WEST VIRGINIA UNIVERSITY

Financial Statements
for the Years Ended June 30, 2020 and 2019
and Independent Auditors' Reports

WEST VIRGINIA UNIVERSITY

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Governors
West Virginia University & Divisions
Morgantown, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of West Virginia University (the University), a component unit of the West Virginia Higher Education Policy Commission as of and for the years ended June 30, 2020 and 2019, and the related statements of revenue, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University as of June 30, 2020 and 2019, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 1, the financial statements present only the University and do not purport to, and do not present fairly the financial position of the West Virginia Higher Education Policy Commission as of June 30, 2020 and 2019, the changes in its financial position, or cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis, schedule of proportionate share of net pension liability and contributions, as listed in the table of contents be presented to supplement the financial statements as listed in the table of contents. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 15, 2020, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 15, 2020

Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2020

Overview

The Management's Discussion and Analysis is required supplementary information and has been prepared in accordance with the requirements of Governmental Accounting Standards Board ("GASB"). This section of West Virginia University's (the "University" or "WVU") annual financial report provides an overview of the University's financial performance during the fiscal year ended June 30, 2020 as compared to the previous fiscal year. Comparative analysis is also presented for fiscal year 2019 compared to fiscal year 2018.

The University's annual report consists of three basic financial statements: the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows. These statements focus on the financial condition of the University, the results of operations, and cash flows of the University as a whole. Each of these statements is discussed below.

Financial Highlights

At June 30, 2020, the University's total net position increased from the previous year-end by $46.0 million. The increase in net position is primarily attributable to increases in current accounts receivable from public private partnerships, noncurrent restricted cash, noncurrent investments, and capital assets, net as well as a decrease in the net OPEB liability. This increase in net position was partially offset by increases in accounts payable and noncurrent bonds payable.

Total revenues in fiscal year 2020 were $1.2 billion, a 5.8% increase over prior year. Total revenues decreased by .8% from fiscal year 2018 to fiscal year 2019. During fiscal year 2020, the University recognized $39.9 million in gift revenue as a result of the transfer of the Research Trust Fund investments from the WVU Foundation (the "Foundation") in July 2019. There were also increases in revenue from grants and contracts. Additionally, the University recognized revenue from the Coronavirus, Aid, Relief, and Economic Security ("CARES") Act. This increase in revenue was partially offset by decreases in revenue from auxiliary enterprises and sales and services of educational activities.

Total expenses increased by 2.2% from fiscal year 2019 to fiscal year 2020. During fiscal year 2020, the University incurred expenses of $13.6 million related to the CARES Act. The first installment of these funds was used by the University to disburse $7.5 million in emergency aid to students with financial need stemming from the COVID-19 related disruption of campus operations in accordance with guidance from the U.S. Department of Education ("DOE"). The second installment (the institutional aid portion) was used by the University as reimbursement of expenses of approximately $6.1 million related to the disruption of campus operations due to COVID-19. (The remaining $4.0 million from this installment was used to replace foregone revenue due to the issuance of housing refunds and the abatement of rent.) There were also increases in scholarships and fellowships and other operating expenses. These increases were offset by a decrease in interest on capital asset-related debt. Total expenses increased by 2.4% from fiscal year 2018 to fiscal year 2019.

Net Position

The statement of net position presents the assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources and net position of the University as of the end of the fiscal years. Assets denote the resources available to continue the operations of the University. Deferred outflows of resources are defined as a consumption of resources applicable to a future reporting period. Liabilities indicate how much the University owes vendors, employees and lenders. Deferred inflows of resources are defined as an acquisition of net position applicable to a future reporting period. Net position is the residual of all other elements presented in a statement of net position.

Net Position is displayed in three components:

Net investment in capital assets. This component consists of capital assets, net of accumulated depreciation and amortization reduced by the outstanding balance of debt obligations related to those capital assets. Deferred inflows and outflows of resources related to these capital assets or debt are also included in this component of net position.

Restricted. This category includes assets, the use of which is restricted, either due to externally imposed constraints or because of restrictions imposed by law. Restricted assets are reduced by liabilities and deferred inflows of resources related to those assets. They are further divided into two additional components - nonexpendable and expendable. The **nonexpendable restricted component** includes endowment and similar type funds for which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal. The **expendable restricted component** includes resources for which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted. This component includes resources that are not subject to externally imposed stipulations. Such resources are derived primarily from tuition and fees (not restricted as to use), State appropriations, sales and services of educational activities, and auxiliary enterprises. The unrestricted component of net position is used for transactions related to the educational and general operations of the University and may be designated for specific purposes by action of the University's management or the Board of Governors.

Condensed Schedule of Net Position (in thousands)

	As of June 30		
	2020	**2019**	**2018**
Assets			
Current Assets	$ 306,800	$ 299,211	$ 278,945
Capital Assets, Net	1,836,319	1,809,035	1,830,341
Other Noncurrent Assets	229,918	126,513	129,096
Total Assets	2,373,037	2,234,759	2,238,382
Deferred Outflows of Resources	35,361	34,091	28,047
TOTAL	$ 2,408,398	$ 2,268,850	$ 2,266,429
Liabilities			
Current Liabilities	$ 237,804	$ 207,762	$ 192,790
Noncurrent Liabilities	958,576	907,986	946,603
Total Liabilities	1,196,380	1,115,748	1,139,393
Deferred Inflows of Resources	100,052	87,100	67,481
TOTAL	$ 1,296,432	$ 1,202,848	$ 1,206,874
Net Position			
Net Investment in Capital Assets	$ 1,095,413	$ 1,096,718	$ 1,105,345
Restricted for:			
Nonexpendable	17,615	19,031	17,954
Expendable	49,558	11,040	10,952
Unrestricted Deficit	(50,620)	(60,787)	(74,696)
TOTAL NET POSITION	$ 1,111,966	$ 1,066,002	$ 1,059,555

Total assets of the University increased by about $138.3 million, or 6.2%, to a total of $2.4 billion as of June 30, 2020. This increase was primarily due to increases in current accounts receivable from public private partnerships, noncurrent restricted cash, noncurrent investments, and capital assets, net.

- Accounts receivable from public private partnerships (current) increased by $3.5 million representing amounts due from the University's private student housing partners for reimbursable expenses, management fees, and additional rent related to fiscal year 2020. The increase in current accounts receivable from public private partnerships from fiscal year 2018 to fiscal year 2019 was insignificant.

- Noncurrent restricted cash increased by $41.3 million primarily due to the issuance of improvement revenue and refunding bonds to finance various capital projects and to refund the 2014 Series C Bonds (2019 Series A and B bonds). Noncurrent restricted increased by $3.4 million from fiscal year 2018 to fiscal year 2019.

- Noncurrent investments increased by $66.6 million primarily due to the transfer of the Research Trust Fund investments from the Foundation in July 2019. These investments had a fair market value of $39.9 million at July 1, 2019. These funds were committed by the State per Senate Bill 287 as basis for a 1:1 match with private dollars to create endowments that would provide a source of funds for research and economic development. The University received gifts and pledges totaling $35 million within the seven-year window provided for in Senate Bill 239 (which amended the original five-year window provided for in Senate Bill 287); therefore, the University was eligible for state matching funds of $35 million.

Noncurrent investments also increased by $22.0 million due to the purchase of U.S. Treasury securities with the proceeds from the issuance of the 2019 bonds. Noncurrent investments decreased by $4.3 million from fiscal year 2018 to fiscal year 2019.

- Capital assets, net increased by $27.3 million primarily due to an increase in construction-in process and the completion of improvements to buildings and infrastructure.

  - The University completed improvements to the following during the fiscal year: renovations to the coliseum, renovations to food and dining services facilities across campus by Sodexo, upgrades to the PRT, renovations to the Engineering Science building, renovations at Health Sciences Center North and various energy performance projects.
  - Major construction-in-process projects included: renovations to Hodges Hall, site preparation for construction of the new building for the John Chambers College of Business and Economics, renovations at the Milan Puskar Center and the Milan Puskar Stadium, advertising video boards at the coliseum, and various energy performance projects.
  - These increases were partially offset by the sale of Fieldcrest Hall to WVU Hospitals and the demolition of Stansbury Hall.

  Capital assets, net decreased by $21.3 million from fiscal year 2018 to fiscal year 2019.

In accordance with the provisions of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*," and Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*", the University reported deferred outflows related to pensions, in the amount of $844,000, at June 30, 2020. This is a decrease of $300,000 from the deferred outflows related to pensions of $1.1 million at June 30, 2019. During fiscal year 2020, these deferred outflows represent the University's proportionate share of the difference between expected and actual experience, the change in proportion and difference between employer contributions and proportionate share of contributions, changes in assumptions, and employer contributions made by the University during fiscal year 2020 (after the measurement date of June 30, 2019) to the pension plan.

In accordance with the provisions of GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions",* the University reported deferred outflows related to other postemployment benefits ("OPEB") in the amount of $19.3 million at June 30, 2020. This is a decrease of $1.6 million from the deferred outflows related to OPEB of $20.9 million at June 30, 2019. These deferred outflows represent the change in proportion and the difference between employer contributions and proportionate share of contributions and employer contributions made by the University during fiscal year 2020 (after the measurement date of June 30, 2019) to a postemployment benefit plan – the West Virginia Postemployment Benefit Plan – which is administered by the West Virginia Public Employees Insurance Agency ("PEIA") and the West Virginia Retiree Health Benefit Trust Fund (the "RHBT"). These deferred outflows also represent the net difference between projected and actual investment earnings and the opt-out proportionate share.

The University also reported deferred loss on refunding of $15.2 million at June 30, 2020. This represents the unamortized balance of a deferred loss on refunding related to the defeasance of the 2004 Bonds. The deferred loss on refunding is the difference between the reacquisition price and the net carrying amount of the refunded bonds and will be recognized as a component of interest expense over the remaining life of the refunded debt. The reduction in the amount from fiscal year 2019 to 2020 denotes the annual amount amortized to interest expense.

At June 30, 2020, the University's deferred outflow related to the acquisition of the Blanchette Rockefeller Neurosciences Institute ("BRNI") was fully amortized to other operating expense.

Total liabilities for the year increased by $80.6 million (or 7.2%). This increase in total liabilities was primarily due to increases in accounts payable and noncurrent bonds payable. This increase was partially offset by a decrease in the net OPEB liability.

- Accounts payable increased by $18.2 million primarily due to an increase in unpaid invoices at year-end. Accounts payable increased by $8.3 million from fiscal year 2018 to fiscal year 2019.

- Noncurrent bonds payable increased by $95.5 million primarily due to the issuance of improvement revenue and refunding bonds to finance various capital projects and to refund the 2014 Series C Bonds (2019 Series A and B bonds) in addition to the issuance of refunding bonds to refund the 2011 Series B, 2013 Series A and 2014 Series A Bonds (2020 Series A bonds).

- Net OPEB liability decreased by $32.4 million due to a decrease in the University's proportionate share of the State's net OPEB liability at June 30, 2020. The OPEB plan is a cost-sharing, multiple-employer, defined benefit other postemployment benefit plan that covers the retirees of State agencies, colleges and universities, county boards of education and other government entities administered by PEIA and the RHBT. As a participant in the OPEB plan, the University is required to recognize its proportionate share of the collective net OPEB liability provided through the plan. The proportionate share is calculated based on employer and non-employer contributions to the OPEB plan. The net OPEB liability decreased by $12.5 million from fiscal year 2018 to fiscal year 2019.

In accordance with the provisions of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*," and Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date,*" during fiscal year 2020 the University recorded deferred inflows related to pensions in the amount of $3.6 million. For fiscal year 2020, these deferred inflows represent the University's proportionate share of the difference between employer contributions and proportionate share of contributions, the difference between expected and actual experience, and the net difference between projected and actual investment earnings.

The University recorded deferred inflows related to OPEB of $51.6 million and $36.2 million at June 30, 2020 and June 30, 2019, respectively, in accordance with the provisions of GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". For fiscal year 2020, these deferred inflows represent the University's proportionate share of the net difference between projected and actual investment earnings on plan investments, the difference between employer contributions and the University's proportionate share of contributions, the difference between expected and actual experience, changes in assumptions, and the opt-out proportionate share.

During fiscal year 2015, the University entered into an agreement with ACC OP (College Park, WV) LLC to operate College Park, a multi-use facility including student housing, owned by WVU. The agreement met the definition of a service concession arrangement ("SCA") under the provisions of GASB Statement No. 60, *"Accounting and Financial Reporting for Service Concession Arrangements."* This deferred inflow is being amortized over the lease term of forty years to auxiliary enterprise revenue.

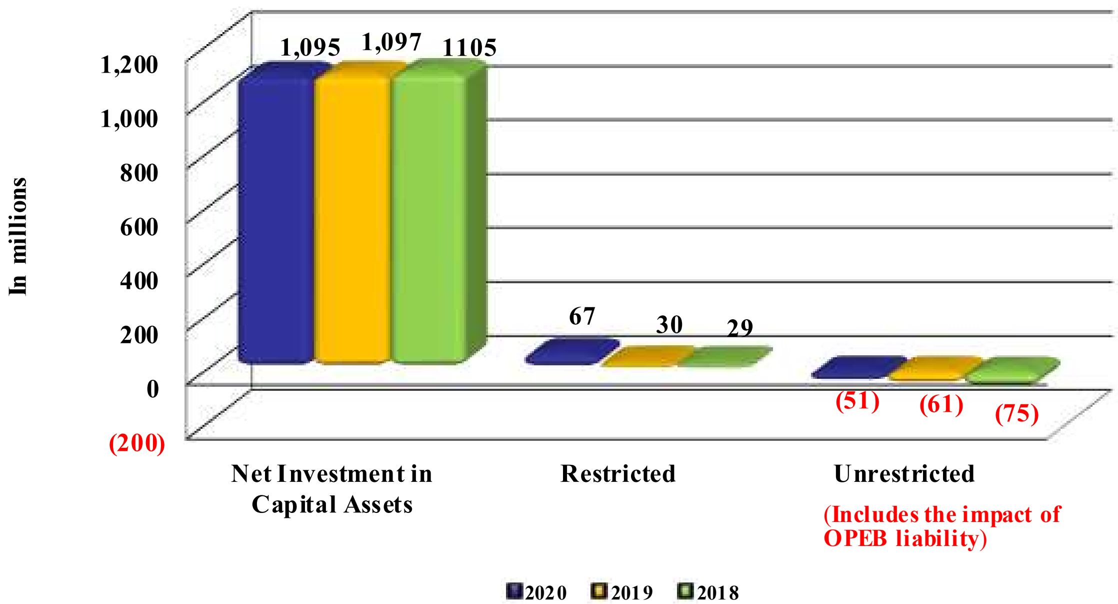
During fiscal year 2020, the University entered into an agreement with Sodexo America, LLC to operate its food and dining services program. Upon execution of this agreement, Sodexo provided unrestricted funds of $10 million to the University. This was recorded as a deferred inflow and is being amortized over the term of the agreement (15 years) to auxiliary enterprise revenue.

The University recorded Pell grant monies provided for financially eligible students before the start of the semester as well as a gain on refunding of HSC loans in FY 2013 as deferred inflows of resources.

The University's current assets of $306.8 million were sufficient to cover current liabilities of $237.8 million indicating that the University maintained sufficient available resources to meet its current obligations as of June 30, 2020.

The following is a comparative illustration of net position.

COMPARISON OF NET POSITION
June 30, 2020, 2019 and 2018



Net investment in capital assets decreased by $1.3 million mainly due to increases in bonds payable and accounts payable. These increases were offset by an increase in capital assets, net. Net investment in capital assets decreased by $8.6 million from fiscal year 2018 to fiscal year 2019.

During fiscal year 2020, the restricted component of the net position experienced an increase of $37.1 million. This increase was primarily due to an increase in restricted sponsored programs from the transfer of the Research Trust Fund investments from the Foundation. This component of net position increased by $1.2 million from fiscal year 2018 to fiscal year 2019.

The unrestricted component of net position increased by $10.2 million during fiscal year 2020. This was primarily due to a decrease in the net OPEB liability. There was an increase in this component of net position from fiscal year 2018 to fiscal year 2019 of $13.9 million.

	2020	2019
Total unrestricted net position before OPEB liability, net pension liability, deferred inflows and deferred outflows	$ 102,732	$ 109,397
Plus: Deferred outflows of resources related to OPEB	19,328	20,906
Plus: Deferred outflows of resources related to pensions	844	1,136
Less: Net OPEB liability	113,459	145,905
Less: Net pension liability	4,821	6,216
Less: Deferred inflows of resources related to OPEB	51,644	36,231
Less: Deferred inflows of resources related to pensions	3,600	3,874
Total unrestricted net deficit	$ (50,620)	$ (60,787)

Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses and changes in net position presents the operating revenues, operating expenses, non-operating revenues and expenses and other revenues, expenses, gains or losses of the University for the fiscal years.

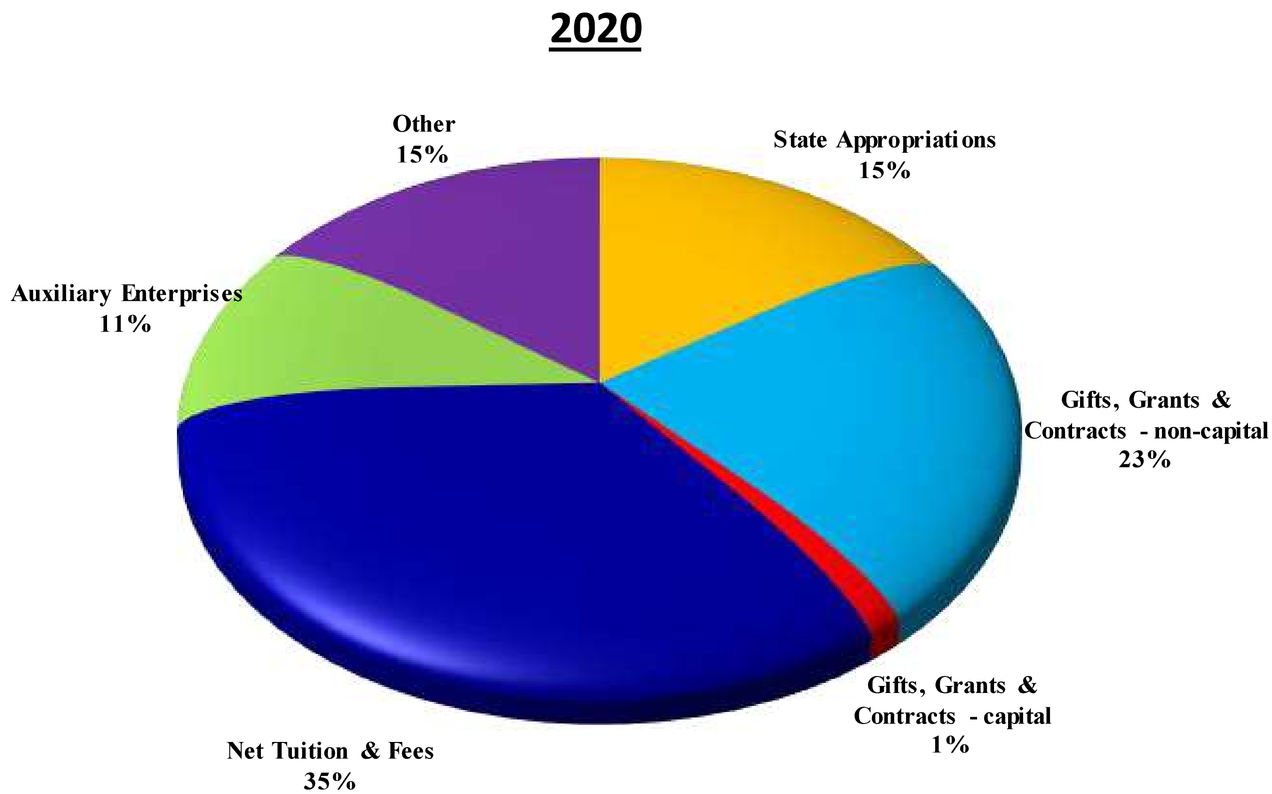
State appropriations, while budgeted for operations, are considered and reported as non-operating revenues. This is because State appropriations are provided by the West Virginia Legislature (the "Legislature") to the University without the Legislature directly receiving commensurate goods and services for those revenues. Likewise, Pell grants are reported as non-operating, because of specific guidance in the AICPA industry audit guide. Student tuition and fees are reported net of scholarship discounts and allowances. Financial aid to students is reported using the NACUBO alternative method. Under this method certain aid, such as loans and federal direct lending, is accounted for as a third party payment, while all other aid is reflected either as operating expenses or scholarship allowances, which reduce revenues. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Condensed Schedules of Revenues, Expenses and Changes in Net Position (in thousands)

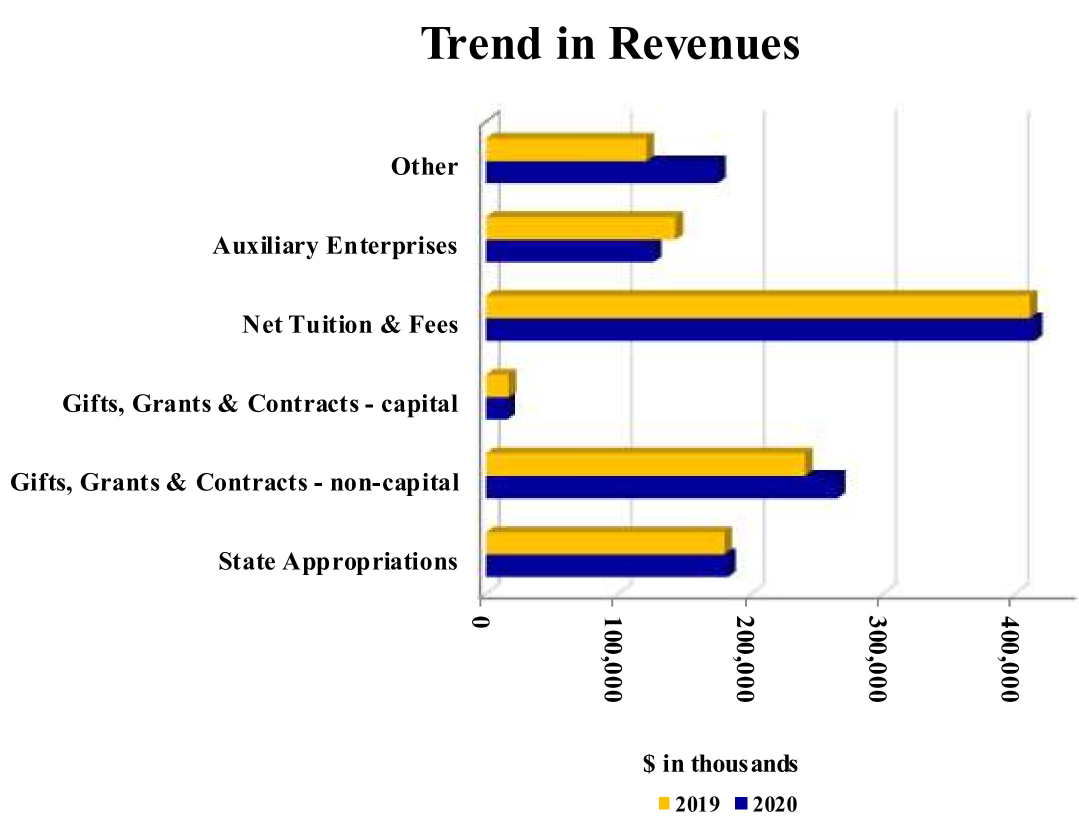
	Years Ended June 30		
	2020	**2019**	**2018**
Operating Revenues	$ 797,193	$ 809,827	$ 808,128
Operating Expenses	1,106,721	1,075,377	1,053,017
Operating Loss	(309,528)	(265,550)	(244,889)
Net Nonoperating Revenues	338,984	254,890	258,347
(Loss) Income before Other Revenues, Expenses, Gains or Losses	29,456	(10,660)	13,458
Capital grants and gifts	16,088	17,107	26,746
Bond/capital projects proceeds from the Commission	420	-	-
Capital payments on behalf of the University	-	-	896
Increase in Net Position	45,964	6,447	41,100
Net Position - Beginning of Year	1,066,002	1,059,555	1,003,002
Cumulative Effect of Change in Accounting Principle	-	-	15,453
Net Position - Beginning of Year, As Restated	1,066,002	1,059,555	1,018,455
Net Position - End of Year	$ 1,111,966	$ 1,066,002	$ 1,059,555

Revenues:

The following graph shows the composition of total revenues by source for fiscal year 2020.



The following chart provides a comparison of revenues by significant category between fiscal years 2020 and 2019.



Total fiscal year 2020 revenues were $1.2 billion, an increase of $64.4 million or 5.8%, from fiscal year 2019. Some highlights of the information presented on the statement of revenues, expenses, and changes in net position are as follows:

- Gifts increased by $63.4 million from fiscal year 2019 to fiscal year 2020 primarily due to the transfer of the Research Trust Fund investments from the Foundation in July 2019. Gift revenue also increased due to the donation of non-capitalizable software to the Statler College of Engineering and Mineral Resources and non-capitalizable equipment and supplies from Sodexo and an increase in gifts from the Foundation. This revenue category decreased by $4.2 million from fiscal year 2018 to fiscal year 2019.

- The University recognized total revenue of $15.0 million from the Higher Education Emergency Relief Fund ("HEERF") of the CARES Act. These funds were received in two equal installments of $10.1 million each. The first installment was used to disburse direct cash grants of $7.5 million to students with financial need stemming from the COVID-19 related disruption of campus operations in accordance with guidance from the DOE. Revenue of $7.5 million was recognized for this student aid portion.

  The second installment of this funding was used to reimburse the University for foregone revenue and expenses related to the disruption of campus operations due to COVID-19. Due to this institutional aid portion being contingent upon the disbursement of student aid, only $7.5 million was recognized as revenue for this portion in accordance with accounting guidance.

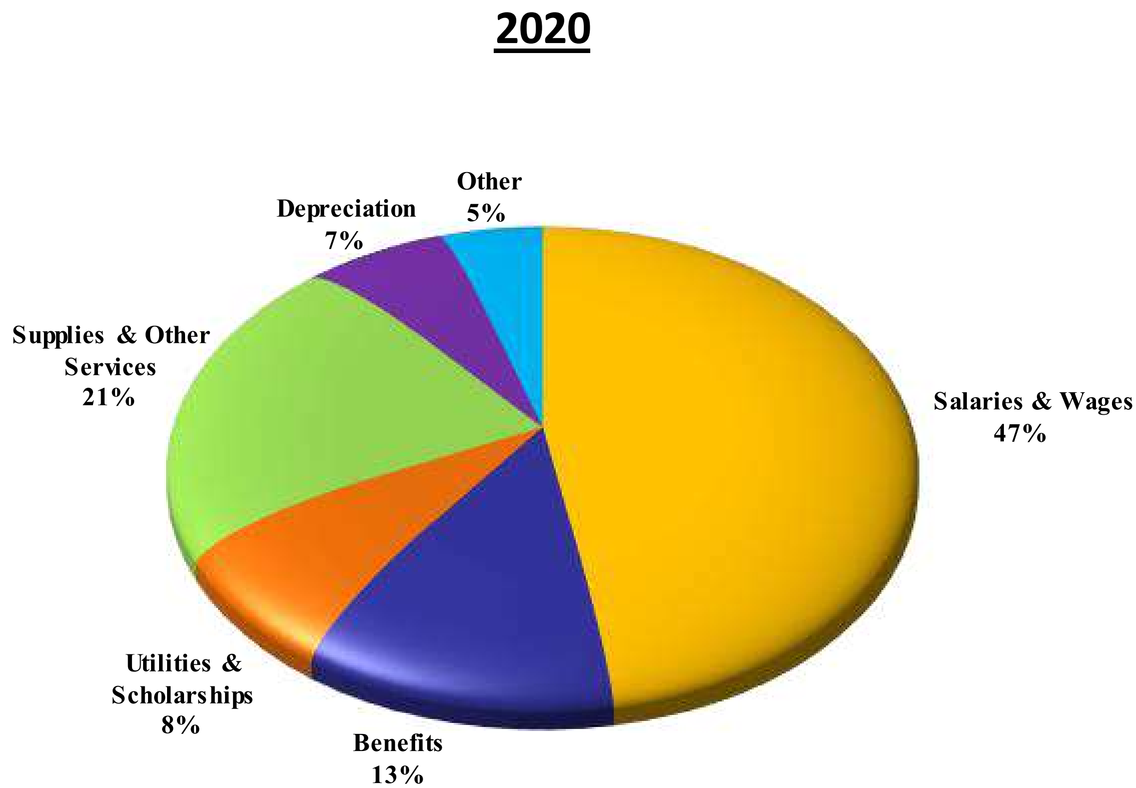
- Grants and contracts revenue (non-capital related), excluding Federal Pell grants, increased by $11.4 million from fiscal year 2019 to fiscal year 2020 primarily due to an increase in federal and state grants and contracts. This revenue increased by $9.6 million from fiscal year 2018 to fiscal year 2019.

- Auxiliary revenue, net decreased by $16.5 million primarily due to a decrease in room and board revenue from the disruption of campus operations as a result of the COVID-19 pandemic. There was also a decrease in revenue from fiscal year 2019 due to the investment in student life activities by the developer of University Place as a result of the closure of Arnold Hall. This decrease was partially offset by an increase in contract commissions and guarantees as part of the Sodexo dining services contract and revenue from public private partnerships. Additionally, Athletics revenue decreased for the following revenue sources: Big 12 Athletic Conference; single game and away game ticket sales for football; guarantees; and corporate sponsorships. Auxiliary revenue, net decreased by $9.3 million from fiscal year 2018 to fiscal year 2019.

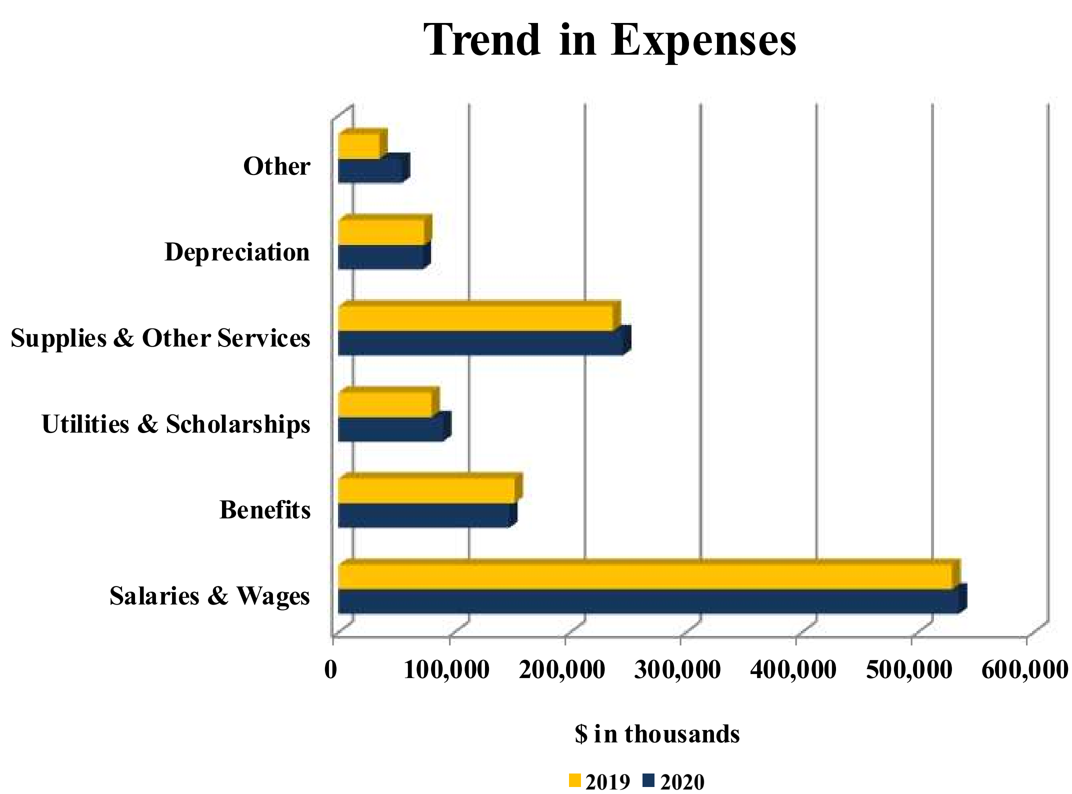
- Sales and services of educational activities decreased by $8.8 million from fiscal year 2019 to fiscal year 2020 due to a decrease in study abroad fees and conference revenues. Due to the COVID-19 pandemic, study abroad programs in the spring and summer were canceled. Also due to the pandemic, several conferences and summer programs, including programs offered by the WVU Extension Service, were canceled. These revenues decreased by an insignificant amount from fiscal year 2018 to fiscal year 2019.

Expenses:

The following graph shows the composition of total expenses by category for fiscal year 2020.



The following chart provides a comparison of expenses by significant category between fiscal years 2020 and 2019.



Total fiscal year 2020 expenses increased by $24.8 million, or 2.2%, to $1.1 billion. Changes in expense amounts from the prior year are primarily attributed to the following:

- Scholarships and fellowships increased by $11.4 million primarily due to an increase in institutional awards. There was an increase of $10.9 million in this expense category from fiscal year 2018 to fiscal year 2019.

- Other operating expenses increased by $8.5 million from fiscal year 2019 to fiscal year 2020. This increase was primarily due to expenses related to the Voluntary Separation Incentive Program. The increase in other operating expenses from fiscal year 2018 to fiscal year 2019 was insignificant.

- The University incurred expenses of $13.6 million related to the CARES Act. The University disbursed $7.5 million in emergency aid to students with financial need stemming from the COVID-19 pandemic. The University used $6.1 million of the funds received from the second installment of this funding to reimburse expenses related to the disruption of campus operations due to the pandemic.

- Interest on capital asset-related debt decreased by $8.0 million in fiscal year 2020 due to the refunding of the 2011 Series B, 2013 Series A and 2014 Series A bonds. These bonds were refunded with the issuance of the 2020 Series A bonds. Interest expense increased by $1.0 million from fiscal year 2018 to fiscal year 2019.

Cash Flows

The statements of cash flows provide information about the cash receipts, cash payments, and net change in cash resulting from the operating, investing, and financing activities (capital and noncapital) of the University during the year. This statement helps users assess the University's ability to generate net cash flows, its ability to meet obligations as they come due, and its need for external financing.

The statement of cash flows is divided into five sections:

Cash flows from operating activities. This section shows the net cash used by the operating activities of the University.

Cash flows from noncapital financing activities. This section reflects the cash received and paid for nonoperating, noninvesting, and noncapital financing purposes.

Cash flows from capital financing activities. This section includes cash used for the acquisition and construction of capital and related items.

Cash flows from investing activities. This section shows the purchases, proceeds, and interest received from investing activities.

Reconciliation of operating loss to net cash used in operating activities. This section provides a schedule that reconciles the accrual-based operating loss and net cash used in operating activities.

Condensed Schedule of Cash Flows (in thousands)

	Years Ended June 30		
	2020	**2019**	**2018**
Cash Provided By (Used In):			
Operating Activities	$ (204,663)	$ (151,124)	$ (192,040)
Noncapital Financing Activities	287,491	266,671	268,430
Capital Financing Activities	(23,361)	(91,832)	(100,866)
Investing Activities	(18,395)	10,661	(2,819)
Increase (Decrease) in Cash and Cash Equivalents	41,072	34,376	(27,295)
Cash and Cash Equivalents, Beginning of Year	140,814	106,438	133,733
Cash and Cash Equivalents, End of Year	$ 181,886	$ 140,814	$ 106,438

Total cash and cash equivalents increased by $41.0 million during fiscal year 2020 to $181.9 million.

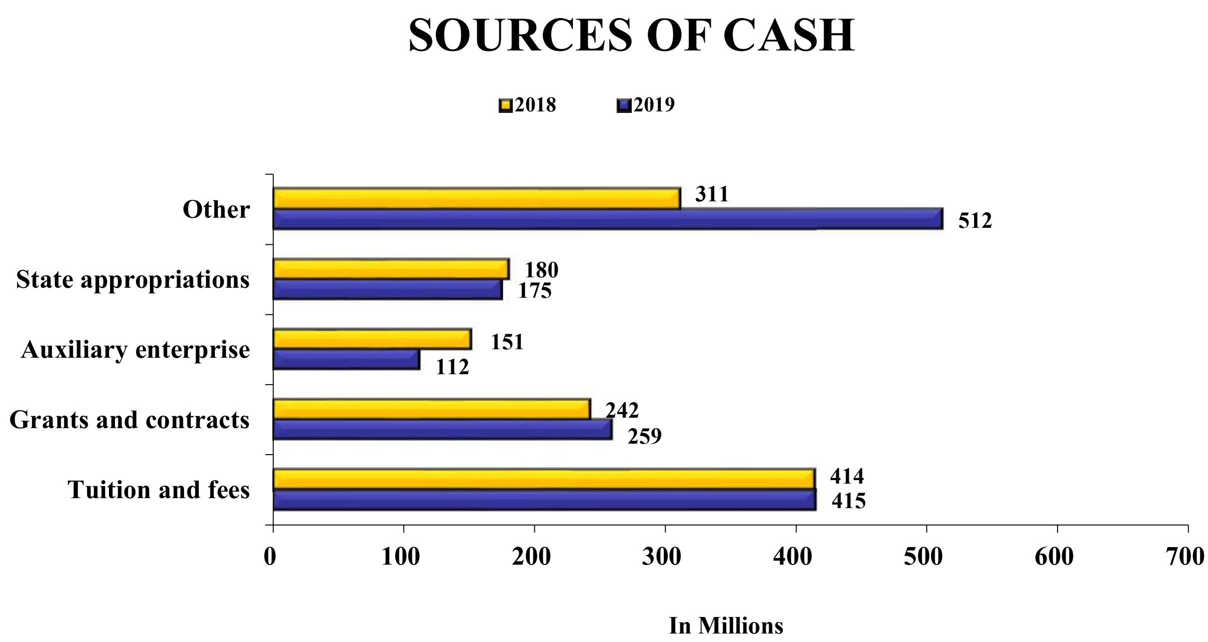
- Net cash used in operating activities decreased by $53.5 million primarily due to expenses related to the CARES Act and an increase in cash outflows for scholarships and fellowships and loan advances returned to the federal government. These increases were offset by decreased cash inflows from auxiliary enterprises and other receipts. Cash used in operating activities had experienced a decrease of $40.9 million from fiscal year 2018 to fiscal year 2019.

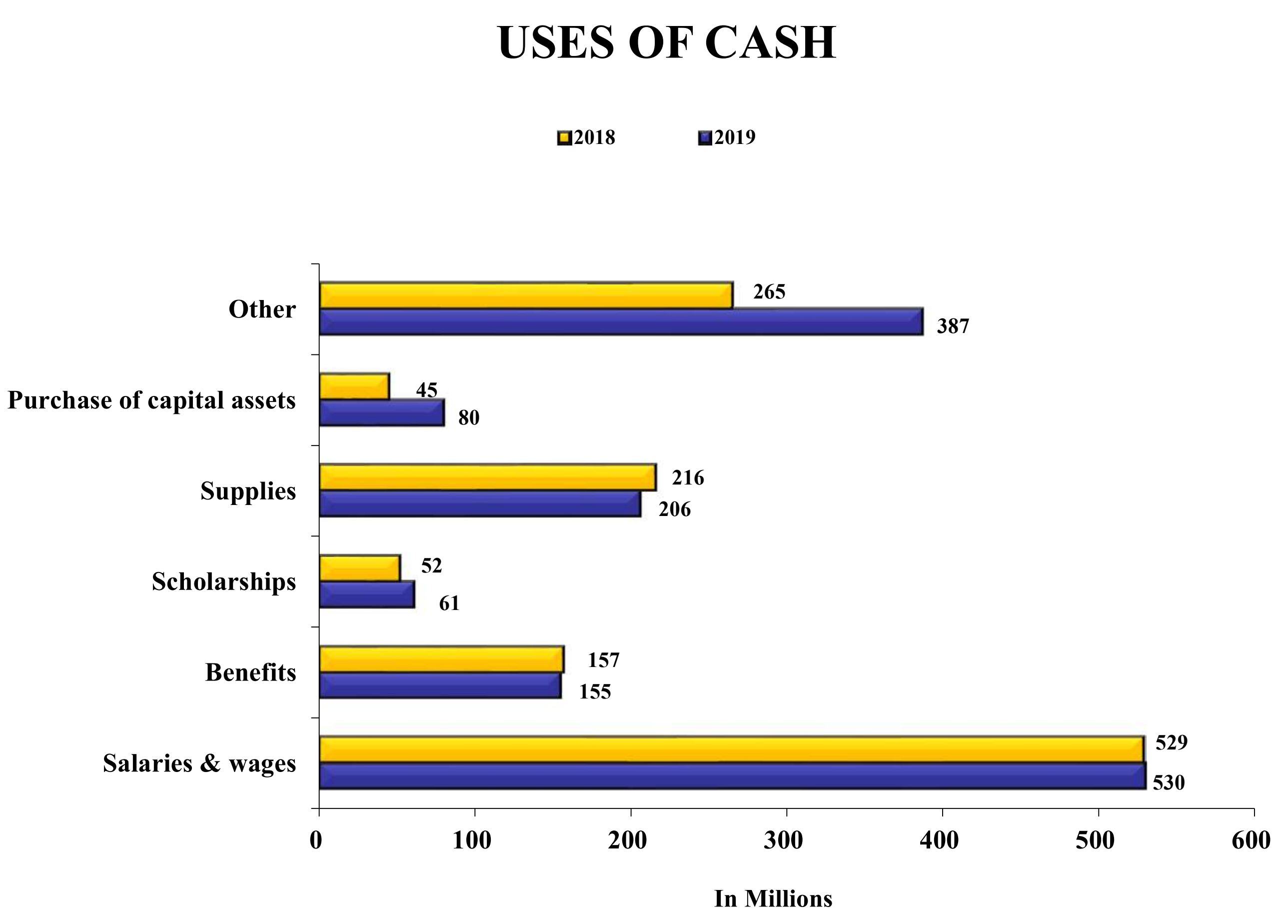
- Net cash provided by noncapital financing activities increased by $20.8 million primarily due to revenue from the CARES Act and an increase in cash inflows from gifts and other nonoperating receipts. This increase was partially offset by decreased cash inflows from State appropriations. This category had experienced a decrease of $1.8 million from fiscal year 2018 to fiscal year 2019.

- Net cash used in capital financing activities increased by $68.5 million primarily due to an increase in cash inflows from bond proceeds. This increase was offset by an increase in cash outflows from the purchase of capital assets and principal paid on capital debt and leases. Capital financing activities decreased by $9.0 million from fiscal year 2018 to fiscal year 2019.

- Net cash provided by investing activities decreased by approximately $29.1 million primarily due to an increase in cash outflows for the purchase of investments. This was offset by an increase in cash inflows from the redemption of matured bond investments. In contrast, investing activities had changed by $13.5 million from fiscal year 2018 to fiscal year 2019.

The following graphs illustrate the sources and uses of cash –





Capital Asset and Long Term Debt Activity

The University, including the Health Sciences Center and its regional campuses, has a multi-year capital budget including planned capital expenditures of approximately $111.9 million. The capital plan includes various capital projects to construct, renovate and/or upgrade academic and auxiliary facilities on the University's campuses. These capital projects are being financed through bond proceeds, grants, and other sources of revenues available to the University including internal financing, operational revenue and gifts.

Significant construction, capital and debt activity in fiscal year 2020 was as follows:

- The University completed improvements to buildings and infrastructure including renovations to the coliseum, renovations to food and dining services facilities across campus by Sodexo, upgrades to the PRT, renovations to the Engineering Science building, renovations at Health Sciences Center North and various energy performance projects.
- Major ongoing construction-in-process projects included renovations to Hodges Hall, site preparation for construction of Reynolds Hall, the new building for the John Chambers College of Business and Economics, renovations at the Milan Puskar Center and the Milan Puskar Stadium, advertising video boards at the coliseum, and various energy performance projects.

The Commission assesses each public institution of higher education for funds to meet the payment of debt service on various revenue bonds that were issued for the financing of academic and other facilities of the State's universities and colleges, including certain facilities of the University. The bonds remain as a capital obligation of the Commission; however, $40.1 million is reported as debt service assessment payable to the Commission by the University as of June 30, 2020.

The University issued $85.8 million of tax-exempt improvement bonds to finance three main capital projects: construction of Reynolds Hall, renovation of Hodges Hall, and improvements to the Athletics' Puskar Center. The University also issued $39.1 million of refunding bonds to refund the 2014 Series C Bonds (2019 Series A and B Bonds). Additionally, the University issued $377.8 million of refunding bonds to refund the 2011 Series B, 2013 Series A and 2014 Series A Bonds (2020 Series A Bonds) for an upfront savings of $57 million in debt service due to favorable interest rates. At June 30, 2020, the University's bonds were rated as Aa3, AA-, and A/Stable by Moody's, Fitch and Standard and Poor's respectively.

The University has also initiated a student housing master planning exercise with the goal of addressing issues such as increasing the availability of desirable and affordable housing to better meet the needs of the diverse student body, assisting in identifying how to enhance several existing residence halls on the Morgantown campus, exploring the opportunity to create new or enhanced facilities through the development of one or more current University-owned sites, and addressing deferred maintenance issues at existing residence halls.

Economic Outlook

WVU is a strong and vibrant flagship, land-grant, and affordable higher education institution with an affiliated medical center that provides billions in economic activity for the state of West Virginia and the region. WVU is continually adapting to today's challenges of an increasingly competitive enrollment environment, minimal tuition increases and higher tuition discounting to keep tuition affordable, increasing operating costs, and reductions in federal support. The University administration is taking active steps to meet these challenges through prudent financial planning and management practices designed to reduce costs, improve the efficiency and effectiveness of its operations and contracts, and maximize revenue opportunities.

On January 31, 2020, the World Health Organization declared the outbreak and spread of Coronavirus (COVID-19) a global health emergency. On February 25, 2020, the Centers for Disease Control and Prevention announced that COVID-19 was headed toward pandemic status.

In order to mitigate the spread of COVID-19 and to protect the campuses and communities, the University suspended classes the week of March 23-27 (extending spring break for most of the campus). On March 30, 2020, the University and its regional campuses in Keyser and Beckley moved to online or other alternative learning options through the remainder of the Spring semester in response to the threat of COVID-19. Residence halls were closed and students received a credit for the period for which they could not return to campus. As a result, the University issued approximately $14 million in housing and dining refunds to students. Almost all employees transitioned to working remotely. A special emergency leave plan was adopted for situations where an alternative work arrangement was not feasible, to encourage faculty and staff to stay home if sick, and to minimize any financial hardship employees might face as a result of the pandemic. All international and domestic travel was restricted.

The University continued the online or alternative delivery of instruction through the Summer term, with the exception of some programs at the HSC, and waived the Online Learning Student Support fee. Camps, study abroad programs, and other events scheduled for the summer were cancelled. New student orientation was moved to an online experience.

As a result of the pandemic, the University issued campus-wide guidance to reduce non-critical spending. The University also significantly reduced travel expenses and expenditures on capital projects and deferred maintenance. Hiring has been minimized, overtime pay has been restricted and employment of temporary staff has been limited. President Gee and other senior administrators voluntarily took a pay cut ranging from 5% to 10%. The University, including the regional campuses, also implemented a temporary reduction-in-force program, beginning May 23, 2020 through June 28 or July 26, involving approximately 875 employees.

The University received a total of $20.2 million from the HEERF fund of the CARES Act, which was received in two equal installments. The first installment of $10.1 million was used to provide emergency assistance to students with financial need stemming from the COVID-19 related disruption of campus operations. The University disbursed direct cash grants to over 10,900 students in spring 2020 and summer 2020 following guidance from the DOE. The second installment of $10.1 million was used to reimburse the University for foregone revenue and expenses (housing and dining refunds) related to the disruption of campus operations.

Due to the cancellation of spring sports, Big 12 and NCAA basketball tournaments, and losses in conference revenue as a result of the pandemic, the Athletics department implemented various cost saving measures. The Director of Athletics and four head coaches (football, men's basketball, women's basketball and baseball) voluntarily took a 10% pay cut beginning on July 1, 2020. Additionally, employees of the Athletics department also took a reduction in salary ranging between 2.5 % and 5% (based on annual salary thresholds). In addition to employees furloughed by the University's temporary reduction-in-force program, some positions were eliminated, and some vacancies were not filled.

The Big 12 athletic conference announced plans for a revised 10-game season for football. The members of the conference, including the University, have committed to enhanced COVID-19 testing of student athletes in high contact sports and additional return to play protocols. The non-conference season opener at Milan Puskar Stadium was held without spectators due to safety precautions from the pandemic. The full extent and impact of the pandemic on football and basketball revenues is uncertain at this time.

On August 26, 2020 (one week later than scheduled), the University returned to campus for the Fall semester utilizing a hybrid model of instruction (a mix of in-person and on-line classes). The academic calendar has been modified in an effort to mitigate the impact of COVID-19; students will remain on campus, with no fall break, through November 24 then depart for Thanksgiving break and not return to campus for the remainder of the fall semester. One week of online instruction is to follow Thanksgiving break with finals conducted online. Spring classes will begin on January 19, 2021 and continue with no spring break through April 30, 2021 with finals scheduled on campus from May 3-7. A pro-rata reduction in room and board fees was applied to compensate students for the reduced number of days they will be living in the residence halls and dining on campus. A separate, phased schedule for staff and faculty to return to campus is planned.

Testing for COVID-19 was required for those students who would be taking on-campus courses and/or using on-campus resources (such as the library and dining services). Testing was also required for all faculty and staff returning to campus. Ongoing testing is currently being utilized for cluster, outbreak and surveillance testing. The University implemented enhanced health and safety protocols including requiring all faculty, staff and students to wear a face mask and follow social distancing guidelines. Plexiglass shields have been installed in classrooms. Facilities Management implemented additional cleaning and disinfecting measures based on guidelines from the CDC. All face-to-face, on-campus classes are required to have assigned seating and recorded attendance for contact tracing purposes. Students living in the residence halls who test positive will be moved into Arnold Apartments for the quarantine period. The University also required all faculty, staff and students to complete an education module on COVID-19 and a daily wellness survey which will provide access to campus facilities. The information provided by this daily survey will also provide information to help guide critical decisions about campus operations. The University also publishes a daily dashboard that provides various metrics to help determine whether additional precautionary measures are required. These measures may include further reducing activities on campus and moving more or all classes online in order to reduce spread. An Incident Command Center, comprised of a cross-section of University representatives, meets on a daily basis to review this data.

As a result of an increase in positive COVID-19 cases among students on the Morgantown campus, stemming from social gatherings over the Labor Day weekend, the University temporarily paused in-person classes from September 9, 2020 to September 25, 2020 (with the exception of those courses at the HSC with students in clinical rotation). The University also temporarily suspended in-person recreational activities and further limited capacity at certain on-campus events. The University imposed sanctions on students, including immediate interim suspension, amid ongoing COVID-related investigations and violations of the student code of conduct. These measures were helpful in bringing the positive cases down to a level that the University deemed safe to resume on-campus course delivery on Monday, September 28. At this time, there is considerable uncertainty regarding the duration of the pandemic, the timeline for the development and dissemination of a vaccine for the virus, and the full impact of the pandemic on the University's operations.

As a public institution, the University's financial position is also closely tied to that of the State of West Virginia and is always at the risk of funding reductions due to deteriorating economic conditions or changes in funding priorities. During fiscal year 2020, the State experienced a budget deficit of $198.8 million in its general revenue funds as a result of a decrease in severance tax and personal income tax collections. The State's income tax filing deadline was moved from April 15 to July 15 to provide economic relief after Governor Justice ordered all non-essential businesses in the State closed and advised state residents to stay at home to slow the rate of spread of COVID-19. The State was able to use $1.25 billion in funds received from the CARES Act to offset costs related to COVID-19. While the State achieved a healthy balance of $856.0 million in its Revenue Shortfall Reserve Fund (Rainy Day Fund), the State's budget continues to face economic pressures brought on by the COVID-19 pandemic along with a continuing decline in coal production.

The University continues to collaborate with Marshall University and the West Virginia Department of Commerce to advance the State's economic future. West Virginia Forward began with an assessment by McKinsey and Company and has developed into an enhanced statewide effort to identify opportunities to utilize the State's unique assets for the development and diversification of the State's economy. WV Forward is working with stakeholders statewide to leverage opportunities such as the following: growing the cybersecurity and information technology sectors; investing in innovation and growth; promoting tourism and livability; creating an inventory of sites for development; resolving issues with the State's tangible personal property tax; and examining the competitiveness of industrial electricity rates. WV Forward is also working to identify barriers and incentives impacting workforce participation in the State including enhancing talent, attraction and retention; combatting substance abuse and the opioid epidemic; and addressing issues affecting women in the workforce. Additionally, this initiative is identifying programs for West Virginians to continue to develop and evolve throughout their chosen career path including increasing educational training, matching skills with jobs in an ever-changing workforce environment, and increasing the attainment of higher education degrees.

The Foundation continues to report strong fund-raising numbers and has surpassed its goal of raising $135 million annually in gifts and pledges for the past three years and for four years out of the last five. In fiscal year 2020, donors contributed $198 million in new gifts and pledges. During fiscal year 2020, the Foundation launched a special fundraising initiative, "We Are Stronger Together", to provide scholarships to students in need due to the challenges of the COVID-19 pandemic. Also, as part of this initiative, the University's Division of Diversity, Equity and Inclusion is enhancing support for students from under-represented groups with a targeted fundraising effort.

Despite the pandemic and other economic challenges, the University is committed to strategically investing in its core mission and long-term quality and positioning itself for financial stability well into the future. Examples of these initiatives include:

- Three Critical Pillars:
  The University is committed to transforming itself and the State by strengthening three critical pillars: education, healthcare and broad-based prosperity. Priorities within the area of education include increasing enrollment, increasing retention and persistence, and increasing online programming.

  The University is pursuing the transformation of healthcare in WV by focusing on translational and clinical cardiac, cancer and critical care, directing WVU Medicine's research and outreach efforts to prevent and treat opiate and opioid abuse, addiction and obesity and addressing the health needs of the State's residents. In line with its goal of advancing knowledge and applying it to solve problems facing the State, the University has formed a center for brain research to create solutions for brain disorders and diseases like Alzheimer's.

  The University is also focusing on the priority of helping the State thrive and bringing broad-based prosperity to its citizens by serving as an economic engine for WV and by leveraging its internal expertise with external resources, its fundamental research capabilities, and its entrepreneurial activities, as well as partnering with the federal government, businesses, community and the State. As OneWVU, the University will work together to transform the University, and in turn, the lives of its students and all West Virginians.

  The renovation of space for the College of Business and Economics Startup Engine (Startup West Virginia), the University's first startup accelerator program, was completed in September 2019. The program's mission will be to attract, select and accelerate startups focused on the sectors/industries identified in the West Virginia Forward report with the objective of supporting the diversification of the state's economy. The Startup Engine will provide sector-specific, cohort-based business development programs across the University and will help startups develop their ideas, access seed capital, develop mentor relationships and partner with existing businesses. The program will also build on the University's role as an R1 research institution.

  In November 2018, John Chambers, former CEO and Chairman of Cisco Systems, Inc. and founder and CEO of JC2 Ventures, and two-time WVU alumnus, announced a gift to support the Startup Engine. Chamber's gift will include financial support to build out and operate the Startup Engine, create a philanthropic venture capital fund in support of the project and create a center for Artificial Intelligence Management. Chambers has also agreed to volunteer five percent of his time to provide expertise to the University and its leadership. The College of Business and Economics was renamed the John Chambers College of Business and Economics.

  Vantage Ventures is an initiative of the Chambers College of Business and Economics to launch high impact, scalable businesses and leverage the untapped talent and resources in the State in the fields of science, technology, engineering and business. Its initial focus has been on four main market sectors: health, security, energy, and sensory. Resident companies are supported with a mentors, funding and other resources that were previously lacking in the State. Startup West Virginia and Vantage Ventures have been working with John Chambers on a variety of projects from assisting startup companies, collaborating with the West Virginia Development Office, and engaging with State leadership, the State's congressional delegation and other entities in the State to support economic development and innovation and to attract businesses and industries to the State.

- Growing Research:
  Research is an integral part of the University's mission and the Corporation facilitates this mission through its role as fiscal agent for sponsored projects. The Corporation also uses its unique status to maximize the effectiveness of technology transfer in addition to its economic and business development functions. One important indication of this success is WVU's classification as an R1, Doctoral University – Highest Research Activity, by the Carnegie Foundation in fiscal year 2018 placing WVU among the 130 strongest research institutions in the U.S. By our calculation, WVU moved from 109th to 90th in the classification. In fiscal year 2020 WVU secured $190 million in funding for sponsored programs, a new high for the institution. At the same time, sponsored award expenditures came in at $172 million.

  Although Federal funding for sponsored programs at the University remained relatively flat in fiscal year 2020, whereas overall sponsored awards (federal and non-federal sources) reached a new high of $190 million as noted above. Sponsored awards from the U.S. DoE, NSF and NIH continue to increase. The University in collaboration with the Research Corporation and the Innovation Corporation continues to expand U.S. Department of Defense funding to WVU. Investments in improving the competitiveness of the faculty through the implementation of programs by the Research Office is beginning to yield a noticeable return in terms of the dollar value of new awards. The most effective of these investments remain the Program to Stimulate Competitive Research, providing support to ensure that resubmitted proposals have a significantly enhanced probability of success, and an internal NIH style study section at HSC, providing scientific review of grant applications prior to external submission to increase competitiveness.

  The University continues to improve its relationship with private sector partners to grow industrial research support through its Office of Corporate Relations. Efforts have been focused on partnerships with industries in health care, energy, and defense in keeping with priorities for the state and university.

  While the University, and the Corporation, finds itself in a very dynamic funding environment, both are deploying innovative strategies to expand the quantity and quality of funding for the research enterprise from all sources and looks forward to continued success in the future.

- Effective Financial Management:
  In order to meet its strategic financial goals of achieving a positive adjusted operating margin, preserving and improving cash position, maintaining our bond rating and continuing investments for future growth, the University continues to transform its budget, control costs and expand revenue streams by reducing centrally allocated budgets, establishing expense limits on non-central spending and setting revenue targets. The University has also developed financial metrics to evaluate its debt capacity and affordability with those strategic goals in mind.

  The University implemented a University-wide Voluntary Separation Incentive Plan program during fiscal year 2020. Through this program, the University offered a lump-sum incentive payment to eligible faculty and staff who agreed to separate from employment with the University either by resignation or retirement. In general, all regular benefits-eligible employees with twenty or more years of service as of March 31, 2019 were eligible to express interest in the program. If the employee expressed an interest, and the department agreed to eliminate the position to reduce costs, the University made an official offer to the employee. If the employee agreed to leave as of December 31, 2019, the University paid the employee a lump sum of one-year's wages (or six month's salary if the employee agreed to leave as of June 30, 2020). 167 employees accepted VSIP offers with an annual base salary of $9 million. The University paid approximately $8.5 million in lump sum VSIP costs during fiscal year 2020 and expects to save about $6.5 million in fiscal year 2021.

  The University's Shared Services Center became operational on January 27, 2020. Daily transactional level financial and human resources activities were consolidated into this central center. The objective of this initiative is to improve customer service, gain operational efficiencies by streamlining processes and controls and eliminating duplication of effort, standardize policies and procedures across campus, and achieve cost savings. The center offers storefronts across campus to provide services and support for faculty and staff. The center also implemented Salesforce, a case-management and knowledge-base platform.

The University implemented the following strategies in the fourth quarter of fiscal year 2020, to free up cash and strengthen working capital, including: deferring the deposit and payment of the employer's share of Social Security taxes under provisions in the CARES Act (at June 30, 2020, $7.5 million had been deferred; the deposit date for 50% of these taxes is deferred to December 31, 2021, with the remaining 50% deferred until December 31, 2022); and extending its payment terms with suppliers without jeopardizing vendor relationships.

- Maintaining Student Demand:
  The University continues to focus not only on increasing its first-time freshmen but also its total enrollment through recruitment and other strategies to improve retention and persistence across all student ranks within the University and across all campuses. Fall 2020 enrollment numbers indicate a decrease in both freshmen and total enrollment compared to fall 2019, but the number of returning students has increased over fall 2019 due to improved retention and persistence rates. The residency mix has slightly shifted with fewer in-state students. This combination of improvement in the number of returning and out-of-state students has contributed to stable gross tuition and fee revenues.

- Building for the Future:
  The University has engaged in several public-private partnerships to develop safe, modern, and affordable residential and retail facilities. University Place and University Park offer residence halls, apartments and townhomes and College Park offers apartment style beds. Evansdale Crossing provides not only a one-stop shop for student services but also has an innovation launch pad, classrooms, restaurants, study spaces and other student-centered amenities.

  The University entered into an agreement with Sodexo during fiscal year 2019 to manage the University's dining services program. This partnership is providing students with healthier and more diverse dining options and an enhanced dining experience and has resulted in improvements to the University's dining facilities including the Mountainlair and the cafeteria at the HSC. This collaboration will provide a guaranteed revenue stream to the University. Sodexo has also invested in student-focused initiatives and supports West Virginia Forward and other key initiatives.

- Solving Long Term Liabilities:
  The State legislature has addressed one of the most significant financial challenges facing state agencies with positive results. In fiscal year 2012 the legislature and Public Employees Insurance Agency (PEIA) implemented a series of actions to significantly reduce the OPEB Annual Required Contribution (from State agencies) and, in turn, the total OPEB liability. These actions included limiting the annual increase on the employer's share of the retiree's premium and allocating $30 million of annual funding to the OPEB Trust Fund beginning in fiscal year 2016 and a change in the applied discount rate. These steps will have a significant positive impact on WVU's financial position and performance. Over time, as the State funds the OPEB trust, this accrual will become a credit and gradually reverse the current liability of $113.5 million to zero.

Despite the challenges facing the University, the administration remains committed to expanding its current efforts to maintain a sound financial position through diversification of revenue sources, managing costs and using innovation and technology to gain operational efficiencies. This sound financial position will allow the University to fulfill its mission as the State's flagship institution. University administration also believes that WVU represents an unparalleled value for a quality educational experience.

WEST VIRGINIA UNIVERSITY

STATEMENTS OF NET POSITION
AS OF JUNE 30, 2020 AND 2019
(Dollars in Thousands)

	2020	2019
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash and cash equivalents	$ 116,090	$ 116,290
Appropriations due from primary government	-	529
Investments	81,313	78,293
Accounts receivable, net of allowances for doubtful accounts of $10,622 and $9,947	85,857	84,219
Account receivable - public private partnerships, current portion	9,741	6,210
Due from the Higher Education Policy Commission	452	445
Loans receivable, current portion	4,638	4,625
Inventories	1,923	1,725
Prepaid expenses	6,268	6,070
Notes receivable, current portion	518	805
Total current assets	306,800	299,211
Noncurrent Assets:		
Restricted cash and cash equivalents	65,796	24,524
Investments	129,541	62,908
Other accounts receivable	3,656	4,353
Account receivable - public private partnerships	4,902	6,759
Loans receivable, net of allowances for doubtful accounts of $3,375 and $4,796	24,782	26,710
Notes receivable	1,241	1,259
Capital assets, net	1,836,319	1,809,035
Total noncurrent assets	2,066,237	1,935,548
TOTAL ASSETS	2,373,037	2,234,759
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	15,189	11,916
Deferred outflows related to other post employment benefits	19,328	20,906
Deferred outflows related to pensions	844	1,136
Deferred outflows related to BRNI acquisition	-	133
TOTAL DEFERRED OUTFLOWS OF RESOURCES	35,361	34,091
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 2,408,398	$ 2,268,850

(continued)

WEST VIRGINIA UNIVERSITY

STATEMENTS OF NET POSITION (CONTINUED)
AS OF JUNE 30, 2020 AND 2019
(Dollars in Thousands)

	2020	2019
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities:		
Accounts payable	$ 66,806	$ 48,628
Accrued liabilities	19,476	21,499
Accrued payroll	36,043	29,771
Deposits	2,864	3,325
Unearned revenue	62,481	50,289
Due to the Commission	2	-
Compensated absences	31,610	28,275
Real estate purchase agreements payable, current portion	262	589
Debt service assessment payable to the Commission, current portion	4,449	4,446
Leases payable, current portion	1,977	2,697
Bonds payable, current portion	10,406	17,032
Notes payable, current portion	1,428	1,211
Total current liabilities	237,804	207,762
Noncurrent Liabilities:		
Real estate purchase agreement payable	11,225	11,674
Net other post employment benefits liability	113,459	145,905
Net pension liability	4,821	6,216
Advances from federal government	22,398	26,837
Debt service assessment payable to the Commission	35,635	40,084
Leases payable	10,279	11,748
Bonds payable	674,953	579,428
Notes payable	60,190	61,324
Other noncurrent liabilities	25,616	24,770
Total noncurrent liabilities	958,576	907,986
TOTAL LIABILITIES	1,196,380	1,115,748
DEFERRED INFLOWS OF RESOURCES		
Deferred federal Pell grants	696	656
Deferred gain on refunding	251	296
Deferred service concession arrangements	35,097	36,105
Deferred inflows related to other post employment benefits	51,644	36,231
Deferred inflows related to pensions	3,600	3,874
Deferred inflows related to capital lease	-	500
Deferred inflows related to dining services contract	8,764	9,438
TOTAL DEFERRED INFLOWS OF RESOURCES	100,052	87,100
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	$ 1,296,432	$ 1,202,848
NET POSITION		
Net investment in capital assets	$ 1,095,413	$ 1,096,718
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	-	85
Loans	17,140	18,471
Other	475	475
Total nonexpendable	17,615	19,031
Expendable:		
Scholarships and fellowships	1,491	2,724
Sponsored programs	38,711	327
Loans	8,523	7,218
Capital projects	-	1
Other	833	770
Total expendable	49,558	11,040
Unrestricted net deficit	(50,620)	(60,787)
TOTAL NET POSITION	$ 1,111,966	$ 1,066,002

See notes to financial statements.

WEST VIRGINIA UNIVERSITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019
(Dollars in Thousands)

	2020	2019
OPERATING REVENUES		
Student tuition and fees, net of scholarship allowances of $85,147 and $84,139	$ 415,201	$ 411,253
Federal land grants	7,457	6,937
Local land grants	1,182	1,291
Federal grants and contracts	86,731	81,997
State grants and contracts	47,794	40,713
Local grants and contracts	422	730
Nongovernmental grants and contracts	87,595	87,716
Sales and services of educational departments	13,749	22,562
Auxiliary enterprises, net of scholarship allowances of $7,414 and $8,830	126,891	143,383
Interest on student loans receivable	816	836
Net service agreement revenue from BridgeValley and Parkersburg CTC's	250	250
Other operating revenues (including revenue from outsourced enterprise of $926 and $1,081)	9,105	12,159
Total operating revenues	797,193	809,827
OPERATING EXPENSES		
Salaries and wages	535,606	529,730
Benefits	147,440	151,973
Scholarships and fellowships	60,959	49,596
Utilities	29,323	30,810
Supplies and other services	236,081	236,924
Depreciation and amortization	72,815	74,024
Loan cancellations and write-offs	323	296
CARES Act Higher Education Relief Fund expense	13,644	-
Other operating expenses	10,530	2,024
Total operating expenses	1,106,721	1,075,377
OPERATING LOSS	(309,528)	(265,550)

(continued)

WEST VIRGINIA UNIVERSITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019
(Dollars in Thousands)

	2020	2019
NONOPERATING REVENUES (EXPENSES)		
State appropriations	$ 179,397	$ 176,739
State Lottery appropriations	3,647	3,494
Payments on behalf of the University	9,051	11,450
Gifts	121,980	58,611
Federal Pell grants	28,573	30,290
CARES Act revenues	15,042	-
Investment income (including unrealized gain of $7,063 and $2,157)	11,377	10,896
Interest on capital asset-related debt	(18,562)	(26,560)
Assessments by the Commission for debt service	(6,386)	(6,361)
Debt issuance costs	(2,097)	-
Other nonoperating expenses - net	(3,038)	(3,669)
Net nonoperating revenues	338,984	254,890
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	29,456	(10,660)
Capital grants and gifts	16,088	17,107
Bond/capital projects proceeds from the Higher Education Policy Commission	420	-
INCREASE IN NET POSITION	45,964	6,447
NET POSTION - BEGINNING OF YEAR	1,066,002	1,059,555
NET POSITION - END OF YEAR	$ 1,111,966	$ 1,066,002

See notes to financial statements.

WEST VIRGINIA UNIVERSITY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019
(Dollars in Thousands)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 415,170	$ 413,604
Federal and local land grants	8,639	8,228
Grants and contracts	229,748	212,410
CARES Act Higher Education Relief Fund expense	(13,644)	-
Payments to suppliers	(205,847)	(216,471)
Payments to employees	(529,696)	(529,401)
Payments for benefits	(155,134)	(156,770)
Payments for utilities	(29,021)	(30,033)
Payments for scholarships and fellowships	(61,409)	(52,023)
Loan advances provided by (returned to) federal government	(5,551)	895
Collections of loans to students	3,019	3,467
Interest earned on loans to students	816	836
Auxiliary enterprise charges	112,108	150,741
Sales and service of educational departments	13,372	21,932
Receipt of net operating expenses from Parkersburg CTC's	250	250
Net receipts for public private partnerships	3,550	3,295
Other receipts	8,967	17,916
Net cash used in operating activities	(204,663)	(151,124)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	171,512	176,807
State lottery appropriations	3,647	3,494
Gifts	59,452	55,773
Federal Pell grants	28,612	30,223
CARES Act revenue	20,174	-
William D. Ford direct lending receipts	186,364	193,622
William D. Ford direct lending payments	(186,106)	(194,461)
Other nonoperating receipts	3,836	1,213
Net cash provided by noncapital financing activities	287,491	266,671
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Payments on Commission debt assessment payable	(4,446)	(4,461)
Bond/capital projects proceeds from the Higher Education Policy Commission	420	-
Assessments by the Commission for debt service	(6,386)	(6,361)
Proceeds from issuance of University bonds	152,236	-
Bond issuance costs	(1,141)	-
Capital gifts and grants received	6,159	7,825
Purchases of capital assets	(79,723)	(44,953)
Capital projects proceeds from lease trustees	-	4,715
Principal paid on capital debt and leases	(68,860)	(20,558)
Interest paid on capital debt and leases	(21,620)	(28,039)
Net cash used in capital financing activities	(23,361)	(91,832)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	4,153	8,590
Purchase of investments	(89,333)	(6,098)
Redemption of matured bond investments	66,796	8,530
Purchase of Research Corporation investments	(11)	(361)
Net cash provided by (used in) investing activities	(18,395)	10,661
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	41,072	34,376
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	140,814	106,438
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 181,886	$ 140,814

(continued)

WEST VIRGINIA UNIVERSITY

STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019
(Dollars in Thousands)

	2020	2019
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (309,528)	$ (265,550)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	72,815	74,024
Donated/noncapitalized expense	22,820	4,071
Expenses paid on behalf of the University	8,888	11,288
Changes in assets, deferred outflows, liabilities and deferred inflows:		
Accounts receivable, net	5,553	9,359
Due from the Commission	(7)	87
Loans receivable, net	1,916	3,762
Prepaid expenses	(6)	1,686
Inventories	(197)	166
Accounts payable	451	5,705
Accrued liabilities	(28,479)	(120)
Deposits	(461)	248
Unearned revenue	7,059	(138)
Due to the Commission	2	-
Compensated absences	3,336	1,740
Defined benefit pension plan	(1,377)	(1,424)
Deferred other post employment benefits	16,991	3,077
Advances from federal government	(4,439)	895
Net cash used in operating activities	$ (204,663)	$ (151,124)
Noncash Transactions:		
Construction in progress additions in accounts payable	$ 13,157	$ 3,032
Donated capital assets	$ 9,302	$ 9,282
Unrealized gain on investments	$ 7,063	$ 2,157
Capitalization of interest	$ 737	$ 302
Noncash purchase of capital asset	$ 485	$ -
Loss on dispositions	$ (5,919)	$ (4,084)
Expenses paid on behalf of the University	$ 9,051	$ 11,450
Deferred gain on refunding	$ 45	$ 45
Reconciliation of cash and cash equivalents to the statements of net assets:		
Cash and cash equivalents classified as current assets	$ 116,090	$ 116,290
Cash and cash equivalents classified as noncurrent assets	65,796	24,524
	$ 181,886	$ 140,814

See notes to financial statements.

1. ORGANIZATION

West Virginia University (the "University") is governed by the West Virginia University Board of Governors (the "Board"). The Board was established by Senate Bill 653 ("S.B. 653").

Powers and duties of the Board include, but are not limited to, the power to determine, control, supervise and manage the financial, business and educational policies and affairs of the institution(s) under its jurisdiction, the duty to develop a master plan for the institution, the power to prescribe the specific functions and institution's budget request, the duty to review at least every five years all academic programs offered at the institution, and the power to fix tuition and other fees for the different classes or categories of students enrolled at its institution.

S.B. 653 also created the West Virginia Higher Education Policy Commission (the "Commission"), which is responsible for developing, gaining consensus around and overseeing the implementation and development of a higher education public policy agenda.

During fiscal year 2008, House Bill 3215 ("H.B. 3215") was passed which clarified and redefined relationships between and among certain higher education boards and institutions. This legislation defines the statewide network of independently accredited community and technical colleges. Effective July 1, 2008, the administratively linked community and technical colleges of West Virginia University, including West Virginia University at Parkersburg ("Parkersburg"), established its own Board of Governors.

The University provides Parkersburg with administrative and academic support services. The University charges Parkersburg for these services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the University have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, changes in net position and cash flows.

a. *Reporting Entity* – The University is a blended component unit of the West Virginia Higher Education Fund and represents separate funds of the State that are not included in the State's general fund. The University is a separate entity, which, along with all State institutions of higher education, the Commission (which includes West Virginia Network for Educational Telecomputing (WVNET)), and the West Virginia Council for Community and Technical College Education form the Higher Education Fund of the State. The Higher Education Fund is considered a component unit of the State, and its financial statements are discretely presented in the State's comprehensive annual financial report.

The accompanying financial statements present all funds under the authority of West Virginia University, including Potomac State College, West Virginia University Institute of Technology ("WVUIT"), West Virginia University Innovation Corporation ("WVUIC") and the West Virginia University Research Corporation (the "Corporation"). The basic criteria for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from the ability of the University to significantly influence operations and accountability for fiscal matters of related entities. (See Note 24 for condensed financial statements). Related foundations and other affiliates of the University (see Notes 18 and 19) are not part of the University reporting entity and are not included in the accompanying financial statements as the University has no ability to designate management, cannot significantly influence operations of these entities and is not accountable for the fiscal matters of these entities under GASB.

b. *Basis of Accounting* – For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the financial statements of the University have been prepared on the accrual basis of accounting with a flow of economic resources measurement focus. Revenues are reported when earned and expenses are reported when materials or services are received. All accounts and transactions between the University and the Corporation have been eliminated.

c. *Cash and Cash Equivalents* – For purposes of the statement of net position, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Cash on deposit with the West Virginia Treasurer's Office (the "Treasurer") and deposits with the State's Board of Risk and Insurance Management (BRIM) escrow account are deposited into the WV Money Market Pool with the West Virginia Board of Treasury Investments (BTI).

Cash in bank accounts may include deposits in the Insured Cash Sweep (ICS) program and the Certificate of Deposit Account Registry Services (CDARS) programs.

Cash with the bond trustee is invested in U.S. Treasury Notes and government backed Money Market funds.

Cash and cash equivalents also include cash on hand.

d. *Appropriations Due from Primary Government* – For financial reporting purposes, appropriations due from the State are presented separate from cash and cash equivalents, as amounts are not specific deposits with the Treasurer, but are obligations of the State.

e. *Accounts Receivable* – Accounts receivable primarily includes amounts due from students for tuition and fees, amounts due from sponsoring agencies for grants and contracts, and other miscellaneous receivables.

f. *Accounts Receivable – Public Private Partnerships –* Accounts receivable – public private partnerships includes amounts due from partners for reimbursable project expenses, management fees, share of net revenues, lease payments and additional lease payments. (Also see Notes 18 and 20.)

g. *Allowance for Doubtful Accounts* – It is the University's policy to provide for future losses on uncollectible accounts and loans receivable based on an evaluation of the underlying account and loan balances, the historical collectability experienced by the University on such balances and such other factors which, in management's judgment, require consideration in estimating doubtful accounts.

h. *Loans Receivable* – Loans receivable includes amounts due from students for student loans.

i. *Inventories* – Inventories are stated at the lower-of-cost or market, cost primarily determined on the first-in, first-out method and average cost.

j. *Noncurrent Restricted Cash and Cash Equivalents* – Cash that is (1) externally restricted to make debt service payments or to maintain sinking funds or reserve funds or to purchase capital or other noncurrent assets or settle long-term liabilities, or (2) permanently restricted components of net position are classified as a noncurrent asset on the statement of net position.

k. *Noncurrent Investments* – Investments that are (1) externally restricted to make debt service payments or to maintain sinking funds or reserve funds or to purchase capital or other noncurrent assets or settle long-term liabilities, or (2) permanently restricted components of net position are classified as a noncurrent asset on the statement of net position. All other investments are classified as current or noncurrent based on the underlying investment.

l. *Capital Assets* – Capital assets include property, plant and equipment, books and materials that are part of a catalogued library, infrastructure and intangible assets. Capital assets are stated at cost at the date of acquisition or construction, or acquisition value at the date of donation in the case of gifts. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings, infrastructure and land improvements, and 3 to 15 years for furniture, equipment, and library books. The estimated useful life of intangible assets varies. The University's capitalization thresholds are as follows: $25,000 for buildings, land improvements, infrastructure and leasehold improvements, $100,000 for software, and $5,000 for equipment. Library books and land are capitalized irrespective to cost. The accompanying financial statements reflect all adjustments required by GASB.

m. *Deposits* – Deposits include housing and tuition deposits made by students.

n. *Unearned Revenue* – Revenues for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenue, including items such as tuition, football ticket sales, orientation fees, room and board, financial aid deposits, and advance payments on sponsored awards. Financial aid deposits are separately classified.

o. *Compensated Absences –* GASB requires entities to accrue for employees' rights to receive compensation for vacation leave or payments in lieu of accrued vacation leave as such benefits are earned and payment becomes probable. The University's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination.

   The estimated expense and expense incurred for vacation leave is recorded as a component of benefits expense on the statement of revenues, expenses, and changes in net position.

p. *Other Post Employment Benefits (OPEB)* – For purposes of measuring the net other postemployment benefits ("OPEB") liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the West Virginia Postemployment Benefit Plan (the "OPEB plan"), which is administered by a combination of the West Virginia Public Employees Insurance Agency ("PEIA") and the West Virginia Health Benefit Trust Fund (the "RHBT"), additions to/reductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported in the RHBT's financial statements which can be found at www.peia.gov. The OPEB plan schedules are prepared using the accrual basis of accounting in accordance with U.S. GAAP as prescribed by GASB. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Investments are reported at fair value. Management of PEIA and the RHBT have made certain estimates and assumptions relating to the employer allocation schedules, and actual results could differ. (See Note 9.)

q. *Voluntary Separation Incentives Plan* – Effective November 4, 2011, the University adopted the Voluntary Separation Incentives Plan (the "VSIP"), which was approved by the West Virginia Legislative Joint Committee on Pensions and Retirement on July 23, 2012. The approval of the VSIP expired on July 23, 2017 and was re-approved by the West Virginia Legislative Joint Committee on Pensions and Retirement on December 3, 2017. The VSIP provides incentives for the voluntary separation of employees from the University when a review of programmatic needs or organizational development indicates that the University and the employee would benefit from such an offer. Eligibility to participate in the plan is limited to employees who have received a voluntary separation incentives offer. Continued eligibility to participate in the VSIP is conditioned upon the employee's fulfillment of all employment obligations. To participate, the employee must agree to separate from employment with the Board, but there is not a requirement that an employee commence his pension or otherwise retire from active employment. An employee granted incentives under this plan will be ineligible for reemployment with any State of West Virginia institution of higher education during or after his plan benefit period concludes, including contract employment in excess of $5,000 per fiscal year. One or more of the following voluntary separation incentives could be offered by the University to participants: 1) payment of a lump sum, 2) continuation of full salary for a predetermined period of time prior to the employee's separation and a reduction in the employee's hours of employment during the predetermined period of time, or 3) continuation of insurance coverage, pursuant to the provisions of West Virginia Code 5-16-1, for a predetermined period of time. The University's total liability as of June 30, 2020 and June 30, 2019 was $1,408,000 and $268,000, respectively, which is recorded as a component of accrued liabilities on the statement of net position. This includes approximately $28,000 and $13,000, respectively, for employee benefits as of June 30, 2020 and June 30, 2019.

r. *Reductions in Force* - On September 8, 2017, the University adopted the Reduction in Force ("RIF") rule, which was effective on September 28, 2017. This rule provides the guiding principles for reductions in force for positions held by classified employees of the University who are employed in full-time regular positions. A RIF may be implemented due to budget reductions, loss of funding, reorganization, material changes to the duties or responsibilities of a position, program change/elimination, or an emergency that curtails operations.

A review committee established and appointed by the President of the University will review and approve any RIF plan to implement a reduction in force involving more than five full-time regular classified employees. If the RIF would eliminate the positions of more than five full-time regular classified employees, the approval of the review committee must be obtained prior to implementation.

The University will provide a classified employee at least 60 days written notice that his or her position is going to be eliminated, unless the financial circumstances of the University are so severe that they dictate a shorter notice period.

The University may offer a severance package to a classified employee who is impacted by a RIF, if financially feasible. If the University offers a severance package, the University will provide the employee 45 days from the date of receipt to consider the terms and conditions of the agreement and to accept the severance package. Additionally, after an employee executes a severance agreement, that employee maintains the right to revoke that execution and void the severance agreement for seven days after execution. No severance benefits will be paid to any employee that revokes execution of the severance agreement.

Generally, the value of the severance package will be a minimum of four weeks of pay, but no more than the classified employee's annual base pay. The University may take into consideration the value of an employee's sick leave conversion benefit, if applicable, when developing the severance package. The University may also subsidize health insurance for a predetermined period of time as determined by the review committee. Any severance payments will be discontinued if the individual is rehired by the University or an affiliate prior to the end of the severance payments.

Any severance agreement will not be effective, and severance pay will not be paid, unless the employee agrees to the terms of and executes the severance agreement during the 45-day period. The University is not prohibited from moving forward with a RIF if a classified employee declines to execute the severance agreement.

The University's total liability as of June 30, 2020 and 2019 was $35,000 and $58,000, respectively, which is recorded as a component of accrued liabilities on the statement of net position. This includes approximately $4,000 and $4,000 for employee benefits as of June 30, 2020 and 2019.

s. *Noncurrent Liabilities* – Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, real estate purchase agreements payable, and capital lease obligations with contractual maturities greater than one year; (2) OPEB liability, net pension liability, and other liabilities that will not be paid within the next fiscal year; and (3) projected claim payments for self insurance.

t. *Net Pension Liability* – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Teachers' Retirement System (TRS), administered by the West Virginia Consolidated Public Retirement Board (CPRB), and additions to/reductions from the TRS fiduciary net position have been determined on the same basis as they are reported in the TRS financial statements, which can be found at https://www.wvretirement.com/Publications .html#CAFR. The plan schedules of TRS are prepared using the accrual basis of accounting and economic resources measurement focus in accordance with U.S. GAAP as prescribed by GASB. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Investments are reported at fair value. Detailed information on investment valuation can be found in the TRS financial statements. Management of TRS has made certain estimates and assumptions relating to employer allocation schedules, and actual results could differ. (See Note 10.)

u. *Net Position* – GASB establishes standards for external financial reporting for public colleges and universities and require that financial statements be presented on a basis to focus on the University as a whole. The components of net position are classified according to external donor restrictions or availability of assets for satisfaction of University obligations. The University's components of net position are classified as follows:

Net investment in capital assets: This represents the University's total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets, net of related debt.

Restricted – expendable: This includes resources which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

The West Virginia State Legislature (the "Legislature"), as a regulatory body outside the reporting entity, has restricted the use of certain funds by Article 10, "Fees and Other Money Collected at State Institutions of Higher Education" of the West Virginia Code. House Bill 101, passed in March 2004, simplified the tuition and fee restrictions to auxiliary and capital items. These activities are fundamental to the normal ongoing operations of the institution. These restrictions are subject to change by future actions of the Legislature. At June 30, 2020 and 2019, the University had no restricted balances remaining in these funds.

Restricted – nonexpendable: This includes endowment and similar type funds which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted: This includes resources that are not subject to externally imposed stipulations. Such resources are derived from tuition and fees (not restricted as to use), state appropriations, sales and services of educational activities, and auxiliary enterprises. This component is used for transactions related to the educational and general operations of the University and may be designated for specific purposes by action of the Board.

v. *Classification of Revenue* – The University has classified its revenues according to the following criteria:

Operating Revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most federal, state, local and nongovernmental grants and contracts, (4) federal land grants, and (5) sales and services of educational activities. Other operating revenues include revenue from leasing of the University's academic bookstores and retail stores to Barnes & Noble College Bookstores, Inc.

Nonoperating Revenues: Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB, such as state appropriations, Federal Pell grants, investment income and sale of capital assets (including natural resources).

Other Revenues: Other revenues primarily consist of capital grants and gifts and bond/capital project proceeds from the Commission.

w. *Use of Restricted Net Position* – The University has adopted a formal policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available. The University attempts to utilize restricted components of net position first when practicable. The University did not have any designated components of net position as of June 30, 2020 or 2019.

x. *Scholarship Discounts and Allowances* – Student tuition and fee revenues are reported net of scholarship discounts and allowances on the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf.

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending is accounted for as a third party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a University basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

y. *Federal Financial Assistance Programs* – The University makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through universities. Direct student loan receivables are not included in the University's statement of net position, as the loans are repayable directly to the U.S. Department of Education. The University received and disbursed approximately $186.4 million in fiscal year 2020 and approximately $193.6 million in fiscal year 2019 under the Direct Loan Program on behalf of the U.S. Department of Education; these amounts are not included as revenues and expenses on the statement of revenues, expenses, and changes in net position.

The University also distributes other student financial assistance funds on behalf of the federal government to students under the Pell Grant, Supplemental Educational Opportunity Grant and Federal Work Study Programs. The activity of these programs is recorded in the accompanying financial statements. In fiscal years 2020 and 2019, the University received and disbursed $32.5 million and $33.4 million, respectively, under these other federal student aid programs.

z. *Government Grants and Contracts* – Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to audit. The University recognizes revenue associated with direct costs as the related costs are incurred. Recovery of related indirect costs is generally recorded at fixed rates negotiated for a period of one to three years.

aa. *Income Taxes* – The University is exempt from income taxes, except for unrelated business income, as a nonprofit organization under federal income tax laws and regulations of the Internal Revenue Service. The Corporation has received from the Internal Revenue Service an exemption from taxation under Section 501 (c) (3) of the Internal Revenue Code as an entity organized for educational, research, and economic development purposes.

bb. *Cash Flows* – Any cash and cash equivalents escrowed, restricted for noncurrent assets, or in funded reserves are included as cash and cash equivalents for the purpose of the statement of cash flows.

cc. *Deferred Outflows of Resources* – Consumption of net position by the University that is applicable to a future fiscal year is reported as a deferred outflow of resources on the statement of net position. As of June 30, 2020 and 2019, the University had a deferred loss on refunding of $15,189,000 and $11,916,000, respectively. Deferred outflows are accreted over the periods of the refinancing bond issue related to the deferred loss on refunding. As of June 30, 2020 and 2019, the University had deferred outflows of resources related to pensions of $844,000 and $1,136,000, respectively (see Note 10). As of June 30, 2020 and 2019, the University had deferred outflows of resources of $19,328,000 and $20,906,000, respectively, related to OPEB (see Note 9). As of June 30, 2020 and 2019, the University had a deferred outflow related to the acquisition of the Blanchette Rockefeller Neurosciences Institute of $0 and $133,000, respectively (See Note 21).

dd. *Deferred Inflows of Resources* – Acquisition of net position by the University that is applicable to a future fiscal year is reported as a deferred inflow of resources on the statement of net position. As of June 30, 2020 and 2019, the University had deferred Federal Pell grants of $696,000 and $656,000, respectively, and a deferred gain on refunding of $251,000 and $296,000, respectively. As of June 30, 2020 and 2019, the University also had deferred service concession arrangements of $35,097,000 and $36,105,000, (see Note 20) and deferred inflows related to pensions of $3,600,000 and $3,874,000, respectively (see Note 10). As of June 30, 2020 and 2019, the University had deferred inflows of resources of $51,644,000 and $36,231,000, respectively, related to OPEB (see Note 9). The University had deferred inflows related to capital lease of $0 and $500,000 at June 30, 2020 and 2019, respectively. Additionally, the University had deferred inflows of $8,764,000 and $9,438,000 at June 30, 2020 and 2019, respectively, related to the contract with Sodexo America, LLC to manage and operate the University's food, catering and dining services.

ee. *Risk Management* – BRIM provides general liability, medical malpractice liability, property, and auto insurance coverage to the University and its employees, including those physicians employed by the University and practicing at the hospital affiliated with the academic medical center. Such coverage is provided to the University through a self-insurance program maintained by BRIM for general liability, medical malpractice liability, and auto insurance coverage. BRIM maintains a self-insurance program to pay the first $1,000,000 of each property insurance claim and purchases excess property insurance from the commercial insurance market to cover individual claim amounts in excess of $1,000,000. The BRIM self-insurance programs may involve experience and exposure related premiums.

BRIM engages an independent actuary to assist in the determination of its premiums so as to minimize the likelihood of future premium adjustments to the University or other participants in BRIM's insurance programs. As a result, management does not expect significant differences between the premiums the University is currently charged by BRIM and the ultimate cost of that insurance based on the University's actual loss experience. In the event such differences arise between estimated premiums charged by BRIM to the University and the University's ultimate actual loss experience, the difference will be recorded, as the change in estimate became known.

The University's Health Sciences Center (HSC) established a $250,000 deductible program under BRIM's professional liability coverage for the University effective July 1, 2005. Starting July 1, 2005, HSC assumed the risk and responsibility for any and all indemnity amounts up to $250,000 per occurrence and all loss expenses associated with medical malpractice claims and/or suits in exchange for a reduction in its premium for medical malpractice insurance. For fiscal year 2020, BRIM will provide coverage for indemnity amounts between $250,000 and $1,605,000 per occurrence. For fiscal year 2019, BRIM will provide coverage for indemnity amounts between $250,000 and $1,575,000 per occurrence. After June 30, 2016, BRIM coverage may increase annually based on the Consumer Price Index until it reaches a maximum of $2,000,000 per occurrence. Prior to July 1, 2005, the HSC was totally covered by BRIM at a limit of $1,000,000 per occurrence.

Under the program, the HSC entered into an agreement with BRIM whereby the HSC has on deposit $3.0 million as of both June 30, 2020 and 2019, in an escrow account created in the state treasury from which BRIM may withdraw amounts to pay indemnity costs and allocated expenses in connection with medical malpractice claims against the HSC. The HSC also has on deposit $38.9 million and $33.9 million as of June 30, 2020 and 2019, respectively, in an investment earnings account with the West Virginia University Foundation, Incorporated (the "Foundation") that is used to cover the liabilities under this program by replenishing the escrow account after BRIM withdraws indemnity and expense payments.

Based on an actuarial valuation of this self-insurance program and premium levels determined by BRIM, the University has recorded a liability of $24.2 million and $23.0 million to reflect projected claim payments at June 30, 2020 and 2019, respectively.

In addition, through its participation in the PEIA and a third party issuer, the University has obtained health, life, prescription drug coverage, and coverage for job related injuries for its employees. In exchange for payment of premiums to PEIA and the third-party insurer, the University has transferred its risks related to health, life, prescription drug coverage, and job related injuries.

The University and the Corporation are also covered by a data breach response insurance policy in the amount of $10,000,000 through Beazley USA. This policy covers claims commonly referred to as "cyber liability" claims. "First party" claims coverage includes financial expenses associated with a data breach including business interruption, cyber extortion, and data recovery. "Third party" claims coverage includes the financial expenses associated with a data breach that are incurred by other than the University or the Corporation including disclosure of personally identifiable information, regulatory defense and penalties, and payment card liabilities and costs.

United Educators Insurance Company provides an excess general liability Insurance policy for the Corporation in the amount of $10,000,000. This policy is maintained to enable the Corporation to meet the higher commercial general liability and commercial auto liability insurance limits frequently required by the sponsoring agency in many research contracts.

United Educators Insurance Company provides an excess educators legal liability insurance policy for the Corporation in the amount of $10,000,000. This policy is maintained to provide the Corporation with increased limits of insurance coverage for employment practice liability claims.

Ironshore Specialty Insurance Company provides an excess products/completed operations and professional liability policy for life sciences (clinical trials) in the amount of $5,000,000. This policy is maintained to enable the Corporation to meet the higher limits of products/completed operations and professional liability insurance coverage frequently required by the sponsoring agency in many clinical trial research contracts.

Encova Insurance Company provides workers' compensation insurance coverage for the University. Workers' compensation insurance pays for employee injury or illness that occur as a result of a work-related activity. This is a high-deductible plan consisting of two component costs. One is a fixed premium cost that is adjusted annually upon policy renewal. This pays for overhead operating costs associated with the policy. The other represents the variable expenses for each claim up to $250,000 (the deductible). The expenses for an individual claim that exceed $250,000 will be paid by Encova. Encova invoices the University monthly to collect the prior month claim expenses which they have paid that fall within the deductible layer.

ff. *Use of Estimates* – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

gg. *Risks and Uncertainties* – The University utilizes various investment instruments that are exposed to risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements and accompanying notes.

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. A national emergency was declared in the U.S. concerning the COVID-19 outbreak on March 13, 2020. As a result, economic uncertainties have arisen which may materially affect the amounts reported in the financial statements and in the footnotes. The financial impact of these uncertainties cannot be determined at this time.

hh. *Newly Adopted Statements Issued by the GASB* – The University has implemented GASB Statement No. 90, *"Majority Equity Interests"*. This statement modifies previous guidance for reporting a government's majority equity interest in a legally separate organization. This statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit. The adoption of this statement did not have a material impact on the financial statements.

The University has implemented Statement No. 97, *"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans"*. This statement clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units and modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans. This statement also establishes accounting and financial reporting requirements for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans and modifies the investment valuation requirements for all Section 457 plans.

The requirements of this statement that exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and limit the applicability of the financial burden criterion of Statement No. 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet established criteria were effective immediately. The adoption of these requirements did not have a material impact on the financial statements.

ii. *Recent Statements Issued by the GASB* – The GASB has issued Statement No. 84, *"Fiduciary Activities"*, which is effective for reporting periods beginning after December 15, 2019, as amended by GASB Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance"*, which was effective immediately. GASB Statement No. 84 establishes standards of accounting and financial reporting for fiduciary activities. The University has not yet determined the effect that the adoption of GASB Statement No. 84 may have on its financial statements.

The GASB has also issued Statement No. 87, "*Leases*", which is effective for fiscal years beginning after June 15, 2021 as amended by GASB Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance"*, which was effective immediately. GASB Statement No. 87 establishes accounting and financial reporting for leases by lessees and lessors. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The University has not yet determined the effect that the adoption of GASB Statement No. 87 may have on its financial statements.

The GASB has also issued Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period",* which is effective for fiscal years beginning after December 15, 2020, as amended by GASB Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance"*, which was effective immediately. GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. According to this statement, interest cost incurred before the end of a construction period should be recognized as an expense in the period in which the cost is incurred. Such interest cost should not be capitalized as part of the historical cost of a capital asset. The University has not yet determined the effect that the adoption of GASB Statement No. 89 may have on its financial statements.

The GASB has also issued Statement No. 91, *"Conduit Debt Obligations",* which is effective for financial statements beginning after December 15, 2021, as amended by GASB Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance"*, which was effective immediately. GASB Statement No. 91 defines conduit debt obligations for accounting and financial reporting purposes and establishes standards for recognition, measurement and disclosure for issuers. The University has not yet determined the effect that the adoption of GASB Statement No. 91 may have on its financial statements.

The GASB has also issued Statement No. 92, *"Omnibus 2020"*. This statement addresses various issues that have been identified during the implementation of certain GASB statements and establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments.

The requirements related to leases, risk financing and insurance-related activities of public entity risk pools and derivative instruments are effective upon issuance. The requirements for intra-entity transfers of assets and the requirements related to reporting assets accumulated for defined benefit postemployment benefits provided through plans that are not administered through trusts that meet specified criteria are effective for fiscal years beginning after June 15, 2021, as amended by GASB Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance"*, which was effective immediately. The requirements related to the applicability of certain requirements of Statement No. 84, *"Fiduciary Activities"*, to postemployment benefit arrangements and the requirements related to fair value measurements are effective for are effective for reporting periods beginning after June 15, 2021, as amended by GASB Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative*

Guidance", which was effective immediately. The requirements for government acquisitions are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021, as amended by GASB Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance"*, which was effective immediately. The University has not yet determined the effect that the adoption of GASB Statement No. 92 may have on its financial statements.

The GASB has also issued Statement No. 93, *"Replacement of Interbank Offered Rates"*. This statement establishes accounting and financial reporting requirements related to the replacement of interbank offered rates in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this statement are effective for reporting periods beginning after June 15, 2020, with the exception of the guidance regarding appropriate benchmark interest rates for derivative instruments that hedge the interest rate risk of taxable debt, which is effective for reporting periods beginning after December 31, 2021, and the guidance regarding lease modifications, which is effective for fiscal years beginning after June 15, 2021, as amended by GASB Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance"*, which was effective immediately. The University has not yet determined the effect that the adoption of GASB Statement No. 93 may have on its financial statements.

The GASB has also issued Statement No. 94, *"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"*. This statement establishes accounting and financial reporting requirements for public-private and public-public partnerships and availability payment arrangements. This statement is effective for fiscal years beginning after June 15, 2022. The University has not yet determined the effect that the adoption of GASB Statement No. 94 may have on its financial statements.

The GASB has also issued Statement No. 96, *"Subscription-Based Information Technology Arrangements"*. This statement establishes accounting and financial reporting requirements for subscription-based information technology arrangements by a government end user. This statement is effective for fiscal years beginning after June 15, 2022. The University has not yet determined the effect that the adoption of GASB Statement No. 96 may have on its financial statements.

The requirements of Statement No. 97 that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this statement that provide for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform are effective for reporting periods beginning after June 15, 2021. The University has not yet determined the effect that the adoption of these requirements may have on its financial statements.

3. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents was as follows at June 30 (dollars in thousands):

2020

	Current	Noncurrent	Total
Cash on deposit with the Treasurer:			
West Virginia University - Nonauxiliaries	$ 7,559	$ 475	$ 8,034
West Virginia University - Auxiliaries	68,765	-	68,765
Cash on deposit with Trustee	-	62,318	62,318
Deposits with BRIM Escrow Account Treasurer	-	3,003	3,003
Cash in Bank	39,748	-	39,748
Cash on Hand	18	-	18
	$ 116,090	$ 65,796	$ 181,886

2019

	Current	Noncurrent	Total
Cash on deposit with the Treasurer:			
West Virginia University - Nonauxiliaries	$ -	$ 560	$ 560
West Virginia University - Auxiliaries	55,920	-	55,920
Cash on deposit with Trustee	-	20,952	20,952
Deposits with BRIM Escrow Account Treasurer	-	3,012	3,012
Cash in Bank	60,347	-	60,347
Cash on Hand	23	-	23
	$ 116,290	$ 24,524	$ 140,814

Cash on Deposit with the Treasurer. Cash on deposit with the Treasurer includes deposits in the State Treasury bank account and the WV Money Market Pool. Deposits in the bank account are insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by securities held by the bank in the name of the State. Deposits in the WV Money Market Pool are pooled by the Treasurer with other available funds of the State for investment purposes by the West Virginia Board of Treasury Investments (the BTI). These funds are transferred to the BTI, and the BTI invests in the WV Money Market Pool as directed by the University and then the BTI invests in accordance with West Virginia Code, policies set by the BTI, provisions of bond indentures and trust agreements when applicable. Fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. Balances in the investment pools are recorded at fair value or amortized cost which approximates fair value. Fair value is determined by a third-party pricing service based on asset portfolio pricing models and other sources in accordance with GASB. The BTI was established by the Legislature and is subject to oversight by the Legislature. The amounts on deposit are available for immediate withdrawal and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements. There was $36,767,978 and $8,509,323 in cash held for investment in the WV Money Market Pool at June 30, 2020 and 2019. The remainder of the cash held with the Treasurer was not invested.

The BTI maintains the Consolidated Fund investment fund, which consists of eight investment pools and participant-directed accounts, three of which the University may invest in. These pools have been structured as multi-participant variable net position funds to reduce risk and offer investment liquidity diversification to the Fund participants. Funds not required to meet immediate disbursement needs are invested for longer periods. A more detailed discussion of the BTI's investment operations pool can be found in its annual audited financial report. A copy of that annual audited financial report can be obtained from the following address: 1900 Kanawha Blvd. East, Room E-122, Charleston, WV 25305 or http://www.wvbti.com.

Credit Risk — Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The following table provides information on the BTI credit risk as of June 30:

	2020		2019	
External Pool	Carrying Value (In Thousands)	S & P Rating	Carrying Value (In Thousands)	S & P Rating
WV Money Market Pool	$ 36,768	AAAm	$ 8,509	AAAm

A Fund rated "AAAm" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAm" is the highest principal stability fund rating assigned by Standard & Poor's.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All the BTI's Consolidated Fund pools and accounts are subject to interest rate risk. The following table provides information on the weighted-average maturities for the WV Money Market Pool:

	2020		2019	
External Pool	Carrying Value (In Thousands)	WAM (Days)	Carrying Value (In Thousands)	WAM (Days)
WV Money Market Pool	$ 36,768	44	$ 8,509	42

Cash on Deposit with Trustee. Cash on deposit with Trustee represents funds available for various projects, repair and replacement and debt service held by the Trustee and related to the 2011, 2014, 2016 and 2019 University specific bond issues, the Energy Performance Phase IIID lease, and the Beckley loan (see Notes 12 and 13). The bond funds are FDIC insured or invested in specific U.S. government securities or U.S. government backed Money Market funds.

Deposits with BRIM Escrow Account Treasurer. The University is required to maintain a cash balance of $3.0 million. The Treasurer invests these funds in the WV Money Market Pool.

Cash in bank. Cash in bank includes bank balances and may include deposits in the ICS or CDARS programs. The carrying amount of cash in bank at June 30, 2020 and 2019 was $39.7 million and $60.3 million, respectively, as compared with bank balances of $38.7 million and $59.0 million, respectively. The difference was primarily caused by items in transit and outstanding checks. Bank accounts and ICS/CDARS deposits are FDIC insured up to $250,000 per Federal Employer Identification Number. In addition, bank balances are collateralized with the bank through a Repurchase Agreement in the name of the State or the Corporation.

Cash on Hand. Imprest funds approved by the Treasurer comprise the cash on hand.

4. ACCOUNTS RECEIVABLE

Accounts receivable were as follows at June 30 (dollars in thousands):

	2020	2019
Student tuition and fees, net of allowances for doubtful accounts of $7,578 and $6,871	$ 13,053	$ 8,210
Grants and contracts receivable, net of allowances for doubtful accounts of $437 and $350	38,420	38,799
Due from West Virginia University Hospitals, Incorporated	1,887	2,040
Auxiliary services, net of allowances for doubtful accounts of $2,281 and $2,300	3,884	2,696
Investment earnings receivable	11	28
Other, net of allowances for doubtful accounts of $326 and $426	26,309	30,080
Due from the Foundation	147	482
Due from other State agencies	2,146	1,884
Total accounts receivable	$ 85,857	$ 84,219

West Virginia University Hospitals, Incorporated (WVUH or the "Hospital") receivables represent various administrative expenses incurred by the University on behalf of the Hospital for which reimbursement has not yet been received.

In November 2009, the University changed the payroll method for all non-exempt benefit-eligible employees from current payroll to payroll in arrears. In September 2014, all other employees remaining on current payroll were moved to payroll in arrears. For both groups of employees, the University issued a "no hardship payment" to cover the transition period from current payroll to arrears payroll. Upon termination, the net amount of the "no hardship payment" will be deducted from the employee's last paycheck. This "no hardship payment" is recorded as other noncurrent accounts receivable on the statement of net position.

5. NOTES RECEIVABLE

During fiscal year 2016, the Corporation purchased a secured convertible promissory note and a warrant to convert the promissory note to shares of common stock from CereDx, Inc. for $200,000. This note receivable is classified as current on the statement of net position.

During fiscal year 2016, the Corporation also purchased a secured convertible promissory note and a warrant to convert the promissory note to shares of common stock from Aspinity, Inc. for $100,000. During fiscal year 2018, the Corporation purchased an additional secured convertible promissory note and warrant to convert the promissory note to shares of common stock from Aspinity, Inc. for $100,000. In October 2018, these promissory notes were canceled and converted to shares of preferred stock. The Corporation acquired 411,706 shares at a price of $.7883 per share (see Note 6).

During fiscal year 2017, the Corporation purchased a secured convertible promissory note and a warrant to convert the promissory note to shares of common stock from Modulation Therapeutics, Inc. for $200,000. This note receivable is classified as current on the statement of net position.

During fiscal year 2018, the Corporation purchased a secured convertible promissory note and a warrant to convert the promissory note to shares of common stock from Isto Visio, Inc. for $100,000. This note receivable is classified as noncurrent on the statement of net position.

Notes receivable also include amounts due from Parkersburg and Bridge Valley Community and Technical College ("BridgeValley") (see note 18).

6. INVESTMENTS

The following Fair Value Levels represent the valuation of the underlying investments. Level 1 represents investments that have a quoted price in the active market. Level 2 represents investments with a direct or indirect observable market inputs. Level 3 investments represent investments with no observable market.

The University had the following investments as of June 30 (dollars in thousands):

2020 Investment Type	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury Securities	$ 38,452	$ 38,452	$ -	$ -
Investment Cash Accounts	10,341	10,341	-	-
Mutual Bond Funds:				
iShares Barclays 3-7 Year Treasury	7,942	7	7,935	-
iShares Barclays 7-10 Year Treasury	9,043	75	8,968	-
Guggenheim TR Bond	8,265	112	8,031	122
Wells Fargo	6	6	-	-
Muzinich Credit Opportunities Fund	6,583	63	6,520	-
Mutual Stock Funds:				
Maingate MLP Fund	1,984	1,984	-	-
Eaton Vance	1,088	1,088	-	-
MFS International Value Fund	8,761	4,163	4,598	-
MFS Investment Management	7,603	7,603	-	-
Vanguard Total Stock Market ETF	35,277	35,277	-	-
Vanguard S&P 500 ETF	23,864	23,864	-	-
Wells Fargo	493	493	-	-
REMS Real Estate	1,358	1,306	52	-
Artisan International Small Cap	889	889	-	-
Baillie Gifford	9,687	2,247	7,440	-
Jensen Quality Growth	4,985	4,985	-	-
Fixed Income Funds:				
Limited Partnership Equity:				
Frontier Small Cap	1,221	1,221	-	-
TI Platform Fund I	1,371	-	-	1,371
TI Platform Fund II	452	-	-	452
747 Stuyvesant VI LP	390	-	-	390
Commingled Debt Funds:				
Brandywine Global Fixed Income (BGIMT)	3,493	-	3,493	-
IR&M Core Bond Fund	11,964	-	11,964	-
Commingled Equity Funds:				
Invesco Oppenheimer International Growth Fund	7,451	1,220	6,231	-
Wellington EM	6,903	6,903	-	-
Land and Other Real Estate Held As Investments	477	-	-	477
Other Investments:				
WV Growth Investment LLC	169	-	-	169
Aspinity, Inc.	342	-	-	342
	$ 210,854	$ 142,299	$ 65,232	$ 3,323

2019 Investment Type	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury Securities	$ 18,869	$ 18,869	$ -	$ -
Investment Cash Accounts	4,434	4,434	-	-
Mutual Bond Funds:				
Brandywine Global Fixed Income (BGIMT)	2,059	-	2,059	-
Brandywine Global Fixed Income (BIT)	504	-	504	-
iShares Barclays 3-7 Year Treasury	4,462	-	4,462	-
iShares Barclays 7-10 Year Treasury	4,467	-	4,467	-
Guggenheim TR Bond	4,605	-	4,605	-
Wells Fargo	6	6	-	-
Vanguard Treasury	5,081	5,081	-	-
Muzinich Credit Opportunities Fund	4,778	-	4,778	-
Mutual Stock Funds:				
Maingate MLP Fund	1,003	1,003	-	-
Eaton Vance	1,029	1,029	-	-
MFS International Value Fund	9,251	7,356	1,895	-
MFS Investment Management	7,387	7,387	-	-
Oppenheimer International Growth Fund	8,305	2,082	6,223	-
Vanguard Total Stock Market ETF	30,191	30,191	-	-
Vanguard S&P 500 ETF	15,153	15,153	-	-
Wells Fargo	473	473	-	-
Goldman Sachs EM	2,624	691	1,933	-
REMS Real Estate	1,069	1,069	-	-
Wellington EM	2,146	1,912	234	-
Artisan International Small Cap	1,100	1,100	-	-
Fixed Income Funds:				
IR&M Core Bond	4,354	-	4,354	-
IR&M Core Bond II	5,275	-	5,275	-
Limited Partnership Equity:				
Frontier Small Cap	907	907	-	-
TI Platform Fund I	411	-	-	411
TI Platform Fund II	118	-	-	118
747 Stuyvesant VI LP	138	-	-	138
Land and Other Real Estate Held As Investments	477	-	-	477
Other Investments:				
WV Growth Investment LLC	200	-	-	200
Aspinity, Inc.	325	-	-	325
	$ 141,201	$ 98,743	$ 40,789	$ 1,669

The values of investments classified as current and noncurrent were as follows (dollars in thousands):

	Current	Noncurrent	Total
As of June 30, 2020	$ 81,313	$ 129,541	$ 210,854
As of June 30, 2019	78,293	62,908	141,201

Investments with the Foundation – As of June 30, 2020 and 2019, the University's investments held with the Foundation were $162.2 million and $112.4 million, respectively. Effective July 1, 2019, the University's investments with the Foundation were consolidated into one client portfolio. These investments include the unrestricted investments, the Corporation's investments, the BRIM investments, and the Research Trust Fund investments as follows (dollars in thousands):

	Unrestricted	Corporation	BRIM	Consolidated	Total
As of June 30, 2020	$ -	$ -	$ -	$ 162,224	$ 162,224
As of June 30, 2019	66,367	12,185	33,884	-	112,436

The University's investments held with the Foundation are governed by an investment policy and an investment management agency agreement that determine the permissible investments by category. The holdings include investment cash accounts, commingled debt funds, commingled equity funds, mutual bond funds, mutual stock funds, fixed income funds and limited partnership equity investments. The investment management agency agreement outlines the acceptable exposure to each category of investment and generally outlines a liquidity goal. The agreement also states that at no time will illiquid investment assets (defined as those assets that cannot be converted into cash within 90 days) exceed 10% of any portfolio.

Unrestricted Investments – In 2005, the Legislature passed Senate Bill 603 ("S.B. 603"). S.B. 603 granted the University the ability to invest a limited amount of funds with the Foundation. In 2011, the Legislature passed Senate Bill 330 ("S.B. 330") which increased the maximum investment amount to $40 million. In 2013, the Legislature passed Senate Bill 444 ("S.B. 444") which increased the maximum investment amount to $70 million. As allowed by legislation, the University invested with the Foundation $25.0 million in October 2006, $4.0 million in October 2009, and $11.0 million in October 2011. In 2015, the Legislature passed Senate Bill 425 ("S.B. 425") which allowed all monies of the University to be invested with the Foundation except for General Revenue funds. In August 2015, the University began investing in the ICS and/or Certificate of Deposit Account Registry Service (CDARS) programs as allowed by S.B. 425. These investments are classified as cash and cash equivalents.

Research Corporation Investments – Beginning in 2007, an investment strategy was initiated for the Corporation. These long-term investments are managed by the Foundation. In addition, funds are deposited in the ICS program to maximize investment earnings and for FDIC insurance coverage. The ICS investments are classified as cash and cash equivalents.

BRIM Investments – In 2006, an investment strategy was initiated between the HSC and BRIM in conjunction with the Treasurer. The goals were 1) to provide an asset pool to settle medical professional liability claims and 2) to provide an investment pool for medical professional liability premiums with the goal of self-funding premiums in the future and to support medical professional liability claims as needed. The first goal was met by transferring funds to the Treasurer's Office who invests these funds in the WV Money Market Pool. These investments are classified as cash and cash equivalents. To meet the second goal, investments are managed by the Foundation.

Research Trust Fund Investments – In July 2019, the Research Trust Fund investments held with the Foundation were transferred to the University. These investments had a fair market value of $39.9 million at July 1, 2019. These funds were committed by the State per Senate Bill 287 as a basis for a 1:1 match with private dollars to create endowments that would provide a source of funds for research and economic development. The University received gifts and pledges totaling $35 million within the seven-year window provided for in Senate Bill 239 (which amended the original five-year window provided for in SB 287); therefore, the University was eligible for state matching funds of $35 million. These investments are classified as noncurrent restricted.

Investments with Trustees –The unspent bond proceeds from the 2011, 2014, 2016 and 2019 series bonds are invested in U.S. government securities or U.S. government backed money market funds. Such restricted investments were $38.5 million and $18.9 million at June 30, 2020 and 2019, respectively. These investments are classified as a noncurrent asset on the statement of net position.

West Virginia Growth Investment, LLC – The Corporation owns twelve units of membership interest in West Virginia Growth Investment, LLC ("WVGI"). This investment had a fair market value of $169,000 and $200,000 at June 30, 2020 and June 30, 2019, respectively. WVGI is a limited liability company formed to pool the capital resources and the business connections of accredited investors in and around the State of WV. Since the Corporation holds less than 20% of the ownership interest in WVGI, is not an officer of WVGI, cannot exercise significant influence over WVGI's operations and the fair value of the membership units cannot be readily determined, this investment was recorded using the cost basis of accounting.

Aspinity, Inc – In October 2018, the convertible promissory notes with Aspinity, Inc. were canceled and converted to shares of preferred stock (see Note 5). The Corporation acquired 411,706 shares at a price of $.7883 per share for a total of $325,000. These shares had a fair market value of $342,000 at June 30, 2020.

Other – The University also has investments - the Wood investments – from the estate of donors with restricted purposes. In addition, funds are deposited in the ICS/CDARS program to maximize investment earnings and for FDIC insurance coverage. The ICS/CDARS investments are classified as cash and cash equivalents.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is applicable to investments in debt securities as well as investments in external investment pools, money market funds, mutual bond funds, and other pooled investments of fixed income securities.

The investment management agency agreement with the Foundation states that the investment agent shall invest the client's assets in investments in accordance with and subject to the provisions of the Uniform Prudent Investor Act codified as article six-C, chapter forty four of the West Virginia Code.

Credit ratings were as follows at June 30 (dollars in thousands):

2020

Portfolio	Description	Fair Value	Rating
Mutual Bond Funds:			
	Guggenheim TR Bond	$ 8,265	A
	iShares Barclays 3-7 Year Treasury	7,942	AAA
	iShares Barclays 7-10 Year Treasury	9,043	AAA
	Muzinich Credit Opportunities Fund	6,583	BBB
Investment Cash Accounts:			
	WVU Cash Con Inv	10,341	Aaa-mf
Commingled Debt Funds			
	IR&M Core Bond	11,964	Aa3
	Brandywine Global Fixed Income	3,493	A+
		$ 57,631	

2019

Portfolio	Description	Fair Value	Rating
Mutual Bond Funds:			
BRIM	Brandywine Global Fixed Income	$ 645	A+
Unrestricted	Brandywine Global Fixed Income	1,414	A+
Corporation	Brandywine Global Fixed Income	504	A+
BRIM	Guggenheim TR Bond	1,162	Aa2
Unrestricted	Guggenheim TR Bond	2,529	Aa2
Corporation	Guggenheim TR Bond	914	Aa2
BRIM	iShares Barclays 3-7 Year Treasury	1,304	AAA
Unrestricted	iShares Barclays 3-7 Year Treasury	2,332	AAA
Corporation	iShares Barclays 3-7 Year Treasury	826	AAA
BRIM	iShares Barclays 7-10 Year Treasury	1,328	AAA
Unrestricted	iShares Barclays 7-10 Year Treasury	2,300	AAA
Corporation	iShares Barclays 7-10 Year Treasury	839	AAA
BRIM	Muzinich Credit Opportunities Fund	1,255	Baa3
Unrestricted	Muzinich Credit Opportunities Fund	2,617	Baa3
Corporation	Muzinich Credit Opportunities Fund	906	Baa3
BRIM	Vanguard Treasury	1,592	AAA
Unrestricted	Vanguard Treasury	2,624	AAA
Corporation	Vanguard Treasury	865	AAA
Investment Cash Accounts:			
BRIM	Cash Account - BRIM	1,350	Aaa-mf
Unrestricted	Cash Act - Unrestr Inv	2,587	Aaa-mf
Corporation	Cash Act - Research Co	497	Aaa-mf
Fixed Income Funds:			
BRIM	IR&M Core Bond	2,447	Aa2
Unrestricted	IR&M Core Bond	5,275	Aa2
Corporation	IR&M Core Bond	1,907	Aa2
		$ 40,019	

The remaining investments have not been rated. These funds are periodically evaluated.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. This risk is applicable to debt securities only.

The following table shows the maturities at June 30 (dollars in thousands):

2020

		Investment Maturities			
Investment Type	**Fair Value**	**Less Than One Year**	**1-5 Years**	**6-10 Years**	**More Than 10 Years**
U.S. Treasury Notes and U.S. Govt Backed Money Market Funds	$ 38,452	$ 29,382	$ 9,070	$ -	$ -
Mutual Bond Funds	31,839	793	9,631	16,846	4,569
Investment Cash Accounts	10,341	10,341	-	-	-
	$ 80,632	$ 40,516	$ 18,701	$ 16,846	$ 4,569

2019

		Investment Maturities			
Investment Type	**Fair Value**	**Less Than One Year**	**1-5 Years**	**6-10 Years**	**More Than 10 Years**
U.S. Treasury Notes and U.S. Govt Backed Money Market Funds	$ 18,869	$ 2,696	$ 16,173	$ -	$ -
Mutual Bond Funds	25,962	7,428	6,364	9,347	2,823
Investment Cash Accounts	4,434	4,434	-	-	-
Fixed Income Funds	9,629	655	4,969	2,195	1,810
Other Investments	-	-	-	-	-
	$ 58,894	$ 15,213	$ 27,506	$ 11,542	$ 4,633

Interest rate risk is managed by limiting the time period or duration of the specific investment. At June 30, 2020, the U.S. Treasury Notes have maturities through May 31, 2022 and interest rates which range from 1.375% to 2.75%. At June 30, 2019, the U.S. Treasury Notes have maturities through May 31, 2022 and interest rates which range from 1.5% to 2.25%.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. Since this risk is minimized by the commingled funds structure, concentration risk disclosure is not required for external pooled funds.

At June 30, 2020 and June 30, 2019, the University's investments were not subject to concentration of credit risk.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. This risk is not applicable to external investment pools and open-end mutual funds.

No investments were subject to custodial credit risk at June 30, 2020 or 2019.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Disclosure is not required for external investment pools unless the fund represents a significant portion of the University’s investments.

The University's exposure to foreign currency risk is as follows at June 30 (dollars in thousands):

Currency		2020		2019
Australian Dollar	$	788	$	745
Brazilian Real		574		416
British Pence		1,921		2,372
British Pound		506		22
British Pound Sterling		1,049		133
Canadian Dollar		1,026		685
Chilean Peso		207		169
China Renminbi		-		88
CNH		274		-
Columbian Peso		-		7
Czech Koruna		166		70
Danish Krone		670		278
Euro		8,856		9,840
Hong Kong Dollar		3,334		1,808
Hungarian Forint		-		5
Indian Rupee		380		218
Indonesian Rupiah		134		137
Israeli Arorot		9		-
Japanese Yen		4,117		3,052
Kenyan Shilling		25		5
Korean Won		856		-
Malaysian Ringgit		241		196
Mexican Peso		602		473
New Taiwan Dollar		1,411		-
New Turkish Lira		-		40
New Zealand Dollar		66		104
Norwegian Krone		-		310
Peruvian Nuevo Sol		-		72
Philippine Peso		68		10
Polish Zloty		157		174
Russian Ruble		-		26
Singapore Dollar		137		53
South African Cent		-		225
South African Rand		369		7
South Korean Dollar		243		103
South Korean Won		105		592
Swedish Krona		743		622
Swiss Franc		2,422		2,314
Taiwan Dollar		-		449
Thai Baht		171		196
Turkish Lira		56		-
Uae Dirham		-		16
Total Investments in Foreign Currency	$	31,683	$	26,032
US Dollar		179,171		114,844
Total Investments	$	210,854	$	140,876

7. CAPITAL ASSETS

Balances and changes in capital assets were as follows June 30 (dollars in thousands):

2020	**Beginning Balance**	**Additions**	**Reductions**	**Ending Balance**
Capital assets not being depreciated or amortized:				
Land	$ 87,134	$ 565	$ (500)	$ 87,199
Construction in progress	32,143	79,365	(35,366)	76,142
Total capital assets not being depreciated or amortized	$ 119,277	$ 79,930	$ (35,866)	$ 163,341
Other capital assets:				
Land improvements	$ 60,722	$ 1,262	$ (10)	$ 61,974
Buildings	1,946,347	25,720	(9,786)	1,962,281
Equipment	234,786	13,315	(7,013)	241,088
Library books	166,515	4,152	(218)	170,449
Software	62,772	3,047	-	65,819
Infrastructure	366,577	14,449	(772)	380,254
Other assets	138,356	184	-	138,540
Intangible assets	150	-	-	150
Total other capital assets	2,976,225	62,129	(17,799)	3,020,555
Less accumulated depreciation and amortization for:				
Land improvements	(35,782)	(3,424)	-	(39,206)
Buildings	(493,272)	(37,205)	5,306	(525,171)
Equipment	(163,188)	(14,548)	5,973	(171,763)
Library books	(147,194)	(5,518)	30	(152,682)
Software	(60,215)	(1,492)	-	(61,707)
Infrastructure	(253,476)	(6,948)	396	(260,028)
Other assets	(133,318)	(3,680)	-	(136,998)
Intangible assets	(22)	-	-	(22)
Total accumulated depreciation and amortization	(1,286,467)	(72,815)	11,705	(1,347,577)
Other capital assets, net	$ 1,689,758	$ (10,686)	$ (6,094)	$ 1,672,978
Capital Assets Summary:				
Capital assets not being depreciated or amortized	$ 119,277	$ 79,930	$ (35,866)	$ 163,341
Other capital assets	2,976,225	62,129	(17,799)	3,020,555
Total cost of capital assets	3,095,502	142,059	(53,665)	3,183,896
Less accumulated depreciation and amortization	(1,286,467)	(72,815)	11,705	(1,347,577)
Capital assets, net	$ 1,809,035	$ 69,244	$ (41,960)	$ 1,836,319

2019	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated or amortized:				
Land	$ 87,343	$ 3	$ (212)	$ 87,134
Construction in progress	73,819	32,185	(73,861)	32,143
Total capital assets not being depreciated or amortized	$ 161,162	$ 32,188	$ (74,073)	$ 119,277
Other capital assets:				
Land improvements	$ 59,739	$ 2,014	$ (1,031)	$ 60,722
Buildings	1,935,249	23,262	(12,164)	1,946,347
Equipment	226,727	18,684	(10,625)	234,786
Library books	161,939	4,967	(391)	166,515
Software	65,773	106	(3,107)	62,772
Infrastructure	317,703	48,874	-	366,577
Other assets	135,871	2,485	-	138,356
Intangible assets	150	-	-	150
Total other capital assets	2,903,151	100,392	(27,318)	2,976,225
Less accumulated depreciation or amortization for:				
Land improvements	(32,362)	(3,534)	114	(35,782)
Buildings	(465,373)	(36,809)	8,910	(493,272)
Equipment	(157,668)	(14,900)	9,380	(163,188)
Library books	(141,674)	(5,658)	138	(147,194)
Software	(62,003)	(1,319)	3,107	(60,215)
Infrastructure	(246,736)	(6,620)	(120)	(253,476)
Other assets	(128,134)	(5,184)	-	(133,318)
Intangible assets	(22)	-	-	(22)
Total accumulated depreciation and amortization	(1,233,972)	(74,024)	21,529	(1,286,467)
Other capital assets, net	$ 1,669,179	$ 26,368	$ (5,789)	$ 1,689,758
Capital Assets Summary:				
Capital assets not being depreciated or amortized	$ 161,162	$ 32,188	$ (74,073)	$ 119,277
Other capital assets	2,903,151	100,392	(27,318)	2,976,225
Total cost of capital assets	3,064,313	132,580	(101,391)	3,095,502
Less accumulated depreciation and amortization	(1,233,972)	(74,024)	21,529	(1,286,467)
Capital assets, net	$ 1,830,341	$ 58,556	$ (79,862)	$ 1,809,035

The University maintains various collections of inexhaustible assets for which no value can be practically determined. Such collections include contributed works of art, historical treasures and literature that are held for exhibition, education, research and public service. These collections are neither disposed of for financial gain nor encumbered in any means. Accordingly, such collections are not capitalized.

The University capitalized interest on borrowings, net of interest earned on related debt of approximately $737,000 and $302,000 during fiscal years 2020 and 2019, respectively.

8. LONG-TERM LIABILITIES

Balances and changes in long-term liabilities were as follows at June 30 (dollars in thousands):

2020	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Real estate purchase agreements payable	$ 12,263	$ -	$ (776)	$ 11,487	$ 262
Other post employment benefits liability	145,905	-	(32,446)	113,459	-
Net pension liability	6,216	-	(1,395)	4,821	-
Advances from federal government	26,837	-	(4,439)	22,398	-
Debt service assessment payable to the Commission	44,530	-	(4,446)	40,084	4,449
Leases payable	14,445	651	(2,840)	12,256	1,977
Bonds payable	596,460	529,635	(440,736)	685,359	10,406
Notes payable	62,535	-	(917)	61,618	1,428
Other noncurrent liabilities	24,770	4,539	(3,693)	25,616	-
Total long-term liabilities	$ 933,961	$ 534,825	$ (491,688)	$ 977,098	$ 18,522

2019	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Real estate purchase agreement payable	$ 13,058	$ -	$ (795)	$ 12,263	$ 589
Other post employment benefits liability	158,433	-	(12,528)	145,905	-
Net pension liability	9,179	-	(2,963)	6,216	-
Advances from federal government	25,942	960	(65)	26,837	-
Debt service assessment payable to the Commission	48,991	-	(4,461)	44,530	4,446
Leases payable	15,004	4,715	(5,274)	14,445	2,697
Bonds payable	613,052	-	(16,592)	596,460	17,032
Notes payable	63,179	-	(644)	62,535	1,211
Other noncurrent liabilities	26,919	4,942	(7,091)	24,770	-
Total long-term liabilities	$ 973,757	$ 10,617	$ (50,413)	$ 933,961	$ 25,975

9. OTHER POST EMPLOYMENT BENEFITS

Employees of the University are enrolled in the West Virginia Other Postemployment Benefit Plan (the "OPEB plan") which is administered by the West Virginia Public Employees Insurance Agency ("PEIA") and the West Virginia Retiree Health Benefit Trust Fund (the "RHBT").

Following is the University's other postemployment benefits liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, revenues, and other postemployment benefits expense and expenditures for the fiscal years ended June 30, (dollars in thousands):

		2020		2019
Net OPEB Liability	$	113,459	$	145,905
Deferred Outflows of Resources		19,328		20,906
Deferred Inflows of Resources		51,644		36,231
Revenues		6,842		9,198
OPEB Expense		4,578		13,595
Contributions made by the University		13,191		14,043

Plan Description

The OPEB plan is a cost-sharing, multiple employer, defined benefit other post-employment benefit plan that covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in West Virginia Code Section 5-16D-2 (the "Code"). Plan benefits are established and revised by PEIA and the RHBT with approval of the Finance Board. The Finance Board is comprised of nine members. Finance Board members are appointed by the Governor, serve a term of four years and are eligible for reappointment. The State Department of Administration secretary serves as Chairman of the Board. Four members represent labor, education, public employees and public retirees. Four remaining members represent the public-at-large.

Active employees who retire are eligible for PEIA health and life benefits, provided they meet the minimum eligibility requirements of the applicable State retirement system and if their last employer immediately prior to retirement: is a participating employer under the Consolidated Public Retirement Board ("CPRB") and, as of July 1, 2008 forward, is a participating employer with PEIA. Active employees who, as of July 1, 2008, have ten years or more of credited service in the CPRB and whose employer at the time of their retirement does participate with CPRB, but does not participate with PEIA will be eligible for PEIA retiree coverage provided: they otherwise meet all criteria under this heading and their employer agrees, in writing, upon a form prescribed by PEIA, that the employer will pay to PEIA the non-participating retiree premium on behalf of the retiree or retirees, or that the retiree agrees to pay the entire unsubsidized premium themselves. Employees who participate in non-State retirement systems but that are CPRB system affiliated, contracted, or approved (such as TIAA-CREF and Empower Retirement), or are approved, in writing, by the PEIA Director must, in the case of education employees, meet the minimum eligibility requirements of the State Teachers Retirement System ("STRS"), and in all other cases meet the minimum eligibility requirements of the Public Employees Retirement System to be eligible for PEIA benefits as a retiree.

The financial activities of the OPEB plan are accounted for in the RHBT, a fiduciary fund of the State of West Virginia. The RHBT audited financial statements and actuarial reports can be found on the PEIA website at www.peia.wv.gov.

Benefits Provided

The OPEB plan provides the following benefits: medical and prescription drug insurance and life insurance. The medical and prescription drug insurance is provided through two options: the self-insured preferred provider benefit plan option, which is primarily for non-Medicare-eligible retirees and spouses; and the external managed care organization option, which is primarily for Medicare-eligible retirees and spouses.

Contributions

Pay as you go premiums ("paygo") are established by the Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The active premiums subsidize the retirees' health care.

Members retired before July 1, 1997 pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years of service. Members retired between July 1, 1997 and June 30, 2010, pay a subsidized rate depending on the member's years of service. Members hired on or after July 1, 2010, pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

Retiree leave conversion contributions from the employer depend on the retiree's date of hire and years of service at retirement as described below:

• Members hired before July 1, 1988 may convert accrued sick or vacation leave days into 100% of the required retiree healthcare contribution.

• Members hired from July 1, 1988 to June 30, 2001 may convert sick or vacation leave days into 50% of the required retiree healthcare contribution.

The conversion rate is two days of unused sick and vacation leave days per month for single healthcare coverage and three days of unused sick and vacation leave days per month for family healthcare coverage.

Employees hired on or after July 1, 2001 no longer receive sick and/or vacation leave credit toward the required retiree healthcare contribution when they retire. All retirees have the option to purchase continued coverage regardless of their eligibility for premium credits.

Certain faculty employees (generally those with less than a 12-month contract) earn a similar extended health or life insurance coverage retirement benefit based on years of service. Generally, 3-1/3 years of teaching service extend health insurance coverage for one year of family coverage. Faculty hired after July 1, 2009 no longer receive years of service credit toward insurance premiums when they retire. Faculty hired on or after July 1, 2010 receive no health insurance premium subsidy when they retire. Two groups of employees hired after July 1, 2010 will not be required to pay the unsubsidized rate: 1) active employees who were originally hired before July 1, 2010 who have a break in service of fewer than two years after July 1, 2010; and 2) retired employees who had an original hire date prior to July 1, 2010 may return to active employment. In those cases, the original hire date may apply.

Basis of Allocation

OPEB amounts have been allocated to each contributing employer based on their proportionate share of employer contributions to the RHBT for the fiscal year ended June 30, 2019. Effective July 1, 2017, certain employers that met the plan's opt out criteria and chose not to participate in the plan coverage were no longer required to make contributions to the plan. The amounts previously allocated to such employers for the net OPEB liability and related deferred inflows and deferred outflows are reallocated to the remaining employers participating in the cost sharing plan. The plan reallocates these balances to the remaining active employers based on their proportionate share of contributions made in the period of reallocation.

Assumptions

For the year ended June 30, 2020, the net OPEB liability for financial reporting purposes was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019. For the year ended June 30, 2019, the net OPEB liability for financial reporting purposes was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018. The following actuarial assumptions were used and applied to all periods included in the measurement:

- Actuarial cost method: Entry age normal cost method.

- Amortization method: Level percentage of payroll over 20 years.

- Investment rate of return: 7.15%, net of OPEB plan investment expense, including inflation.

- Projected salary increases: dependent on pension system ranging from 3.00% to 6.50%, including inflation.

- Healthcare cost trend rates: Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by .5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by .5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.

- Inflation rate: 2.75%.

- Discount rate: 7.15%

- Mortality rates: based on RP-2000 Mortality Tables.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2015.

The long-term investment rate of return of 7.15% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.50% for long-term assets invested with the West Virginia Investment Management Board ("IMB") and an expected short-term rate of return of 3.0% for assets invested with the WV Board of Treasury Investments ("BTI").

Long-term pre-funding assets are invested with the IMB. The strategic asset allocation consists of 55% equity, 15% fixed income, 10% private equity, 10% hedge fund and 10% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the BTI.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Best estimates of the long-term geometric rates for each major asset class are summarized below.

2020

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	49.5%	4.8%
Core Plus Fixed Income	13.5%	2.1%
Hedge Fund	9.0%	2.4%
Private Equity	9.0%	6.8%
Core Real Estate	9.0%	4.1%
Cash and Cash Equivalent:	10.0%	0.3%

2019

Asset Class	Long-term Expected Real Rate of Return
Large Cap Domestic	17.0%
Non-Large Cap Domestic	22.0%
International Qualified	24.6%
International Non-Qualified	24.3%
International Equity	26.2%
Short-Term Fixed	0.5%
Total Return Fixed Income	6.7%
Core Fixed Income	0.1%
Hedge Fund	5.7%
Private Equity	19.6%
Real Estate	8.3%
Opportunistic Income	4.8%
Cash	0.0%

Discount rate. The discount rate used to measure the OPEB liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that RHBT contributions will be made at rates equal to the actuarially determined contribution rates, in accordance with prefunding and investment policies. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the University's proportionate share of the net OPEB liability as of June 30, 2020 and June 30, 2019 calculated using the discount rate of 7.15%, as well as what the University's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate (dollars in thousands):

2020

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Net OPEB liability	$ 134,701	$ 113,459	$ 94,592

2019

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Net OPEB liability	$ 171,119	$ 145,905	$ 124,320

Sensitivity of the net OPEB liability to changes in healthcare cost trend rates. The following presents the University's proportionate share of the net OPEB liability as of June 30, 2020 and June 30, 2019 calculated using the current healthcare cost trend rates, as well as what the University's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates (dollars in thousands):

2020

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	$ 91,009	$ 113,459	$ 139,387

2019

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	$ 120,473	$ 145,905	$ 176,208

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability at June 30, 2020 was measured as of June 30, 2018 rolled forward to June 30, 2019, which is the measurement date. The total OPEB liability at June 30, 2020 was determined by an actuarial valuation as of June 30, 2018 and rolled forward to the measurement date.

The net OPEB liability at June 30, 2019 measured as of June 30, 2017 rolled forward to June 30, 2018, which is the measurement date. The total OPEB liability at June 30, 2019 was determined by an actuarial valuation as of June 30, 2017 and rolled forward to the measurement date.

At June 30, 2020, the amount recognized as the University's proportionate share of the net OPEB liability was approximately $113,459,000. At June 30, 2020, the nonemployer contributing entity's (State of West Virginia) portion of the collective net OPEB liability is $23,097,000 and the total net liability attributable to the University is $136,556,000.

At June 30, 2019, the amount recognized as the University's proportionate share of the net OPEB liability was approximately $145,905,000. At June 30, 2019, the nonemployer contributing entity's (State of West Virginia) portion of the collective net OPEB liability is $30,091,000 and the total net liability attributable to the University is $175,996,000.

The allocation percentage assigned to each contributing employer is based on the employer's proportionate share of employer contributions to the RHBT for the fiscal years ended June 30, 2019 and June 30, 2018. Employer contributions are recognized when due. At June 30, 2019, the University's proportion was 6.802662334%, an increase of .016354620% from its proportion of 6.786307714% calculated as of June 30, 2018.

The allocation percentage assigned to each contributing employer is based on the employer's proportionate share of employer contributions to the RHBT for the fiscal years ended June 30, 2018 and June 30, 2017. Employer contributions are recognized when due. At June 30, 2018, the University's proportion was 6.786307714%, a increase of 0.351091744% from its proportion of 6.435215970% calculated as of June 30, 2017.

For the year ended June 30, 2020, the University recognized OPEB expense of $4,579,000. Of this amount, $(2.264,000) was recognized as the University's proportionate share of the OPEB expense, and $6,843,000 as the amount of OPEB expense attributed to special funding. The University also recognized revenue of $6,843,000 for support provided by the State.

For the year ended June 30, 2019, the University recognized OPEB expense of $13,595,000. Of this amount, $4,397,000 was recognized as the University's proportionate share of the OPEB expense, and $9,198,000 as the amount of OPEB expense attributed to special funding. The University also recognized revenue of $9,198,000 for support provided by the State.

Deferred outflows of resources and deferred inflows of resources related to OPEB are as follows at June 30, (dollars in thousands):

2020

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	$ 5,467	$ 10,655
Net difference between projected and actual investment earnings	-	1,224
Difference between expected and actual experience	-	13,168
Changes in assumptions	-	22,918
Opt-out proportionate share	28	3,037
Contributions after the measurement date	13,191	-
	$ 18,686	$ 51,002

2019

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Changes in proportion and difference between employer contributions and proportionate share of contributions	$	6,863	$	16,843
Net difference between projected and actual investment earnings		-		2,696
Difference between expected and actual experience		-		2,154
Changes in assumptions		-		14,538
Contributions after the measurement date		14,043		-
	$	20,906	$	36,231

The University will recognize the $13,191,000 and $14,043,000 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability in the years ended June 30, 2020 and 2019, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (dollars in thousands):

Fiscal Year Ended	Amortization	
June 30, 2021	$	(17,628)
June 30, 2022		(15,817)
June 30, 2023		(9,801)
June 30, 2024		(2,261)
	$	(45,507)

10. DEFINED BENEFIT PENSION PLAN

Some employees of the University are enrolled in a defined benefit pension plan, the West Virginia Teachers' Retirement System (TRS), which is administered by the West Virginia Consolidated Public Retirement Board (CPRB).

Following is the University's pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, revenues, and the pension expense and expenditures for the fiscal years ended June 30 (dollars in thousands):

	2020	2019
Net Pension Liability	$ 4,821	$ 6,216
Deferred Outflows of Resources	844	1,136
Deferred Inflows of Resources	3,600	3,874
Revenues	1,482	1,477
Pension Expense	710	784
Contributions Made by the University	604	730

TRS

Plan Description

TRS is a multiple employer defined benefit cost sharing public employee retirement system providing retirement benefits as well as death and disability benefits. It covers all full-time employees of the 55 county public school systems in the State and certain personnel of the 13 State-supported institutions of higher education, State Department of Education and the Higher Education Policy Commission hired prior to July 1, 1991. Employees of the State-supported institutions of higher education and the Higher Education Policy Commission hired after June 30, 1991, are required to participate in the Higher Education Retirement System. TRS closed membership to new hires effective July 1, 1991.

TRS is considered a component unit of the State for financial reporting purposes, and, as such, its financial report is also included in the State's Comprehensive Annual Financial Report. TRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained from the TRS website at ttps://www.wvretirement.com/ Publications.html#CAFR

Benefits Provided

TRS provides retirement, death, and disability benefits. A member is eligible for normal retirement at age 60 with five years of service, age 55 with 30 years of service or any age with 35 years of service. A member may retire with the pension reduced actuarially if the member is less than age 55 and has between 30 and 35 years of service. For all employees hired after July 1, 2015, qualification for normal retirement is age 62 with 10 years of service. All members hired after July 1, 2015 may retire with the pension reduced actuarially if the member is between the ages of 60 and 62 with 10 years of service or between ages 55 and 62 with 30 years of service. Terminated members with at least five, but less than 20, years of credited service who do not withdraw their accumulated contributions are entitled to a deferred retirement commencing at age 62. For all employees hired after July 1, 2015, this age increases to 64 with 10 years of service. Retirement benefits are equivalent to 2% of average annual salary multiplied by years of service. Average salary is the average of the 5 highest fiscal years of earnings during the last 15 fiscal years of earnings. Chapter 18, Article 7A of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan, including contribution rates, to the Legislature.

Contributions

The funding objective of the CPRB pension trust funds is to meet long-term benefit requirements through contributions, which remain relatively level as a percent of member payroll over time, and through investment earnings. Contribution requirements are set by CPRB. A member who withdraws from service for any cause other than death or retirement may request that the accumulated employee contributions plus interest be refunded.

Member Contributions: TRS funding policy provides for member contributions based on 6% of members' gross salary. Contributions as a percentage of payroll for members and employers are established by State law and are not actuarially determined.

Employer Contributions: Employers make the following contributions:

The State (including institutions of higher education) contributes:

1. 15% of gross salary of their State-employed members hired prior to July 1, 1991;

2. 15% of School Aid Formula (SAF) covered payroll of county-employed members;

3. 7.5% of School Aid Formula (SAF)-covered payroll of members of the Teachers' Defined Contribution Retirement System (TDCRS);

4. a certain percentage of fire insurance premiums paid by State residents; and

5. under WV State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the TRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2019, the University's proportionate share attributable to this special funding subsidy was $1,404,000. As of June 30, 2018, the University's proportionate share attributable to this special funding subsidy was $1,422,000.

The University's contributions to TRS for the years ended June 30, 2020, 2019, and 2018, were approximately $604,000, $730,000, and $856,000, respectively.

Assumptions

For the year ended June 30, 2020, the total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2018 and rolled forward to June 30, 2019. For the year ended June 30, 2019, total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2017 and rolled forward to June 30, 2018. The following actuarial assumptions were used and applied to all periods included in the measurement:

- Actuarial cost method: Entry age normal cost with level percentage of payroll.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method and period: Level dollar, fixed period over 40 years, from July 1, 1995 through fiscal year 2035.
- Investment rate of return of 7.50%, net of pension plan administrative and investment expenses.
- Projected salary increases: Teachers 3.00–6.00% and non-teachers 3.00–6.50%, based on age.
- Inflation rate of 3.0%.
- Discount rate of 7.50%
- Mortality rates based on RP-2000 Mortality Tables.
- Withdrawal rates: Teachers 0.8%-35% and non-teachers 1.316%-24.75%.
- Disability rates: 0.008%-0.704%
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Retirement rates: 15%-100%
- Ad hoc cost-of-living increases in pensions are periodically granted by the Legislature. However, the retirement system makes no automatic provision for such increases.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2010 to June 30, 2015. These assumptions will remain in effect for valuation purposes until such time as the CPRB adopts revised assumptions.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term arithmetic real rates of return for each major asset class included in TRS' target asset allocation as of June 30, 2020 and June 30, 2019 are summarized below.

2020

Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	5.8%	27.5%
International equity	7.7%	27.5%
Fixed income	3.3%	15.0%
Real estate	6.1%	10.0%
Private equity	8.8%	10.0%
Hedge funds	4.4%	10.0%

2019

Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	4.5%	27.5%
International equity	8.6%	27.5%
Fixed income	3.3%	15.0%
Real estate	6.0%	10.0%
Private equity	6.4%	10.0%
Hedge funds	4.0%	10.0%

Discount rate. The discount rate used to measure the total TRS pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that State contributions will continue to follow the current funding policy. Based on those assumptions, TRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on TRS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the University's proportionate share of the TRS net pension liability as of June 30, 2020 and June 30, 2019 calculated using the discount rate of 7.50%, as well as what the University's TRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate (dollars in thousands).

2019

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increas (8.50%)
Net pension liability	$ 6,580	$ 4,821	$ 3,316

2019

	1% Decrease (6.50%)		Current Discount Rate (7.50%)		1% Increase (8.50%)	
Net pension liability	$	8,390	$	6,216	$	4,357

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The TRS net pension liability as of June 30, 2020 was measured as of June 30, 2018 rolled forward to June 30, 2019, which is the measurement date. The total pension liability at June 30, 2020 was determined by an actuarial valuation as of July 1, 2018 and rolled forward to the measurement date.

The TRS net pension liability at June 30, 2019 was measured as of June 30, 2018. The total pension liability at June 30, 2019 was determined by an actuarial valuation as of July 1, 2017 and rolled forward to the measurement date.

At June 30, 2020, the University's proportionate share of the TRS net pension liability was $16,459,000. Of this amount, the University recognized approximately $4,821,000 as its proportionate share on the statement of net position. The remainder of $11,638,000 denotes the University's proportionate share of net pension liability attributable to the special funding.

At June 30, 2019, the University's proportionate share of the TRS net pension liability was $22,322,000. Of this amount, the University recognized approximately $6,216,000 as its proportionate share on the statement of net position. The remainder of $16,106,000 denotes the University's proportionate share of net pension liability attributable to the special funding.

At June 30, 2020, the amount recognized as the University's proportionate share of the TRS net pension liability was approximately $4,821,000. TRS measured the net pension liability as of June 30, 2019.

At June 30, 2019, the amount recognized as the University's proportionate share of the TRS net pension liability was approximately $6,216,000. TRS measured the net pension liability as of June 30, 2018.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on their proportionate share of employer and non-employer contributions to TRS for each of the fiscal years ended June 30, 2019 and 2018. Employer contributions are recognized when due. At June 30, 2019, the University's proportion was .162037%, a decrease of .037049% from its proportion of 0.199086% calculated as of June 30, 2017. At June 30, 2018, the University's proportion was 0.199086%, a decrease of 0.066575% from its proportion of 0.265661% calculated as of June 30, 2016.

For the year ended June 30, 2020, the University recognized TRS pension expense of $709,916. Of this amount, $(772,049) was recognized as the University's proportionate share of the TRS expense and $1,403,665 as the amount of pension expense attributable to special funding and $78,300 as the pension expense related to a non-special funding from a non-employer contributing entity. The University also recognized revenue of $1,481,965 for support provided by the State.

For the year ended June 30, 2019, the University recognized TRS pension expense of $783,464. Of this amount, $(693,912) was recognized as the University's proportionate share of the TRS expense and $1,421,558 as the amount of pension expense attributable to special funding and $55,518 as the pension expense related to a non-special funding from a non-employer contributing entity. The University also recognized revenue of $1,477.376 for support provided by the State.

Deferred outflows of resources and deferred inflows of resources related to the TRS pension are as follows at June 30 (dollars in thousands):

2020

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	$ 112	$ 3,304
Net difference between projected and actual investment earnings	-	131
Difference between expected and actual experience	24	165
Contributions after the measurement date	604	-
Changes in assumptions	104	-
	$ 844	$ 3,600

2019

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	$ 168	$ 3,425
Net difference between projected and actual investment earnings	-	324
Difference between expected and actual experience	45	125
Contributions after the measurement date	730	-
Changes in assumptions	193	-
	$ 1,136	$ 3,874

The University will recognize the $604,000 and $730,000 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the TRS net pension liability in the years ended June 30, 2020 and 2019, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in TRS pension expense as follows:

Fiscal Year Ended	Amortization	
June 30, 2021	$	(804)
June 30, 2022		(1,060)
June 30, 2023		(926)
June 30, 2024		(462)
June 30, 2025		(108)
	$	(3,360)

Payables to the Pension Plan

The University did not report any amounts payable for normal contributions to the TRS as of June 30, 2020 or 2019.

11. LEASES PAYABLE

a. *Operating* – Future annual minimum rental payments on operating leases for years subsequent to June 30, 2020 are as follows (dollars in thousands):

Fiscal Year Ending June 30,		
2021	$	4,568
2022		3,467
2023		2,549
2024		2,408
2025		1,994
2026-2030		9,880
2031-2035		1,980
2036-2040		5
2041-2045		5
2046-2050		5
2051-2055		5
2056-2058		3
Total	$	26,869

Total rental expense for the years ended June 30, 2020 and 2019 was $5.4 million and $5.4 million, respectively. The University leases 6 floors of a seven floor office building from the Foundation. Rental expense under the operating lease is $1,975,000 per year through 2031. The University does not have any non-cancelable leases.

b. *Capital* – The University leases certain property, plant and equipment under capital leases. Future annual minimum lease payments and the present value of minimum lease payments on capital leases are as follows (dollars in thousands):

Fiscal Year Ending June 30,		
2021	$	2,372
2022		2,411
2023		1,424
2024		1,425
2025		1,284
2026-2030		3,561
2031-2035		1,672
2036-2040		125
2041-2045		100
Minimum lease payments		14,374
Less amount representing interest		(2,118)
Present value of minimum lease payments		12,256
Current Portion		1,977
Noncurrent Portion	$	10,279

The net book value of leased assets was as follows as of June 30 (dollars in thousands):

	2020	**2019**
Buildings	$ 16,105	$ 16,106
Equipment	164	-
Land	-	1,750
Software	321	-
Infrastructure	6,004	1,288
Land Improvements	6	6
CIP	-	2,524
Less: Accumulated Depreciation	(3,167)	(2,685)
Net Book Value	$ 19,433	$ 18,989

12. BONDS PAYABLE

Bonds payable consisted of the following at June 30 (dollars in thousands):

	Original Interest Rate	Annual Principal Installment Due	2020 Principal Amount Outstanding	2019 Principal Amount Outstanding
Revenue Improvement Bonds, 2011 Series A, due through 2026	3.87%	$ 35 to 62	$ 8,299	$ 8,877
Revenue Improvement Bonds, 2011 Series B, due through 2037	4.14%	$ 0 to $ 21,800	$ -	$ 150,065
Revenue Bonds (Taxable), 2012 Series A, due through 2042	4.50%	$ 35 to $ 62	$ 11,302	$ 11,598
Revenue Bonds (Taxable), 2012 Series B, due through 2032	variable rate	$ 0 to $ 50	3,281	3,494
Revenue Refunding and Improvement Bonds, 2013 Series A, due through 2043	0.00% 3.55%	$ 0 to $ 13,715	-	136,110
Revenue Refunding and Improvement Bonds (Taxable), 2013 Series B, due through 2043	3.00%	$ 995 to $ 7,440	37,270	44,120
Improvement Revenue Bonds, 2014 Series A, due through 2045	4.30%	$ 855 to $ 30,285	-	60,000
Improvement Revenue Bonds (Taxable), 2014 Series B, due through 2043	4.50%	$ 10,075 to $ 24,105	79,050	79,050
Improvement Revenue Bonds, 2014 Series C, due through 2042	2.43%	$ 9,730 to $ 10,705	-	50,190
Improvement Revenue Bonds, 2016 Series A, due through 2046,	3.43%	$ 0 to $ 678	17,571	18,249
Revenue Bonds, 2019 Series A, due through 2050	3.11%	$ 0 to $ 5,095	85,840	-
Revenue Bonds, 2019 Series B, due through 2042	1.89%	0 to $ 8,345	39,125	-
Revenue Bonds, 2020 Series A, due through 2045	2.46%	0 to $ 30,565	377,785	-
Unamortized Bond Discount			-	(111)
Unamortized Bond Premium			25,836	34,818
Net Bonds Payable			685,359	596,460
Current Portion			10,406	17,032
Noncurrent Portion			$ 674,953	$ 579,428

Bond Indenture, Pledged Revenues and Board Authorization

The 2004 Bonds and all subsequently issued WVU Bonds ("the Bonds") are limited obligations of the Board, payable from and secured by a pledge of Fees and Gross Operating Revenues received by the Board, any interest earnings thereon and on the funds and accounts held by the Bond Trustee, and funds representing capitalized interest. Fees include Institutional Capital Fees, Auxiliary Fees, and Auxiliary Capital Fees. Gross Operating Revenues include all rents fees, charges and other income received by or accrued to the University from the operation and use of the Auxiliary Facilities. The Bonds are also payable from (but not secured by) other monies legally available to be used for such purposes.

The Bonds contain provisions that in the event of default (1) in due and punctual payment of principal or interest or (2) on any other covenants, agreements or conditions, the outstanding principal and accrued interest are due and payable immediately.

The WVU Bond Trust Indenture, dated as of November 1, 2004, is the original indenture upon which the 2004 Bonds were issued. Subsequently issued WVU Bonds were issued based on Supplemental Indentures to the 2004 Indenture, as resolved by the Board as follows:

Bond Issue	Indenture or Supplemental Indenture	Board Resolution
2004 A, B and C	Original indenture	Adopted November 5, 2004
2011A	First Supplemental Indenture	Adopted April 8, 2011/Amended August 10, 2011
2011 B	Second Supplemental Indenture	Adopted June 6, 2011
2012 A	Third Supplemental Indenture	Adopted June 7, 2012
2012 B	Fourth Supplemental Indenture	Adopted September 28, 2012
2013 A and B	Fifth Supplemental Indenture	Adopted December 13, 2012
2014 A, B and C	Sixth Supplemental Indenture	Adopted April 4, 2014
2016 A	Seventh Supplemental Indenture	Adopted June 1, 2016
2019 A	Eighth Supplemental Indenture	Adopted July 31, 2019
2019 B	Ninth Supplemental Indenture	Adopted July 31, 2019
2020 A	Tenth Supplemental Indenture	Adopted January 24, 2020

2011 Bonds

During fiscal year 2012, the Board issued $250.3 million in revenue bonds as follows:

2011 Series A In August 2011, the Board issued the 2011 Series A Improvement Revenue bonds to finance the acquisition of a multi-story apartment complex known as "The Augusta on the Square" and other lots, buildings, houses and structures which were subject to liens thereupon. The 2011 Series A bonds were issued on August 1, 2011 in the amount of $12,710,197.

2011 Series B In October 2011, the Board issued the 2011 Series B Improvement Revenue bonds in the par amount of $187,605,000. The actual proceeds received equaled $205.6 million. These bonds were issued to refinance the Childcare Center, Engineering Sciences Building, Energy Performance Lease Phase II, and Energy Performance Phase III lease purchases and to finance new projects. On March 10, 2020, these bonds were refunded in the amount of $154,743,974 with the issuance of the 2020 Series A bonds.

The 2011 bond proceeds of $268.3 million included net original issue premium of $18.0 million.

2012 Bonds

During fiscal year 2013, the Board issued the 2012 Bonds as follows:

2012 Series A On July 26, 2012, the Board issued the 2012 Series A (Taxable) bonds in the amount of $13,270,555 to finance the acquisition of the Suncrest Plaza. These bonds were a private placement bond issue with the Huntington Investment Company.

2012 Series B On December 13, 2012, the 2012 Series B (taxable) bonds were issued in the amount of $4,800,000 to finance the acquisition of the Square at Falling Run/Loop.

These bonds were a private placement bond issue with First United Bank & Trust, for a fixed rate of 2.5% for three years then adjusting annually based on the average yield on the U.S. Treasury Securities adjusted to a constant maturity of one year plus 175 basis points. The interest rate has a floor of 2.5%.

2013 Bonds

On February 13, 2013, the Board issued $210.5 million in revenue bonds as follows.

2013 Series A The 2013 Series A bonds were issued in the par amount of $138,325,000. The actual proceeds received equaled $160.5 million. These bonds were issued to (a) advance refund a portion of the University Revenue Improvement Bonds 2004 Series C, dated December 2, 2004, and issued in the original principal amount of $138,710,000, (b) advance refund a portion of the University Revenue Refunding Bonds 2004 Series B, dated December 2, 2004, maturing on and after October 1, 2015 and issued in the original principal amount of $55,430,000, (c) finance a portion of the costs of the 2013 A projects at the University including reimbursement to the University for certain capital expenditures made on the 2013 Series A projects prior to the issuance of the 2013 Series A bonds, and (d) pay the costs of issuance of the 2013 Series A bonds. On March 10, 2020, these bonds were refunded in the amount of $150,693,649 with the issuance of the 2020 Series A bonds.

2013 Series B The 2013 Series B bonds (Taxable) series were issued in the amount of $72,180,000 to (a) advance refund that portion of the 2004 Series C bonds not refunded with the proceeds of the 2013 Series A bonds, (b) finance a portion of the costs of the 2013 Series B projects including reimbursement to the University for certain capital expenditures made on the 2013 Series B projects prior to the issuance of the 2013 Series B bonds (the acquisition of the Sunnyside property), and (c) pay the costs of issuance of the 2013 Series B bonds.

2014 Bonds

On October 1, 2014, the Board issued $189.2 million in revenue bonds as follows:

2014 Series A The 2014 Series A bonds (tax exempt) were issued in the amount of $60,000,000. The actual proceeds received equaled $65,562,000. These bonds were issued to (a) finance the modernization of the University's Personal Rapid Transit system (the "PRT") including reimbursement for prior capital expenditures related to this project and (b) pay the costs of issuance of the 2014 Series A bonds. On March 10, 2020, these bonds were refunded in the amount of $71,004,970 with the issuance of the 2020 Series A bonds.

2014 Series B The 2014 Series B bonds (taxable) were issued in the amount of $79,050,000 to (a) finance certain Athletics capital projects including reimbursement for prior capital expenditures related to these projects and (b) pay the costs of issuance of the 2014 B bonds.

2014 Series C The 2014 Series C bonds (tax exempt) were issued in the amount of $50,190,000 with an interest rate based on the SIFMA index plus 53 basis points to (a) refund (the "Refunding") the 2011 Series C bonds, dated October 5, 2011 and (b) pay the costs of issuance of the 2014 C bonds. During fiscal 2019 the average interest rate was 2.08%. The rate at June 30, 2019 was 2.43%. The initial Par Call Date with respect to the 2014 C Bonds was October 1, 2019. On September 25, 2019, these bonds were refunded in the amount of $50,190,000 with the issuance of the 2019 Series B bonds.

2016 Bonds

On June 29, 2016, the Board issued $20,000,000 in revenue bonds as follows:

2016 Series A The 2016 Series A bonds (tax exempt) were issued in the amount of $20,000,000 to finance Phase 1 of the Health Science Center infrastructure plan and to pay the costs of issuance. In fiscal year 2016, the University received proceeds of $327,000; the remaining proceeds of $19.7 million were received in fiscal year 2017.

2019 Bonds

On September 25, 2019, the Board issued $124,965,000 in revenue bonds as follows:

2019 Series A The 2019 Series A bonds (tax exempt) were issued in the amount of $85,840,000. The actual proceeds received equaled $101,315,156 of which $95,000,000 was designated for projects for Athletics, Hodges Hall and Reynolds Hall. The remaining proceeds of $5,826,351 were for capitalized interest; $488,805 was for cost of issuance.

2019 Series B The 2019 Series B bonds (tax exempt) were issued in the amount of $39,125,000. The actual proceeds received equaled $50,534,241. These bonds were issued to refund the 2014 Series C Bonds in the amount of $50,190,000. The refunding and redemption of the 2014 Series C Bonds was deemed more advantageous to the Board, the University and the State, considering the financial effect, the implementation and other relevant factors, than remarketing them.

2020 Bonds

On March 10, 2020, the Board issued $377,785,000 in revenue bonds as follows:

2020 Series A The 2020 Series A bonds (taxable) in the amount of $376,442,593 refinanced the 2011 Series B bonds in the amount of $154,743,974, the 2013 Series A bonds in the amount of $150,693,649, and the 2014 Series A bonds in the amount of $71,004,970. The remaining funds were used for cost of issuance and other fees.

Bond Summary

For the years ended June 30, 2020 and June 30, 2019, the University recorded a deferred loss on refunding of $15,189,000 and $11,916,000, respectively, on the statement of net position.

Total principal and interest payments remaining to be paid at June 30, 2020 and 2019 were $984.1 million and $910.4 million, respectively. Total gross pledged revenue for fiscal year 2020 and 2019 was $143.3 million and $161.6 million, respectively.

The scheduled maturities of the revenue bonds are as follows (dollars in thousands):

Fiscal Year Ending June 30,	Principal	Interest	Total Payments
2021	$ 8,740	$ 20,827	$ 29,567
2022	10,455	20,118	30,573
2023	21,182	19,699	40,881
2024	18,290	19,236	37,526
2025	24,836	18,783	43,619
2026-2030	129,282	85,373	214,655
2031-2035	134,979	69,445	204,424
2036-2040	132,159	48,478	180,637
2041-2045	155,622	19,822	175,444
2046-2050	23,978	2,825	26,803
Bonds Payable	659,523	$ 324,606	$ 984,129
Unamortized Bond Premium	25,836		
Net Bonds Payable	685,359		
Current Portion	10,406		
Noncurrent Portion	$ 674,953		

13. NOTES PAYABLE

Health Sciences Center Construction Loan – In December 2012, the Corporation refinanced various construction loans with United Bank, Inc. in the principal amount of $22.1 million at an interest rate, initially 1.90%, resetting every five years. Beginning August 2014, the loan agreement allows the Corporation to prepay the loan with 60 days notice and without any penalty or premium, and it allows the bank to "put" all or part of the loan to the Corporation with 60 days notice and without any penalty or premium.

The loan is pledged by facilities and administrative revenues received by the Corporation under any grants, contracts, and other agreements on behalf of the HSC as follows:

1) 30% of the total HSC facilities and administrative revenues, up to a total of $6.8 million ("threshold amount") received by the Corporation in any single fiscal year.

2) 70% of the total HSC facilities and administrative revenues above the threshold amount received by the Corporation in such fiscal year.

The Health Sciences Construction Loan contains provisions for the event of default in the payment of interest or principal; under the loan documents; breach of contract; filing of liens against collateral; litigation against borrower; levy upon the collateral; bankruptcy or insolvency; cessation of legal existence; transfer or encumbrance or collateral; false representation or warranty; adverse change in financial condition or in the condition of the collateral; significant curtailment of operations; or failure to disprove default. In the event of default, United Bank, Inc. will be entitled to proceed with the following remedies: (1) acceleration of maturity and the sale of collateral, and (2) increase in the interest rate applicable to any payment due, but not paid when due, by five percent during the period of time that the default is uncured.

Upon sixty days' prior written notice, beginning on August 21, 2014, United Bank, Inc. will have the right to put all or a portion of the loan outstanding back to the Corporation and the Corporation will be required to pay the principal amount being put plus accrued interest, but without any penalty or premium.

Total principal to be paid at June 30, 2020 and June 30, 2019 was approximately $16.9 million and $17.5 million, respectively. Total interest paid through June 30, 2020 and June 30, 2019 was approximately $3,628,000 and $2,976,000, respectively. Total facilities and administrative revenues earned by HSC during fiscal year 2020 and 2019 were $13.5 and $11.1 million, respectively. Total pledged revenue as of June 30, 2020 and June 30, 2019 was $6.7 million and $5.0 million, respectively.

Beckley Loan – During fiscal year 2016, the Corporation negotiated a 90-day note with United Bank in the amount of $12 million for reimbursement of the purchase and start-up costs related to the Beckley campus of the University. This note, which would have ended on September 27, 2016, was extended until December 27, 2016. The extension was for the same amount under the same terms.

On December 15, 2016, the Corporation closed on a note with United Bank for $36,090,000. The proceeds of the loan were used to pay the 90 day note in full and to reimburse the University for the purchase of the Beckley campus as well as for capital improvements to the campus. Additionally, the proceeds include capital interest of

$3,000,000 as the loan will have a capitalized interest period of three years. The amortization term was 30 years. The interest rate is set for 5-year increments beginning with a rate of 3.11% fixed for the first five years and a spread to the 5-year constant U.S. Treasury Maturity rate thereafter. The spread is based on the University's rating with Moody's.

On December 22, 2017, the Corporation closed on a new note with Wells Fargo for $42,000,000. The proceeds of the loan were used to pay the United Bank loan and provide additional funds for the Beckley campus projects. The amortization term for the loan is 40 years with a fixed interest rate of 4.45%.

On August 9, 2016, the Corporation entered into a lease agreement with the University for the lease of assets required by the University for the operation of the Beckley campus. This agreement was amended on December 15, 2016 to reflect an increase in the principal amount of the loan. This agreement was again amended on December 22, 2017 in conjunction with the Wells Fargo note. The base rentals are to equal the principal and interest payments on the loan.

The deed of trust on the property on the Beckley campus including the buildings, structures and improvements, and fixtures is secured as collateral on this note along with any income from leases and rents.

The Beckley Loan contains provisions for the event of default in the payment of interest, principal or premium when due; in any covenant or agreement, any provision of the security instrument, the lease agreement, or any other provision of the operative agreement; a deposit shortfall under the cash management agreement; false representation or warranty; if final judgment for the payment of money is rendered against the Corporation and the Corporation fails to discharge within sixty days; default under any other mortgage or security agreement covering any part of the property; bankruptcy or insolvency; cessation of legal existence; if the lease, any other lease or any lease guaranty ceases to be in full force and effect; any set-off, abatement, withholding, suspension or reduction in rent paid or payable by the tenant under the lease; or filing of liens against the collateral.

In the event of default, Wells Fargo will be entitled to proceed with the following remedies: (1) declare the entire unpaid balance, accrued interest and premium immediately due and payable; (2) sale the collateral.

WVUIC Loan – During fiscal year 2017, WVUIC negotiated a loan with United Bank in the amount of $3.0 million. This loan bears interest at a rate of 3.50% until June 28, 2021, at which time the loan will bear interest at a fixed rate equal to the five-year USD Libor Swap Rate plus 2.150 percentage points. Interest only will be payable on this note from July 28, 2017, to and including August 28, 2018. The amortization term is ten years. The proceeds of this loan were used to pay WVUIC's equipment lease/purchase agreement with United Bank in full. This loan is secured by certain property of WVUIC.

The University's Center for Alternative Fuels, Engines and Emissions (CAFEE) vehicle and engine testing laboratory property including leasehold real property and personal property, including equipment, fixtures and furnishings, is secured as collateral on this loan.

The WVUIC Loan contains provisions for the event of default in noncompliance with the lender agreements; false representation or warranty; adverse change in financial condition or in the condition of the collateral; insolvency or liquidation; judgments or attachments; impairment of collateral; or termination of existence or change in control.

In the event of default, United Bank may declare the entire unpaid principal balance and accrued interest to be immediately due and payable in full and may have the right of setoff against receivables. United Bank may also take possession of the collateral; render the collateral unusable; use, operate, manage, control, maintain or dispose of the collateral.

The scheduled maturities of the notes payable are as follows (dollars in thousands):

Fiscal Year Ending June 30,	Principal	Interest
2021	$ 1,429	$ 2,427
2022	1,590	2,521
2023	1,654	2,458
2024	1,718	2,394
2025	1,788	2,324
2026-2030	8,502	10,571
2031-2035	9,237	8,845
2036-2040	7,857	6,929
2041-2045	5,890	5,600
2046-2050	7,355	4,135
2051-2055	9,183	2,306
2056-2058	5,415	329
	61,618	50,839
Current Portion	1,428	
Noncurrent Portion	$ 60,190	

14. REAL ESTATE PURCHASE AGREEMENTS PAYABLE

Elmer Prince Drive Agreement - During fiscal year 2011, the University entered into an agreement with SBS Properties LLC to finance the purchase of real property at 992 Elmer Prince Drive in Morgantown, WV. The total purchase price of the property was $3,714,800. The University paid $397,400 at closing and agreed to make installment payments of $368,600 per year through November 30, 2019. This liability is recorded at present value at an interest rate of .18%. The outstanding note payable at June 30, 2020 and June 30, 2019 was $0 and $368,600, respectively.

This property, on Elmer Prince Drive in Morgantown, WV, is subject to a non-recourse vendor's lien that can be enforced by failure to pay any installment payment by the due date.

Square at Falling Run/Loop Agreement - During fiscal year 2013, the University purchased several properties located at the Square at Falling Run/Loop. This purchase included a real estate purchase agreement payable to the City of Morgantown Building Commission in the amount of $4.2 million due in 2026 less the following credits: 1) all B&O taxes paid to the City of Morgantown prior to August 31, 2026 for construction expenditures on the Loop project in excess of $30 million, 2) all B&O taxes paid to the City of Morgantown prior to August 31, 2026 for construction expenses on the College Park project, and 3) all B&O taxes paid to the City of Morgantown prior to August 31, 2026 arising from and directly associated with any construction, retail, commercial, rental, and other development activities located in, or with respect to the completion of, the commercial space in the Square at Falling Run, College Park, and Sunnyside, 4) all Airport Grant Funds received or obtained prior to August 31, 2026 as a result of Transferee's direct solicitation efforts, or indirectly as a result of specifically identifiable efforts, contracts, or commitments. The above credits have reduced the liability to $4,000 as of June 30, 2020. Also, the purchase included a Tax Increment Financing (TIF) District Guaranty to First United Bank & Trust for $120,000 annually through September 1, 2032. This has been recorded at a present value of $1,484,607 at the following interest rates: 2.5% through June 2014, 3.5% from June 2014 through June 2017, and 5.69% from June 2017 through June 2033.

Evansdale Campus Financing Agreement - During fiscal year 2015, the University obtained external financing from WesBanco in the amount of $13,250,000 to finance the purchase of real estate on the Evansdale Campus. The University agreed to make installment payments of $759,000 per year through September 1, 2024.

This real estate, located on the Evansdale Campus, is secured as collateral on this agreement along with any income from rents and leases.

The Evansdale Campus Agreement contains provisions for the event of default in the failure to pay any lease payment or any other required payment when due; in the failure to maintain insurance on the property; in any other covenant, condition or agreement; or insolvency or liquidation. In the event of default, Wesbanco can terminate this agreement and retake possession of this property and can lease, sublease or sell the property; declare an amount equal to all payments due during the fiscal year in which the default occurred to be immediately due and payable; or increase the interest rate by a two-percentage point margin. Once the default is cured, the interest rate will return to the rate provided in the agreement on the date following the date the payment is made during the default.

The scheduled maturities of the real estate purchase agreements payable (Evansdale Campus Financing Agreement) are as follows (dollars in thousands):

Fiscal Year Ending June 30,	Principal	Interest
2021	$ 269	$ 427
2022	305	454
2023	318	441
2024	330	430
2025	10,517	106
Real Estate Purchase Agreements Payable	11,739	1,858
Current Portion	269	
Noncurrent Portion	$ 11,470	

These liabilities are classified as real estate purchase agreements payable on the statement of net position.

15. STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS (DEBT SERVICE PAYABLE TO COMMISSION)

The University is a State institution of higher education. It receives a State appropriation in partial support of its operations. In addition, the University is subject to the legislative and administrative mandates of State government. Those mandates affect all aspects of the University's operations, its tuition and fee structure, its personnel policies and its administrative practices.

The State has chartered the Commission with the responsibility to construct or renovate, finance and maintain various academic and other facilities of the State's universities and colleges, including certain facilities of the University. Financing for these facilities was provided through revenue bonds issued by either the former Board of Regents, the former University System of West Virginia, the former State College System of West Virginia or the former Interim Governing Board (collectively, the "Boards"). These obligations administered by the Commission are the direct and total responsibility of the Commission, as successor to the former boards.

The Commission assesses each public institution of higher education for funds to meet the payment of debt service on these various bonds. Certain tuition and registration fees (referred to as system fees) of the members of the former State University System are generally pledged as collateral for the Commission's bond indebtedness. Student fees collected by the institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. The bonds remain as a capital obligation of the Commission; however, effective June 30, 2002, an amount of principal related to each institution was reported as debt service assessment payable to the Commission by each institution and as a receivable by the Commission.

The Commission issued 2004 Series B Higher Education Facilities Revenue Bonds (the "HEPC 2004 B Bonds") in August 2004 to provide funds for capital improvements at institutions of higher education throughout the State's universities and colleges, including the University. In June 2012, a portion of the HEPC 2004 Bonds were advance refunded by the State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A and Revenue Bonds (Higher Education Facilities) 2012 Series B Bonds (the "HEPC 2012 Bonds"). The HEPC 2004 B Bonds and the HEPC 2012 Bonds are secured by the pledge of higher education institutions' tuition and registration fees as well as excess lottery revenues. The HEPC 2004 B Bonds and the HEPC 2012 Bonds are considered an indirect obligation of the University and the principal amount of the bonds related to the University is not reported as a payable to the Commission.

The scheduled maturities of the debt service payable to the Commission are as follows (dollars in thousands):

Fiscal Year Ending June 30,	Principal	Interest
2021	$ 4,449	$ 6,168
2022	4,467	6,152
2023	4,497	6,122
2024	4,538	6,078
2025	4,596	6,021
2026-2030	16,518	28,931
2031	1,019	5,781
Debt Service Assessment Payable to the Commission	$ 40,084	$ 65,253
Current Portion	4,449	
Noncurrent Position	$ 35,635	

16. DEFINED CONTRIBUTION PENSION PLANS

Substantially all eligible employees of the University participate in either TRS or the Teachers Insurance and Annuities Association - College Retirement Equities Fund (TIAA-CREF). (See Note 10 for information regarding TRS.)

Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF had an option to switch to the Educators Money 401(a) basic retirement plan (Educators Money). New hires had the choice of either plan. Educators Money was a brand utilized by Great West Financial; this transitioned to Empower Retirement.

Effective September 17, 2019, employees enrolled in the Empower Retirement 401(a) basic retirement plan were automatically enrolled in the TIAA-CREF retirement plan. On October 3, 2019, account balances with Empower Retirement were transferred to the new accounts with TIAA-CREF.

The TIAA-CREF and Empower Retirement are defined-contribution benefit plans in which benefits are based upon amounts contributed plus investment earnings. Each employee who elects to participate in these plans is required to make a contribution equal to 3% (for employees of the Corporation enrolled in TIAA-CREF) or 6% (for employees of the State enrolled in TIAA-CREF or Empower Retirement) of their total annual compensation. The University simultaneously matches the employees' 3% or 6% contribution. Contributions are immediately and fully vested.

Contributions to the TIAA-CREF for each of the last three fiscal years were approximately as follows (dollars in thousands):

Fiscal Year Ending June 30,	WVU	Employees	Total
2020	$ 29,090	$ 29,090	$ 58,180
2019	28,327	28,327	56,654
2018	26,750	26,750	53,500

Contributions to Empower Retirement for each of the last three fiscal years were approximately as follows (dollars in thousands):

Fiscal Year Ending June 30,	WVU	Employees	Total
2020	$ 55	$ 55	$ 110
2019	317	317	634
2018	300	300	600

The University's total payroll for fiscal years 2020, 2019, and 2018 was $535.6 million, $529.7 million, and $513.5 million, respectively; total covered employees' salaries in TIAA-CREF and the Empower Retirement were $488.6 million and $917,000 in fiscal year 2020, $476.2 million and $4.9 million in fiscal year 2019, and $450.4 million, and $5.0 million in fiscal year 2018, respectively.

17. COMMITMENTS

a. *Purchase Commitment* – The University has signed an agreement providing for the purchase of steam through the year 2027 from a nearby facility that commenced operations in late 1992. Under the agreement, the University has an annual minimum steam purchase requirement, purchased at an operating rate calculated in accordance with the agreement. This operating rate is adjusted monthly based on actual production costs and other cost indices. Management believes that the rate is comparable to market rates. At June 30, 2020, the University was not committed to an additional purchase to meet the minimum steam purchase requirement for the contract year ended September 30, 2020. The University anticipates substantially meeting the minimum steam purchase requirement for the remaining term of its commitment; however, payments in future years will be dependent on actual operating costs and other cost indices in those years.

b. *Construction Commitments* – The University has entered into contracts for the construction and improvement of various facilities. These outstanding contractual commitments totaled approximately $2.5 million at June 30, 2020.

c. *Other Commitments* – The University is involved in legal action in regards to normal business activities. Management does not feel that these actions are material and pose a financial threat to the University and, accordingly, no liability is accrued at June 30, 2020 and 2019.

18. AFFILIATED ORGANIZATIONS

The University has affiliations with separately incorporated organizations including West Virginia United Health System, Inc., which includes West Virginia University Hospitals, Incorporated; West Virginia University Alumni Association, Incorporated (the "Association"); the Center for Entrepreneurial Studies and Development, Incorporated; West Virginia University Medical Corporation; the Physician's Office of Charleston; University Healthcare Physicians, Inc.; the West Virginia University Dental Corporation; Potomac State College Alumni Association; WV Campus Housing, LLC; American Campus Communities Operating Partnership, LLP ("ACC"), University Park at Evansdale, LLC; Downtown Campus Parking Associates; WVU Connector, LLC, and HSC Fresh Kitchen, LLC. Oversight responsibility for these entities rests with independent Boards and management not otherwise affiliated with the University. These organizations do not meet the criteria for determination as component units of the University as described in GASB standards. Accordingly, the financial statements of all such organizations are not included in the accompanying financial statements.

The National Aeronautics and Space Administration Independent Verification and Validation facility was established in Fairmont, West Virginia in 1993 in partnership with the University. Under a cooperative agreement with the University, verification and validation research programs are conducted at the facility. The facility is operated and maintained by the University's Facilities and Services Division.

Related Party Transactions

a. *West Virginia University Medical Corporation* – West Virginia University Medical Corporation (the "Morgantown practice plan") is a West Virginia not-for-profit corporation and serves as the faculty practice plan of West Virginia University School of Medicine (WVUSOM) in Morgantown WV. The membership of the Morgantown practice plan consists of physicians who are faculty members of the WVUSOM. The Morgantown practice plan coordinates its activities with these schools by operating outpatient clinics staffed by such faculty, billing and collecting for professional medical services furnished by the Morgantown practice plan's membership, appropriately distributing receipts generated by billings, providing educationally oriented clinical practice settings and opportunities, and providing other clinical practice management services.

   The University is reimbursed by the Morgantown practice plan for the use of certain facilities, Physician Office Center (POC) utility costs and other costs of the WVUSOM, including medical malpractice insurance premiums. The University reimburses the Morgantown practice plan for costs associated with the services it provides to the University. During fiscal year 2004, the Legislature reallocated HSC state appropriations to the Medicaid program in Health and Human Services. The HSC currently receives some state appropriations through the Medicaid program from the Morgantown practice plan.

Total funds disbursed to the Morgantown practice plan and total funds collected from the Morgantown practice plan totaled $3.4 million and $43.5 million in fiscal year 2020 and $3.1 million and $40.9 million in fiscal year 2019, respectively. Accounts receivable at June 30, 2020 and 2019 includes $1.5 million and $1.3 million, respectively, due from the Morgantown practice plan for such items as mission support, reimbursement for medical malpractice insurance, facility rental fees, utility cost reimbursement, and faculty teaching support. There were no amounts due to the Morgantown practice plan at June 30, 2020 or 2019.

b. *West Virginia University Physicians of Charleston* – West Virginia University Physicians of Charleston (the "Charleston practice plan") is a West Virginia not-for-profit corporation and serves as the faculty practice plan of WVUSOM in Charleston, WV. The membership of the Charleston practice plan consists of physicians who are faculty members of the WVUSOM. The Charleston practice plan coordinates its activities with these schools by operating outpatient clinics staffed by such faculty, billing and collecting for professional medical services furnished by the plan's membership, appropriately distributing receipts generated by billings, providing educationally oriented clinical practice settings and opportunities, and providing other practice management services.

The University is reimbursed by the Charleston practice plan for costs of the WVUSOM, Charleston Division, including medical malpractice insurance premiums and salary support. The HSC currently receives some state appropriations through the Medicaid program from Physicians of Charleston. Accounts receivable due from Physicians of Charleston for such items as mission support and reimbursement for medical malpractice insurance.

Total funds collected from the Charleston practice plan totaled $4.2 million in fiscal year 2020 and $4.8 million in fiscal year 2019, respectively. Accounts receivable at June 30, 2020 and 2019 includes $1.1 million and $.6 million, respectively, for such items as medical malpractice insurance and salary support. There were no amounts due to the Charleston practice plan at June 30, 2020 or 2019. There were no funds disbursed to the Charleston practice plan in fiscal year 2020 or 2019.

c. *University Healthcare Physicians, Inc.* – University Healthcare Physicians, Inc. (the "Eastern practice plan") is a West Virginia not-for-profit corporation and serves as the faculty practice plan of WVUSOM in Martinsburg, WV. The membership of the Eastern practice plan consists of physicians who are faculty members of the WVUSOM. The Eastern practice plan coordinates its activities with these schools by operating outpatient clinics staffed by such faculty, billing and collecting for professional medical services furnished by the plan's membership, appropriately distributing receipts generated by billings, providing educationally oriented clinical practice settings and opportunities, and providing other practice management services.

The University is reimbursed by the Eastern practice plan for costs of the WVUSOM, Eastern Division, including medical malpractice insurance premiums and salary support. The HSC currently receives some state appropriations through the Medicaid program from University Healthcare Physicians. Accounts receivable due from

University Healthcare Physicians for such items as mission support and reimbursement for medical malpractice insurance.

Total funds collected from the Eastern practice plan totaled $4.4 million in fiscal year 2020 and $7.0 million in fiscal year 2019, respectively. Accounts receivable at June 30, 2020 and 2019 includes $.4 million and $.9 million for such items as medical malpractice insurance and salary support. There were no amounts due to the Eastern practice plan at June 30, 2020 or 2019. There were no funds disbursed to the Eastern practice plan in fiscal years 2020 or 2019.

d. *West Virginia University Dental Corporation* – West Virginia University Dental Corporation (the "dental practice plan") is a West Virginia not-for-profit corporation and serves as the faculty practice plan of West Virginia School of Dentistry (WVUSOD). The membership of the dental practice plan consists of dentists who are faculty members of the WVUSOD. The dental practice plan coordinates its activities with these schools by operating outpatient clinics staffed by such faculty, billing and collecting for professional medical services furnished by the plan's membership, appropriately distributing receipts generated by billings, providing educationally oriented clinical practice settings and opportunities, and providing other practice management services.

The University is reimbursed by the dental practice plan for the use of certain facilities and other costs of the School of Dentistry, including medical malpractice insurance premiums, salary support and dental clinic supplies. Accounts receivable due from Dental Corporation for such items as mission support, reimbursement for medical malpractice insurance, facility rental fees and reimbursement of dentistry clinic supplies.

Total funds collected from the dental practice plan totaled $1.5 million in fiscal year 2020 and $2.3 million in fiscal year 2019, respectively. Accounts receivable at June 30, 2020 and 2019 includes $.3 million and $.2 million, respectively, for such items as medical malpractice insurance, facility rental fees, clinic supplies and student expenses. There were no amounts due to the dental practice plan at June 30, 2020 or 2019. There were no funds disbursed to the dental practice plan in fiscal year 2020 or 2019.

e. *West Virginia University Hospitals, Incorporated* – The Hospital is a not-for-profit corporation, established in West Virginia, to facilitate clinical education and research of the HSC. The Hospital's tertiary care teaching facility-Ruby Memorial, serves as the primary teaching hospital for the faculty and residents of the HSC and operates graduate medical education programs. The Hospital has entered into a Resident Support agreement with the University, under which the Hospital reimburses the WVUSOM for resident salaries and fringes support and for the cost of malpractice insurance for the residents. The Hospital also compensates the WVUSOM for a range of services via the Clinical Teaching Support agreement, Medical Direction and Support agreement, Mission Support agreement and Faculty Physician Support agreement. During fiscal year 2004, the Legislature reallocated HSC state appropriations to the Medicaid program in Health and Human Services. The HSC currently receives some state appropriations through the Medicaid program from the Hospital.

During fiscal years 2020 and 2019, $43.5 million and $42.0 million, respectively, was received from WVUH for such items as residents' support, reimbursement for medical malpractice insurance for the residents, reimbursement of salaries and fringe benefits for hospital employees paid by the University, reimbursement for electricity and steam costs, and rent. Accounts receivable at June 30, 2020 and 2019 include $1.5 million and $1.5 million, respectively, due from WVUH for such items. During fiscal years 2020 and 2019, $3.4 million and $.3 million, respectively, was paid to WVUH for rent and other services. Accounts payable at both June 30, 2020 and 2019 were $0 for such items.

f. *West Virginia University Alumni Association, Incorporated* – The Association is a West Virginia not-for-profit corporation and was established to promote and advance the interests and welfare of the University and to foster a spirit of fraternity and loyalty among graduates, former students, faculty and other friends of the University.

Employees of the Association are paid through the University. The University funds a portion of their salary and fringe benefits through State funds and graduate fees. The University funded $1,726,000 and $1,267,000 for the years ended June 30, 2020 and 2019, respectively. The remaining payroll is billed to the Association. The Association owed the University $1,576,000 and $1,023,000 related to payroll, postage and other expenses as of June 30, 2020 and 2019, respectively.

The Alumni Center provides University departments with meeting rooms and catered events throughout the year. Catering and rental revenue received from the University was approximately $511,000 and $885,000 for the years ended June 30, 2020 and 2019, respectively.

The University charged the Association $0 and $81,000 for catering services for the years ended June 30, 2020 and 2019, respectively.

In addition, the Association purchases football tickets and sky box and basketball tickets from the University. The Association paid the University $13,000 and $0 for the years ended June 30, 2020 and 2019, respectively. The Association owed the University $0 for both years ended June 30, 2020 and 2019.

During fiscal year 2009, the old alumni center building reverted back to the University. The fair market value of the building transferred to the University was $1,485,000. The Association entered into a long-term lease with the University for land to construct a new alumni center building and parking lot. The term of the land lease is $1 rent per year for forty years with options to renew for additional forty year periods.

On July 11, 2012, the Association and the University entered into a parking lot shared use agreement. Beginning in July 2012, the Association pays the University $80,000 per year on a quarterly basis.

g. *West Virginia University at Parkersburg and BridgeValley Community and Technical College*

Energy Performance Contract — In 2008, the University entered into an agreement with Siemens Building Technologies, Inc. to perform Phase II of the Energy Performance contract. The contract was to install certain energy enhancement equipment in buildings on the University's campuses, including Parkersburg and WVUIT. The cost of the contract was financed with a lease purchase agreement between the University and Suntrust Leasing Corporation ("Suntrust").

Beginning in fiscal year 2009, when Parkersburg and BridgeValley became separate entities from the University, the Parkersburg and BridgeValley portions of the Energy Performance Phase II lease purchase were reported on Parkersburg's and BridgeValley's statements of net position as a lease payable.

During fiscal year 2012, the University issued the 2011 Series B and C bonds which in part paid off the Energy Performance Phase II lease purchase with Suntrust. After the bonds were issued, an agreement was entered into between the University and Parkersburg and BridgeValley wherein Parkersburg and BridgeValley agreed to continue to pay the University based on their portion of the original amortization schedule for the lease purchase with Suntrust. This source of funds is internally assigned by the University to pay on their bonds.

The original amount of the notes related to Parkersburg and BridgeValley was $3,316,991 and $211,691, respectively, with an interest rate of 3.98%. The term of the notes were 16 years with the last payment due in January 2024. The new agreements between the University and Parkersburg and BridgeValley used the same terms. The outstanding notes receivable due from Parkersburg and BridgeValley at June 30, 2020 was $1,183,548 and $75,534, respectively. The outstanding notes receivable due from Parkersburg and BridgeValley at June 30, 2019 was $1,470,493 and $93,847, respectively. Interest earned during fiscal year 2020 for the notes related to Parkersburg and BridgeValley was $54,459 and $3,476, respectively. Interest earned during fiscal year 2019 for the notes related to Parkersburg and BridgeValley was $65,637 and $4,189, respectively. This interest is recorded as investment income on the statement of revenues, expenses, and changes in net position.

h. *West Virginia Campus Housing, LLC ("WVCH")* — In fiscal year 2013, the University entered into a public-private arrangement with Paradigm and WVCH for the design, construction, financing, management and operation of University Place (student housing and commercial facilities). In October 2012, the University acquired 39 parcels of real property with improvements from Paradigm in the Sunnyside area for $14.6 million. Subsequently, in February 2013, the University entered into lease and development, sublease and joint operating agreements with Paradigm and WVCH. This project was completed in November 2014, and in accordance with the lease and development agreement, WVCH transferred buildings in the amount of $75.4 million, and non-capital furniture and equipment in the amount of $2.1 million, to the University during fiscal year 2015.

   After making inquiries of WVCH in fiscal year 2016, the University became aware that WVCH had spent an additional $14.6 million on capital assets (buildings, land improvements and infrastructure) and $0.2 million on non-capital items (furniture and equipment) forming part of University Place. Per the lease and development agreement, since the University has and owns the title to all improvements forming part of University Place, these assets were transferred to the University and are reported as part of the University's total capital assets on the statement of net position, and the non-capital items are reported on the University's statement of revenues, expenses and changes in net position.

i. *American Campus Communities Operating Partnership, LLP* — In fiscal year 2014, the University entered into an agreement with ACC to finance, design, construct, furnish, equip, and operate a student housing facility. The agreement will be in place for 40 years with the option to extend the agreement for two additional 10 year terms, at which time the facility is required to be returned back to the University in substantially the same condition it was transferred to them at the start of the agreement. This project was completed at the start of the fall semester 2014. The agreement stipulates that ACC OP will retain all rents collected at the facility and will provide a percentage of net revenue annually to the University.

j. *University Park at Evansdale, LLC ("UPE")* — In fiscal year 2014, the University entered into a public-private arrangement with UPE for the development, financing, construction and management of University Park (student housing and commercial facilities). Per this agreement, the University will lease the land to UPE. UPE will construct improvements upon the land and transfer the improvements to the University. The University will lease the land, improvements and personal property located on the premises to UPE. The agreement will be in place for 40 years with a guaranteed option to renew for a term equal to the remaining term of any leasehold deed of trust then outstanding, if any, plus 15 years and an option to extend the agreement for one additional term of 10 years. This project was completed in August 2015. The agreement stipulates that UPE will retain all rents collected at the facility and will provide a percentage of net revenue annually to the University.

k. *Downtown Campus Parking Associates ("DCPA")* — In fiscal year 2013, the University entered into a public-private arrangement with Paradigm and WVCH for the development, financing, construction and management of student housing facilities and various amenities including commercial and parking facilities (known as University Place). WVCH entered into an agreement with DCPA (an affiliate of WVCH) to sublease the certain portion of real property and delegate, transfer and assign its duties and obligations under the lease and development agreement with the University for the acquisition, design, development, financing, construction and operation of the parking facilities project. Under this agreement, DCPA constructed and transferred ownership of certain parking facility improvements, including a 500 space parking garage with first floor commercial space. This project was completed in November 2015 and DCPA transferred the garage building and parking equipment in the amount of $17.9 million to the University in fiscal year 2016.

The parking facilities sublease agreement stipulates that the University will remit 100% of net revenues received from the operation of the parking facilities to DCPA as lease payments, not to exceed DCPA's scheduled principal and interest on the parking facilities financing for the current year plus its net operating margin (deficit) from the parking facilities project. If the University's net revenues from the operation of the parking facilities are insufficient to meet DCPA's debt-service and operating needs, the University will make additional lease payments in the amount of the shortfall, which will be owed back to the University from housing revenues of WVCH. Accordingly, the University recorded lease payments of $370,820 and $340,784 and additional lease payments of $402,298 and $420,380 to DCPA as of June 30, 2020 and 2019, respectively.

DCPA obtained financing for the project in an amount not to exceed $40.0 million. WVU's understanding is that up to $24.0 million was to construct the parking garage and the remaining $16.0 million was to be used to acquire additional property and to construct a surface lot on the additional property. The University has become aware that $14.0 million of the $16.0 million was used to make improvements to the WVCH property. It is the position of the University that it is only required to cover any shortfall on the $24.0 million allocated to the parking garage.

l. *WVU Connector, LLC* — In fiscal year 2014, the University entered into a public-private arrangement with WVU Connector for the development of certain real property owned by the University on its Evansdale campus for a full service student support services project, amenities and limited commercial development (Evansdale Crossing). According to this agreement, the University will lease the property to WVU Connector and WVU Connector will construct improvements upon the property. The initial term of the lease will be for 40 years with the option to extend the lease term for two additional terms of 10 years. The project was completed in December 2015. The agreement stipulates that WVU Connector will retain all rents collected at the facility and will provide a percentage of net revenue annually to the University.

m. *HSC Fresh Kitchen, LLC* – In fiscal year 2017, the University entered into a public-private arrangement with HSC Fresh Kitchen for the lease and development of the cafeteria space at the Health Sciences Center (the Market at West Virginia University). According to this agreement, the University will lease the space to HSC Fresh Kitchen and HSC Fresh Kitchen will construct improvements on the property. The initial term of the lease will be 10 years with the option to extend the lease term for two additional terms of 5 years. The project was completed in August 2016. The agreement stipulates that HSC Fresh Kitchen will pay base rent as a percentage of gross revenues and additional rent as a percentage of net revenues.

   If HSC Fresh Kitchen's actual cash basis operating expenses exceed gross revenues, the University will reimburse HSC Fresh Kitchen for such annual net operational losses during the first three lease years, subject to the following annual limitation: up to $300,000 for lease year 1, up to $200,000 for lease year 2 and up to $100,000 for lease year 3. All payments by the University to HSC Fresh Kitchen for annual net operational losses will be repaid to the University from future year net revenues in equal annual amounts divided by 7 (the remaining term of the initial term) as additional rent.

19. WEST VIRGINIA UNIVERSITY FOUNDATION, INCORPORATED

The Foundation is a separate non-profit organization incorporated in the State of West Virginia that has as its purpose "to aid, strengthen and further in every proper and useful way the work and services of West Virginia University . . . and its affiliated non-profit organizations . . ." Oversight of the Foundation is the responsibility of an independently elected Board of Directors. In carrying out its responsibilities, the Board of Directors of the Foundation employs management, forms policy and maintains fiscal accountability over funds administered by the Foundation. The Foundation does not meet the criteria for determination as a component unit of the University as described by GASB. The economic resources held by the Foundation do not entirely or almost entirely benefit the University. Most of the University's endowments are under the control and management of the Foundation.

The Foundation's assets totaled $2.0 billion and $1.8 billion at June 30, 2020 and 2019, respectively, with net assets of $952.6 million and $921.5 million, respectively. Gifts, grants, pledges and bequests to the Foundation totaled $103.0 million and $79.3 million in fiscal years 2020 and 2019, respectively.

Total funds expended by the Foundation in support of University activities totaled $74.7 million and $84.7 million in fiscal years 2020 and 2019, respectively. This support is primarily recorded as gifts and capital grants and gifts and the related expenditures are primarily recorded as salaries and wages, benefits and capital assets in the University's financial statements.

20. SERVICE CONCESSION ARRANGEMENT

The University has identified one contract for services that meets the four criteria of a service concession arrangement (SCA) per GASB Statement No. 60, *"Accounting and Financial Reporting for Service Concession Arrangements"*. SCAs are defined as a contract between a government and an operator, another government or a private entity, in which the operator provides services, the operator collects and is compensated by fees from third parties, the government still has control over the services provided and the government retains ownership of the assets at the end of the contract.

This contract is with ACC OP (College Park, WV) LLC. Per the contract, ACC OP financed, designed, constructed, furnished and equipped a student housing facility. This facility was completed at the start of the fall semester 2014. The agreement will be in place for 40 years with the option to extend the agreement for two additional 10 year terms, at which time the facility will be returned to the University in substantially the same condition as it was when transferred to them at the start of the agreement. The agreement stipulates that the ACC OP will retain all rents collected at the facility and will provide a percentage of net revenue annually to the University. Per the operating agreement, the University will provide certain services including marketing, lease management, billing, collections, security, parking enforcement and other services, and will receive a management fee for providing such services.

During fiscal year 2015, the University recorded a capital asset with a fair market value of $34,952,000 and a deferred inflow of resources. This deferred inflow is being amortized to auxiliary revenue over the term of the agreement (40 years). The University has recorded an accounts receivable of $44,000 and $14,000 at June 30, 2020 and 2019, respectively, for reimbursable project expenses. At June 30, 2020, the University recognized management fee revenue and its share of the net revenue of $87,000 and $200,000 respectively. At June 30, 2019, the University recognized management fee revenue and its share of the net revenue of $85,000 and $52,000, respectively. This revenue is included in revenue from auxiliary enterprises on the statement of revenues, expenses and changes in net position.

21. GOVERNMENT ACQUISITION

On July 28, 2016, the Blanchette Rockefeller Neurosciences Institute (BRNI) filed a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code. On July 29, 2016, the University entered into an agreement with BRNI to purchase certain assets including the names "Blanchette Rockefeller Neurosciences Institute" and "BRNI", equipment and personal property, and intellectual property. The University obtained control of the assets on October 4, 2016. Per the agreement, the University paid $1,077,847 ($1,950,000 less amounts already paid by the University in support of BRNI of $872,153). The University also agreed to provide funding through June 30, 2020 under the center for brain health and for neurodegenerative diseases at the University, which will carry on the broad mission previously undertaken by BRNI. The University recorded assets with a fair market value of $187,328, expenses of $393,398 (for those assets that did not meet the criteria for capitalization) and a deferred outflow of resources of $497,121. As of June 30, 2019, the University had a deferred outflow of resources of $132,565. This deferred outflow was fully amortized to other operating expense at June 30, 2020.

22. CONTINGENCIES

The nature of the educational industry is such that, from time to time, claims will be presented against universities on account of alleged negligence, acts of discrimination, breach of contract or disagreements arising from the interpretation of laws or regulations. While some of these claims may be for substantial amounts, they are not unusual in the ordinary course of providing educational services in a higher education system. In the opinion of management, all known claims are covered by insurance or are such that an award against the University would not have a material effect on the financial position of the University.

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The University management believes disallowances, if any, will not have a material financial impact on the University's financial position.

The Internal Revenue Code of 1986 establishes rules and regulations for arbitrage rebates. There are no arbitrage rebate liabilities that have been recorded in the financial statements as of June 30, 2020 or 2019.

The University owns various buildings that are known to contain asbestos. The University is not required by Federal, State or Local law to remove the asbestos from its buildings. The University is required under Federal Environmental, Health and Safety regulations to manage the presence of asbestos in its buildings in a safe condition. The University addresses its responsibility to manage the presence of asbestos in its buildings on a case by case basis. Significant problems of dangerous asbestos conditions are abated, as the condition becomes known. The University also addresses the presence of asbestos as building renovation or demolition projects are undertaken and through asbestos operation and maintenance programs directed at containing, managing or operating with the asbestos in a safe condition.

At June 30, 2020 and 2019, the University has recorded a liability of $34,000 and $193,000, respectively, for asbestos removal in accordance with the provisions of GASB.

23. SUBSEQUENT EVENTS

On August 6, 2020, the University (Aa3/NA/AA-) sold $12.5 million in bonds with a closing on the same day. The $12.5 million 2020 Series B taxable bond was structured as a 2.20% fixed rate bond maturing on August 1, 2035, with level debt service including annual principal and interest payments. Proceeds of the 2020 Series B bonds will be used to purchase, construct and install video, sound and lighting improvements at Milan Puskar Stadium and the Coliseum, both athletics facilities. The 2020 Series B bonds sold at par.

24. BLENDED COMPONENT UNIT

As described in Note 2, the following presents the condensed financial statements as of June 30 (in thousands):

2020
Statement of Net Position

	WVU Excluding Component Unit	WVU Research Corporation	WVU Innovation Corporation	Eliminations	WVU Combined
Assets					
Current Assets	$ 235,766	$ 70,124	$ 910	$ -	$ 306,800
Accounts Receivable - Corporation	11,101	-	-	(11,101)	-
Accounts Receivable - WVUIC, Current Portion	-	3,042	-	(3,042)	-
Total Noncurrent Assets	246,867	73,166	910	(14,143)	306,800
Capital Assets, net	1,768,696	65,033	2,590	-	$ 1,836,319
Accounts Receivable - WVUIC	-	3,500	-	(3,500)	-
Other Noncurrent Assets	228,603	1,315	-	-	229,918
Total Noncurrent Assets	1,997,299	69,848	2,590	(3,500)	2,066,237
Total Assets	2,244,166	143,014	3,500	(17,643)	2,373,037
Deferred Outflows of Resources	35,361	-	-	-	35,361
Total Assets and Deferred Outflows of Resources	$ 2,279,527	$ 143,014	$ 3,500	$ (17,643)	$ 2,408,398
Liabilities and Deferred Inflows of Resources					
Current Liabilities	$ 201,443	$ 35,015	$ 1,346	$ -	$ 237,804
Accounts Payable - WVU	-	11,101	-	(11,101)	-
Accounts Payable - WVUIC, Current Portion	(567)	-	3,609	(3,042)	-
Total Current Liabilities	200,876	46,116	4,955	(14,143)	237,804
Noncurrent Liabilities	898,385	57,518	2,673	-	958,576
Accounts Payable - WVUIC	-	-	3,500	(3,500)	-
Total Noncurrent Liabilities	898,385	57,518	6,173	(3,500)	958,576
Total Liabilities	1,099,261	103,634	11,128	(17,643)	1,196,380
Deferred Inflows of Resources	99,801	251	-	-	100,052
Total Liabilities and Deferred Inflows of Resources	$ 1,199,062	$ 103,885	$ 11,128	$ (17,643)	$ 1,296,432
Net Position					
Net Investment in Capital Assets	$ 1,081,082	$ 14,331	$ -	$ -	$ 1,095,413
Restricted Nonexpendable	17,615	-	-	-	17,615
Restricted Expendable	49,558	-	-	-	49,558
Unrestricted Net Deficit	(67,790)	24,798	(7,628)	-	(50,620)
Total Net Position	$ 1,080,465	$ 39,129	$ (7,628)	$ -	$ 1,111,966

2020
Statement of Revenues, Expenses and Changes in Net Position

	WVU Excluding Component Unit	WVU Research Corporation	WVU Innovation Corporation	Eliminations	WVU Combined
Operating Revenues					
Student Tuition and Fees, net	$ 415,201	$ -	$ -	$ -	$ 415,201
Federal Land Grants	7,457	-	-	-	7,457
Local Land Grants	1,182	-	-	-	1,182
Federal Grants and Contracts	10,971	74,833	927	-	86,731
State Grants and Contracts	21,487	26,307	-	-	47,794
Local Grants and Contracts	123	299	-	-	422
Nongovernmental Grants and Contracts	67,860	17,249	2,486	-	87,595
Sales and Services of Educational Departments	13,372	377	-	-	13,749
Auxiliary Enterprises, net	126,891	-	-	-	126,891
Interest on Student Loans Receivable	816	-	-	-	816
Net Operating Revenue from the Corporation	1,790	-	-	(1,790)	-
Net Operating Revenue from WVUIC	-	302	-	(302)	-
Net Service Agreement Revenue from BridgeValley and Parkersburg CTC's	250	-	-	-	250
Other Operating Revenues	8,597	362	146	-	9,105
Total Operating Revenues	675,997	119,729	3,559	(2,092)	797,193
Operating Expenses					
Depreciation and Amortization	70,264	1,981	570	-	72,815
Net Operating Expenses to WVU	-	1,790	-	(1,790)	-
Net Operating Expenses to the Corporation	-	-	-	-	-
Net Operating Expenses to WVUIC	112	-	190	(302)	-
Other Operating Expenses	910,488	119,452	3,966	-	1,033,906
Total Operating Expenses	980,864	123,223	4,726	(2,092)	1,106,721
Operating (Loss) Income	(304,867)	(3,494)	(1,167)	-	(309,528)
Nonoperating Revenues (Expenses)					
State Appropriations	179,397	-	-	-	179,397
State Lottery Appropriations	3,647	-	-	-	3,647
Payments on Behalf of the University	9,050	1	-	-	9,051
Gifts	108,881	13,099	-	-	121,980
Federal Pell Grants	28,573	-	-	-	28,573
CARES Act Revenues	15,042	-	-	-	15,042
Investment Income	10,582	795	-	-	11,377
Interest on Capital Asset-Related Debt	(15,946)	(2,457)	(159)	-	(18,562)
Assessments by Commission for Debt Service	(6,386)	-	-	-	(6,386)
Debt Issuance Costs	(2,097)	-	-	-	(2,097)
Other Nonoperating Expenses - Net	(3,034)	(4)	-	-	(3,038)
Net Nonoperating Revenues	327,709	11,434	(159)	-	338,984
(Loss) Income before Other Revenues, Expenses, Gains, or Losses	22,842	7,940	(1,326)	-	29,456
Capital Grants and Gifts	15,840	248	-	-	16,088
Bond/Capital Projects Proceeds					-
from the Higher Education Policy Commission	420	-	-	-	420
Transfer of Assets to the University	6,283	(6,283)	-	-	-
Transfer of Assets (from) to the University	(909)	909	-	-	-
Increase in Net Position	44,476	2,814	(1,326)	-	45,964
Net Position at Beginning of Year	1,035,989	36,315	(6,302)	-	1,066,002
Net Position at End of Year	$ 1,080,465	$ 39,129	$ (7,628)	$ -	$ 1,111,966

2020
Statement of Cash Flows

	WVU Excluding Component Unit	WVU Research Corporation	WVU Innovation Corporation	WVU Combined
Cash Provided By (Used In):				
Operating Activities	$ (211,112)	$ 5,912	$ 537	$ (204,663)
Noncapital Financing Activities	274,506	12,959	26	287,491
Capital Financing Activities	(12,408)	(10,180)	(773)	(23,361)
Investing Activities	(18,955)	260	300	(18,395)
Increase (Decrease) in Cash and Cash Equivalents	$ 32,031	$ 8,951	$ 90	$ 41,072
Cash and Cash Equivalents, Beginning of Year	$ 119,221	$ 21,470	$ 123	$ 140,814
Cash and Cash Equivalents, End of Year	$ 151,252	$ 30,421	$ 213	$ 181,886

2019
Statement of Net Position

	WVU Excluding Component Unit	WVU Research Corporation	WVU Innovation Corporation	Eliminations	WVU Combined
Assets					
Current Assets	$ 232,162	$ 65,284	$ 1,765	$ -	$ 299,211
Accounts Receivable - Corporation	11,591	-	-	(11,591)	-
Accounts Receivable - WVUIC, Current Portion	461	1,510	-	(1,971)	-
Total Noncurrent Assets	244,214	66,794	1,765	(13,562)	299,211
Capital Assets, net	1,740,771	65,374	2,890	-	1,809,035
Accounts Receivable - WVUIC	-	4,314	-	(4,314)	-
Other Noncurrent Assets	125,656	857	-	-	126,513
Total Noncurrent Assets	1,866,427	70,545	2,890	(4,314)	1,935,548
Total Assets	2,110,641	137,339	4,655	(17,876)	2,234,759
Deferred Outflows of Resources	34,091	-	-	-	34,091
Total Assets and Deferred Outflows of Resources	$ 2,144,732	$ 137,339	$ 4,655	$ (17,876)	$ 2,268,850
Liabilities and Deferred Inflows of Resources					
Current Liabilities	$ 175,277	$ 30,483	$ 2,002	$ -	$ 207,762
Accounts Payable - WVU	-	11,591	-	(11,591)	-
Accounts Payable - WVUIC, Current Portion	461	-	1,510	(1,971)	-
Total Current Liabilities	175,738	42,074	3,512	(13,562)	207,762
Noncurrent Liabilities	846,662	58,654	2,670	-	907,986
Accounts Payable - WVUIC	-	-	4,314	(4,314)	-
Total Noncurrent Liabilities	846,662	58,654	6,984	(4,314)	907,986
Total Liabilities	1,022,400	100,728	10,496	(17,876)	1,115,748
Deferred Inflows of Resources	86,804	296	-	-	87,100
Total Liabilities and Deferred Inflows of Resources	$ 1,109,204	$ 101,024	$ 10,496	$ (17,876)	$ 1,202,848
Net Position					
Net Investment in Capital Assets	$ 1,083,038	$ 13,680	$ -	$ -	$ 1,096,718
Restricted Nonexpendable	19,031	-	-	-	19,031
Restricted Expendable	11,040	-	-	-	11,040
Unrestricted Net Deficit	(77,120)	22,635	(6,302)	-	(60,787)
Total Net Position	$ 1,035,989	$ 36,315	$ (6,302)	$ -	$ 1,066,002

2019
Statement of Revenues, Expenses and Changes in Net Position

	WVU Excluding Component Unit	WVU Research Corporation	WVU Innovation Corporation	Eliminations	WVU Combined
Operating Revenues					
Student Tuition and Fees, net	$ 411,253	$ -	$ -	$ -	$ 411,253
Federal Land Grants	6,937	-	-	-	6,937
Local Land Grants	1,291	-	-	-	1,291
Federal Grants and Contracts	7,925	72,635	1,437	-	81,997
State Grants and Contracts	12,388	28,325	-	-	40,713
Local Grants and Contracts	139	591	-	-	730
Nongovernmental Grants and Contracts	62,307	22,808	2,601	-	87,716
Sales and Services of Educational Departments	21,932	630	-	-	22,562
Auxiliary Enterprises, net	143,383	-	-	-	143,383
Interest on Student Loans Receivable	836	-	-	-	836
Net Operating Revenue from the Corporation	709	-	-	(709)	-
Net Operating Revenue from WVUIC	-	252	-	(252)	-
Net Service Agreement Revenue from BridgeValley and Parkersburg CTC's	250	-	-	-	250
Other Operating Revenues	11,598	552	9	-	12,159
Total Operating Revenues	680,948	125,793	4,047	(961)	809,827
Operating Expenses					
Depreciation and Amortization	71,606	1,989	429	-	74,024
Net Operating Expenses to WVU	-	709	-	(709)	-
Net Operating Expenses to the Corporation	185	-	67	(252)	-
Other Operating Expenses	868,753	127,833	4,767	-	1,001,353
Total Operating Expenses	940,544	130,531	5,263	(961)	1,075,377
Operating (Loss) Income	(259,596)	(4,738)	(1,216)	-	(265,550)
Nonoperating Revenues (Expenses)					
State Appropriations	176,739	-	-	-	176,739
State Lottery Appropriations	3,494	-	-	-	3,494
Payments on Behalf of the University	11,450	-	-	-	11,450
Gifts	47,568	11,043	-	-	58,611
Federal Pell Grants	30,290	-	-	-	30,290
Investment Income	9,734	1,162	-	-	10,896
Assessments by Commission for Debt Service	(6,361)	-	-	-	(6,361)
Debt Issuance Costs	-	-	-	-	-
Other Nonoperating Expenses - Net	(3,664)	(5)	-	-	(3,669)
Net Nonoperating Revenues	245,292	9,705	(107)	-	254,890
Net Nonoperating Revenues	245,292	9,705	(107)	-	254,890
(Loss) Income before Other Revenues, Expenses, Gains, or Losses	(14,304)	4,967	(1,323)	-	(10,660)
Capital Grants and Gifts	16,834	273	-	-	17,107
Capital Payments on Behalf of the University	-	-	-	-	-
Transfer of Assets to (from) the University	5,092	(5,092)	-	-	-
Transfer of Assets (from) to the University	(573)	573	-	-	-
Increase (decrease) in Net Position	7,049	721	(1,323)	-	6,447
Net Position at Beginning of Year	963,132	43,526	(3,656)	-	1,003,002
Cumulative Effect of Change in Accounting Principle	15,453	-	-	-	15,453
Net Position at Beginning of Year, as Restated	1,028,940	35,594	(4,979)	-	1,059,555
Net Position at End of Year	$ 1,035,989	$ 36,315	$ (6,302)	$ -	$ 1,066,002

2019
Statement of Cash Flows

	WVU Excluding Component Unit	WVU Research Corporation	WVU Innovation Corporation	WVU Combined
Cash Provided By (Used In):				
Operating Activities	$ (144,970)	$ (4,505)	$ (1,649)	$ (151,124)
Noncapital Financing Activities	255,633	11,038	-	266,671
Capital Financing Activities	(83,705)	(8,899)	772	(91,832)
Investing Activities	9,420	371	870	10,661
Increase (Decrease) in Cash and Cash Equivalents	$ 36,378	$ (1,995)	$ (7)	$ 34,376
Cash and Cash Equivalents, Beginning of Year	$ 82,843	$ 23,465	$ 130	$ 106,438
Cash and Cash Equivalents, End of Year	$ 119,221	$ 21,470	$ 123	$ 140,814

25. SEGMENT INFORMATION

See Note 12 for descriptive information for the University's segment.

Condensed financial information for each of the University's segments follow:

(Dollars in Thousands)

	AUXILIARIES As of/Year Ended 2020	AUXILIARIES As of/Year Ended 2019
CONDENSED SCHEDULES OF NET POSITION		
Assets and Deferred Outflows of Resources:		
Current Assets	$ 87,957	$ 70,240
Noncurrent and Capital Assets *	1,232,589	1,136,590
Total Assets	1,320,546	1,206,830
Deferred Outflows of Resources:		
Deferred Loss on Refunding	15,189	11,916
Deferred Outflows Related to Pensions	91	103
Deferred Outflows Related to Other Post Employment Benefits	1,204	1,375
Total Assets and Deferred Outflows of Resources	$ 1,337,030	$ 1,220,224
Liabilities, Deferred Inflows, and Net Position:		
Current Liabilities	$ 68,009	$ 49,161
Long-Term Liabilities	710,553	619,197
Total Liabilities	778,562	668,358
Deferred Inflows of Resources:		
Deferred service concession arrangements	35,097	36,105
Deferred inflows related to Dining Services Contract	8,764	9,438
Deferred inflows related to pensions	162	170
Deferred inflows related to Other Post Employment Benefits	4,003	3,072
Total Liabilities and Deferred Inflows of Resources	$ 826,588	$ 717,143
Net Position:		
Net investment in capital assets	$ 560,525	$ 548,959
Restricted	100,081	36,333
Unrestricted net deficit	(150,164)	(82,211)
Total Net Position	$ 510,442	$ 503,081
CONDENSED SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
Auxiliary and Capital Fees	$ 26,368	$ 32,196
Operating Revenues	108,856	124,151
Operating Expenses	(136,218)	(147,231)
Net Operating Income (Loss)	(994)	9,116
Nonoperating Revenues/Expenses:		
Investment Income	1,832	1,175
Net Transfers from Other Funds	4,991	10,531
Other Nonoperating Income	9,531	7,746
Gifts	11,764	16,057
Other Nonoperating Expenses	(3,810)	(4,875)
Interest Expense *	(15,953)	(23,803)
Increase in Net Position	7,361	15,947
Net Position - Beginning of Year	503,081	487,134
Net Position - End of Year	$ 510,442	$ 503,081

(continued)

CONDENSED SCHEDULES OF CASH FLOWS

Net Cash (Used in) Provided by Operating Activities	$ 7,956	$ (4,402)
Net Cash Flows Provided by		
Noncapital Financing Activities	11,764	16,057
Net Cash Flows Provided by (Used in)		
Capital and Related Financing Activities	36,044	5,664
Net Cash Flows Provided by		
Investing Activities	1,609	870
Increase (Decrease) in Cash	57,373	18,189
Cash - Beginning of Year	76,291	58,102
Cash - End of Year	$ 133,664	$ 76,291
Reconciliation of cash		
Cash classified as current assets	$ 72,035	$ 58,826
Cash classified as noncurrent assets	61,629	17,465
	$ 133,664	$ 76,291

* Interest of $541,136 and $153,820 was capitalized for fiscal year 2020 and 2019, respectively.

26. FUNCTIONAL CLASSIFICATION OF EXPENSES

(Dollars in Thousands)

The University's operating expenses by functional and natural classification are as follows:

	Year Ended June 30, 2020									
	Natural Classification									
Functional Classification	**Salaries & Wages**	**Benefits**	**Scholarships & Fellowships**	**Utilities**	**Supplies & Other Services**	**Depreciation and Amortization**	**Loan Cancellations & Write Offs**	**CARES Act Higher Education Relief Fund Expense**	**Other Operating Expenses**	**Total**
Instruction	$ 249,303	$ 65,145	$ -	$ 247	$ 38,184	$ -	$ -	$ -	$ 2,420	$ 355,299
Research	65,776	29,892	-	170	44,837	-	-	-	9	140,684
Public Service	37,248	8,688	-	140	15,281	-	-	-	372	61,729
Academic Support	30,493	6,313	-	92	11,983	-	-	-	773	49,654
Student Services	21,619	8,210	-	30	9,061	-	-	-	672	39,592
Operation and Maintenance of Plant	19,920	6,105	-	20,870	22,047	-	-	-	704	69,646
General Institutional Support	71,130	16,292	-	115	50,185	-	-	-	4,226	141,948
Student Financial Aid	-	-	60,959	-	-	-	-	-	-	60,959
Auxiliary Enterprises	40,117	6,795	-	7,659	44,503	-	-	-	1,354	100,428
Depreciation and Amortization	-	-	-	-	-	72,815	-	-	-	72,815
CARES Act Higher Education Relief Fund Expense	-	-	-	-	-	-	-	13,644	-	13,644
Loan Cancellations and Write Offs	-	-	-	-	-	-	323	-	-	323
Total Expenses	$ 535,606	$ 147,440	$ 60,959	$ 29,323	$ 236,081	$ 72,815	$ 323	$ 13,644	$ 10,530	$ 1,106,721

	Year Ended June 30, 2019									
	Natural Classification									
Functional Classification	**Salaries & Wages**	**Benefits**	**Scholarships & Fellowships**	**Utilities**	**Supplies & Other Services**	**Depreciation and Amortization**	**Loan Cancellations & Write Offs**	**CARES Act Higher Education Relief Fund Expense**	**Other Operating Expenses**	**Total**
Instruction	$ 244,548	$ 68,267	$ -	$ 264	$ 33,115	$ -	$ -	$ -	$ 12	$ 346,206
Research	62,842	28,598	-	359	42,442	-	-	-	85	134,326
Public Service	36,215	8,962	-	176	15,534	-	-	-	33	60,920
Academic Support	29,818	6,588	-	102	12,177	-	-	-	30	48,715
Student Services	21,948	8,442	-	42	11,875	-	-	-	-	42,307
Operation and Maintenance of Plant	21,607	7,347	-	21,569	19,112	-	-	-	-	69,635
General Institutional Support	68,352	16,057	-	118	49,845	-	-	-	1,839	136,211
Student Financial Aid	-	-	49,596	-	-	-	-	-	-	49,596
Auxiliary Enterprises	44,400	7,712	-	8,180	52,824	-	-	-	25	113,141
Depreciation and Amortization	-	-	-	-	-	74,024	-	-	-	74,024
Assessments by Commission for Operations	-	-	-	-	-	-	-	-	-	-
Loan Cancellations and Write Offs	-	-	-	-	-	-	296	-	-	296
Total Expenses	$ 529,730	$ 151,973	$ 49,596	$ 30,810	$ 236,924	$ 74,024	$ 296	$ -	$ 2,024	$ 1,075,377

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPORTIONATE SHARE OF OPEB LIABILITY AND CONTRIBUTIONS

Schedule of Proportionate Share of Net OPEB Liability (dollars in thousands):

Measurement Date	University's Proportionate Share as a Percentage of Net OPEB Liability	University's Proportionate Share	State's Proportionate Share	Total Proportionate Share	University's Covered Employee Payroll	University's Proportionate Share as a Percentage of Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
June 30, 2019	6.802662334%	$ 113,459	$ 23,097	$ 136,556	$ 130,967	86.63%	39.69%
June 30, 2018	6.786307714%	145,905	30,091	175,996	139,162	104.85%	30.98%
June 30, 2017	6.435215970%	158,433	32,345	190,778	141,514	111.96%	25.10%

Schedule of Employer Contributions (dollars in thousands):

Fiscal Year End	Actuarily Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as a percentage of Covered Employee Payroll
June 30, 2020	$ 14,016	$ 13,191	$ 825	$ 130,967	10.07%
June 30, 2019	13,867	14,043	(176)	139,162	10.09%
June 30, 2018	13,218	13,850	(632)	141,514	9.79%

These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

Notes to Required Supplementary Information
For the Year Ended June 30, 2020 and 2019

There are no factors that affect trends in the amounts reported, such as change in benefit terms or assumptions. With only three years reported in the required supplementary information, there is no additional information to include in the notes. Information, if necessary, can be obtained from the RHBT and PEIA at www.peia.gov.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS

Schedule of Proportionate Share of TRS Net Pension Liability (dollars in thousands):

Measurement Date	University's Proportionate Share as a Percentage of Net Pension Liability	University's Proportionate Share	State's Proportionate Share	Total Proportionate Share	University's Covered Payroll	University's Proportionate Share as a Percentage of Covered Employee Payroll	University's Plan Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2019	0.162037%	$ 4,821	$ 11,638	$ 16,459	$ 2,276	211.82%	72.64%
June 30, 2018	0.199086%	6,216	16,106	22,322	2,901	214.27%	71.20%
June 30, 2017	0.265661%	9,179	20,298	29,477	3,998	229.55%	61.42%
June 30, 2016	0.308824%	12,692	24,175	36,867	4,667	271.95%	61.42%
June 30, 2015	0.299518%	10,379	23,682	34,061	4,438	233.86%	66.25%
June 30, 2014	0.326562%	11,267	25,456	36,723	4,877	231.00%	65.95%

Schedule of Employer Contributions (dollars in thousands):

Fiscal Year End	Actuarily Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a percentage of Covered Employee Payroll
June 30, 2020	$ 780	$ 604	$ 176	$ 2,276	26.54%
June 30, 2019	939	730	209	2,901	25.16%
June 30, 2018	1,199	856	343	3,998	21.41%
June 30, 2017	1,307	1,197	110	4,667	25.65%
June 30, 2016	1,470	1,362	108	4,438	30.69%
June 30, 2015	1,486	1,504	(18)	4,877	30.84%

These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

Notes to Required Supplementary Information
For the Years Ended June 30, 2019 and 2018

There are no factors that affect trends in the amounts reported, such as change in benefit terms or assumptions. With only six years reported in the required supplementary information, there is no additional information to include in the notes. Information, if necessary, can be obtained from the CPRB Comprehensive Annual Financial Report.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Governors
West Virginia University & Divisions
Morgantown, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of West Virginia University (the University), a campus of West Virginia Higher Education Policy Commission as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 15, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal* control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 15, 2020