

WEST VIRGINIA UNIVERSITY

*Financial Statements
for the Years Ended June 30, 2023 and 2022
and Independent Auditors' Reports*

WEST VIRGINIA UNIVERSITY

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS (RSI) (UNAUDITED)	4-21
FINANCIAL STATEMENTS FOR YEARS ENDED JUNE 30, 2023 AND 2022:	
Statements of Net Position	22-23
Statements of Revenues, Expenses and Changes in Net Position	24-25
Statements of Cash Flows	26-27
Notes to Financial Statements	28-103
REQUIRED SUPPLEMENTARY INFORMATION (RSI):	
Schedules of Proportionate Share of OPEB Liability and Contributions	104
Schedules of Proportionate Share of Pension Liability and Contributions	105
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 <i>GOVERNMENT AUDITING STANDARDS</i>	106-107



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, 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, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, of the University, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2023 and 2022, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2022, the University adopted new accounting guidance for subscription-based information technology arrangements (SBITA). The guidance requires SBITA's to recognize a right-to-use SBITA asset and corresponding SBITA liability for all SBITA's with terms greater than twelve months. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 13, 2023, 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 the University's 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

Plymouth Meeting, Pennsylvania
October 13, 2023

Management's Discussion and Analysis (Unaudited) Year Ended June 30, 2023

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, 2023 as compared to the previous fiscal year. Comparative analysis is also presented for fiscal year 2022 compared to fiscal year 2021.

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, 2023, the University's total net position decreased from the previous year-end by \$7.4 million. The decrease in net position is primarily attributable to decreases in capital and intangible right to use assets – net of accumulated depreciation and amortization, current cash and cash equivalents, current investments, and prepaid expenses, and increases in bonds payable, unearned revenue, and the net OPEB liability. This decrease in net position was offset by increases in noncurrent cash and cash equivalents and current accounts receivable, and decreases in accrued payroll, accounts payable, leases payable, notes payable, and debt service payable to the Commission.

Total revenues in fiscal year 2023 were \$1.3 billion, a 3.8% increase over prior year. Total revenues increased by 4.0% from fiscal year 2021 to fiscal year 2022. This increase was primarily due to increases in state appropriations, auxiliary revenue, federal grants and contracts, investment income and gifts. This increase in revenue was partially offset by decreases in net tuition and fee revenue, capital gifts and grants, and revenue from the American Rescue Plan ("ARPA") Act/Higher Education Emergency Relief Fund ("HEERF") III.

Total expenses increased by 4.4% from fiscal year 2022 to fiscal year 2023 primarily due to increases in salaries and wages, fringe benefits, supplies and other services, depreciation and amortization, and utilities. These increases were offset by decreases in scholarships and fellowships and expenses related to the ARPA/HEERF III. Total expenses increased by 6.6% from fiscal year 2021 to fiscal year 2022.

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		
	2023	2022 Restated	2021
Assets			
Current Assets	\$ 342,738	\$ 359,060	\$ 344,662
Capital and intangible Right to Use Assets, Net	1,948,898	1,974,210	1,957,884
Other Noncurrent Assets	201,627	192,802	245,885
Total Assets	2,493,263	2,526,072	2,548,431
Deferred Outflows of Resources	27,291	25,556	35,347
TOTAL	\$ 2,520,554	\$ 2,551,628	\$ 2,583,778
Liabilities			
Current Liabilities	\$ 263,560	\$ 273,372	\$ 230,948
Noncurrent Liabilities	1,013,844	983,423	1,029,562
Total Liabilities	1,277,404	1,256,795	1,260,510
Deferred Inflows of Resources	77,352	121,621	144,960
TOTAL	\$ 1,354,756	\$ 1,378,416	\$ 1,405,470
Net Position			
Net Investment in Capital Assets	\$ 1,006,960	\$ 1,041,668	\$ 1,054,694
Restricted for:			
Nonexpendable	15,776	15,109	16,975
Expendable	58,958	59,598	71,555
Unrestricted	84,104	56,837	35,084
TOTAL NET POSITION	\$ 1,165,798	\$ 1,173,212	\$ 1,178,308

Total assets of the University decreased by about \$32.8 million, or 1.3%, to a total of \$2.5 billion as of June 30, 2023. This decrease was primarily due to decreases in capital and intangible right to use assets – net of accumulated depreciation and amortization, current investments, current cash and cash equivalents, and prepaid expenses. These decreases were partially offset by increases in current accounts receivable and noncurrent cash and cash equivalents.

- Capital and intangible right to use assets, net of accumulated depreciation and amortization, decreased by \$25.3 million from fiscal year 2022 to fiscal year 2023 partially due to the amortization of donated software. Additionally, several major construction and renovation projects were completed during fiscal year 2023, which resulted in an increase in the depreciation allowance for building and building improvements. Capital and intangible right to use assets, net increased by \$16.3 million in fiscal year 2022.
- Current investments decreased by \$18.9 million from fiscal year 2022 to fiscal year 2023 primarily due to the liquidation of investments. This decrease was offset by unrealized gains on investments due to improved market conditions. Current investments decreased by \$16.3 million in fiscal year 2022.
- Current cash and cash equivalents decreased by \$6.9 million from fiscal year 2022 to fiscal year 2023 due to increased operating expenses including salaries, fringe benefits, utilities and supplies and other services. Current cash increased by \$29.9 million in fiscal year 2022.
- Prepaid expenses decreased by \$2.2 million from fiscal year 2022 to fiscal year 2023 due to a decrease in prepaid library subscriptions. Prepaid expenses decreased by \$1.3 million in fiscal year 2022.
- Current accounts receivable increased by \$11.9 million in fiscal year 2022 due to an increase in amounts due on sponsored awards and Foundation backbill accounts. An increase of \$17.7 million was experienced in fiscal year 2022.
- Noncurrent cash and cash equivalents increased by \$8.3 million from fiscal year 2022 to fiscal year 2023. Deposits with bond trustees increased due to the issuance of bonds (2023 Series A) in May 2023. Noncurrent cash decreased by \$31.6 million in fiscal year 2022.

The University adopted the provisions of GASB Statement No. 96, “*Subscription-Based IT Arrangements*”, in fiscal year 2023. This statement establishes accounting and financial reporting requirements for subscription-based information technology arrangements by a government end user. This statement requires recognition of certain subscription assets and liabilities for subscription-based information technology arrangements (“SBITAs”) based on the principle that SBITAs are long-term financings of the right to use an underlying asset. Under this statement, a government end user is required to recognize a subscription liability and a right-to-use subscription asset. As a result of adopting Statement No. 96, the opening statement of net position as of June 30, 2022 has been restated resulting in an increase in intangible right-to-use assets and subscription liabilities. The University reported intangible right-to-use assets, net of accumulated amortization, of \$18.6 million at June 30, 2023. This was a decrease of \$3.3 million from the balance at June 30, 2022. The University also reported total subscription liabilities of \$15.9 million at June 30, 2023, an increase of \$2.1 million from the liability at June 30, 2022. A cumulative effect of change in accounting principle of \$5.8 million for fiscal year 2022 was also reported.

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 \$569,000, at June 30, 2023. This is a decrease of \$137,000 from the deferred outflows related to pensions of \$706,000 at June 30, 2022. During fiscal year 2023, these deferred outflows represent the University’s proportionate share of the difference between expected and actual experience, the net difference between projected and actual investment earnings, changes in assumptions, and employer contributions made by the University during fiscal year 2023 (after the measurement date of June 30, 2022) 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 \$13.6 million at June 30, 2023. This is an increase of \$2.6 million from the deferred outflows related to OPEB of \$11.0 million at June 30, 2022. These deferred outflows represent the change in proportion and the difference between employer contributions and proportionate share of contributions, changes in assumptions, differences between expected and actual non-investment experience, and employer contributions made by the University during fiscal year 2023 (after the measurement date of June 30, 2022) 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”).

The University also reported deferred loss on refunding of \$13.1 million at June 30, 2023. 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 2022 to 2023 denotes the annual amount amortized to interest expense.

Total liabilities for the year increased by \$20.6 million (or 1.6%). This increase in total liabilities was primarily due to increases in bonds payable, unearned revenue, and the net OPEB liability. These increases were partially offset by decreases in accounts payable, accrued payroll, leases payable, notes payable, and debt service payable to the Commission. There was also an increase in deferred inflows related to OPEB.

- Bonds payable (current and noncurrent) increased in fiscal year 2023 by \$32.0 million primarily due to the issuance of the 2023 Series A revenue bonds to (a) finance the design, acquisition, construction and equipping of certain capital improvements as part of the University’s annual capital improvements program, (b) finance Phase I of the ERP Modernization Plan consisting primarily of the preliminary planning, design, development and implementation of the modernized enterprise resource planning platform, including related applications and software and (c) pay the costs of issuance. Total bonds payable increased by \$6.8 million in fiscal year 2022.
- At June 30, 2023, unearned revenue increased by \$3.4 million from the prior year due to scheduled sponsored award payments not yet expensed. Unearned revenue increased by \$8.5 million in fiscal year 2022 compared to fiscal year 2021.
- The net OPEB liability increased by \$9.0 million due to an increase in the University’s proportionate share of the State’s net OPEB liability at June 30, 2023. 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 (asset) liability provided through the plan. The proportionate share is calculated based on employer and non-employer contributions to the OPEB plan. The total OPEB liability at June 30, 2022 increased, based on the actuarial valuation as of June 30, 2021 with a measurement date of June 30, 2022. Certain assumptions were updated in this actuarial valuation including projected capped subsidies, per capita claim costs, healthcare trend rates, coverage and continuance, percentage eligible for the tobacco-free premium discount, and retired employee assistance program participation.

The net OPEB liability (asset) decreased by \$32.3 million from fiscal year 2021 to fiscal year 2022. At June 30, 2021, the plan’s fiduciary net position exceeded the total OPEB liability resulting in a net OPEB asset based on the actuarial valuation as of June 30, 2020 with a measurement date of June 30, 2021. Based on this actuarial study and an experience study review, the total OPEB liability was reduced as a result of changes in assumptions and projected earnings on plan investments. These changes were offset by a decrease in the discount rate.

- Accrued payroll decreased by \$13.4 million from fiscal year 2022 to fiscal year 2023. Since the last payroll cycle of fiscal year 2023 ended on June 30, no payroll accrual was required for the paychecks dated July 1. Accrued payroll increased by \$3.5 million in fiscal year 2022.

- Leases payable (current and noncurrent) decreased by \$3.5 million in fiscal year 2023 due to scheduled lease payments. Total leases payable decreased by \$5.4 million from fiscal year 2021 to fiscal year 2022.
- Notes payable decreased by \$2.7 million from fiscal year 2022 to fiscal year 2023 due to scheduled payments of principal. Notes payable decreased by \$3.2 million in fiscal year 2022.
- Debt service payable to the Commission decreased by \$4.5 million in fiscal year 2023 due to scheduled principal payments. Debt service payable to the Commission decreased by \$4.5 million in fiscal year 2022.

In accordance with the provisions of GASB Statement No. 87, “Leases”, the University recorded deferred inflows of \$3.3 million and \$2.9 million at June 30, 2023 and June 30, 2022, respectively. These deferred inflows are being amortized over the lease term to interest revenue.

The University recorded deferred inflows related to pensions in the amount of \$2.0 million and \$4.1 million at June 30, 2023 and June 30, 2022, respectively. For fiscal year 2023, these deferred inflows represent the University’s proportionate share of the difference between employer contributions and proportionate share of contributions and the difference between expected and actual experience.

At June 30, 2023 and June 30, 2022, the University recorded deferred inflows related to OPEB of \$32.6 million and \$73.4 million, respectively. For fiscal year 2023, 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, 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.

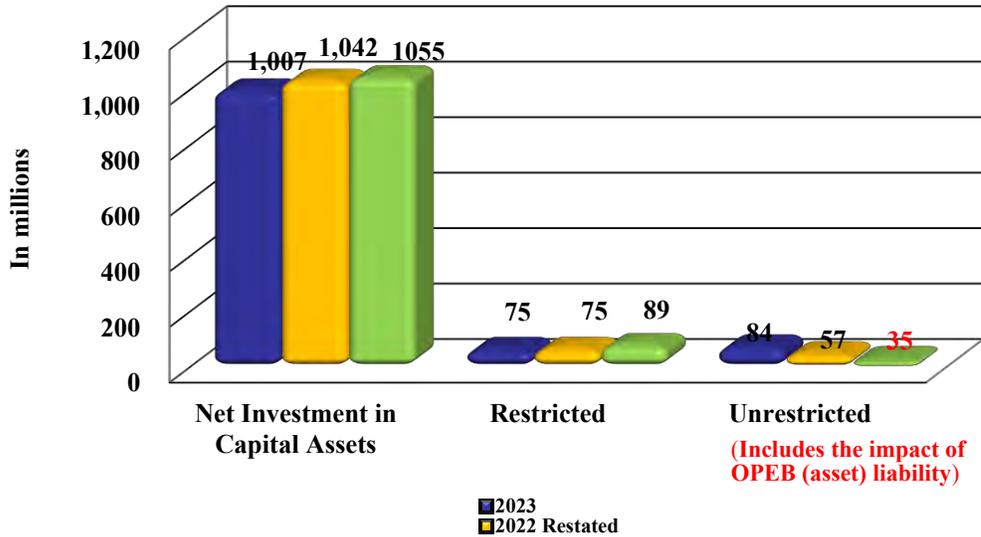
During fiscal year 2020, the University entered into an agreement with Sodexo America, LLC to operate its food and dining services program. Upon execution of this agreement, Sodexo provided unrestricted funds of \$10 million to the University. This was recorded as a deferred inflow and is being amortized 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 \$342.7 million were sufficient to cover current liabilities of \$263.6 million indicating that the University maintained sufficient available resources to meet its current obligations as of June 30, 2023.

The following is a comparative illustration of net position.

COMPARISON OF NET POSITION
June 30, 2023, 2022 and 2021



Net investment in capital assets decreased by \$34.7 million due to a decrease in capital assets, net of accumulated depreciation and amortization, debt service payable to the Commission, and leases payable. Net investment in capital assets decreased by \$13.0 million from fiscal year 2021 to fiscal year 2022.

During fiscal year 2023, the restricted component of the net position experienced an increase of \$27,000. This decrease was primarily due to a decrease in restricted for capital projects. This component of net position decreased by \$13.8 million from fiscal year 2021 to fiscal year 2022.

The unrestricted component of net position increased by \$27.3 million during fiscal year 2023. This was primarily due to a decrease in deferred inflows related to OPEB offset by an increase in the net OPEB liability. There was an increase in this component of net position from fiscal year 2021 to fiscal year 2022 of \$21.8 million.

	2023	2022 Restated
Total unrestricted net position before OPEB (asset) liability, net pension liability, deferred inflows and deferred outflows	\$ 113,988	\$ 122,616
Plus: Deferred outflows of resources related to OPEB	13,581	11,026
Plus: Deferred outflows of resources related to pensions	569	706
Less: Net OPEB (asset) liability	7,321	(1,701)
Less: Net pension liability	2,158	1,690
Less: Deferred inflows of resources related to OPEB	32,550	73,430
Less: Deferred inflows of resources related to pensions	2,005	4,092
Total unrestricted net position	\$ 84,104	\$ 56,837

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.

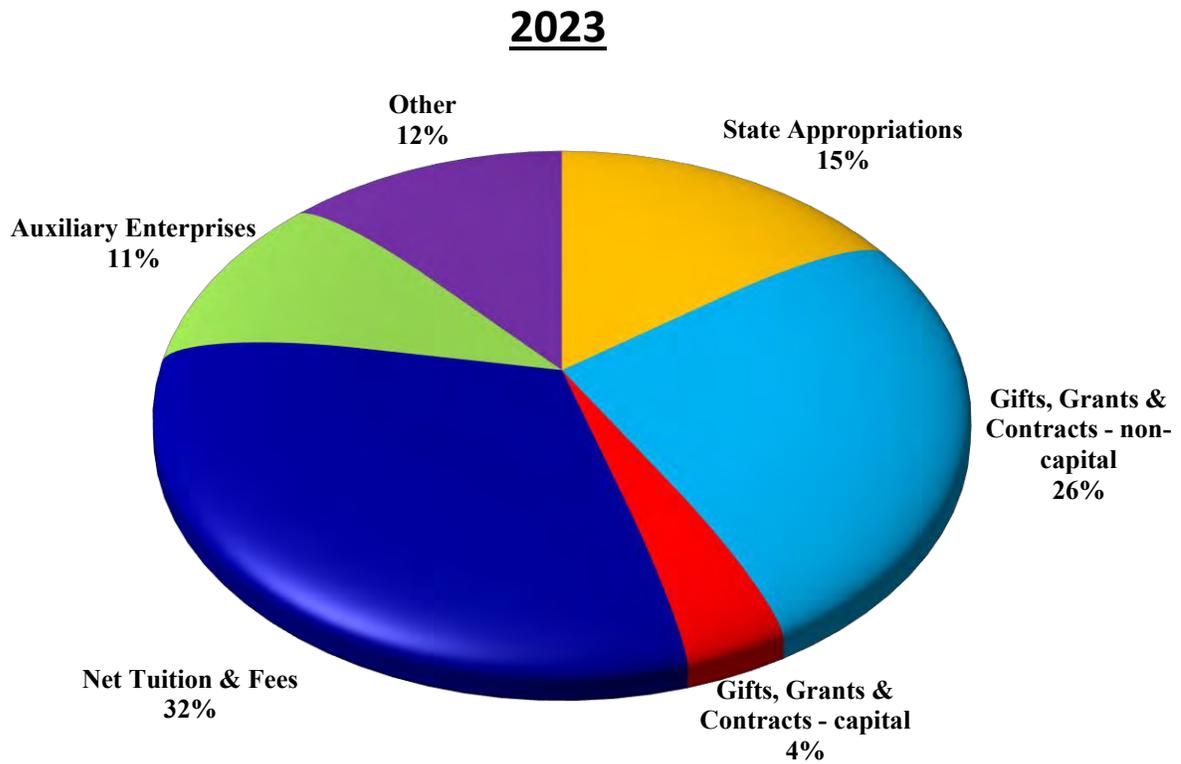
State appropriations, while budgeted for operations, are considered and reported as non-operating revenues. This is because State appropriations are provided by the West Virginia Legislature (the "Legislature") to the University without the Legislature directly receiving commensurate goods and services 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		
	2023	2022 Restated	2021
Operating Revenues	\$ 866,780	\$ 856,041	\$ 773,989
Operating Expenses	1,224,728	1,170,887	1,088,173
Operating Loss	(357,948)	(314,846)	(314,184)
Net Nonoperating Revenues	301,599	262,617	349,921
(Loss) Income before Other Revenues, Expenses, Gains or Losses	(56,349)	(52,229)	35,737
Capital grants and gifts	48,935	55,568	91,667
Loss on disposal of operations	-	(2,667)	-
Bond/capital projects proceeds from the Commission	-	-	648
Increase in Net Position	(7,414)	672	128,052
Net Position - Beginning of Year	1,173,212	1,178,308	1,111,966
Cumulative Effect of Change in Accounting Principle	-	(5,768)	(61,710)
Net Position - Beginning of Year	1,173,212	1,172,540	1,050,256
Net Position - End of Year	\$ 1,165,798	\$ 1,173,212	\$ 1,178,308

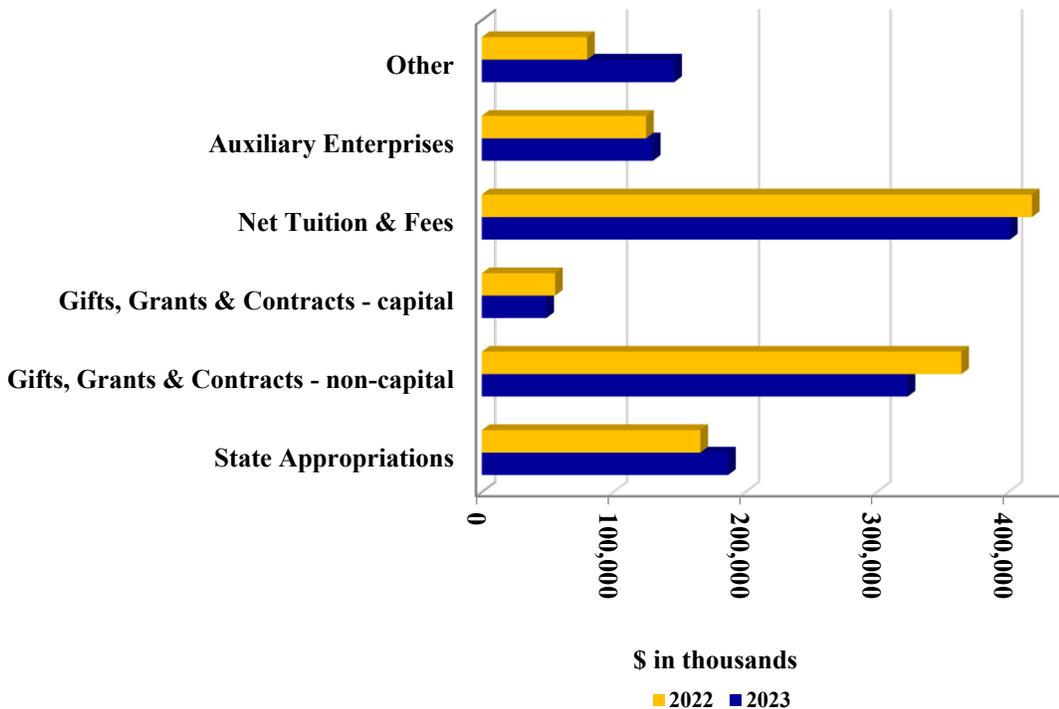
Revenues:

The following graph shows the composition of total revenues by source for fiscal year 2023.



The following chart provides a comparison of revenues by significant category between fiscal years 2023 and 2022.

Trend in Revenues

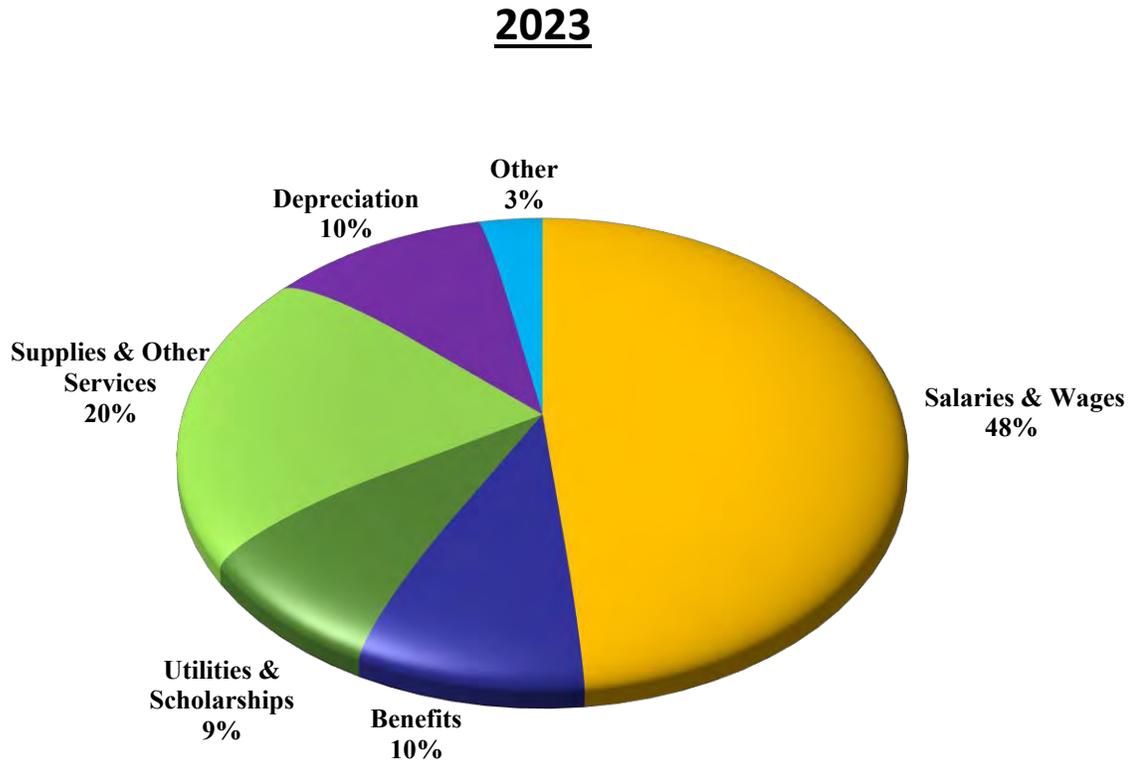


Total fiscal year 2023 revenues were \$1.3 billion, a increase of \$45.3 million or 3.8%, from fiscal year 2022. Some highlights of the information presented on the statement of revenues, expenses, and changes in net position are as follows:

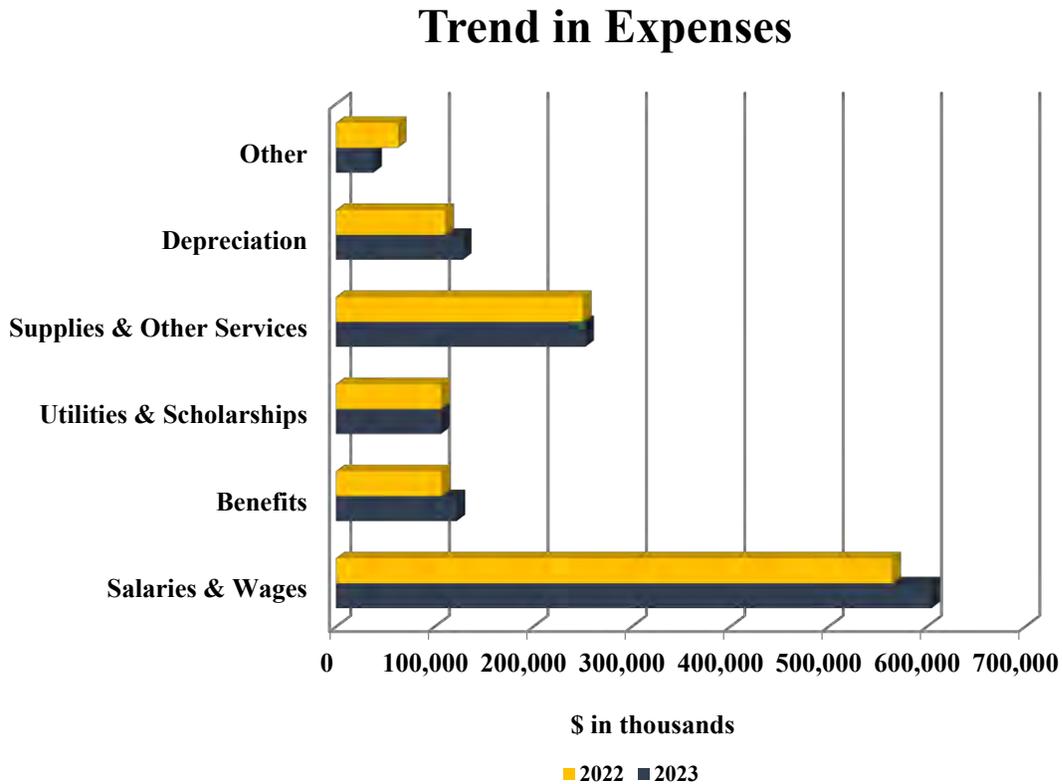
- State appropriations (including State Lottery appropriations) increased by \$21.0 million from fiscal year 2022 to fiscal year 2023 primarily due to an increase in the base budget allocations from the general appropriation funds received from the State, which included funding for pay increases. State appropriations decreased by \$34.5 million from fiscal year 2021 to fiscal year 2022.
- Gift revenue increased by \$32.5 million in fiscal year 2023 primarily due to an increase in revenue from the Foundation including support for scholarships and the reimbursement of salaries, fringes, travel and other general expenses. Revenue from gifts increased by \$2.7 million in fiscal year 2022.
- Investment income increased by \$48.0 million from fiscal year 2022 to fiscal year 2023 primarily due to unrealized gains on investments as a result of improved market conditions. Income from investments decreased by \$74.4 million from fiscal year 2021 to fiscal year 2022 due to unrealized losses.
- Federal grants and contracts revenue increased by \$15.9 million from fiscal year 2022 to fiscal year 2023 primarily due to an increase in federal sponsored awards. This revenue increased by \$8.0 million from fiscal year 2021 to fiscal year 2022.
- Auxiliary revenue increased by \$5.1 million primarily due to an increase in fee revenue, including room and board fees. There were also increases in revenues from rental of facilities, short-term parking fees, and contract commissions and guarantees along with revenues related to the public private partnerships including management fees and net revenue share. These increases were offset by decreased Athletics revenue including Big 12 conference income, concession receipts, football season ticket sales, corporate sponsorships, and other revenues. Auxiliary revenue, net increased by \$30.2 million from fiscal year 2021 to fiscal year 2022.
- Revenue from the HEERF III of the ARPA Act decreased by \$54.0 million from fiscal year 2022 to fiscal year 2023. These funds were received in two installments; the first installment of \$27.3 million was used for the disbursement of direct cash grants to students with financial need stemming from the COVID-19 related disruption of campus operations in accordance with guidance from the DOE. The second installment of \$26.7 million was used to reimburse the University for foregone revenue and expenses related to the disruption of campus operations due to COVID-19. Revenue from the CARES Act and the CRRSAA Act decreased by \$5.1 million and \$30.7 million, respectively, during fiscal year 2022.
- Capital gifts and grants decreased by \$6.6 million from fiscal year 2022 to fiscal year 2023. This decrease was primarily due to the significant donation of right-to-use software to the Petroleum and Natural Gas Engineering department at the Benjamin M. Statler College of Engineering and Mineral Resources in fiscal year 2022. There was also a decrease in Foundation funding for the construction of Reynolds Hall, which was completed in in July 2022. These revenues decreased by \$36.7 million from fiscal year 2021 to fiscal year 2022.
- Net tuition and fees decreased by \$16.6 million from fiscal year 2022 to fiscal year 2023. This was mainly due to a decline in enrollment. This was offset by an average increase in tuition of 2.5%. This revenue increased from fiscal year 2021 to fiscal year 2022 by \$15.8 million.

Expenses:

The following graph shows the composition of total expenses by category for fiscal year 2023.



The following chart provides a comparison of expenses by significant category between fiscal years 2023 and 2022.



Total fiscal year 2023 expenses increased by \$53.4 million, or 4.4%. Changes in expense amounts from the prior year are primarily attributed to the following:

- Salaries and wages increased by \$39.9 million from fiscal year 2022 to fiscal year 2023. There was an increase in salaries for faculty and both classified and non-classified staff. Merit-based pay increases were effective July 1, 2022, and were partially funded by appropriations from the State's general revenue fund. This expense category increased by \$26.9 million from fiscal year 2021 to fiscal year 2022.
- Depreciation and amortization increased by \$17.7 million from fiscal year 2022 to fiscal year 2023. This increase was primarily due to an increase in amortization expense as a result of donations of software through the Foundation. These expenses increased by \$20.4 million from fiscal year 2021 to fiscal year 2022.
- Benefits increased by \$15.1 million from fiscal year 2022 to fiscal year 2023 primarily due to an increase in the University's proportionate share of the net OPEB liability. Certain assumptions were updated in the actuarial valuation as of June 30, 2021, including projected capped subsidies, per capita claim costs, healthcare trend rates, coverage and continuance, percentage eligible for the tobacco-free premium discount, and retired employee assistance program participation which resulted in an increase in the total OPEB liability at June 30, 2022. Salary-related benefits (health insurance and federal payroll taxes), compensated absences and pension expense also increased in fiscal year 2023. Fringe benefits decreased by \$10.6 million in fiscal year 2022.
- Utilities increased by \$5.9 million in fiscal year 2023 primarily due to increased rates charged for steam, electricity and natural gas. This expense category increased by \$4.4 million in fiscal year 2022.
- Supplies and other services increased by \$7.4 million from fiscal year 2022 to fiscal year 2023. The following categories of expenses increased in fiscal year 2023: contractual and professional services including consulting fees (primarily related to the IT modernization program) and costs incurred by Athletics for home games including cleaning of the football stadium and parking lots and game day contractors and other professional services; subcontract expense; routine repairs and maintenance; hospitality; student activities; and travel. These increases were offset by decreases in computer supplies, insurance, and non-capitalizable equipment. This category of expenses increased by \$16.5 million from fiscal year 2021 to fiscal year 2022.
- Scholarships and fellowships decreased by \$5.7 million from fiscal year 2022 to fiscal year 2023 primarily due to an increase in scholarship discounts and allowances. An increase in institutional awards was offset by a decrease in tuition waivers in fiscal year 2023. There was an increase of \$9.1 million in this expense category from fiscal year 2021 to fiscal year 2022.
- Expenses related to the ARPA Act decreased by \$27.3 million in fiscal year 2023. Expenses incurred in fiscal year 2022 related to the CARES Act and the CRRSAA Act declined by \$2.6 million and \$10.1 million, respectively.

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)

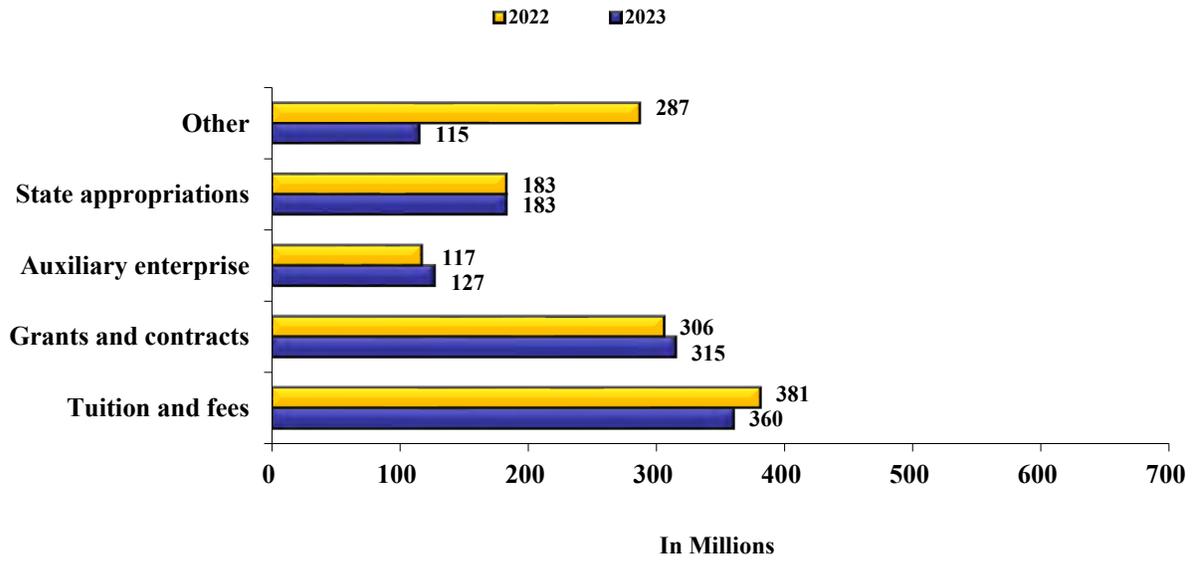
	Years Ended June 30		
	2023	2022 Restated	2021
Cash Provided By (Used In):			
Operating Activities	\$ (282,075)	\$ (220,271)	\$ (222,951)
Noncapital Financing Activities	319,664	321,248	291,867
Capital Financing Activities	(68,465)	(106,329)	(85,294)
Investing Activities	32,224	3,653	39,952
Increase (Decrease) in Cash and Cash Equivalents	1,348	(1,699)	23,574
Cash and Cash Equivalents, Beginning of Year	203,761	205,460	181,886
Cash and Cash Equivalents, End of Year	\$ 205,109	\$ 203,761	\$ 205,460

Total cash and cash equivalents increased by \$1.3 million during fiscal year 2023 to \$205.1 million.

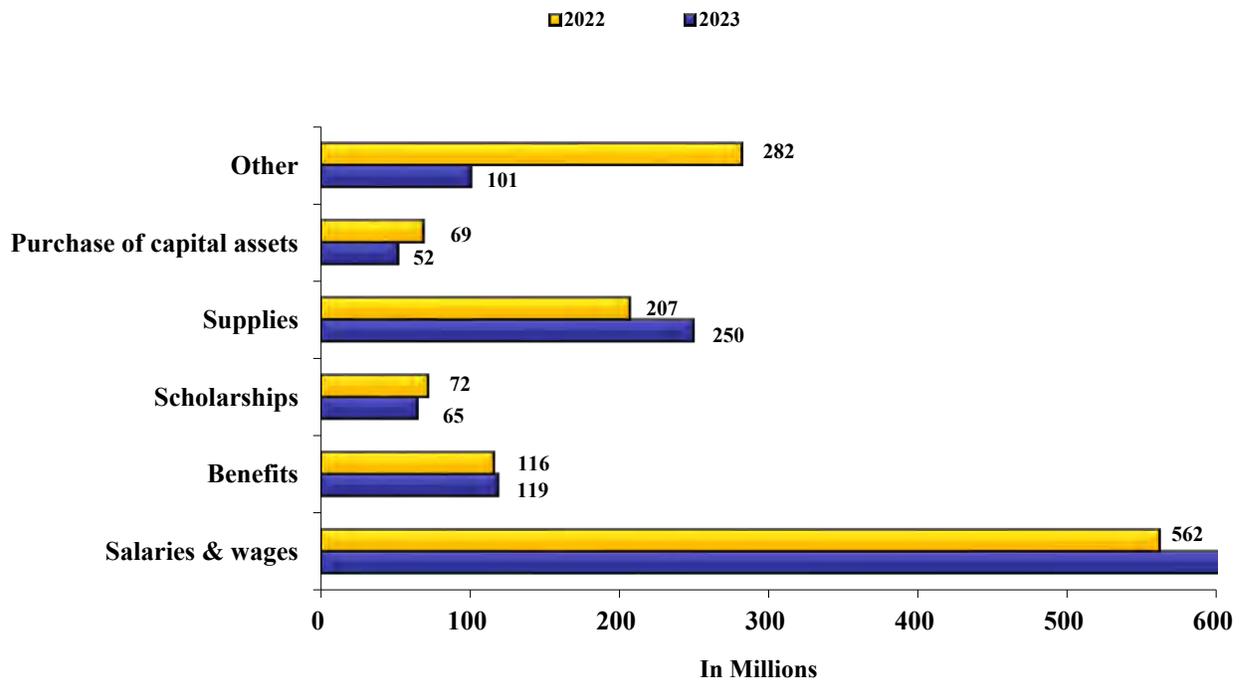
- Net cash used in operating activities increased by \$61.8 million primarily due to increased cash outflows for payments to suppliers and employees, and for utilities and decreased cash inflows for tuition and fees. These changes were offset by increased inflows from grants and contracts, auxiliaries, and other receipts and decreased cash outflows scholarships and fellowships. Cash used in operating activities increased by \$7.3 million from fiscal year 2021 to fiscal year 2022.
- Net cash provided by noncapital financing activities decreased by \$1.6 million primarily due to cash received from the ARPA Act in fiscal year 2022. This was partially offset by an increase in cash inflows from gifts. This category had experienced an increase of \$29.4 million from fiscal year 2021 to fiscal year 2022.
- Net cash used in capital financing activities decreased by \$37.9 million primarily due to decreased cash outflows for the purchase of capital assets. This decrease was offset by an increase in proceeds from the issuance of bonds and an increase in cash outflows for the payment of principal and interest on capital debt, leases and subscriptions. Capital financing activities increased by \$11.0 million from fiscal year 2021 to fiscal year 2022.
- Net cash provided by investing activities increased by approximately \$28.6 million primarily due to an increase in the redemption of matured bond investments. This was offset by an increase in purchases of investments and a decrease in investment income. Investing activities increased by \$36.3 million from fiscal year 2021 to fiscal year 2022.

The following graphs illustrate the sources and uses of cash –

SOURCES OF CASH



USES OF CASH



Capital Asset and Long-Term Debt Activity

The University continued work on major capital projects including lighting at the Clay Theatre in the Creative Arts Center, renovations at Chitwood Hall, renovation of the kitchen at Café Evansdale, and various projects at the Health Sciences Center. These capital projects are being financed through bond proceeds, grants, and other sources of revenues available to the University including operational revenue and gifts.

Significant construction, capital and debt activity in fiscal year 2023 included the following:

- The University completed the following major projects during the fiscal year: construction of Reynolds Hall, upgrades and renovations to the PRT, the Coliseum Club renovation, improvements to the sanitary sewer system at Jackson's Mill, and renovations at various dining locations.
- Major construction-in-process projects included: the renovation of Chitwood Hall, lighting at the Creative Arts Center Clay Theatre, renovation of the kitchen at Café Evansdale, and various projects at the HSC.

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, \$26.7 million is reported as debt service assessment payable to the Commission by the University as of June 30, 2023.

The University issued \$56.5 million of taxable revenue bonds in May 2023 to (a) finance the design, acquisition, construction, and equipping of certain capital improvements, (b) finance Phase I of the ERP Modernization Plan consisting primarily of the preliminary planning, design, development, and implementation of the modernized enterprise resource planning platform, including related applications and software, and (c) pay the costs of issuance. For the years ended June 30, 2023, 2022 and 2021, the University's bonds were rated as Aa3, AA-, and A by Moody's, Fitch and Standard and Poor's respectively.

The State's budget bill for fiscal year 2024 includes funding of \$282 million from the Governor's Civil Contingency Fund to address deferred maintenance issues at the State's higher education institutions and correctional facilities. The Governor's Office has established a grant application process for institutions to apply for this funding. In June 2023, the Board approved a resolution to apply for funding of several deferred maintenance projects on the Morgantown, Beckley and Keyser campuses.

The University has continued to move forward on a program to modernize its finance, human capital management and student information systems. This program will engage students, faculty and staff across the campus community in a multi-year initiative to position the University for future success through the implementation of intuitive and unified technology and improved business processes and reporting capabilities. In June 2023, the Board authorized management to secure an agreement with the selected vendor after an extensive evaluation of proposals from qualified vendors by a broad and diverse group of functional and technical experts from across the University.

This modernization project will also include the implementation of a new electronic research administration system that will provide an efficient and data-informed work environment for faculty and the Research Office that will better serve the University as an R1 research institution and support continual growth in sponsored research activity.

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 deferred maintenance needs. 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.

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 2023, the State experienced a budget surplus of \$1.8 billion in its general revenue funds as a result of increases in severance tax, consumer sales tax and corporate and personal net income tax collections. While the State achieved a healthy balance of \$943.3 million in its Revenue Shortfall Reserve Fund (Rainy Day Fund), the State's budget continues to face economic pressures brought on by a continuing decline in coal production.

A new funding formula is effective for fiscal year 2024 and was developed through a collaboration between the West Virginia Legislature, the Higher Education Policy Commission, and the State's colleges and universities. This new funding model provides a data-informed and objective rationale for determining annual state appropriations to the institutions. This formula will reward colleges and universities that help students complete their degrees on time, particularly those students who are low-income or unprepared upon graduation from high school and focuses on degrees that are designated as state priorities for workforce development such as engineering, health care, social work, education, computer science and transportation.

The State has provided funding from the State's general revenue surplus for the fiscal year ending June 30, 2023 to support the investment required for the WVU Cancer Institute to attain designation as a National Cancer Institute ("the NCI") center. This \$50 million appropriation will be available to spend starting in fiscal year 2024 and will be used to fund comprehensive research programs, faculty and facilities that will lead to innovative approaches in cancer prevention, diagnosis, and treatment for West Virginia citizens. The Institute leads cancer research across the country and recognizes cancer centers with an official NCI designation, the highest rating that a cancer center can achieve. This designation would make the WVU Cancer Institute the first NCI-designated cancer center in the West Virginia. According to the NCI, cancer is a critical issue affecting economic and financial burden. The State's cancer-related medical costs are more than 2.4 times the national average. This investment in cancer prevention and treatment will improve the health and well-being of the State's residents by improving cancer occurrence and long-term cancer survival rates.

The Foundation continues to report strong fund-raising numbers. In fiscal year 2023, donors contributed \$163.7 million in new gifts and pledges. For the fiscal year ended June 30, 2022, the Foundation's return of 11.3% ranked in the top 5% of National Association of College and University Business Officers endowments and ranked in the top 10% of its peer group, which includes 33 institutions of higher learning. The Foundation's support to the University increased to \$124.6 million in fiscal year 2023. This private support is critical to ensuring tuition affordability and the fulfillment of the University's land-grant mission amid reduced state appropriations and other financial challenges.

The University will offer additional financial assistance to incoming first-time freshmen with the launch in Fall 2023 of WVU Pledge, a last-dollar-in aid program for qualifying Promise Scholarship recipients with an expected family contribution of zero. This program will cover costs remaining after all financial aid options have been utilized, including University tuition, fees, housing and meal plans, for students who meet certain qualifications. WVU Pledge will remove barriers to allow the brightest West Virginia students access to higher education.

Higher education is expecting a "demographic cliff" beginning in 2025 with the traditional college-age population shrinking across the nation. The pandemic has also affected the college-going behavior of students across the country. The high school graduation rate in West Virginia is declining and will continue to decline from 2025-2035. Additionally, the data reflects a decline among those in the college-age population in West Virginia that are interested in attending college. Preliminary enrollment figures for Fall 2023 indicate a decrease of approximately 3% in total enrollment compared to fall 2022. However, the University continues to focus on increasing its first-time freshmen enrollment and improving retention and persistence across all student ranks within the University and across all campuses. The University increased tuition in fiscal year 2024 by slightly less than 3% and will strive to keep future costs affordable.

In response to President Gee’s call for the University to differentiate itself in the marketplace and make WVU a destination institution, the University embarked on an academic transformation initiative. This initiative has identified the following priorities: determine the viability of academic programs in the current portfolio, identify opportunities for academic restructuring, identify academic efficiencies, enhance opportunities for student success, enhance opportunities for faculty rewards and recognition, and expand online academic offerings. As the University faces forward to address the future, we are focusing on the “First Principles” that return the University to its core roots and will be critical in prioritizing the challenges facing higher education and the University’s financial situation. The University will put our students first, embrace our land-grant mission, and differentiate ourselves by investing in the initiatives that uniquely serve our campus community, reflect our values and play to our strengths.

The University has conducted an extensive review of current academic programs with the goal of creating a more focused and relevant program portfolio aligned with student demand, career opportunities, and market trends. Other goals of this initiative are the elimination of redundancies in programming and practices and the identification of opportunities for efficiencies and cost savings. This review will result in the discontinuance of certain programs and reductions of personnel and will address a structural budget deficit brought on by various converging post-pandemic factors. The University is also assessing restructuring opportunities which will result in the merger of some colleges and departments. The RPK Group, a higher education consultant with expertise in the review of academic and administrative areas, has been retained to help with this analysis and ensure that the University is following best practices.

The Reed College of Media and the College of Creative Arts will be merged into a new college focused on the future of arts and media education. In addition to providing for administrative efficiencies and cost savings, this merger will foster creative and innovative collaboration and will provide the University with the opportunity to distinguish itself with dynamic programming in areas such as digital media, interactive arts, and game design to prepare students for the jobs of today and the careers of tomorrow.

The Davis College of Agriculture, Natural Resources and Design and WVU Extension will be merged into a new unit with a shared mission to serve the people of West Virginia and expertise in areas such as agriculture, natural resources, youth development, health and safety, community development and engagement that will build on existing collaborations, common activities and educational programs.

As part of the academic transformation efforts, the Office of the Provost has also reviewed the activities and services provided by the academic support units on the Morgantown campus to identify efficiencies and potential cost savings. This review included the University Libraries, Career Services Center, WVU Online, the WVU Press, Honors College, Teaching and Learning Commons, and various other offices and centers including the Office of the University Registrar, Accessibility Services, Global Affairs, Graduate Education and Life, the Center for Learning, Advising, and Student Success, and WVU Advance. The recommendations resulting from this review will be implemented over the coming months.

An evaluation of Strategic Initiatives and the Office of General Council has also been conducted to help ensure that the needs of students, faculty and staff and the broader University are served in an efficient and cost-effective manner. This assessment covered several areas including Auxiliary and Business Services, Corporate Relations, Dining Services, Finance, Government Relations, Information Technology Services, Real Estate Operations, Shared Services, Talent and Culture, and University Police. Initiatives resulting from this review will take the course of several fiscal years.

Two previously independent teams, the central Information Technology Services (“ITS”) unit and the ITS unit at the HSC have begun merging operations in order to create a new, future-focused ITS. In addition to merging the staff in the units, the leadership team restructured to support a cohesive technology strategy, create a more consistent customer experience, and identify opportunities for savings and strategic investments for the University moving forward. New teams within ITS have been formed, including a Research Services unit that will provide support for researchers and a Teaching and Learning Applications team that will provide support for learning management systems and instructional tools.

Talent and Culture, the Human Resources unit at the University, will be restructured to better serve the University community for the future. As part of this restructuring, the position of Vice President for Talent and Culture will be eliminated. This restructuring is expected to be completed by the end of the calendar year 2023.

The University will be implementing a new budget model in fiscal year 2025 that will allocate revenues and expenses more in alignment with the University's strategic objectives. This redesign is focused on promoting greater transparency and openness in the budget process. This model will focus on academic units and will be incentive-based. Costs of support units will be allocated to revenue generating units and a subvention pool will be utilized to address strategic priorities.

The University has implemented several additional initiatives to cut costs including issuing further guidelines on spending, implementing a voluntary work-reduction program and a managed print program, imposing a hiring freeze, limiting travel, converting from physical phones to soft phones, and adopting an indoor space temperature policy.

As part of the academic transformation efforts, personnel reductions of approximately 135 employees are planned for in the fiscal year 2024 budget. This includes non-renewals of certain non-classified staff and faculty contracts as well as reductions-in-force ("RIF") of classified staff. Additional non-renewals or RIF's are anticipated as part of the continuing academic transformation process and the review of academic support units.

Effective July 1, 2023, health insurance premiums charged by PEIA increased by approximately 26% in order to get the plan back to an 80/20 employer/employee premium split for state agencies, county boards of education and higher education institutions. Approximately \$3 million in funding was provided to the University by the State to help cover the impact of these increases on employees covered by the plan. Eligible faculty and staff received the difference in their premium increase based on enrollment plan rates for fiscal year 2024 compared to fiscal year 2023 up to a maximum amount of \$1,000.

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 2022 placing WVU among the 146 strongest research institutions in the U.S. Sponsored expenditures came in at \$231 million for fiscal year 2023 with \$107 million coming from federal agencies compared to \$199 million and \$97 million in fiscal year 2022. As a result of this growth, the F&A recovered increased from \$35.4 million to \$39.2 million from fiscal years 2022 to 2023 - an increase of \$3.8 million.

Comparing fiscal years 2023 to 2022 for our primary federal research sponsors:

- DoE-funded expenditures grew from \$10.7 million to \$11.3 million
- HHS-funded expenditures grew from \$46.1 million to \$51.9 million
- USDA-funded expenditures grew from \$6.4 million to \$7.6 million
- NASA-funded expenditures grew from \$6.7 million to \$8.2 million

As a large NSF EPSCoR project ended, expenditures funded by NSF dropped slightly from \$14 million to \$12.1 million, but a new NSF EPSCoR award has been granted that will hit the books in fiscal year 2024.

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 the HSC, providing scientific review of grant applications prior to external submission to increase competitiveness. Our focus on areas such as Neuroscience, Energy and Sustainability, and Aerospace is yielding many of the increases noted above. We also received \$50 million from the State of WV to grow our Cancer Institute's research capabilities. It should also be noted that the F&A recovery has grown by over \$10 million since fiscal year 2020.

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.

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 from annual collections of personal income tax dedicated for payment of the unfunded liability of the RHBT. This dedicated annual funding will be provided until the Governor certifies that an independent actuarial study has determined that the unfunded liability of the RHBT has been provided for in its entirety or July 1, 2037, whichever date is later.

These steps will continue to have a significant positive impact on the University's financial position and performance. At June 30, 2023, the University's net OPEB liability increased by \$9.0 million. Certain assumptions in the actuarial valuation as of June 30, 2021 were updated including projected capped subsidies, per capita claim costs, healthcare trend rates, coverage and continuance, percentage eligible for the tobacco-free premium discount, and retired employee assistance program participation, which resulted in an increase in the plan's total OPEB liability at June 30, 2022. The RHBT experienced significant savings with the Humana contract renewal beginning in fiscal year 2022. In addition to these savings, the RHBT experienced favorable investment returns in fiscal year 2021, resulting in an excess in the premium stabilization reserve. There will be no pay as you go premiums billed in fiscal year 2024. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder each month. The active premiums subsidize the retirees' health care and are established by the PEIA Finance Board annually.

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 continues to represent an unparalleled value for a quality educational experience.

WEST VIRGINIA UNIVERSITY

**STATEMENTS OF NET POSITION
AS OF JUNE 30, 2023 AND 2022**

(Dollars in Thousands)

	2023	2022 Restated
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash and cash equivalents	\$ 130,985	\$ 137,900
Appropriations due from primary government	1,649	1,285
Investments	65,923	84,849
Accounts receivable, net of allowances for doubtful accounts of \$5,638 and \$5,228	121,998	110,106
Account receivable - public private partnerships, current portion	11,041	11,907
Due from the Higher Education Policy Commission	251	1,722
Leases receivable - current	986	475
Loans receivable, current portion	4,324	3,542
Inventories	2,367	2,117
Prepaid expenses	2,647	4,813
Notes receivable, current portion	567	344
Total current assets	<u>342,738</u>	<u>359,060</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	74,124	65,861
Investments	104,907	99,192
Other accounts receivable	2,678	2,954
Account receivable - public private partnerships	1,701	2,438
Loans receivable, net of allowances for doubtful accounts of \$1,534 and \$1,907	15,728	17,616
Notes receivable	-	567
Leases receivable	2,489	2,473
Net other post employment benefits asset	-	1,701
Capital and intangible right to use assets, net	1,948,898	1,974,210
Total noncurrent assets	<u>2,150,525</u>	<u>2,167,012</u>
TOTAL ASSETS	<u>2,493,263</u>	<u>2,526,072</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	13,141	13,824
Deferred outflows related to other post employment benefits	13,581	11,026
Deferred outflows related to pensions	569	706
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>27,291</u>	<u>25,556</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,520,554</u>	<u>\$ 2,551,628</u>

(continued)

WEST VIRGINIA UNIVERSITY

**STATEMENTS OF NET POSITION (CONTINUED)
AS OF JUNE 30, 2023 AND 2022**

(Dollars in Thousands)

	2023	2022 Restated
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities:		
Accounts payable	\$ 62,788	\$ 62,808
Accrued liabilities	14,290	15,077
Accrued payroll	31,301	44,727
Deposits	3,047	3,061
Unearned revenue	76,457	73,101
Compensated absences	33,027	31,360
Real estate purchase agreements payable, current portion	295	285
Debt service assessment payable to the Commission, current portion	4,538	4,497
Subscription liabilities, current portion	7,880	8,203
Leases payable, current portion	3,181	3,235
Bonds payable, current portion	24,496	24,388
Notes payable, current portion	2,260	2,630
Total current liabilities	<u>263,560</u>	<u>273,372</u>
Noncurrent Liabilities:		
Real estate purchase agreement payable	10,287	10,610
Net other post employment benefits liability	7,321	-
Net pension liability	2,158	1,690
Advances from federal government	12,029	14,284
Debt service assessment payable to the Commission	22,133	26,671
Subscription liabilities	8,063	5,604
Leases payable	77,465	80,877
Bonds payable	779,599	747,701
Notes payable	59,525	61,818
Other noncurrent liabilities	35,264	34,168
Total noncurrent liabilities	<u>1,013,844</u>	<u>983,423</u>
TOTAL LIABILITIES	<u>1,277,404</u>	<u>1,256,795</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred federal Pell grants	564	587
Deferred gain on refunding	116	161
Deferred service concession arrangements	32,073	33,081
Deferred inflows related to other post employment benefits	32,550	73,430
Deferred inflows related to pensions	2,005	4,092
Deferred inflows related to leases	3,302	2,854
Deferred inflows related to dining services contract	6,742	7,416
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>77,352</u>	<u>121,621</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>\$ 1,354,756</u>	<u>\$ 1,378,416</u>
NET POSITION		
Net investment in capital assets	\$ 1,006,960	\$ 1,041,668
Restricted for:		
Nonexpendable:		
Loans	15,301	14,634
Other	475	475
Total nonexpendable	<u>15,776</u>	<u>15,109</u>
Expendable:		
Scholarships and fellowships	4,393	4,553
Sponsored programs	41,926	41,846
Loans	11,551	10,984
Capital projects	1	1,242
Other	1,087	973
Total expendable	<u>58,958</u>	<u>59,598</u>
Unrestricted net position	<u>84,104</u>	<u>56,837</u>
TOTAL NET POSITION	<u>\$ 1,165,798</u>	<u>\$ 1,173,212</u>

See notes to financial statements.

WEST VIRGINIA UNIVERSITY**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

(Dollars in Thousands)

	2023	2022 Restated
OPERATING REVENUES		
Student tuition and fees, net of scholarship allowances of \$103,306 and \$95,333	\$ 400,975	\$ 417,624
Federal land grants	11,356	9,132
Local land grants	1,403	1,240
Federal grants and contracts	117,783	101,844
State grants and contracts	71,133	71,658
Local grants and contracts	427	365
Nongovernmental grants and contracts	113,065	110,296
Sales and services of educational departments	13,190	12,057
Auxiliary enterprises, net of scholarship allowances of \$9,720 and \$6,497	129,710	124,564
Interest on student loans receivable	297	443
Service agreement revenue from Parkersburg	250	250
Other operating revenues	7,191	6,568
Total operating revenues	<u>866,780</u>	<u>856,041</u>
OPERATING EXPENSES		
Salaries and wages	605,065	565,176
Benefits	122,544	107,460
Scholarships and fellowships	66,592	72,338
Utilities	40,058	34,130
Supplies and other services	258,158	250,802
Depreciation and amortization	128,853	111,146
Loan cancellations and write-offs	121	850
ARPA Higher Education Emergency Relief Fund expenses	-	27,272
Other operating expenses	3,337	1,713
Total operating expenses	<u>1,224,728</u>	<u>1,170,887</u>
OPERATING LOSS	<u>\$ (357,948)</u>	<u>\$ (314,846)</u>

(continued)

WEST VIRGINIA UNIVERSITY

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

(Dollars in Thousands)

	2023	2022 Restated
NONOPERATING REVENUES (EXPENSES)		
State appropriations	\$ 183,007	\$ 162,091
State Lottery appropriations	3,718	3,647
Payments on behalf of the University	(7,417)	(1,594)
Gifts	113,037	80,582
Federal Pell grants	25,443	25,855
ARPA - Higher Education Emergency Relief Fund revenues	-	53,962
Investment income (loss) (including unrealized gain (loss) of \$12,965 and (\$42,789))	19,141	(28,810)
Interest on capital asset-related debt	(28,028)	(27,247)
Assessments by the Commission for debt service	(6,338)	(6,368)
Debt issuance costs	(188)	(121)
Other nonoperating revenues (expenses) - net	(776)	620
Net nonoperating revenues	<u>301,599</u>	<u>262,617</u>
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(56,349)	(52,229)
Capital grants and gifts	48,935	55,568
Loss on disposal of operations	-	(2,667)
INCREASE (DECREASE) IN NET POSITION	(7,414)	672
NET POSITION - BEGINNING OF YEAR	1,173,212	1,178,308
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	-	(5,768)
NET POSITION--BEGINNING OF YEAR	<u>1,173,212</u>	<u>1,172,540</u>
NET POSITION - END OF YEAR	<u>\$ 1,165,798</u>	<u>\$ 1,173,212</u>

See notes to financial statements.

WEST VIRGINIA UNIVERSITY

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**
(Dollars in Thousands)

	2023	2022 Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 360,023	\$ 381,396
Federal and local land grants	12,758	10,372
Grants and contracts	289,663	280,463
ARPA Higher Education Emergency Relief Fund expense	-	(27,272)
Payments to suppliers	(249,561)	(206,891)
Payments to employees	(618,761)	(561,898)
Payments for benefits	(118,841)	(116,275)
Payments for utilities	(41,115)	(32,634)
Payments for scholarships and fellowships	(64,650)	(71,672)
Loan advances returned to federal government	(2,368)	(3,001)
Collections of loans to students	985	1,776
Interest earned on loans to students	297	443
Auxiliary enterprise charges	126,775	116,870
Sales and service of educational departments	12,688	11,800
Receipt of service agreement revenue from Parkersburg	249	250
Net receipts (payments) for public private partnerships	2,043	(38)
Other receipts (payments)	7,740	(3,960)
	<u>(282,075)</u>	<u>(220,271)</u>
Net cash used in operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	179,551	178,980
State lottery appropriations	3,718	3,647
Gifts	107,124	55,894
Federal Pell grants	25,421	25,838
ARPA - Higher Education Emergency Relief Fund revenues	-	53,962
William D. Ford direct lending receipts	159,616	161,014
William D. Ford direct lending payments	(159,327)	(160,550)
Sale of CAFEE	-	(270)
Other nonoperating receipts (payments)	3,561	2,733
	<u>319,664</u>	<u>321,248</u>
Net cash provided by noncapital financing activities		
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Payments on Commission debt assessment payable	(4,497)	(4,467)
Assessments by the Commission for debt service	(6,338)	(6,368)
Proceeds from issuance of University bonds	56,500	20,000
Bond issuance costs	(188)	(121)
Capital gifts and grants received	5,372	8,600
Purchases of capital assets	(51,555)	(68,607)
Proceeds from leases	933	818
Principal paid on capital debt, leases and subscriptions	(39,408)	(27,889)
Interest paid on capital debt, leases and subscriptions	(29,284)	(28,295)
	<u>(68,465)</u>	<u>(106,329)</u>
Net cash used in capital financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	6,048	13,827
Purchase of investments	(22,568)	(15,681)
Redemption of matured investments	48,858	6,586
Purchase of Research Corporation investments	(114)	(1,079)
	<u>32,224</u>	<u>3,653</u>
Net cash provided by investing activities		
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,348	(1,699)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>203,761</u>	<u>205,460</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 205,109</u>	<u>\$ 203,761</u>

(continued)

WEST VIRGINIA UNIVERSITY

**STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

(Dollars in Thousands)

	2023	2022 Restated
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (357,948)	\$ (314,846)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	128,853	111,146
Donated/noncapitalized expense	4,417	22,549
Expenses paid on behalf of the University	(7,417)	(1,594)
Changes in assets, deferred outflows, liabilities and deferred inflows:		
Accounts receivable, net	(8,476)	(12,086)
Due from the Commission	1,472	(1,414)
Loans receivable, net	1,105	5,162
Prepaid expenses	1,061	1,327
Inventories	(250)	(277)
Accounts payable	3,010	8,498
Accrued liabilities	(5,738)	(24,875)
Deposits	(14)	302
Unearned revenue	3,355	8,460
Compensated absences	1,666	(603)
Defined benefit pension plan	(1,482)	(1,534)
Deferred other post employment benefits	(43,434)	(12,722)
Advances from federal government	(2,255)	(7,764)
Net cash used in operating activities	<u>\$ (282,075)</u>	<u>\$ (220,271)</u>
Noncash Transactions:		
Construction in progress additions in accounts payable	<u>\$ 2,648</u>	<u>\$ 4,286</u>
Subscription based IT agreements	<u>\$ 9,438</u>	<u>\$ 23,758</u>
Finance leases	<u>\$ 92</u>	<u>\$ 231</u>
Lessor arrangements	<u>\$ 1,085</u>	<u>\$ -</u>
Donated capital assets	<u>\$ 43,314</u>	<u>\$ 46,969</u>
Unrealized gain (loss) on investments	<u>\$ 12,965</u>	<u>\$ (42,789)</u>
Donated noncapitalized assets	<u>\$ 5,914</u>	<u>\$ 24,688</u>
Loss on dispositions	<u>\$ (3,620)</u>	<u>\$ (766)</u>
Expenses paid on behalf of the University	<u>\$ (7,417)</u>	<u>\$ (1,594)</u>
Deferred gain on refunding	<u>\$ 45</u>	<u>\$ 45</u>
Reconciliation of cash and cash equivalents to the statements of net assets:		
Cash and cash equivalents classified as current assets	\$ 130,985	\$ 137,900
Cash and cash equivalents classified as noncurrent assets	74,124	65,861
	<u>\$ 205,109</u>	<u>\$ 203,761</u>

See notes to financial statements.

WEST VIRGINIA UNIVERSITY

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022

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”), 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 26 for condensed financial statements.) Related foundations and other affiliates of the University (see Notes 21 and 22) 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.

The financial statements for the period ending June 30, 2022 also included the West Virginia University Innovation Corporation (“WVUIC”). Effective April 1, 2022, WVUIC’s bylaws were amended and restated such that only 50% of the WVUIC Board of Directors are appointed by the University and the key officers of WVUIC are no longer WVU employees. As a result, WVUIC is no longer a component unit of the University as the University has no ability to designate WVUIC’s management, cannot significantly influence WVUIC’s operations and is not responsible for the fiscal matters of WVUIC. Accordingly, the statement of revenues, expenses and changes in net position and the statement of cash flows for fiscal year 2022 include activity of WVUIC only through March 31, 2022 (see Note 21).

- 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 15, 21, and 23.)
- 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, including loans made through the Federal Perkins Loan Program.
- 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. *Leases Receivable* – Leases receivable includes amounts due from external parties for long-term leases of land and building space, recorded at the present value of lease payments expected to be received during the lease term.
- k. *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.
- l. *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.
- m. *Capital and Intangible Right-to-Use Assets* – Capital assets include property, plant and equipment, internally generated software, books and materials that are part of a catalogued library, and infrastructure. 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 is computed using the straight-line method over the estimated useful life of the asset, which is generally 15 to 50 years for buildings, infrastructure and land improvements, and 3 to 15 years for furniture, equipment, internally generated software, and library books.

Intangible right-to-use assets include software subscriptions and property, plant and equipment. Amortization is computed using the straight-line method over the shorter of the lease or subscription term or the estimated useful life of the asset.

Other assets include donated right-to-use software with a term greater than twelve months. These assets are recorded at the acquisition value at the date of donation and are amortized over the term of the use agreement. Other intangible assets include an easement which has an indefinite useful life and is not amortized.

The University's capitalization thresholds are as follows: \$25,000 for buildings, land improvements, infrastructure and leasehold improvements, \$100,000 for internally generated software, \$50,000 for subscription assets, and \$5,000 for equipment. Library books and land are capitalized irrespective to cost.

- n. *Deposits* – Deposits include housing and tuition deposits made by students.
- o. *Unearned Revenue* – Revenues for programs or activities to be earned in future fiscal years is 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.
- p. *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.

- q. *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 10.)
- r. *Incentivized Phased Separation Program* - The incentivized phased separation program (“IPS”) is a voluntary program that provides eligible faculty and staff a gradual transition from employment by offering reduced work and reduced pay for a designated period of time. Upon exit, the employee will receive an incentive payment for participating in the program. The program is open to all faculty and staff who meet the following eligibility

requirements: 1) the employee currently holds a regular benefits-eligible position at the University; 2) the employee has fifteen or more years of benefits-eligible service as of February 26, 2021; and 3) the employee must remain benefits-eligible during the phasing period. The employee's eligibility to retire upon exit is not required. The program is not open to employees who participate in the WV Teachers Retirement System or employees of the Corporation or WVUIC. The University's total liability as of June 30, 2023 and 2022 was \$0 and \$115,000, respectively, which is recorded as a component of accrued liabilities on the statement of net position. This includes approximately \$0 and \$14,000 for employee benefits for June 30, 2023 and 2022.

- s. *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, 2023 and 2022 was \$162,000 and \$19,000, respectively, which is recorded as a component of accrued liabilities on the statement of

net position. This includes approximately \$20,000 and \$2,000 for employee benefits as of June 30, 2023 and 2022.

- t. *Noncurrent Liabilities* – Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and real estate purchase agreements payable with contractual maturities greater than one year; (2) principal amounts of leases payable and subscription liabilities due in subsequent fiscal years; (3) OPEB liability, net pension liability, and other liabilities that will not be paid within the next fiscal year; and (4) projected claim payments for self insurance.
- u. *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#AnnualReport>. 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 11.)
- v. *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 and intangible right-to-use assets: This represents the University’s total investment in capital intangible right-to-use assets, net of accumulated depreciation/amortization and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet, such amounts are not included as a component of net investment in capital and intangible right-to-use 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, 2023 and 2022, 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.

- w. *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). This category also includes revenue from the American Rescue Plan Act/Higher Education Relief Fund III.

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

- x. *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, 2023 or 2022.
- y. *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.

- z. 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 \$159.3 million in fiscal year 2023 and approximately \$160.6 million in fiscal year 2022 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 2023 and 2022, the University received and disbursed \$29.1 million and \$29.7 million, respectively, under these other federal student aid programs.

- aa. 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.
- bb. 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.
- cc. 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.
- dd. Deferred Outflows of Resources* – Consumption of net assets 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. (See Note 10, 11 and 12).
- ee. Deferred Inflows of Resources* – Acquisition of net assets 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. (See Notes 7, 10, 11 and 23)

ff. 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 2023, BRIM will provide coverage for indemnity amounts between \$250,000 and \$1,781,000 per occurrence. For fiscal year 2022, BRIM will provide coverage for indemnity amounts between \$250,000 and \$1,644,000 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 at both June 30, 2023 and 2022, 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 \$47.0 million and \$43.3 million at June 30, 2023 and 2022, 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 \$34.2 million and \$33.1 million to reflect projected claim payments at June 30, 2023 and 2022, 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. 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.

- gg. 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.
- hh. 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.
- ii. Reclassifications* – Certain reclassifications have been made to the fiscal year 2022 financial statements to conform to the current year presentation. This includes

reclassification of service-related tuition waivers from cash inflows for tuition and fees and cash outflows for benefits in the Statement of Cash Flows.

- jj. *Newly Adopted Statements Issued by the GASB* – The University has implemented Statement No. 91, “*Conduit Debt Obligations*” as amended by GASB Statement No. 95, “*Postponement of the Effective Dates of Certain Authoritative Guidance*”. This statement defines conduit debt obligations for accounting and financial reporting purposes and establishes standards for recognition, measurement and disclosure for issuers. This statement did not have a material impact on the financial statements.

The University also implemented 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 did not have a material impact on the financial statements.

The University also implemented 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 requires recognition of certain subscription assets and liabilities for subscription-based information technology arrangements (“SBITAs”) based on the principle that SBITAs are long-term financings of the right to use an underlying asset. Under this statement, a government end user is required to recognize a subscription liability and a right-to-use subscription asset. As a result of adopting Statement No. 96, the opening statement of net position as of June 30, 2022 has been restated resulting in an increase in intangible right-to-use assets and subscription liabilities. Such opening balance sheet adjustments were calculated using the facts and circumstances that existed at July 1, 2021 as prescribed by Statement No. 96. The statement of revenues, expenses, and changes in net position for the period ending June 30, 2022 was also restated to reflect the impact of Statement No. 96; this resulted in a decrease in supplies and other services and an increase in amortization expense and interest on capital asset related debt. The statement of cash flows for the period ending June 30, 2022 was also restated for Statement No. 96; this primarily resulted in a reclassification of cash flows used in operating activities to cash flows used in capital and related financing activities.

Net position - beginning of year, as previously stated	\$ 1,178,308,146
Balance of the subscription liabilities and subscription assets	<u>(5,767,965)</u>
Net position - beginning of year, as restated	<u>\$ 1,172,540,181</u>

The University also implemented certain provisions of Statement No. 99, “*Omnibus 2022*”. This statement establishes or amends accounting and financial reporting requirements for specific issues related to leases, public-public and public-private partnerships, and subscription-based information technology arrangements. This statement did not have a material impact on the financial statements.

- kk. *Recent Statements Issued by the GASB* – Statement No. 99, “*Omnibus 2022*”, also establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees and derivative instruments. These requirements are

effective for fiscal years beginning after June 15, 2023. The University has not yet determined the effect that the adoption of these provisions may have on its financial statements.

The GASB has also issued Statement No. 100, “*Accounting Changes and Error Corrections*”. This statement establishes accounting and financial reporting requirements for accounting changes and the correction of an error in previously issued financial statements. This statement is effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 and all reporting periods thereafter. The University has not yet determined the effect that the adoption of GASB Statement No. 100 may have on its financial statements.

The GASB has also issued Statement No. 101, “*Compensated Absences*”. This statement establishes accounting and financial reporting for compensated absences and associated salary-related payments, including certain defined contribution pensions and defined contribution other postemployment benefits (OPEB). This statement is effective for fiscal years beginning after December 15, 2023 and all reporting periods thereafter. The University has not yet determined the effect that the adoption of GASB Statement No. 101 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):

2023

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Cash on deposit with the Treasurer:			
West Virginia University - Nonauxiliaries	\$ 40,737	\$ 475	\$ 41,212
West Virginia University - Auxiliaries	49,573	-	49,573
Cash on deposit with Trustee	-	70,627	70,627
Deposits with BRIM Escrow Account Treasurer	-	3,022	3,022
Cash in Bank	40,657	-	40,657
Cash on Hand	18	-	18
	<u>\$ 130,985</u>	<u>\$ 74,124</u>	<u>\$ 205,109</u>

2022

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Cash on deposit with the Treasurer:			
West Virginia University - Nonauxiliaries	\$ 34,193	\$ 388	\$ 34,581
West Virginia University - Auxiliaries	55,755	2,578	58,333
Cash on deposit with Trustee	-	59,891	59,891
Deposits with BRIM Escrow Account Treasurer	-	3,004	3,004
Cash in Bank	47,933	-	47,933
Cash on Hand	19	-	19
	<u>\$ 137,900</u>	<u>\$ 65,861</u>	<u>\$ 203,761</u>

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 \$55,472,011 and \$53,013,749 in cash held for investment in the WV Money Market Pool at June 30, 2023 and 2022. 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.wvbt.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:

	2023		2022	
	Carrying Value (In Thousands)	S & P Rating	Carrying Value (In Thousands)	S & P Rating
External Pool				
WV Money Market Pool	\$ 55,472	AAAm	\$ 53,014	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:

External Pool	2023		2022	
	Carrying Value (In Thousands)	WAM (Days)	Carrying Value (In Thousands)	WAM (Days)
WV Money Market Pool	\$ 55,472	29	\$ 53,014	21

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 University specific bond issues (see Note 12). 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, 2023 and 2022 was \$40.7 million and \$47.9 million, respectively, as compared with bank balances of \$41.5 million and \$46.3 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):

	<u>2023</u>	<u>2022</u>
Student tuition and fees, net of allowances for doubtful accounts of \$2,423 and \$3,506	\$ 9,447	\$ 10,630
Grants and contracts receivable, net of allowances for doubtful accounts of \$2,505 and \$1,032	74,926	57,653
Due from West Virginia University Hospitals, Incorporated	2,388	2,537
Auxiliary services, net of allowances for doubtful accounts of \$709 and \$689	2,557	1,756
Investment earnings receivable	133	30
Other, net of allowances for doubtful accounts of \$1 and \$1	29,120	30,813
Due from the Foundation	911	789
Due from other State agencies	2,516	5,900
Total accounts receivable	<u>\$ 121,998</u>	<u>\$ 110,106</u>

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 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 noncurrent 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 21).

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):

2023	Fair			
Investment Type	Value	Level 1	Level 2	Level 3
Investment Cash Accounts	\$ 10,113	\$ 10,113	\$ -	\$ -
Mutual Bond Funds:				
Guggenheim TR Bond	6,851	130	6,228	493
Muzinich Credit Opportunities Fund	6,495	-	6,495	-
Allspring High Yield Bond - A	6	6	-	-
Mutual Stock Funds:				
Allspring Opportunity - A	725	725	-	-
Maingate MLP Fund	3,513	3,513	-	-
MFS International Value Fund	8,611	7,741	870	-
MFS Investment Management	10,591	10,591	-	-
Eaton Vance	1,250	1,250	-	-
REMS Real Estate	1,404	1,404	-	-
Artisan International Small Cap	2,435	1,096	1,339	-
Cohen Steers Ins Rty	1,485	1,455	15	15
Invesco Oppenheimer International Growth Fund	7,552	2,228	5,324	-
Jensen Quality Growth	6,650	6,650	-	-
Fixed Income Commingled Funds:				
IR&M Core Bond Fund	9,875	99	9,776	-
Limited Partnership Equity:				
TI Platform Fund I	4,068	-	-	4,068
TI Platform Fund II	2,245	-	-	2,245
TI Platform Fund III	593	-	-	593
747 Stuyvesant VI LP	1,310	-	-	1,310
747 Stuyvesant VII LP	649	-	-	649
747 Stuyvesant VIII LP	75	-	-	75
Hedge Funds:				
Capstone Convex PF	2,594	-	2,594	-
Penso Neg Cor Alpha	2,214	598	1,616	-
Equities ETF:				
Vanguard FTSE EM MKT	4,066	2,460	1,606	-
Vanguard S&P 500 ETF	13,352	13,352	-	-
Vanguard TOT STK MKT	19,350	19,350	-	-
Commingled Equity Funds:				
Wellington EM	3,218	3,177	35	6
US Treasury Securities:				
IRM Short US Treasury Fund	38,596	-	38,596	-
Land and Other Real Estate Held As Investments	477	-	-	477
Other Investments:				
WV Growth Investment LLC	80	-	-	80
Aspinity, Inc.	74	-	-	74
CereDx	313	-	-	313
	<u>\$ 170,830</u>	<u>\$ 85,938</u>	<u>\$ 74,494</u>	<u>\$ 10,398</u>

2022	Fair Value	Level 1	Level 2	Level 3
Investment Type				
Investment Cash Accounts	\$ 3,830	\$ 3,830	\$ -	\$ -
Mutual Bond Funds:				
Guggenheim TR Bond	6,813	100	6,347	366
Muzinich Credit Opportunities Fund	6,447	-	6,447	-
Allspring High Yield Bond - A	6	6	-	-
Mutual Stock Funds:				
Allspring Opportunity - A	601	601	-	-
Maingate MLP Fund	4,333	4,333	-	-
MFS International Value Fund	10,816	10,816	-	-
MFS Investment Management	9,369	9,369	-	-
Eaton Vance	1,168	1,168	-	-
REMS Real Estate	2,311	2,311	-	-
Artisan International Small Cap	2,388	868	1,520	-
Baillie Gifford	8,487	1,230	7,257	-
Cohen Steers Ins Rty	2,553	2,487	52	14
Invesco Oppenheimer International Growth Fund	9,628	2,198	7,430	-
Ishares US Fin Serv	2,223	2,223	-	-
Jensen Quality Growth	5,805	5,805	-	-
Fixed Income Commingled Funds:				
IR&M Core Bond Fund	9,924	-	9,924	-
Fixed Income EFT:				
Ishares 1-3 Yrs Treas	12,829	811	12,018	-
Limited Partnership Equity:				
TI Platform Fund I	3,005	-	-	3,005
TI Platform Fund II	1,740	-	-	1,740
TI Platform Fund III	514	-	-	514
747 Stuyvesant VI LP	1,164	-	-	1,164
747 Stuyvesant VII LP	315	-	-	315
Hedge Funds:				
Capstone Convex PF	3,098	59	3,039	-
Penso Neg Cor Alpha	4,151	939	3,212	-
Equities ETF:				
Invesco EQ WT 500	12,551	12,097	454	-
Vanguard Finan EFT	2,318	2,318	-	-
Vanguard FTSE EM MKT	4,672	718	3,950	4
Vanguard RUSS 2000	4,605	4,605	-	-
Vanguard S&P 500 ETF	11,375	11,375	-	-
Vanguard TOT STK MKT	27,776	27,776	-	-
Commingled Equity Funds:				
Wellington EM	6,269	6,139	130	-
Land and Other Real Estate Held As Investments	477	-	-	477
Other Investments:				
WV Growth Investment LLC	93	-	-	93
Aspinity, Inc.	74	-	-	74
CereDx	313	-	-	313
	<u>\$ 184,041</u>	<u>\$ 114,182</u>	<u>\$ 61,780</u>	<u>\$ 8,079</u>

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

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
As of June 30, 2023	\$ 65,923	\$ 104,907	\$ 170,830
As of June 30, 2022	\$ 84,849	\$ 99,192	\$ 184,041

Investments with the Foundation – As of June 30, 2023 and 2022, the University’s investments held with the Foundation were \$157.3 million and \$171.9 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.

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 equity funds, exchange traded funds (“ETF”), mutual bond funds, mutual stock funds, fixed income commingled funds, limited partnership, and hedge funds. 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.

West Virginia Growth Investment, LLC – The Corporation owns four units of membership interest in West Virginia Growth Investment, LLC (“WVGI”). This investment had a fair market value of \$80,000 and \$93,000 at June 30, 2023 and June 30, 2022, 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 – The Corporation owns 411,706 shares of preferred stock in Aspinity, Inc. These shares had a fair market value of \$74,000 at both June 30, 2023 and June 30, 2022.

CereDx, Inc – The Corporation owns 24,184 shares of preferred stock in CereDx, Inc. These shares had a fair market value of \$313,000 at both June 30, 2023 and June 30, 2022.

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):

2023

Portfolio	Description	Fair Value	Rating
Mutual Bond Funds:			
	Guggenheim TR Bond	\$ 6,851	Aa3
	Muzinich Credit Opp	6,495	BBB
Investment Cash Accounts:			
	WVU Cash Con Inv	10,113	Aaa-mf
US Treasury Securities			
	IRM Short US Trwasury Funds	38,596	Aaa
Fixed Income Commingled Funds			
	IR&M Core Bond	9,875	Aa2
		<u>\$ 71,930</u>	

2022

Portfolio	Description	Fair Value	Rating
Mutual Bond Funds:			
	Guggenheim TR Bond	\$ 6,813	A3
	Muzinich Credit Opp	6,447	A
Investment Cash Accounts:			
	WVU Cash Con Inv	3,830	Aaa-mf
Fixed Income ETF			
	iShares Barclays 1-3 Year Treasury	12,829	Aaa
Fixed Income Commingled Funds			
	IR&M Core Bond	9,924	Aa2
		<u>\$ 39,843</u>	

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):

2023

Investment Type	Investment Maturities				
	Fair Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Fixed Income Commingled Fund	\$ 9,875	\$ 356	\$ 3,664	\$ 3,811	\$ 2,044
Fixed Income ETF	38,596	15,400	23,196	-	-
Mutual Bond Funds	13,346	534	5,093	4,281	3,438
	<u>\$ 61,817</u>	<u>\$ 16,290</u>	<u>\$ 31,953</u>	<u>\$ 8,092</u>	<u>\$ 5,482</u>

2022

Investment Type	Investment Maturities				
	Fair Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Fixed Income Commingled Fund	\$ 9,924	\$ 496	\$ 4,188	\$ 3,374	\$ 1,866
Fixed Income ETF	12,829	193	12,636	-	-
Mutual Bond Funds	13,260	1,340	4,742	4,285	2,893
	<u>\$ 36,013</u>	<u>\$ 2,029</u>	<u>\$21,566</u>	<u>\$ 7,659</u>	<u>\$ 4,759</u>

Interest rate risk is managed by limiting the time period or duration of the specific investment.

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, 2023 and June 30, 2022, 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, 2023 or 2022.

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		2023		2022
Australian Dollar	\$	557	\$	648
Brazilian Real		361		692
British Pence		3,443		-
British Pound		128		4,535
Canadian Dollar		986		1,682
Chilean Peso		25		23
China Renminbi		285		988
Columbian Peso		4		5
Czech Koruna		7		56
Danish Krone		634		1,098
Egyptian Pound		4		5
Euro		8,209		9,925
Hong Kong Dollar		1,208		4,716
Hungarian Forint		9		37
Iceland Krona		4		-
Indian Rupee		1,049		2,055
Indonesian Rupiah		92		294
Israeli Arorot		18		24
Japanese Yen		2,156		4,463
Kenyan Shilling		-		37
Korean Won		-		633
Kuwaiti Fil		37		42
Malaysian Ringgit		69		89
Mexican Peso		217		313
Norwegian Krone		16		125
Philippine Peso		32		108
Qatari Riyal		38		47
Romanian Leu		3		5
Russian Ruble		79		107
Saudi Arabia Riyal		181		251
Singapore Dollar		48		44
South African Cent		136		-
South African Rand		1		500
South Korean Won		203		195
Swedish Krona		536		1,142
Swiss Franc		1,588		2,840
Taiwan Dollar		779		1,930
Thai Baht		106		297
Turkish Lira		35		23
UAE Dirham		62		71
Viet Nam Dong		-		3
Total Investments in Foreign Currency	\$	23,345	\$	40,048
US Dollar		147,485		143,993
Total Investments	\$	170,830	\$	184,041

7. LESSOR ARRANGEMENTS

The University leases certain real estate to external parties. During the years ended June 30, 2023 and 2022, the University recognized revenues related to these lease arrangements of \$1,041,000 and \$974,000, respectively. This includes the amortization of deferred inflows and interest income. The general terms of these lease agreements are as follows:

Lease Type	Description	Rate	Lease Term	Payment Frequency	Payment Amount	Payment Other Terms
Real Estate	Boreman RFL House	3.03%	7/1/2022 to 5/15/2035	Annually	\$ 82,500	Prepaid through 2027
Real Estate	Land - Research Park	2.96%	3/4/2016 to 3/3/2056	Annually	42,500	
Real Estate	Medical Education Building/Charleston	2.96%	10/1/2022 to 6/30/2025	Monthly	9,486	Escalating 3% annually
Real Estate	Cell Tower-Arnold Apartments	2.96%	7/25/2012 to 4/30/2024	Monthly	4,219	Escalating 3% annually
Real Estate	Cell Tower-Summit Hall	2.96%	5/1/2019 to 4/30/2024	Monthly	3,962	
Real Estate	Cell Tower-Braxton Tower	3.03%	rolling 24 month notice period	Monthly	3,461	Escalating 3% annually
Real Estate	Cell Tower-Dadisman Hall	3.03%	rolling 24 month notice period	Monthly	3,461	Escalating 3% annually
Real Estate	Cell Tower-Engineering PRT	3.03%	5/1/2022 to 4/30/2027 with rolling 24 month notice period	Monthly	3,374	Escalating 3% annually
Real Estate	Cell Tower-Arnold Hall	3.03%	5/1/2022 to 4/30/2027 with 5 years assumed renewal	Monthly	2,983	Escalating 3% annually
Real Estate	Cell Tower-Wise Library	2.96%	5/1/2019 to 4/30/2024	Monthly	2,983	
Real Estate	Cell Tower-Knapp Hall	3.03%	rolling 24 month notice period	Monthly	2,898	Escalating 3% annually
Real Estate	Cell Tower-Chestnut Ridge Research Building	3.03%	rolling 24 month notice period	Monthly	2,625	Escalating 3% annually
Real Estate	Cell Tower-Carter Hall/Beckley, WV	2.96%	5/1/2020 to 4/30/2025 with 5 year assumed renewal	Monthly	1,800	
Real Estate	Laboratory Space at HSC	3.03%	1/1/2023 to 12/31/24	Monthly	1,652	
Real Estate	Aquaculture facility-Wardensville	2.96%	2/1/2020 to 1/31/2025	Monthly	700	
Real Estate	Land - Montgomery, WV	2.96%	3/28/2018 to 3/27/2023 with assumed 5 year extension	Monthly	214	
Equipment	Equipment and facilities at HSC	3.03%	rolling 15 month notice period	Monthly	41,223	

There was no revenue related to variable receipts, residual value guarantees, or termination penalties not previously included in the measurement of the related lease receivable during the years ended June 30, 2023 and 2022.

8. CAPITAL AND INTANGIBLE RIGHT-TO-USE ASSETS

Balances and changes in capital and intangible right-to-use assets were as follows June 30 (dollars in thousands):

2023	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated or amortized:				
Land	\$ 85,781	\$ 95	\$ (1,969)	\$ 83,907
Construction in progress	100,640	34,782	(108,881)	26,541
Total capital assets not being depreciated or amortized	<u>\$ 186,421</u>	<u>\$ 34,877</u>	<u>\$ (110,850)</u>	<u>\$ 110,448</u>
Other capital assets:				
Land improvements	\$ 66,741	\$ 576	\$ -	\$ 67,317
Buildings	2,032,297	100,970	(2,916)	2,130,351
Equipment	260,091	17,417	(12,019)	265,489
Library books	176,620	2,864	(153)	179,331
Software	65,600	111	(1,261)	64,450
Infrastructure	389,526	7,466	-	396,992
Other assets	247,991	39,346	-	287,337
Intangible assets	125	-	-	125
Total other capital assets	<u>3,238,991</u>	<u>168,750</u>	<u>(16,349)</u>	<u>3,391,392</u>
Less accumulated depreciation and amortization for:				
Land improvements	(46,281)	(2,893)	-	(49,174)
Buildings	(588,379)	(40,358)	1	(628,736)
Equipment	(175,701)	(16,409)	13,090	(179,020)
Library books	(162,484)	(4,270)	99	(166,655)
Software	(63,014)	(600)	-	(63,614)
Infrastructure	(274,369)	(7,560)	(1)	(281,930)
Other assets	(180,285)	(43,085)	-	(223,370)
Intangible assets	-	-	(3)	(3)
Total accumulated depreciation and amortization	<u>(1,490,513)</u>	<u>(115,175)</u>	<u>13,186</u>	<u>(1,592,502)</u>
Other capital assets, net	<u>\$ 1,748,478</u>	<u>\$ 53,575</u>	<u>\$ (3,163)</u>	<u>\$ 1,798,890</u>
Leased assets:				
Buildings	29,286	804	(743)	29,347
Equipment	1,036	53	-	1,089
Software	67	-	-	67
Total for intangible right to use assets	<u>\$ 30,389</u>	<u>\$ 857</u>	<u>\$ (743)</u>	<u>\$ 30,503</u>
Less accumulated amortization for:				
Buildings	(6,001)	(3,248)	518	(8,731)
Equipment	(407)	(365)	-	(772)
Software	(24)	(22)	-	(46)
Total accumulated amortization	<u>\$ (6,432)</u>	<u>\$ (3,635)</u>	<u>\$ 518</u>	<u>\$ (9,549)</u>
Intangible right to use assets, net	<u>\$ 23,957</u>	<u>\$ (2,778)</u>	<u>\$ (225)</u>	<u>\$ 20,954</u>
Subscription assets:				
Software	23,758	13,669	(3,035)	34,392
Total subscription assets	<u>\$ 23,758</u>	<u>\$ 13,669</u>	<u>\$ (3,035)</u>	<u>\$ 34,392</u>
Software	(8,404)	(10,043)	2,661	(15,786)
Total accumulated amortization	<u>\$ (8,404)</u>	<u>\$ (10,043)</u>	<u>\$ 2,661</u>	<u>\$ (15,786)</u>
Subscription assets, net	<u>\$ 15,354</u>	<u>\$ 3,626</u>	<u>\$ (374)</u>	<u>\$ 18,606</u>
Capital and Intangible Right to Use Assets Summary:				
Capital assets not being depreciated or amortized	\$ 186,421	\$ 34,877	\$ (110,850)	\$ 110,448
Other capital assets	3,238,991	168,750	(16,349)	3,391,392
Total cost of capital assets	<u>3,425,412</u>	<u>203,627</u>	<u>(127,199)</u>	<u>3,501,840</u>
Less accumulated depreciation and amortization	<u>(1,490,513)</u>	<u>(115,175)</u>	<u>13,186</u>	<u>(1,592,502)</u>
Capital assets, net	<u>\$ 1,934,899</u>	<u>\$ 88,452</u>	<u>\$ (114,013)</u>	<u>\$ 1,909,338</u>
Intangible right to use assets				
Leased assets	30,389	857	(743)	30,503
Subscription assets	23,758	13,669	(3,035)	34,392
Total cost of Intangible right to use assets	<u>54,147</u>	<u>14,526</u>	<u>(3,778)</u>	<u>64,895</u>
Less accumulated amortization				
Leased assets	(6,432)	(3,635)	518	(9,549)
Subscription assets	(8,404)	(10,043)	2,661	(15,786)
Total accumulated amortization, intangible right to use asset	<u>(14,836)</u>	<u>(13,678)</u>	<u>3,179</u>	<u>(25,335)</u>
Intangible right to use assets, net	<u>39,311</u>	<u>848</u>	<u>(599)</u>	<u>39,560</u>
Total capital and Intangible right to use assets, net	<u>\$ 1,974,210</u>	<u>\$ 89,300</u>	<u>\$ (114,612)</u>	<u>\$ 1,948,898</u>

2022	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Capital assets not being depreciated or amortized:				
Land	\$ 87,047	\$ 484	\$ (1,750)	\$ 85,781
Construction in progress	89,459	49,727	(38,546)	100,640
Total capital assets not being depreciated or amortized	<u>\$ 176,506</u>	<u>\$ 50,211</u>	<u>\$ (40,296)</u>	<u>\$ 186,421</u>
Other capital assets:				
Land improvements	\$ 65,146	\$ 1,595	\$ -	\$ 66,741
Buildings	2,004,745	28,529	(977)	2,032,297
Equipment	270,434	17,160	(27,503)	260,091
Library books	174,034	4,110	(1,524)	176,620
Software	69,960	1,261	(5,621)	65,600
Infrastructure	382,459	7,067	-	389,526
Other assets	205,426	42,565	-	247,991
Intangible assets	150	-	(25)	125
Total other capital assets	<u>3,172,354</u>	<u>102,287</u>	<u>(35,650)</u>	<u>3,238,991</u>
Less accumulated depreciation or amortization for:				
Land improvements	(42,731)	(3,550)	-	(46,281)
Buildings	(550,906)	(38,369)	896	(588,379)
Equipment	(184,128)	(16,502)	24,929	(175,701)
Library books	(157,784)	(4,804)	104	(162,484)
Software	(64,310)	(889)	2,185	(63,014)
Infrastructure	(267,146)	(7,222)	(1)	(274,369)
Other assets	(152,740)	(27,545)	-	(180,285)
Intangible assets	(22)	-	22	-
Total accumulated depreciation and amortization	<u>(1,419,767)</u>	<u>(98,881)</u>	<u>28,135</u>	<u>(1,490,513)</u>
Other capital assets, net	<u>\$ 1,752,587</u>	<u>\$ 3,406</u>	<u>\$ (7,515)</u>	<u>\$ 1,748,478</u>
Intangible right to use assets:				
Leased assets:				
Buildings	31,312	1,138	(3,164)	29,286
Equipment	971	77	(12)	1,036
Software	67	-	-	67
Total for intangible right to use assets	<u>\$ 32,350</u>	<u>\$ 1,215</u>	<u>\$ (3,176)</u>	<u>\$ 30,389</u>
Less accumulated amortization for:				
Buildings	(3,474)	(3,510)	983	(6,001)
Equipment	(83)	(329)	5	(407)
Software	(2)	(22)	-	(24)
Total accumulated amortization	<u>\$ (3,559)</u>	<u>\$ (3,861)</u>	<u>\$ 988</u>	<u>\$ (6,432)</u>
Intangible right to use assets, net	<u>\$ 28,791</u>	<u>\$ (2,646)</u>	<u>\$ (2,188)</u>	<u>\$ 23,957</u>
Subscription assets:				
Software	-	23,758	-	23,758
Total subscription assets	<u>\$ -</u>	<u>\$ 23,758</u>	<u>\$ -</u>	<u>\$ 23,758</u>
Software	-	(8,404)	-	(8,404)
Total accumulated amortization	<u>\$ -</u>	<u>\$ (8,404)</u>	<u>\$ -</u>	<u>\$ (8,404)</u>
Subscription assets, net	<u>\$ -</u>	<u>\$ 15,354</u>	<u>\$ -</u>	<u>\$ 15,354</u>
Capital and Intangible Right to Use Assets Summary:				
Capital assets not being depreciated or amortized	\$ 176,506	\$ 50,211	\$ (40,296)	\$ 186,421
Other capital assets	3,172,354	102,287	(35,650)	3,238,991
Total cost of capital assets	<u>3,348,860</u>	<u>152,498</u>	<u>(75,946)</u>	<u>3,425,412</u>
Less accumulated depreciation and amortization	<u>(1,419,767)</u>	<u>(98,881)</u>	<u>28,135</u>	<u>(1,490,513)</u>
Capital assets, net	<u>\$ 1,929,093</u>	<u>\$ 53,617</u>	<u>\$ (47,811)</u>	<u>\$ 1,934,899</u>
Intangible right to use assets				
Leased assets	32,350	1,215	(3,176)	30,389
Subscription assets	-	23,758	-	23,758
Total cost of Intangible right to use assets	<u>32,350</u>	<u>24,973</u>	<u>(3,176)</u>	<u>54,147</u>
Less accumulated amortization				
Leased assets	(3,559)	(3,861)	988	(6,432)
Subscription assets	-	(8,404)	-	(8,404)
Total accumulated amortization, intangible right to use asset	<u>(3,559)</u>	<u>(12,265)</u>	<u>988</u>	<u>(14,836)</u>
Intangible right to use assets, net	<u>\$ 28,791</u>	<u>\$ 12,708</u>	<u>\$ (2,188)</u>	<u>\$ 39,311</u>
Total capital and Intangible right to use assets, net	<u>\$ 1,957,884</u>	<u>\$ 66,325</u>	<u>\$ (49,999)</u>	<u>\$ 1,974,210</u>

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.

9. LONG-TERM LIABILITIES

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

2023	Beginning			Ending	
	Balance	Additions	Reductions	Balance	Due within One Year
Real estate purchase agreements payable	\$ 10,895	\$ -	\$ (313)	\$ 10,582	\$ 295
Other post employment benefits (asset) liability	(1,701)	9,022	-	7,321	-
Net pension liability	1,690	468	-	2,158	-
Advances from federal government	14,284	-	(2,255)	12,029	-
Debt service assessment payable to the Commission	31,168	-	(4,497)	26,671	4,538
Leases payable	84,112	411	(3,877)	80,646	3,181
Subscription liabilities	13,807	13,648	(11,512)	15,943	7,880
Bonds payable	772,089	56,500	(24,494)	804,095	24,496
Notes payable	64,448	-	(2,663)	61,785	2,260
Other noncurrent liabilities	34,168	7,513	(6,417)	35,264	-
Total long-term liabilities	\$ 1,024,960	\$ 87,562	\$ (56,028)	\$ 1,056,494	\$ 42,650
2022	Beginning			Ending	
	Balance	Additions	Reductions	Balance	Due within One Year
Real estate purchase agreement payable	\$ 11,195	\$ -	\$ (300)	\$ 10,895	\$ 285
Other post employment benefits liability	30,616	-	(32,317)	(1,701)	-
Net pension liability	4,751	-	(3,061)	1,690	-
Advances from federal government	22,048	-	(7,764)	14,284	-
Debt service assessment payable to the Commission	35,635	-	(4,467)	31,168	4,497
Leases payable	89,516	4,410	(9,814)	84,112	3,235
Subscription liabilities	-	23,490	(9,683)	13,807	8,203
Bonds payable	765,301	20,000	(13,212)	772,089	24,388
Notes payable	67,635	-	(3,187)	64,448	2,630
Other noncurrent liabilities	28,469	10,970	(5,271)	34,168	-
Total long-term liabilities	\$ 1,055,166	\$ 58,870	\$ (89,076)	\$ 1,024,960	\$ 43,238

10. 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 (asset), 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):

	2023		2022
Net OPEB (Asset) Liability	\$ 7,321	\$	(1,701)
Deferred Outflows of Resources	13,581		11,026
Deferred Inflows of Resources	32,550		73,430
Revenues	(8,072)		(1,907)
OPEB Expense	(37,610)		(39,427)
Contributions made by the University	6,339		7,520

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 membership was expanded from eight to ten members with Senate Bill 205 on March 11, 2022, effective 90 days from passage on June 9, 2022. Finance Board members are appointed by the Governor, serve a term of four years and are eligible for reappointment. The State Department of Administration cabinet secretary, or designee, serves as Chairman of the Board and is a voting member. One member represents the hospitals, one member represents the non-hospital health care providers, four members represent labor, education, public employees and public retirees and the 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 similar plans), 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, 2022. 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 (asset) 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, 2023, the net OPEB asset for financial reporting purposes was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022. For the year ended June 30, 2022, the net OPEB liability for financial reporting purposes was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021. 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: 6.65%, net of OPEB plan investment expense, including inflation.
- Projected salary increases: dependent on pension system ranging from 2.75% to 5.18%, including inflation.
- Healthcare cost trend rates: Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by .50% for two years then by .25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.
- Inflation rate: 2.25%.
- Discount rate: 6.65%
- Mortality rates: based on Pub-2010.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.

The long-term investment rate of return of 6.65% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.00% for long-term assets invested with the West Virginia Investment Management Board (“IMB”) and an expected short-term rate of return of 2.5% 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.

2023

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	55.0%	4.8%
Core Plus Fixed Income	15.0%	2.1%
Hedge Fund	10.0%	2.4%
Private Equity	10.0%	6.8%
Core Real Estate	10.0%	4.1%

2022

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	55.0%	4.8%
Core Plus Fixed Income	15.0%	2.1%
Hedge Fund	10.0%	2.4%
Private Equity	10.0%	6.8%
Core Real Estate	10.0%	4.1%

Discount rate. The discount rate used to measure the OPEB liability (asset) was 6.65%. This single discount rate was based on the expected rate of return on OPEB plan investments of 6.65%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with prefunding and investment policies. Based on these 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.

Sensitivity of the net OPEB liability (asset) to changes in the discount rate. The following presents the University's proportionate share of the net OPEB liability (asset) as of June 30, 2023 and June 30, 2022 calculated using the discount rate of 6.65%, as well as what the University's net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.65%) or one percentage point higher (7.65%) than the current rate (dollars in thousands):

2023

	1% Decrease (5.65%)	Current Discount Rate (6.65%)	1% Increase (7.65%)
Net OPEB (asset) liability	\$ 18,817	\$ 7,321	\$ (2,542)

2022

	1% Decrease (5.65%)	Current Discount Rate (6.65%)	1% Increase (7.65%)
Net OPEB liability	\$ 11,179	\$ (1,701)	\$ (13,095)

Sensitivity of the net OPEB liability (asset) to changes in healthcare cost trend rates. The following presents the University's proportionate share of the net OPEB liability (asset) as of June 30, 2023 and June 30, 2022 calculated using the current healthcare cost trend rates, as well as what the University's net OPEB liability (asset) 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):

2023

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB (asset) liability	\$ (4,162)	\$ 7,321	\$ 20,908

2022

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB (asset) liability	\$ (15,382)	\$ (1,701)	\$ 14,116

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

The net OPEB asset at June 30, 2023 was measured as of June 30, 2021 rolled forward to June 30, 2022, which is the measurement date. The total OPEB asset at June 30, 2023 was determined by an actuarial valuation as of June 30, 2021 and rolled forward to the measurement date.

The net OPEB liability at June 30, 2022 measured as of June 30, 2020 rolled forward to June 30, 2021, which is the measurement date. The total OPEB liability at June 30, 2022 was determined by an actuarial valuation as of June 30, 2020 and rolled forward to the measurement date.

At June 30, 2023, the amount recognized as the University's proportionate share of the net OPEB liability was approximately \$7,321,000. At June 30, 2023, the nonemployer contributing entity's (State of West Virginia) portion of the collective net OPEB liability is \$2,508,000 and the total net asset attributable to the University is \$9,829,000.

At June 30, 2022, the amount recognized as the University's proportionate share of the net OPEB liability was approximately (\$1,701,000). At June 30, 2022, the nonemployer contributing entity's (State of West Virginia) portion of the collective net OPEB liability is (\$410,000) and the total net liability attributable to the University is (\$2,111,000).

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, 2022 and June 30, 2021. Employer contributions are recognized when billed. At June 30, 2022, the University's proportion was 6.577692349%, a decrease of .428395743% from its proportion of 7.006088092% calculated as of June 30, 2021. At June 30, 2021, the University's proportion was 7.006088092%, a increase of .171636871% from its proportion of 6.834451221% calculated as of June 30, 2020.

For the year ended June 30, 2023, the University recognized OPEB expense of \$(37,610,000). Of this amount, \$(29,538,000) was recognized as the University's proportionate share of the OPEB expense, and \$(8,072,000) as the amount of OPEB expense attributed to special funding. The University also recognized revenue of \$(8,072,000) for support provided by the State.

For the year ended June 30, 2022, the University recognized OPEB expense of (\$39,427,000). Of this amount, (\$37,520,000) was recognized as the University's proportionate share of the OPEB expense, and (\$1,907,000) as the amount of OPEB expense attributed to special funding. The University also recognized revenue of (\$1,907,000) 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):

2023

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ 1,411	\$ 4,565
Net difference between projected and actual investment earnings	-	9,339
Difference between expected and actual experience	1,136	-
Changes in assumptions	4,695	18,602
Opt-out proportionate share	-	44
Contributions after the measurement date	6,339	-
	<u>\$ 13,581</u>	<u>\$ 32,550</u>

2022

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ 3,506	\$ 27
Net difference between projected and actual investment earnings	-	14,386
Difference between expected and actual experience	-	14,306
Changes in assumptions	-	43,968
Opt-out proportionate share	-	743
Contributions after the measurement date	7,520	-
	<u>\$ 11,026</u>	<u>\$ 73,430</u>

The University will recognize the \$6,339,000 and \$7,520,000 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability (asset) in the years ended June 30, 2023 and 2022, 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, 2024	\$	(24,825)
June 30, 2025		(2,180)
June 30, 2026		(1,387)
June 30, 2027		3,084
	\$	<u>(25,308)</u>

11. 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):

	2023		2022	
Net Pension Liability	\$	2,158	\$	1,690
Deferred Outflows of Resources		569		706
Deferred Inflows of Resources		2,005		4,092
Revenues		356		(64)
Pension Expense		(856)		(1,240)
Contributions Made by the University		270		358

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 Annual Comprehensive 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 <https://www.wvretirement.com/Publications.html#AnnualReport>

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 both June 30, 2022 and 2021, the University's proportionate share attributable to this special funding subsidy was \$0.

The University's contributions to TRS for the years ended June 30, 2023, 2022, and 2021, were approximately \$270,000, \$358,000, and \$450,000, respectively.

Assumptions

For the year ended June 30, 2022, the total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2021 and rolled forward to June 30, 2022. For the year ended June 30, 2021, total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2020 and rolled forward to June 30, 2021. 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, 1994 through fiscal year 2034.
- Investment rate of return of 7.25%, net of pension plan administrative and investment expenses.
- Projected salary increases: Teachers 2.75–5.90% and non-teachers 2.75–6.50%, based on age.
- Inflation rate of 2.75%.
- Discount rate of 7.25%
- Mortality rates based on Pub-2010 General Employees Table
- Withdrawal rates: Teachers 7.00%-35.00% and non-teachers 2.30%-18.00%.
- Disability rates: 0.004%-0.563%
- 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, 2015 to June 30, 2020. 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, 2022 and June 30, 2021 are summarized below.

2023

Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	5.3%	27.5%
International equity	6.1%	27.5%
Fixed income	2.2%	15.0%
Real estate	6.5%	10.0%
Private equity	9.5%	10.0%
Hedge funds	3.8%	10.0%

2022

Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	5.5%	27.5%
International equity	7.0%	27.5%
Fixed income	2.2%	15.0%
Real estate	6.6%	10.0%
Private equity	8.5%	10.0%
Hedge funds	4.0%	10.0%

Discount rate. The discount rate used to measure the total TRS pension liability at June 30, 2023 and June 30, 2022 was 7.25% and 7.25%, respectively. 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 University's proportionate share of the TRS net pension liability as of June 30, 2022 calculated using the discount rate of 7.25%, 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 (6.25%) or one percentage point higher (8.25%) than the current rate, and the University's proportionate share of the TRS net pension liability as of June 30, 2021 calculated using the discount rate of 7.25%, 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 (6.25%) or one percentage point higher (8.25%) than the current rate are as follows (dollars in thousands):

2023

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability	\$ 3,174	\$ 2,158	\$ 1,295

2022

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability	\$ 2,987	\$ 1,690	\$ 589

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, 2022 was measured as of June 30, 2021 rolled forward to June 30, 2022, which is the measurement date. The total pension liability at June 30, 2022 was determined by an actuarial valuation as of July 1, 2021 and rolled forward to the measurement date.

The TRS net pension liability as of June 30, 2021 was measured as of June 30, 2020 rolled forward to June 30, 2021, which is the measurement date. The total pension liability at June 30, 2021 was determined by an actuarial valuation as of July 1, 2020 and rolled forward to the measurement date.

At June 30, 2023, the University's proportionate share of the TRS net pension liability was \$5,828,000. Of this amount, the University recognized approximately \$2,158,000 as its proportionate share on the statement of net position. The remainder of \$3,670,000 denotes the University's proportionate share of net pension liability attributable to the special funding.

At June 30, 2022, the University's proportionate share of the TRS net pension liability was \$5,470,000. Of this amount, the University recognized approximately \$1,690,000 as its proportionate share on the statement of net position. The remainder of \$3,780,000 denotes the University's proportionate share of net pension liability attributable to the special funding.

At June 30, 2023, the amount recognized as the University's proportionate share of the TRS net pension liability was approximately \$2,158,000. TRS measured the net pension liability as of June 30, 2022.

At June 30, 2022, the amount recognized as the University's proportionate share of the TRS net pension liability was approximately \$1,690,000. TRS measured the net pension liability as of June 30, 2021.

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, 2022 and 2021. Employer contributions are recognized when due. At June 30, 2022, the University's proportion was .083889%, a decrease of .024281% from its proportion of .108170% calculated as of June 30, 2021. At June 30, 2021, the University's proportion was .108170%, a decrease of .039346% from its proportion of 0.147516% calculated as of June 30, 2020.

For the year ended June 30, 2023, the University recognized TRS pension expense of \$(856,000). Of this amount, \$(1,212,000) was recognized as the University's proportionate share of the TRS expense and \$304,000 as the amount of pension expense attributable to special funding and \$52,000 as the pension expense related to a non-special funding from a non-employer contributing entity. The University also recognized revenue of \$356,000 for support provided by the State.

For the year ended June 30, 2022, the University recognized TRS pension expense of \$(1,240,000). Of this amount, \$(1,176,000) was recognized as the University's proportionate share of the TRS expense and (\$64,000) as the amount of pension expense attributable to special funding and \$0 as the pension expense related to a non-special funding from a non-employer contributing entity. The University also recognized revenue of (\$64,000) 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):

2023

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ -	\$ 1,988
Net difference between projected and actual investment earnings	87	-
Difference between expected and actual experience	90	17
Contributions after the measurement date	270	-
Changes in assumptions	122	-
	<u>\$ 569</u>	<u>\$ 2,005</u>

2022

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ -	\$ 2,691
Net difference between projected and actual investment earnings	-	1,351
Difference between expected and actual experience	138	50
Contributions after the measurement date	358	-
Changes in assumptions	210	-
	<u>\$ 706</u>	<u>\$ 4,092</u>

The University will recognize the \$270,000 and \$358,000 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, 2023 and 2022, 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, 2024	\$	(860)
June 30, 2025		(506)
June 30, 2026		(459)
June 30, 2027		184
June 30, 2028		(65)
	\$	<u>(1,706)</u>

Payables to the Pension Plan

The University did not report any amounts payable for normal contributions to the TRS as of June 30, 2023 or 2022.

12. BONDS PAYABLE

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

	Original Interest Rate	Annual Principal Installment Due	2023 Principal Amount Outstanding	2022 Principal Amount Outstanding
Revenue Improvement Bonds, 2011 Series A, due through 2026	3.87%	\$ 35 to \$ 62	\$ 6,424	\$ 7,073
Revenue Bonds (Taxable), 2012 Series A, due through 2042	4.50%	\$ 147 to \$ 394	10,330	10,669
Revenue Bonds (Taxable), 2012 Series B, due through 2032	variable rate	\$ 0 to \$ 284	2,581	2,800
Revenue Refunding and Improvement Bonds (Taxable), 2013 Series B, due through 2043	3.63%	\$ 995 to \$ 890	15,630	23,070
Improvement Revenue Bonds (Taxable), 2014 Series B, due through 2043	4.50%	\$ 10,075 to \$ 24,105	79,050	79,050
Improvement Revenue Bonds, 2016 Series A, due through 2046,	5.63%	\$ 0 to \$ 678	15,536	16,215
Revenue Bonds, 2019 Series A, due through 2050	3.11%	\$ 0 to \$ 5,095	82,935	84,425
Revenue Bonds, 2019 Series B, due through 2042	1.89%	\$ 0 to \$ 8,345	39,125	39,125
Revenue Bonds, 2020 Series A, due through 2045	2.46%	\$ 0 to \$ 30,565	367,430	377,785
Revenue Bonds, 2020 Series B, due through 2036	2.20%	\$ 595 to \$ 163	10,378	11,120
Revenue Bonds, 2021 Series A, due through 2045	3.11%	\$ 0 to \$ 7,430	25,670	25,670
Revenue Bonds, 2021 Series B, due through 2042	3.06%	\$ 0 to \$ 7,125	45,005	45,005
Revenue Bonds, 2022 Series A, due through 2036	2.60%	\$ 575 to \$ 1,630	19,425	20,000
Revenue Bonds, 2023 Series A, due through 2038	4.95%	\$ 43 to \$ 445	56,500	-
Unamortized Bond Premium			28,076	30,082
Net Bonds Payable			<u>\$804,095</u>	<u>\$772,089</u>
Current Portion			24,496	24,388
Noncurrent Portion			<u>\$779,599</u>	<u>\$747,701</u>

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:

<u>Bond Issue</u>	<u>Indenture or Supplemental Indenture</u>	<u>Board Resolution</u>
2004 A, B and C	Original	Adopted November 5, 2004
2011A	First Supplemental	Adopted April 8, 2011/Amended August 10, 2011
2011 B	Second Supplemental	Adopted June 6, 2011
2012 A	Third Supplemental	Adopted June 7, 2012
2012 B	Fourth Supplemental	Adopted September 28, 2012
2013 A and B	Fifth Supplemental	Adopted December 13, 2012
2014 A, B and C	Sixth Supplemental	Adopted April 4, 2014
2016 A	Seventh Supplemental	Adopted June 1, 2016
2019 A	Eighth Supplemental	Adopted July 31, 2019
2019 B	Ninth Supplemental	Adopted July 31, 2019
2020 A	Tenth Supplemental	Adopted January 24, 2020
2020 B	Eleventh Supplemental	Dated August 1 2020-Closing August 6, 2020
2011 A	PNC Amendment Twelfth Supplemental	Dated February 1, 2021
2021 A and B	Thirteenth Supplemental	Dated May 1, 2021-Closing May 27, 2021
2022 A	Fourteenth Supplemental	Dated April 22, 2022-Closing April 14, 2022
2023 A	Fifteenth Supplemental	Dated May 1, 2023-Closing May 23, 2023

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 16, 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. 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

During fiscal year 2020 and 2021, the Board issued the 2020 revenue bonds as follows:

2020 Series A On March 10, 2020 the Board issued the 2020 Series A revenue bonds (taxable) in the amount of \$377,785,000. These bonds were used to refinance 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.

2020 Series B On August 6, 2020, the Board issued the 2020 Series B revenue bonds (taxable) in the amount of \$12,500,000. These bonds were used to finance costs of improvements to Milan Puskar Stadium and the Coliseum.

2021 Bonds

On May 27, 2021 the Board issued the 2021 revenue bonds as follows:

2021 Series A The 2021 Series A bonds (tax exempt) were issued in the amount of \$25,670,000. The actual proceeds received was \$33,615,736 of which \$32,297,560 was designated for Hodges Hall and the HSC Infrastructure Phase II projects, \$1,083,844 was for capitalized interest, and \$234,331 was for cost of issuance and underwriter's discount.

2021 Series B The 2021 Series B bonds (taxable) were issued in the amount of \$45,005,000. The actual proceeds equaled \$45,005,000 of which \$43,530,325 was designated for projects related to Athletics and Reynolds Hall, \$1,144,307 was for capitalized interest, and \$330,368 was for cost of issuance and underwriter's discount.

2022 Bonds

On April 14, 2022 the Board issued the 2022 revenue bonds as follows:

2022 Series A The 2022 Series A bonds (taxable) were issued in the amount of \$20,000,000 to finance the design, acquisition, construction, and equipping of certain capital improvements as part of the University annual capital improvements program and to pay the costs of issuance.

2023 Bonds

On May 23, 2023 the Board issued the 2023 revenue bonds as follows:

2023 Series A The 2023 Series A bonds (taxable) were issued in the amount of \$56,500,000 to (a) finance the design, acquisition, construction, and equipping of certain capital improvements as part of the University annual capital improvements program, \$25.0 million, (b) finance Phase I of the ERP Modernization Plan consisting primarily of the preliminary planning, design, development and implementation of the modernized enterprise resource planning platform, including related applications and software, \$31.0 million, and (c) pay the costs of issuance, \$.5 million.

Bond Summary

For the years ended June 30, 2023 and June 30, 2022, the University recorded a deferred loss on refunding of \$13,141,000 and \$13,824,000, respectively, on the statement of net position.

Total principal and interest payments remaining to be paid at June 30, 2023 and 2022 were \$1.118 million and \$1.082 million, respectively. Total gross pledged revenue for fiscal year 2023 and 2022 was \$149.8 million and \$140.2 million, respectively.

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

Fiscal Year Ending June 30,	Principal	Interest	Total Payments
2024	\$ 22,490	\$ 25,498	\$ 47,988
2025	29,526	24,775	54,301
2026	30,232	24,086	54,318
2027	33,644	23,226	56,870
2028	30,051	22,447	52,498
2029-2033	159,066	99,570	258,636
2034-2038	179,730	74,298	254,028
2039-2043	183,187	39,866	223,053
2044-2048	98,154	7,348	105,502
2049-2050	9,939	503	10,442
Bonds Payable	<u>776,019</u>	<u>\$ 341,617</u>	<u>\$ 1,117,636</u>
Unamortized Bond Discount	-		
Unamortized Bond Premium	<u>28,076</u>		
Net Bonds Payable	<u>804,095</u>		
Current Portion	24,496		
Noncurrent Portion	<u>\$ 779,599</u>		

13. LESSEE ARRANGEMENTS

The University leases real estate, equipment and software from external parties. The general terms of these lease agreements are as follows:

Lease Type	Description	Lessee	Related Party		Lease Term	Payment Frequency	Payment Amount
			Lessor	Rate			
Real Estate	One Waterfront Place	WVU	WVU Foundation	2.96%	5/18/2001 - 5/31/2031	Monthly	\$ 164,583
Real Estate	Riddle Court	WVU		3.03%	12/31/2020 - 12/31/2023	Monthly	2,325-2,450
Equipment	Postage and Mail	WVU		20.44%	9/1/2018 - 8/30/2023	Quarterly	1,237
Equipment	Postage and Mail	WVU		20.44%	1/1/2020 - 12/31/2024	Quarterly	3,688
Equipment	Postage and Mail	WVU		20.44%	1/1/2020 - 12/31/2024	Quarterly	1,940
Real Estate	Evansdale Crossing	WVU	WVU Connector	2.96%	7/1/2020 - 11/30/2055	Monthly	185,453
Equipment	Library	WVU		2.96%	3/1/2020 - 2/28/2025	Annually	35,073
Real Estate	HSC Fresh Kitchen	WVU	HSC Fresh	4.18%	9/1/2019 - 8/31/2036	Monthly	31,445
Real Estate	University Park Grab n Go	WVU	University Park at Evansdale	2.96%	8/1/2015 - 12/31/2054	Monthly	3,817
Real Estate	Putnam County Extension	WVU		3.05%	6/1/2021 - 8/31/2023	Monthly	1,500
Equipment	Postage and Mail	WVU		3.05%	5/10/2021-5/9/2026	Quarterly	637
Real Estate	Ridgeview Business Park	WVU		3.03%	7/1/2020-6/30/2024; 2 year renewal option assumed	Monthly	1,915
Equipment	Quadient Leasing	WVU		3.03%	10/1/2022-10/1/2027	Quarterly	814
Real Estate	CED Building on Hartman Run Road	WVU		3.05%	8/1/2016 - 7/31/2026	Monthly	33,370
Real Estate	Capitol Street in Charleston, WV	WVU		3.03%	1/1/2020 - 12/31/2024	Monthly	2,831-2,917
Equipment	Microscope	WVU		3.05%	6/1/2021 - 5/31/2024	Monthly	21,322
Software	Microscope Software	WVU		3.05%	6/1/2021 - 5/31/2024	Monthly	1,948
Equipment	Postage and Mail	WVU		2.96%	12/30/2019 - 12/29/2024	Quarterly	2,373
Equipment	Postage and Mail	WVU		3.05%	3/1/2021 - 2/29/2024	Quarterly	533
Equipment	Postage and Mail	WVU		20.44%	8/1/2019 - 7/30/2024	Quarterly	1,014
Real Estate	Building on Canyon Road	WVURC		3.05%	9/16/2017 - 3/28/2026; renewal through 3/28/2031	Monthly	10,827
Real Estate	Office Space in Washington, DC	WVURC		3.03%	11/17/2017 - 12/31/2026	Monthly	2,601-2,660
Real Estate	Office Space on Dents Run Road	WVURC		3.05%	8/1/2019 - 3/31/2025	Monthly	6,348
Real Estate	Equities House in Charleston, WV	WVURC		2.96%	3/1/2019 - 6/30/2024	Monthly	31,212
Equipment	Scientific Equipment	WVURC		3.05%	9/30/2021-9/29/2023	Monthly	2,791
Real Estate	Office Space in Martinsburg, WV	WVURC		3.03%	9/1/2022 - 8/31/2024	Monthly	1,770
Real Estate	Office Space in Lewisburg, WV	WVURC		3.05%	10/1/2021-9/30/2023; assumed by RC 4/27/2022	Monthly	4,378

The future lease payments are discounted using the interest rate charged by the lessor or the interest rate implicit in the lease. If the interest rate could not be readily determined, the estimated incremental borrowing rate was used.

The scheduled principal and interest payments to maturity are as follows (dollars in thousands):

Fiscal Year Ending June 30,	Principal	Interest
2024	\$ 3,181	\$ 2,513
2025	3,012	2,397
2026	3,016	2,293
2027	2,702	2,202
2028	2,732	2,114
2029-2033	10,429	9,312
2034-2038	4,666	8,043
2039-2043	4,113	7,362
2044-2048	4,769	6,726
2049-2053	5,528	5,989
2054-2058	6,241	5,138
2059-2063	7,157	4,179
2064-2068	8,297	3,072
2069-2073	9,619	1,789
2074-2076	5,184	380
Lease Payable	<u>\$ 80,646</u>	<u>\$ 63,509</u>
Current Portion	<u>3,181</u>	
Noncurrent Portion	<u><u>\$ 77,465</u></u>	

There were no variable lease payments, residual value guarantees, or termination penalties not previously included in the measurement of the related lease liabilities during the years ended June 30, 2023 and 2022. The monthly payments on the University Grab-n-Go lease are adjusted according to the Consumer Price Index (CPI-U Urban Consumers South Region All Items) every five years; such adjustments cannot exceed 3% per year unless mutually agreed upon by both parties.

See Note 8 for balances and changes in intangible right-to-use assets at June 30, 2023 and 2022.

14. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The University has entered into various subscription-based information technology arrangements with external vendors. The subscription term of these contracts vary and range from January 1, 2018 through June 30, 2029. Most payments are annual. Payment amounts range from \$608 to \$1,144,420. If the interest rate was not readily determinable, the University's incremental borrowing rate was used.

The scheduled principal and interest payments to maturity are as follows (dollars in thousands):

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 7,880	\$ 466
2025	4,871	241
2026	1,717	97
2027	1,403	45
2028	35	-
2029-2033	37	-
Subscription Liabilities	<u>\$ 15,943</u>	<u>\$ 849</u>
Current Portion	<u>7,880</u>	
Noncurrent Portion	<u>\$ 8,063</u>	

There were no variable payments or termination penalties not previously included in the measurement of the related subscription liabilities during the years ended June 30, 2023 and 2022.

See Note 8 for balances and changes in subscription assets at June 30, 2023 and 2022.

15. PUBLIC PRIVATE PARTNERSHIPS

The University has entered into various public private partnerships for the development of residential and retail facilities.

- a. *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. An additional \$14.6 million of capital assets (buildings, land improvements and infrastructure) were transferred to the University in fiscal year 2016.

The agreement stipulates that WVCH will retain all rents collected at the facility and will provide a percentage of net revenue annually to the University. The University will provide for any shortfall in the payment of scheduled principal and interest on the project loan and any interest related swap or other hedging transaction as required through June 30, 2025. WVCH will pay the University a management fee of 4% of gross revenues for management of the project, excluding the commercial leasing portion. WVCH will reimburse the University for other expenses incurred in the ordinary course of managing the project. WVCH may make annual distributions to the University after rents due to the University are paid so long as the operating accounts contain sufficient working capital. WVCH will also pay the University \$5.9 million, with an annual cap of \$737,500, based on cash available after payment of principal and interest on the project loan and reimbursement of current year project expenses, to reimburse the University for indirect fixed costs associated with student life activities.

- b. *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 leases the land to UPE. UPE constructed improvements upon the land and transferred the improvements to the University. The University leases 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. UPE will pay the University a management fee of 4% of gross revenues for management of the project, excluding the commercial leasing portion. UPE will reimburse the University for reasonable expenses incurred in the ordinary course of rendering services under the management and operating agreement.

Under a sublease agreement with UPE, UPE subleases the Grab-n-Go premises at University Park to the University. (See Note 13 for more information.)

- c. *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 \$369,000 and \$382,000 and additional lease payments of \$652,000 and \$481,000 to DCPA as of June 30, 2023 and 2022, respectively.

DCPA obtained financing for the project in an amount not to exceed \$40.0 million. The University'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 became 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.

- d. *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 leased the property to WVU Connector and WVU Connector constructed 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. WVU Connector will pay the University a management fee of 1% of gross rental revenues for management of the project. The University will pay common area maintenance ("CAM") fees to WVU Connector and cover operating expenses in excess of CAM.

Under a sublease agreement with WVU Connector, WVU Connector subleases space at Evansdale Crossing to the University. (See Note 13 for more information.)

16. 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, 2023 and June 30, 2022 was approximately \$14.8 million and \$15.5 million, respectively. Total interest paid through June 30, 2023 and June 30, 2022 was approximately \$5,559,000 and \$4,850,000, respectively. Total facilities and administrative revenues earned by HSC during fiscal year 2023 and 2022 were \$19.1 million and \$18.7 million, respectively. Total pledged revenue as of June 30, 2023 and June 30, 2022 was \$13.4 million and \$13.1 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 bore interest rate of 3.50% until June 28, 2021, at which time the loan bore interest at a fixed rate equal to the five-year USD Libor Swap Rate plus 2.150 percentage points. Interest only was payable on this note from July 28, 2017, to and including December 28, 2020. The amortization term was ten years. The proceeds of this loan were used to pay WVUIC's equipment lease/purchase agreement with United Bank in full. This loan was secured by certain property of WVUIC.

In fiscal year 2021, effective for the time period of May 28, 2021 through July 28, 2021, United Bank deferred payment of principal and interest on this loan. During this period, WVUIC made a payment of \$2,500,000 that applied principal and interest. On August 28, 2021 payment of principal and interest resumed per the revised amortization schedule which reflected a lower monthly payment.

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

The WVUIC loan contained 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 have declared the entire unpaid principal balance and accrued interest to be immediately due and payable in full and may have had the right of setoff against receivables. United Bank may also have taken possession of the collateral; rendered the collateral unusable; used, operated, managed, controlled, maintained or disposed of the collateral.

On January 31, 2022, WVUIC entered into an asset purchase agreement with Energy Environmental Analytics, LLC for the purchase of assets and transfer of liabilities of the CAFEE, which included the transfer of this lease agreement. (Also see Note 24.)

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

Fiscal Year	Principal	Interest
Ending June 30,		
2024	\$ 2,260	\$ 2,662
2025	2,381	2,714
2026	2,431	2,614
2027	2,125	2,511
2028	1,806	2,422
2029-2033	10,472	10,666
2034-2038	10,453	7,949
2039-2043	5,389	6,076
2044-2048	6,729	4,736
2049-2053	8,403	3,062
2054-2058	9,336	983
	<u>61,785</u>	<u>46,395</u>
Current Portion	<u>2,260</u>	
Noncurrent Portion	<u>\$ 59,525</u>	

Financed purchases – As part of the implementation of GASB Statement No. 87, the University reclassified certain capital leases to notes payable as the contracts transfer ownership of the underlying asset to the University by the end of the contract term and do not contain termination options. These contracts include agreements with Siemens Building Technologies, Inc. for Phases I and III of the Energy Performance contracts which were financed by lease purchase agreements with Suntrust Leasing Corporation (“Suntrust”); a lease purchase agreement with Key Government Finance, Inc.; and a lease purchase agreement with Dell Financial Services, LLC. Branch Banking and Trust Company (BB&T) and Suntrust merged in 2019 to become Truist Bank. As a result of this merger, Suntrust Leasing Corporation has been renamed Truist Equipment Finance Corporation (“Truist”).

17. REAL ESTATE PURCHASE AGREEMENTS PAYABLE

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 \$0 at both June 30, 2023 and June 30, 2022. 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,	<u>Principal</u>	<u>Interest</u>
2024	\$ 302	\$ 394
2025	<u>10,517</u>	<u>106</u>
Real Estate Purchase Agreements Payable	<u>10,819</u>	<u>500</u>
Current Portion	<u>302</u>	
Noncurrent Portion	<u><u>\$ 10,517</u></u>	

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

18. 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
2023	\$ 4,538	\$ 6,078
2024	4,596	6,021
2025	4,672	5,946
2026	4,756	5,861
2027	4,854	5,761
2028-2031	3,255	17,145
Debt Service Assessment Payable to the Commission	\$ 26,671	\$ 46,812
Current Portion	4,538	
Noncurrent Position	\$ 22,133	

19. 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 11 for information regarding TRS.)

The TIAA-CREF plan is a defined-contribution benefit plan in which benefits are based upon amounts contributed plus investment earnings. Each employee who elects to participate in this plan 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
2023	\$ 31,700	\$ 31,700	\$ 63,400
2022	30,900	30,900	61,800
2021	29,600	29,600	59,200

The University's total payroll for fiscal years 2023, 2022, and 2021 was \$605.1 million, \$565.1 million, and \$538.3 million, respectively; total covered employees' salaries in TIAA-CREF were approximately \$528.2 million in fiscal year 2023, \$519.6 million in fiscal year 2022, and \$497.9 million in fiscal year 2021, respectively.

20. 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, 2023, the University was committed to an additional purchase of \$1.6 million to meet the minimum steam purchase requirement for the contract year ended September 30, 2023. 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 \$2.4 million at June 30, 2023.
- c. *Other Commitments* – The University is involved in legal action regarding 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, 2023 and 2022.

21. 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 Innovation Corporation (“WVUIC”); 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. The University leases certain land and building space on the Health Science Center campus to the Morgantown practice plan on a short-term basis or for a nominal amount.

Total funds disbursed to the Morgantown practice plan and total funds collected from the Morgantown practice plan totaled \$3.2 million and \$61.5 million in fiscal year 2023 and \$3.3 million and \$52.3 million in fiscal year 2022, respectively. Accounts receivable at June 30, 2023 and 2022 includes \$3.8 million and \$8.4 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, 2023 or 2022.

- 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 \$9.3 million in fiscal year 2023 and \$6.3 million in fiscal year 2022, respectively. Accounts receivable at June 30, 2023 and 2022 includes \$.3 million and \$1.1 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, 2023 or 2022. There were no funds disbursed to the Charleston practice plan in fiscal year 2023 or 2022.

- 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 \$5.0 million in fiscal year 2023 and \$4.5 million in fiscal year 2022, respectively. Accounts receivable at June 30, 2023 and 2022 includes \$.3 million and \$.6 million for such items as medical malpractice insurance and salary support. There were no amounts due to the Eastern practice plan at June 30, 2023 or 2022. There were no funds disbursed to the Eastern practice plan in fiscal years 2023 or 2022.

- 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 \$1.9 million in fiscal year 2023 and \$1.2 million in fiscal year 2022, respectively. Accounts receivable at June 30, 2023 and 2022 includes \$.7 million and \$1.0 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, 2023 or 2022. There were no funds disbursed to the dental practice plan in fiscal year 2023 or 2022.

- 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. The University leases certain land and building space on the Health Science Center campus to the Hospital on a short-term basis or for a nominal amount.

During fiscal years 2023 and 2022, \$50.6 million and \$48.1 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, 2023 and 2022 include \$2.1 million and \$1.6 million, respectively, due from WVUH for such items. During fiscal years 2023 and 2022, \$105,000 and \$82,000, respectively, was paid to WVUH for rent and other services. Accounts payable at June 30, 2023 and 2022 were \$4,000 and \$0, respectively, for such items.

- f. *West Virginia University Innovation Corporation (WVUIC)* – Effective April 1, 2022, WVUIC’s bylaws were amended and restated such that the West Virginia United Health System, Inc. (“WVUHS”) and the University have equal equal voting control in WVUIC through appointment of 50% each of the Board of Directors of WVUIC. Also effective April 1, 2022, an asset purchase agreement was executed whereby WVUIC acquired a former pharmaceutical manufacturing facility from Viartis, Inc., Mylan, Inc. and Mylan Pharmaceuticals, Inc. at a purchase price of \$1. According to the purchase agreement, the facility cannot be sold for the first 12 years from the date the facility was acquired. The facility is no longer being operated as a pharmaceutical manufacturing facility and WVUIC intends to sub-divide, market and lease the space to potential future tenants. During the first two years of WVUIC’s operation of the facility, costs and excess revenues will be allocated 75% to WVUHS and 25% to the Corporation. WVUHS has control over WVUIC through a management services and operation agreement with WVUIC and economic interest, thus WVUIC’s financial statements are included in the consolidated financial statements for WVUHS.

During fiscal year 2023, the Corporation paid \$1,148,000 to WVUIC for its allocated share of WVUIC’s operating margin from April 1, 2022 through June 30, 2023.

- g. *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.

On November 4, 2021, the University and the Association entered into a master administrative agreement. Under this agreement, as of January 3, 2022, the University will supervise, direct, control and manage the operations of the Association, including alumni relations strategy, in collaboration and consultation with the Association. The Association will continue to manage alumni data, fundraising for the Association, and communications related to alumni development efforts and will retain ownership of the Erickson Alumni Center (“the Center”). Also under this agreement, outstanding debt due to the University from the Association of \$3,073,138 was written off during fiscal year 2022; this included amounts due for salaries, fringe benefits, postage and other expenses. Additionally, current Association staff officially became employees of the University on or before January 3, 2022 and the University will provide the Association with the following services at no cost: information technology services; financial, accounting, and risk management services; communication and marketing services; legal services; business services including mail, facilities management, construction and maintenance management, and procurement; human resources support; support for the development of corporate sponsorships; government relations services; and other general administrative services.

The Association was billed \$1,180,000 for contracted services provided by the University during fiscal year 2023; \$756,000 was forgiven. The Association owed the University \$424,000 at June 30, 2023 for contracted services.

Prior to the execution of this master administrative agreement, employees of the Association were paid through the University. The University funded a portion of their salary and fringe benefits through State funds and graduate fees. The University funded \$681,000 for the year ended June 30, 2022. The Association owed the University \$2,685,000 related to payroll, postage and other expenses as of June 30, 2021. As of June 30, 2021, the University did not expect to collect this receivable and recorded an allowance for uncollectible accounts of \$2.7 million. This receivable was written off during fiscal year 2022, in addition to \$388,000 of expenses incurred during fiscal year 2022.

The Alumni Center provided University departments with meeting rooms and catered events throughout the year. Catering and rental revenue received from the University was approximately \$856,000 and \$532,000 for the years ended June 30, 2023 and 2022, respectively.

The Center is located on land leased from the University for rent of \$1 per year. The term of this land lease is for forty years with options to renew for additional forty year periods.

On November 4, 2021, the University and the Association entered into a facilities management agreement under which the University will manage and oversee the operations of the Center. This agreement declared the parking lot shared use agreement, dated July 11, 2012, null and void; under this agreement, the Association paid the University \$80,000 per year for the use of the parking lots at the center. The use of this parking lot is included in the amount of in-kind services provided during fiscal year 2022.

h. *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"), now Truist.

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, 2023 was \$251,024 and \$16,020, respectively. The outstanding notes receivable due from Parkersburg and BridgeValley at June 30, 2022 was \$574,295 and \$36,652, respectively. Interest earned during fiscal year 2023 for the notes related to Parkersburg and BridgeValley was \$18,132 and \$1,157, respectively. Interest earned during fiscal year 2022 for the notes related to Parkersburg and BridgeValley was \$30,725 and \$1,961, respectively. This interest is recorded as investment income on the statement of revenues, expenses, and changes in net position.

- i. *Public Private Partnerships* — The University has entered into various public private partnerships for the development of residential and retail facilities. See Note 14 for additional information.
- j. *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.

This agreement meets the criteria of a service concession arrangement. See Note 22 for additional information.

- k. *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 project was completed in August 2016.

In September 2018, HSC Fresh Kitchen sold all furniture, equipment and machinery of the project to the University. During fiscal year 2021, the lease and development agreement between HSC Fresh Kitchen and the University was amended and the University entered into a sublease of the premises as HSC Fresh Kitchen will no longer operate the Market.

22. 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 \$2.8 billion and \$2.7 billion at June 30, 2023 and 2022, respectively, with net assets of \$1.2 billion at both June 30, 2023 and 2022. Gifts, grants, pledges and bequests to the Foundation totaled \$77.0 million and \$113.8 million in fiscal years 2023 and 2022, respectively.

Total funds expended by the Foundation in support of University activities totaled \$124.6 million and \$78.2 million in fiscal years 2023 and 2022, 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.

In addition to the lease of One Waterfront (see Note 13), the University has an agreement with the Foundation to lease spaces in the parking garage of One Waterfront. The payments are variable and are recognized as expenses in the period incurred.

23. 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*”. SCA’s 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 \$126,000 and \$76,000 at June 30, 2023 and 2022, respectively, for reimbursable project expenses. At June 30, 2023, the University recognized management fee revenue and its share of the net revenue of \$96,000 and \$68,000 respectively. At June 30, 2022, the University recognized management fee revenue and its share of the net revenue of \$92,000 and \$206,000, respectively. This revenue is included in revenue from auxiliary enterprises on the statement of revenues, expenses and changes in net position.

24. DISPOSAL OF OPERATIONS

On January 31, 2022, WVUIC entered into an asset purchase agreement with Energy Environmental Analytics, LLC for the purchase of assets and transfer of liabilities of the Center of Alternative Fuels, Engines and Emissions (“CAFEE”). As a result of this agreement, WVUIC recorded a loss on disposal of operations of \$2,667,000. The University also recognized a gain of \$26,000 on the termination of the lease that was transferred as part of this agreement; this gain is netted against the loss on disposal.

25. 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, 2023 or 2022.

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, 2023 and 2022, the University has recorded a liability of \$0 and \$150,000, respectively, for asbestos removal in accordance with the provisions of GASB.

26. BLENDED COMPONENT UNIT

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

2023

Statement of Net Position

	WVU Excluding Component Unit	WVU Research Corporation	Eliminations	WVU Combined
ASSETS				
Current Assets	\$ 244,970	\$ 97,768	\$ -	\$ 342,738
Accounts receivable - Research Corporation	16,991	-	(16,991)	-
Leases receivable - WVU, current portion	-	339	(339)	-
Total Noncurrent Assets	261,961	98,107	(17,330)	342,738
Capital and intangible right to use assets, net	1,883,410	65,488	-	1,948,898
Intangible right to use assets - Intra-Entity leases, net	325	-	(325)	-
Other noncurrent assets	200,111	1,516	-	201,627
Total Noncurrent Assets	2,083,846	67,004	(325)	2,150,525
TOTAL ASSETS	2,345,807	165,111	(17,655)	2,493,263
DEFERRED OUTFLOWS OF RESOURCES	27,291	-	-	27,291
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,373,098	\$ 165,111	\$ (17,655)	\$ 2,520,554
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Current Liabilities	\$ 212,157	\$ 51,403	\$ -	\$ 263,560
Accounts payable - WVU	-	16,991	(16,991)	-
Leases payable - Corporation, current portion	329	-	(329)	-
Total current liabilities	212,486	68,394	(17,320)	263,560
Noncurrent Liabilities	958,873	54,971	-	1,013,844
Leases payable - Corporation	-	-	-	-
Total noncurrent liabilities	958,873	54,971	-	1,013,844
TOTAL LIABILITIES	1,171,359	123,365	(17,320)	1,277,404
DEFERRED INFLOWS OF RESOURCES	77,236	441	(325)	77,352
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	\$ 1,248,595	\$ 123,806	\$ (17,645)	\$ 1,354,756
NET POSITION				
Net investment in capital assets	\$ 991,185	\$ 15,775	\$ -	\$ 1,006,960
Restricted Nonexpendable	15,776	-	-	15,776
Restricted Expendable	58,958	-	-	58,958
Unrestricted net position (deficit)	58,574	25,530	-	84,104
Total Net Position	\$ 1,124,493	\$ 41,305	\$ -	\$ 1,165,798

2023

Statement of Revenues, Expenses and Changes in Net Position

	WVU Excluding Component Unit	WVU Research Corporation	Eliminations	WVU Combined
OPERATING REVENUES				
Student tuition and fees, net	\$ 400,975	\$ -	\$ -	\$ 400,975
Federal land grants	11,356	-	-	11,356
Local land grants	1,403	-	-	1,403
Federal grants and contracts	15,363	102,420	-	117,783
State grants and contracts	35,341	35,792	-	71,133
Local grants and contracts	237	190	-	427
Nongovernmental grants and contracts	94,917	18,148	-	113,065
Sales and services of educational departments	12,688	502	-	13,190
Auxiliary Enterprises, net	129,710	-	-	129,710
Interest on student loans receivable	297	-	-	297
Net operating revenue from the Research Corporation	-	2,611	(2,611)	-
Net Operating Revenue from WVUIC	-	-	-	-
Net service agreement revenue from Parkerburg	250	-	-	250
Other operating revenues	7,136	55	-	7,191
Total operating revenues	709,673	159,718	(2,611)	866,780
OPERATING EXPENSES				
Depreciation and amortization	125,333	3,520	-	128,853
Net operating expenses to the Research Corporation	2,611	-	(2,611)	-
Amortization - intra-entity leases	325	-	(325)	-
Other operating expenses	933,582	162,293	-	1,095,875
Total operating expenses	1,061,851	165,813	(2,936)	1,224,728
OPERATING (LOSS) INCOME	(352,178)	(6,095)	325	(357,948)
NONOPERATING REVENUES (EXPENSES)				
State appropriations	183,007	-	-	183,007
State Lottery appropriations	3,718	-	-	3,718
Payments on behalf of the University	(7,417)	-	-	(7,417)
Gifts	97,896	15,141	-	113,037
Federal Pell grants	25,443	-	-	25,443
ARPA Act revenues	-	-	-	-
Investment income	17,391	1,750	-	19,141
Interest on capital asset-related debt	(25,497)	(2,531)	-	(28,028)
Interest expense to the Corporation	(15)	-	15	-
Assessments by Commission for debt service	(6,338)	-	-	(6,338)
Debt issuance costs	(188)	-	-	(188)
Other nonoperating expenses - net	(762)	(14)	-	(776)
Net nonoperating revenues	287,238	14,346	15	301,599
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(64,940)	8,251	340	(56,349)
Capital grants and gifts	48,753	182	-	48,935
Loss on disposal of operations	-	-	-	-
Capital bond proceeds from State	-	-	-	-
Bond/capital projects proceeds	-	-	-	-
from the Higher Education Policy Commission	-	-	-	-
TRANSFER OF ASSETS TO THE UNIVERSITY	8,056	(8,056)	-	-
TRANSFER OF ASSETS FROM THE UNIVERSITY	(596)	596	-	-
INCREASE IN NET POSITION	(8,727)	973	340	(7,414)
NET POSTION - BEGINNING OF YEAR	1,133,220	39,992	-	1,173,212
NET POSITION - END OF YEAR	\$ 1,124,493	\$ 40,965	\$ 340	\$ 1,165,798

2023

Statement of Cash Flows

	WVU Excluding Component Unit	WVU Research Corporation	WVU Combined
Cash Provided By (Used In):			
Operating Activities	\$ (271,845)	\$ (10,230)	\$ (282,075)
Noncapital Financing Activities	304,522	15,142	319,664
Capital Financing Activities	(57,236)	(11,229)	(68,465)
Investing Activities	31,561	663	32,224
INCREASE IN CASH AND CASH EQUIVALENTS	\$ 7,002	\$ (5,654)	\$ 1,348
Cash and Cash Equivalents, Beginning of Year	\$ 164,078	\$ 39,683	\$ 203,761
Cash and Cash Equivalents, End of Year	\$ 171,080	\$ 34,029	\$ 205,109

2022

Statement of Net Position

	WVU Excluding Component Unit	WVU Research Corporation	WVU Innovation Corporation	Eliminations	WVU Combined
Assets					
Current Assets	\$ 265,325	\$ 93,735	\$ -	\$ -	\$ 359,060
Accounts receivable - Research Corporation	15,310	-	-	(15,310)	-
Accounts receivable - WVUIC, current portion	-	-	-	-	-
Leases receivable - WVU, current portion	-	329	-	(329)	-
Total Noncurrent Assets	280,635	94,064	-	(15,639)	359,060
Capital and intangible right to use assets, net	1,907,771	66,439	-	-	1,974,210
Accounts receivable - WVUIC	-	-	-	-	-
Leases receivable - WVU	-	339	-	(339)	-
Other noncurrent assets	191,469	1,333	-	-	192,802
Total Noncurrent Assets	2,099,240	68,111	-	(339)	2,167,012
TOTAL ASSETS	2,379,875	162,175	-	(15,978)	2,526,072
DEFERRED OUTFLOWS OF RESOURCES	25,556	-	-	-	25,556
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,405,431	\$ 162,175	\$ -	\$ (15,978)	\$ 2,551,628
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Current Liabilities	\$ 223,214	\$ 50,158	\$ -	\$ -	\$ 273,372
Accounts Payable - WVU	-	15,310	-	(15,310)	-
Accounts Payable - WVUIC, Current Portion	-	-	-	-	-
Leases Payable - Corporation, Current Portion	329	-	-	(329)	-
Total Current Liabilities	223,543	65,468	-	(15,639)	273,372
Noncurrent Liabilities	926,869	56,554	-	-	983,423
Accounts Payable - WVUIC	-	-	-	-	-
Leases payable - Corporation	339	-	-	(339)	-
Total Noncurrent Liabilities	927,208	56,554	-	(339)	983,423
TOTAL LIABILITIES	1,150,751	122,022	-	(15,978)	1,256,795
DEFERRED INFLOWS OF RESOURCES	121,460	161	-	-	121,621
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	\$ 1,272,211	\$ 122,183	\$ -	\$ (15,978)	\$ 1,378,416
NET POSITION					
Net investment in capital assets	\$ 1,026,250	\$ 15,418	\$ -	\$ -	\$ 1,041,668
Restricted Nonexpendable	15,109	-	-	-	15,109
Restricted Expendable	59,598	-	-	-	59,598
Unrestricted net position (deficit)	32,263	24,574	-	-	56,837
Total Net Position	\$ 1,133,220	\$ 39,992	\$ -	\$ -	\$ 1,173,212

2022

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	\$ 417,624	\$ -	\$ -	\$ -	\$ 417,624
Federal land grants	9,132	-	-	-	9,132
Local land grants	1,240	-	-	-	1,240
Federal grants and contracts	14,050	87,662	132	-	101,844
State grants and contracts	42,712	28,946	-	-	71,658
Local grants and contracts	201	164	-	-	365
Nongovernmental grants and contracts	90,098	19,553	645	-	110,296
Sales and services of educational departments	11,800	257	-	-	12,057
Auxiliary Enterprises, net	124,564	-	-	-	124,564
Interest on student loans receivable	443	-	-	-	443
Net operating revenue from the Research Corporation	-	1,625	-	(1,625)	-
Net Operating Revenue from WVUIC	(1,160)	-	10,662	(9,502)	-
Net service agreement revenue from Parkerburg	250	-	-	-	250
Other operating revenues	6,364	193	11	-	6,568
Total operating revenues	717,318	138,400	11,450	(11,127)	856,041
OPERATING EXPENSES					
Depreciation and amortization	107,341	3,429	376	-	111,146
Net operating expenses to University	-	-	-	-	-
Net operating expenses to WVUIC	(903)	9,502	903	(9,502)	-
Other operating expenses	924,647	133,803	1,291	-	1,059,741
Total operating expenses	1,032,710	146,734	2,570	(11,127)	1,170,887
OPERATING (LOSS) INCOME	(315,392)	(8,334)	8,880	-	(314,846)
NONOPERATING REVENUES (EXPENSES)					
State appropriations	162,091	-	-	-	162,091
State Lottery appropriations	3,647	-	-	-	3,647
Payments on behalf of the University	(1,596)	2	-	-	(1,594)
Gifts	66,794	13,788	-	-	80,582
Federal Pell grants	25,855	-	-	-	25,855
CARES Act revenues	-	-	-	-	-
ARPA Act revenues	53,962	-	-	-	53,962
Investment income	(26,862)	(1,948)	-	-	(28,810)
Interest on capital asset-related debt	(24,906)	(2,309)	(32)	-	(27,247)
Interest expense to the Corporation	(24)	24	-	-	-
Assessments by Commission for debt service	(6,368)	-	-	-	(6,368)
Debt issuance costs	(121)	-	-	-	(121)
Interest revenue from the University	-	-	-	-	-
Other nonoperating expenses - net	624	(4)	-	-	620
Net nonoperating revenues	253,096	9,553	(32)	-	262,617
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(62,296)	1,219	8,848	-	(52,229)
Capital grants and gifts	55,564	4	-	-	55,568
Bond/capital projects proceeds from the Higher Education Policy Commission	-	-	-	-	-
TRANSFER OF ASSETS TO THE UNIVERSITY	6,025	(6,025)	-	-	-
TRANSFER OF ASSETS FROM THE UNIVERSITY	(714)	714	-	-	-
INCREASE IN NET POSITION	(1,421)	(4,088)	6,181	-	672
NET POSTION - BEGINNING OF YEAR	1,140,409	44,080	(6,181)	-	1,178,308
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(5,768)	-	-	-	(5,768)
NET POSITION--BEGINNING OF YEAR, AS RESTATED	1,134,641	44,080	(6,181)	-	1,172,540
NET POSITION - END OF YEAR	\$ 1,133,220	\$ 39,992	\$ -	\$ -	\$ 1,173,212

2022

Statement of Cash Flows

	WVU Excluding Component Unit	WVU Research Corporation	WVU Innovation Corporation	WVU Combined
Cash Provided By (Used In):				
Operating Activities	\$ (223,962)	\$ 5,502	\$ (1,811)	\$ (220,271)
Noncapital Financing Activities	307,464	13,784	-	321,248
Capital Financing Activities	(94,289)	(11,641)	(399)	(106,329)
Investing Activities	1,436	110	2,107	3,653
INCREASE IN CASH AND CASH EQUIVALENTS	\$ (9,351)	\$ 7,755	\$ (103)	\$ (1,699)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	\$ 173,431	\$ 31,928	\$ 101	\$ 205,460
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 164,080	\$ 39,683	\$ (2)	\$ 203,761

27. 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 2023	AUXILIARIES As of/Year Ended 2022
CONDENSED SCHEDULES OF NET POSITION		
Assets and Deferred Outflows of Resources:		
Current Assets	\$ 56,059	\$ 65,441
Noncurrent and Capital Assets	1,269,978	1,272,743
Total Assets	<u>1,326,037</u>	<u>1,338,184</u>
Deferred Outflows of Resources:		
Deferred Loss on Refunding	13,141	13,824
Deferred Outflows Related to Pensions	-	83
Deferred Outflows Related to Other Post Employment Benefits	761	684
Total Assets and Deferred Outflows of Resources	<u>\$ 1,339,939</u>	<u>\$ 1,352,775</u>
Liabilities, Deferred Inflows, and Net Position:		
Current Liabilities	\$ 58,029	\$ 64,036
Long-Term Liabilities	881,890	852,751
Total Liabilities	<u>939,919</u>	<u>916,787</u>
Deferred Inflows of Resources:		
Deferred service concession arrangements	32,073	33,081
Deferred inflows related to Dining Services Contract	6,742	7,416
Deferred inflows related to pensions	-	151
Deferred inflows related to Other Post Employment Benefits	1,823	5,309
Total Liabilities and Deferred Inflows of Resources	<u>\$ 980,557</u>	<u>\$ 962,744</u>
Net Position:		
Net investment in capital assets	\$ 415,547	\$ 450,292
Restricted	70,435	59,892
Unrestricted net deficit	(126,600)	(120,153)
Total Net Position	<u>\$ 359,382</u>	<u>\$ 390,031</u>
CONDENSED SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
Auxiliary and Capital Fees	\$ 25,985	\$ 15,694
Operating Revenues	112,357	112,780
Operating Expenses	(175,657)	(146,493)
Operating Loss	(37,315)	(18,019)
Nonoperating Revenues/Expenses:		
Investment Income	1,444	31
Net Transfers from Other Funds	6,668	(19,854)
Other Nonoperating Income	4,065	6,887
Gifts	21,046	11,804
Other Nonoperating Expenses	(2,002)	(3,619)
Interest Expense	(24,555)	(21,385)
Decrease in Net Position	(30,649)	(44,155)
Net Position - Beginning of Year	390,031	434,186
Net Position - End of Year	<u>\$ 359,382</u>	<u>\$ 390,031</u>

(continued)

CONDENSED SCHEDULES OF CASH FLOWS

Net Cash Flows (Used in) Provided by Operating Activities	\$	(34,058)	\$	1,028
Net Cash Flows Provided by				
Noncapital Financing Activities		21,046		11,804
Net Cash Flows (Used in) Provided by				
Capital and Related Financing Activities		13,672		(62,095)
Net Cash Flows Provided by				
Investing Activities		1,444		31
Increase (Decrease) in Cash		2,104		(49,232)
Cash - Beginning of Year		109,980		159,212
Cash - End of Year	\$	112,084	\$	109,980

Reconciliation of cash

Cash classified as current assets	\$	41,649	\$	50,088
Cash classified as noncurrent assets		70,435		59,892
	\$	112,084	\$	109,980

28. FUNCTIONAL CLASSIFICATION OF EXPENSES
(Dollars in Thousands)

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

Functional Classification	Year Ended June 30, 2023									
	Salaries & Wages	Benefits	Scholarships & Fellowships	Utilities	Supplies & Other Services	Depreciation and Amortization	Loan Cancellations & Write Offs	ARPA Higher Education Relief Fund Expense	Other Operating Expenses	Total
Instruction	\$ 274,666	\$ 52,728	\$ -	\$ 256	\$ 31,262	\$ -	\$ -	\$ -	\$ 120	\$ 359,032
Research	80,050	32,473	-	282	59,139	-	-	-	3	171,947
Public Service	49,976	5,490	-	144	24,794	-	-	-	38	80,442
Academic Support	36,672	2,808	-	173	13,462	-	-	-	153	53,268
Student Services	23,502	5,623	-	20	9,867	-	-	-	21	39,033
Operation and Maintenance of Plant	6,256	1,224	-	29,952	18,084	-	-	-	50	55,566
General Institutional Support	89,127	8,402	-	32	49,715	-	-	-	276	147,552
Student Financial Aid	-	-	66,592	-	-	-	-	-	-	66,592
Auxiliary Enterprises	44,816	13,796	-	9,199	51,835	-	-	-	2,676	122,322
Depreciation and Amortization	-	-	-	-	-	128,853	-	-	-	128,853
ARPA Higher Education Relief Fund Expense	-	-	-	-	-	-	-	-	-	-
Loan Cancellations and Write Offs	-	-	-	-	-	-	121	-	-	121
Total Expenses	\$ 605,065	\$ 122,544	\$ 66,592	\$ 40,058	\$ 258,158	\$ 128,853	\$ 121	\$ -	\$ 3,337	\$ 1,224,728

Functional Classification	Year Ended June 30, 2022									
	Salaries & Wages	Benefits	Scholarships & Fellowships	Utilities	Supplies & Other Services	Depreciation and Amortization	Loan Cancellations & Write Offs	ARPA Higher Education Relief Fund Expense	Other Operating Expenses	Total
Instruction	\$ 259,545	\$ 44,244	\$ -	\$ 241	\$ 36,760	\$ -	\$ -	\$ -	\$ 450	\$ 341,240
Research	71,239	29,203	-	211	56,267	-	-	-	18	156,938
Public Service	43,224	6,913	-	148	20,061	-	-	-	85	70,431
Academic Support	35,227	4,381	-	109	10,550	-	-	-	177	50,444
Student Services	21,186	6,571	-	13	9,844	-	-	-	154	37,768
Operation and Maintenance of Plant	18,936	2,330	-	25,544	17,216	-	-	-	118	64,144
General Institutional Support	74,254	10,065	-	68	51,130	-	-	-	473	135,990
Student Financial Aid	-	-	72,338	-	-	-	-	-	-	72,338
Auxiliary Enterprises	41,565	3,753	-	7,796	48,974	-	-	-	238	102,326
Depreciation and Amortization	-	-	-	-	-	111,146	-	-	-	111,146
ARPA Higher Education Relief Fund Expense	-	-	-	-	-	-	-	-	-	27,272
Loan Cancellations and Write Offs	-	-	-	-	-	-	850	-	-	27,272
Total Expenses	\$ 565,176	\$ 107,460	\$ 72,338	\$ 34,130	\$ 250,802	\$ 111,146	\$ 850	\$ 27,272	\$ 1,713	\$ 1,170,887

**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			State's Proportionate Share			Total Proportionate Share	University's Covered Employee Payroll		Total OPEB Liability
	University's Proportionate Share as a Percentage of Net OPEB Liability	University's Proportionate Share	State's Proportionate Share	University's Covered Employee Payroll	University's Covered Employee Payroll	University's Proportionate Share as a Percentage of Covered Employee Payroll		Plan Fiduciary Net Position as a Percentage of		
June 30, 2022	6.577692349%	\$ 7,321	\$ 2,508	\$ 9,829	\$ 103,385	7.08%	93.59%			
June 30, 2021	7.006088092%	(1,701)	(410)	(2,111)	116,479	-1.46%	101.81%			
June 30, 2020	6.834451221%	30,616	6,675	37,291	117,035	26.16%	73.49%			
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	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as a Percentage of Covered Employee Payroll
June 30, 2023	\$ 7,734	\$ 6,339	\$ 1,395	\$ 103,385	6.13%
June 30, 2022	12,776	7,520	5,256	116,479	6.46%
June 30, 2021	13,210	12,760	450	117,035	10.90%
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, 2023 and 2022**

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 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 State's 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
	University's Proportionate Share	State's Proportionate Share	Total Proportionate Share	University's Proportionate Share	State's Proportionate Share	University's Covered Payroll		Covered Employee Payroll	Total Pension Liability	
June 30, 2022	0.083889%	\$ 2,158	\$ 3,670	\$ 5,828	\$ 1,373	157.18%	77.78%			
June 30, 2021	0.108170%	1,690	3,780	5,470	1,738	97.27%	86.38%			
June 30, 2020	0.147516%	4,751	10,324	15,075	2,225	213.57%	70.89%			
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	Actuarially Determined Contribution		Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Employee Payroll
	Determined Contribution	Actual Contribution			
June 30, 2023	\$ 353	\$ 270	\$ 83	\$ 1,373	19.67%
June 30, 2022	451	358	93	1,738	20.60%
June 30, 2021	610	450	160	2,225	20.23%
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, 2023 and 2022**

There are no factors that affect trends in the amounts reported, such as change in benefit terms or assumptions. With only nine 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 governmental activities, the business-type activities, of West Virginia University (the University), as of and for the year ended June 30, 2023, 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 13, 2023.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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 results 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

Plymouth Meeting, Pennsylvania
October 13, 2023