,585	-	22,896
Right to use leases - buildings	1,976	-	-	1,976
Total depreciable capital assets, at cost	<u>285,413</u>	<u>4,485</u>	<u>359</u>	<u>289,539</u>
Less accumulated depreciation and amortization				
Buildings	68,147	5,159	38	73,268
Moveable equipment	7,965	1,404	428	8,941
Software	294	10	-	304
Fixed equipment	6,183	659	-	6,842
Infrastructure	18,001	675	-	18,676
Right to use leases - buildings	139	140	-	279
Total accumulated depreciation and amortization	<u>100,729</u>	<u>8,047</u>	<u>466</u>	<u>108,310</u>
Total depreciable capital assets, net of accumulated depreciation and amortization	<u>184,684</u>	<u>(3,562)</u>	<u>(107)</u>	<u>181,229</u>
Non-depreciable capital assets				
Construction in progress	<u>5,727</u>	<u>1,949</u>	<u>3,162</u>	<u>4,514</u>
Total non-depreciable capital assets	<u>5,727</u>	<u>1,949</u>	<u>3,162</u>	<u>4,514</u>
Total capital assets, net of accumulated depreciation and amortization	<u>\$ 190,411</u>	<u>\$ (1,613)</u>	<u>\$ 3,055</u>	<u>\$ 185,743</u>

VIRGINIA TECH

As of June 30, 2022

BOARD OF VISITORS

Letitia A. Long
Rector

Edward H. Baine
Vice Rector

Shelley Butler Barlow
Carrie H. Chenery
Greta J. Harris
Charles T. Hill
Anna L. James
Sharon Brickhouse Martin

Melissa Byrne Nelson
L. Chris Petersen
Mehul P. Sanghani
Horacio A. Valeiras
Jeffrey E. Veatch
Preston M. White

Robert Weiss, Holli Drewry
Faculty Representatives

Serena Young
Staff Representative

Paolo Fermin, Phil Miskovic
Student Representatives

Kim O'Rourke
Secretary to the Board of Visitors

UNIVERSITY OFFICIALS

Timothy D. Sands
President

Whit Babcock
Director of Intercollegiate Athletics Programs