# *WEST VIRGINIA UNIVERSITY*

*Financial Statements*
*for the Years Ended June 30, 2022 and 2021*
*and Independent Auditors' Reports*

# WEST VIRGINIA UNIVERSITY

## TABLE OF CONTENTS

CliftonLarsonAllen LLP
CLAconnect.com

# 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, 2022 and 2021, 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, 2022, 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, 2022 and 2021, 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, 2021, the University adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease 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 14, 2022, 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

**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania
October 14, 2022

**Management's Discussion and Analysis (Unaudited)**
**Year Ended June 30, 2022**

## 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, 2022 as compared to the previous fiscal year. Comparative analysis is also presented for fiscal year 2021 compared to fiscal year 2020.

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, 2022, the University's total net position increased from the previous year-end by $400,000. The increase in net position is primarily attributable to increases in current accounts receivable and decreases in advances from federal government, net OPEB liability, and leases payable. This increase in net position was offset by decreases in investments and appropriations due from the primary government and increases in bonds payable, accounts payable, and unearned revenue.

Total revenues in fiscal year 2022 were $1.2 billion, a 4.0% decrease over prior year. Total revenues increased by 6.5% from fiscal year 2020 to fiscal year 2021. This decrease was primarily due to decreases in state appropriations, investment income, and capital grants and gifts. This decrease in revenue was partially offset by increases in gross tuition and fee revenue, revenue from auxiliary enterprises, grants and contracts revenue (excluding capital gifts and grants) and decreases in revenue from the Coronavirus Aid, Relief, and Economic Security ("CARES")Act/Higher Education Emergency Relief Fund ("HEERF") I and the Coronavirus Response and Relief Supplemental Appropriations ("CRRSAA") Act/HEERF II. The decreases in revenues from the CARES Act and CRRSAA Act were offset by the recognition of $54.0 million in revenues from the American Rescue Plan ("ARPA") Act/HEERF III.

Total expenses increased by 6.6% from fiscal year 2021 to fiscal year 2022 primarily due to increases in salaries and wages, supplies and other services, scholarships and fellowships, depreciation and amortization, and utilities. These increases were offset by decreases in fringe benefits and other nonoperating expenses. During fiscal year 2022, the University incurred expenses of $27.3 million related to the ARPA Act. The first installment of the ARPA funds was used by the University to disburse $27.3 million in emergency aid to students with financial need stemming from the COVID-19 related disruption of campus operations in accordance with guidance from the U.S. Department of Education ("DOE"). The second installment (the institutional aid portion) of $27.0 million was used by the University for the reimbursement of expenses and forgone revenue related to the disruption of campus operations due to COVID-19. The increase in expenses from the ARPA Act was offset by decreases in expenses from the CARES Act and the CRRSAA Act. Total expenses decreased by .5% from fiscal year 2020 to fiscal year 2021.

## 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 | | |
|---|---|---|---|
| | 2022 | 2021 | 2020 |
| **Assets** | | | |
| Current Assets | $ 361,110 | $ 344,662 | $ 306,800 |
| Capital Assets, Net | 1,963,551 | 1,957,884 | 1,836,319 |
| Other Noncurrent Assets | 192,802 | 245,885 | 229,918 |
| **Total Assets** | 2,517,463 | 2,548,431 | 2,373,037 |
| **Deferred Outflows of Resources** | 25,556 | 35,347 | 35,361 |
| **TOTAL** | $ 2,543,019 | $ 2,583,778 | $ 2,408,398 |
| **Liabilities** | | | |
| Current Liabilities | $ 264,879 | $ 230,948 | $ 237,804 |
| Noncurrent Liabilities | 977,819 | 1,029,562 | 958,576 |
| **Total Liabilities** | 1,242,698 | 1,260,510 | 1,196,380 |
| **Deferred Inflows of Resources** | 121,621 | 144,960 | 100,052 |
| **TOTAL** | $ 1,364,319 | $ 1,405,470 | $ 1,296,432 |
| **Net Position** | | | |
| Net Investment in Capital Assets | $ 1,045,120 | $ 1,054,694 | $ 1,095,413 |
| Restricted for: | | | |
| Nonexpendable | 15,109 | 16,975 | 17,615 |
| Expendable | 59,609 | 71,555 | 49,558 |
| Unrestricted | 58,862 | 35,084 | (50,620) |
| **TOTAL NET POSITION** | $ 1,178,700 | $ 1,178,308 | $ 1,111,966 |

Total assets of the University decreased by about $31.0 million, or 1.2%, to a total of $2.5 billion as of June 30, 2022. This decrease was primarily due to decreases in appropriations due from primary government and investments (current and noncurrent). These decreases were partially offset by an increase in current accounts receivable.

- Appropriations due from primary government decreased by $17.3 million from fiscal year 2021 due to supplemental appropriations granted in fiscal year 2021 as a result of House Bill 217. These funds were re-appropriated for expenditure in fiscal year 2022. There was an increase in amounts due of $18.6 million in fiscal year 2021 due to these re-appropriations.

- Total investments (current and noncurrent) decreased by $32.4 million from fiscal year 2021 to fiscal year 2022 due to unrealized losses on investments. Investments increased by $5.6 million in fiscal year 2021.

- Current accounts receivable increased by $17.7 million in fiscal year 2022 due to an increase in amounts due on sponsored awards and from affiliates including the WVU Medical Corporation. An increase of $6.6 million was experienced in fiscal year 2021.

The University adopted the provisions of GASB Statement No. 87, *"Leases"*, in fiscal year 2022. This statement establishes accounting and financial reporting for leases by lessees and lessors. This statement requires recognition of certain assets and liabilities for leases that previously were classified as operating leases. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. As a result of adopting Statement No. 87, the financial statements for the period ending June 30, 2021 have been restated. This resulted in an increase in lease receivables, intangible right-to-use assets, leases payable and deferred inflows of resources. The University reported intangible right-to-use assets, net of accumulated amortization, of $19.7 million at June 30, 2022. This was a decrease of $4.7 million from the balance at June 30, 2021. The University also reported a total lease liability of $84.1 million at June 30, 2022, a decrease of $5.4 million from the liability at June 30, 2021. The University also reported a total lease receivable of $2.9 million, a decrease of $1.3 million from the receivable at June 30, 2021, and deferred inflows of resources related to leases of $2.9 million, a decrease of $1.3 million from the deferred inflows of resources at June 30, 2021. This difference represents the amount amortized to interest revenue during fiscal year 2022. The University also reported a cumulative effect of change in accounting principle of $61.7 million for fiscal year 2021; this was primarily the result of adjustments related to the University's subleases that are part of the public private partnerships.

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 $706,000, at June 30, 2022. This is a decrease of $263,000 from the deferred outflows related to pensions of $969,000 at June 30, 2021. During fiscal year 2022, these deferred outflows represent the University's proportionate share of the difference between expected and actual experience, changes in assumptions, and employer contributions made by the University during fiscal year 2022 (after the measurement date of June 30, 2021) 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 $11.0 million at June 30, 2022. This is a decrease of $8.9 million from the deferred outflows related to OPEB of $19.9 million at June 30, 2021. These deferred outflows represent the change in proportion and the difference between employer contributions and proportionate share of contributions, and employer contributions made by the University during fiscal year 2022 (after the measurement date of June 30, 2021) 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 $13.8 million at June 30, 2022. 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 2021 to 2022 denotes the annual amount amortized to interest expense.

Total liabilities for the year decreased by $17.8 million (or 1.4%). This decrease in total liabilities was primarily due to decreases in the net OPEB liability, advances from federal government, and leases payable. These decreases were partially offset by increases in accounts payable, unearned revenue, and bonds payable. There was also a decrease in deferred inflows related to OPEB.

- Net OPEB liability decreased by $32.3 million due to a decrease in the University's proportionate share of the State's net OPEB (asset) liability at June 30, 2022. 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. At June 30, 2021, the plan's fiduciary net position exceeded the total OPEB liability resulting in an 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. The net OPEB liability decreased by $82.8 million from fiscal year 2020 to fiscal year 2021.

- Advances from federal government decreased by $7.8 million in fiscal year 2022 primarily due to the assignment of Perkins loans to the federal government as part of the closeout of this loan program. A decrease of $350,000 was experienced in fiscal year 2021.

- Leases payable (current and noncurrent) decreased by $5.4 million in fiscal year 2022 due to scheduled lease payments and the early termination of a West Virginia University Innovation Corporation ("WVUIC") lease as the result of the sale of assets and transfer of liabilities of the Center of Alternative Fuels, Engines and Emissions ("CAFEE"). Total leases payable increased by $77.3 million in fiscal year 2021 due to the implementation of GASB Statement No. 87.

- Accounts payable increased in fiscal year 2022 by $13.1 million primarily due to an increase in unpaid invoices at year-end. Accounts payable decreased by $17.1 million from fiscal year 2020 to fiscal year 2021.

- At June 30, 2022, unearned revenue increased by $8.5 million from the prior year due to scheduled sponsored award payments not yet expensed. Unearned revenue increased by $2.1 million in fiscal year 2021 compared to fiscal year 2020.

- Bonds payable (current and noncurrent) increased in fiscal year 2022 by $6.8 million primarily due to the issuance of the 2022 Series A revenue bonds to finance the design, acquisition, construction and equipping of certain capital improvements as part of the University's annual capital improvements program. Total bonds payable increased by $79.9 million in fiscal year 2021.

In accordance with the provisions of GASB Statement No. 87, "Leases", the University recorded deferred inflows of $2.9 million and $4.1 million at June 30, 2022 and June 30, 2021, 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 $4.1 million and $2.8 million at June 30, 2022 and June 30, 2021, respectively. For fiscal year 2022, these deferred inflows represent the University's proportionate share of the difference between employer contributions and proportionate share of contributions, the difference between expected and actual experience, and the net difference between projected and actual investment earnings.

At June 30, 2022 and June 30, 2021, the University recorded deferred inflows related to OPEB of $73.4 million and $95.0 million, respectively. For fiscal year 2022, these deferred inflows represent the University's proportionate share of the net difference between projected and actual investment earnings on plan investments, the difference between employer contributions and the University's proportionate share of contributions, the difference between expected and actual experience, changes in assumptions, and the opt-out proportionate share.

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

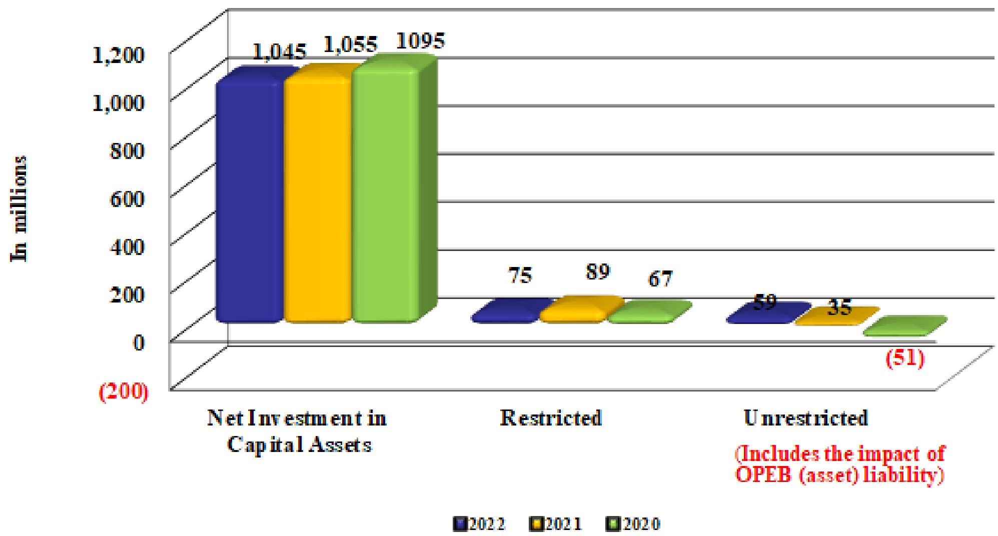
During fiscal year 2020, the University entered into an agreement with Sodexo America, LLC to operate its food and dining services program. Upon execution of this agreement, Sodexo provided unrestricted funds of $10 million to the University. This was recorded as a deferred inflow and is being amortized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

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

The University's current assets of $361.1 million were sufficient to cover current liabilities of $264.9 million indicating that the University maintained sufficient available resources to meet its current obligations as of June 30, 2022.

The following is a comparative illustration of net position.

**COMPARISON OF NET POSITION**
**June 30, 2022, 2021 and 2020**




Net investment in capital assets decreased by $9.6 million due to an increase in bonds payable offset by an increase in capital assets, net and decreases in debt service payable to the Commission, notes payable, and leases payable. Net investment in capital assets decreased by $40.7 million from fiscal year 2020 to fiscal year 2021.

During fiscal year 2022, the restricted component of the net position experienced a decrease of $13.8 million. This decrease was primarily due to a decrease in restricted sponsored programs and restricted debt service. This component of net position increased by $21.4 million from fiscal year 2020 to fiscal year 2021.

The unrestricted component of net position increased by $23.8 million during fiscal year 2022. This was primarily due to a decrease in the net OPEB liability. There was an increase in this component of net position from fiscal year 2020 to fiscal year 2021 of $85.7 million.

| | 2022 | 2021 |
|---|---|---|
| Total unrestricted net position before OPEB (asset) liability, net pension liability, deferred inflows and deferred outflows | $ 124,641 | $ 147,436 |
| Plus: Deferred outflows of resources related to OPEB | 11,026 | 19,872 |
| Plus: Deferred outflows of resources related to pensions | 706 | 969 |
| Less: Net OPEB (asset) liability | (1,701) | 30,616 |
| Less: Net pension liability | 1,690 | 4,751 |
| Less: Deferred inflows of resources related to OPEB | 73,430 | 94,998 |
| Less: Deferred inflows of resources related to pensions | 4,092 | 2,828 |
| Total unrestricted net position | $ 58,862 | $ 35,084 |

## 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.

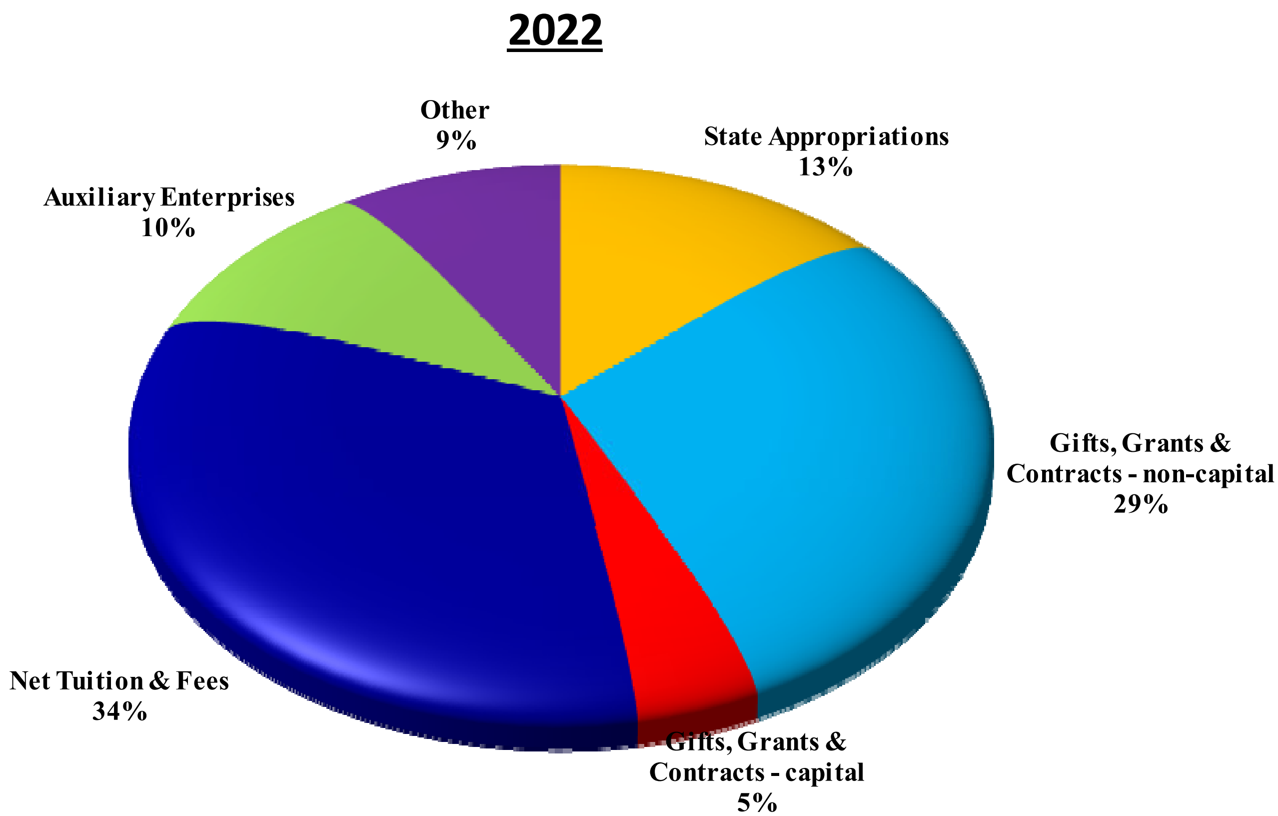
State appropriations, while budgeted for operations, are considered and reported as non-operating revenues. This is because State appropriations are provided by the West Virginia Legislature (the "Legislature") to the University without the Legislature directly receiving commensurate goods and services 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)**

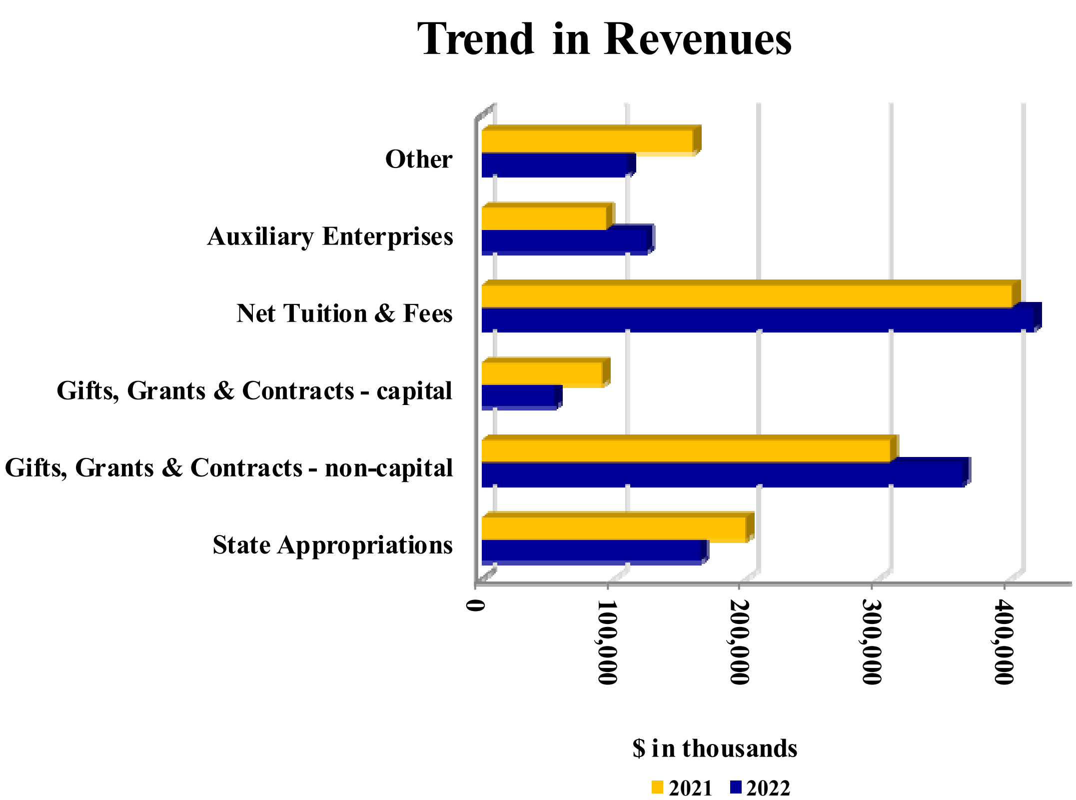
| | Years Ended June 30 | | |
|---|---|---|---|
| | **2022** | **2021** | **2020** |
| Operating Revenues | $ 856,041 | $ 773,989 | $ 797,193 |
| Operating Expenses | 1,171,508 | 1,088,173 | 1,106,721 |
| **Operating Loss** | (315,467) | (314,184) | (309,528) |
| Net Nonoperating Revenues | 263,055 | 349,921 | 338,984 |
| **(Loss) Income before Other Revenues, Expenses, Gains or Losses** | (52,412) | 35,737 | 29,456 |
| Capital grants and gifts | 55,471 | 91,667 | 16,088 |
| Loss on disposal of operations | (2,667) | - | - |
| Bond/capital projects proceeds from the Commission | - | 648 | 420 |
| **Increase in Net Position** | 392 | 128,052 | 45,964 |
| **Net Position - Beginning of Year** | 1,178,308 | 1,111,966 | 1,066,002 |
| **Cumulative Effect of Change in Accounting Principle** | - | (61,710) | - |
| **Net Position - Beginning of Year, As Restated** | 1,178,308 | 1,050,256 | 1,066,002 |
| **Net Position - End of Year** | $ 1,178,700 | $ 1,178,308 | $ 1,111,966 |

*Revenues*:

The following graph shows the composition of total revenues by source for fiscal year 2022.




The following chart provides a comparison of revenues by significant category between fiscal years 2022 and 2021.



Total fiscal year 2022 revenues were $1.2 billion, a decrease of $50.7 million or 4.0%, from fiscal year 2021. 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) decreased by $38.1 million from fiscal year 2021 to fiscal year 2022 primarily as a result of supplemental appropriations granted in fiscal year 2021 as a result of House Bill 217. These funds were re-appropriated for expenditure in fiscal year 2022. State appropriations increased by $17.2 million from fiscal year 2020 to fiscal year 2021 due to these re-appropriations.

- Investment income decreased by $74.4 million from fiscal year 2021 to fiscal year 2022 primarily due to unrealized losses on investments. Income from investments increased by $34.2 million from fiscal year 2020 to fiscal year 2021 due to realized and unrealized gains.

- Capital gifts and grants decreased by $36.8 million from fiscal year 2021 to fiscal year 2022. This decrease was primarily due to the 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 2021. There was also a decrease in Foundation funding for the construction of Reynolds Hall, the new home of the John Chambers College of Business and Economics, which was completed in July 2022. These revenues increased by $75.8 million from fiscal year 2020 to fiscal year 2021.

- Net tuition and fees increased by $15.8 million from fiscal year 2021 to fiscal year 2022. This was mainly due to an average increase in tuition of 2%. This was offset by a decline in enrollment. This revenue decreased from fiscal year 2020 to fiscal year 2021 by $13.3 million.

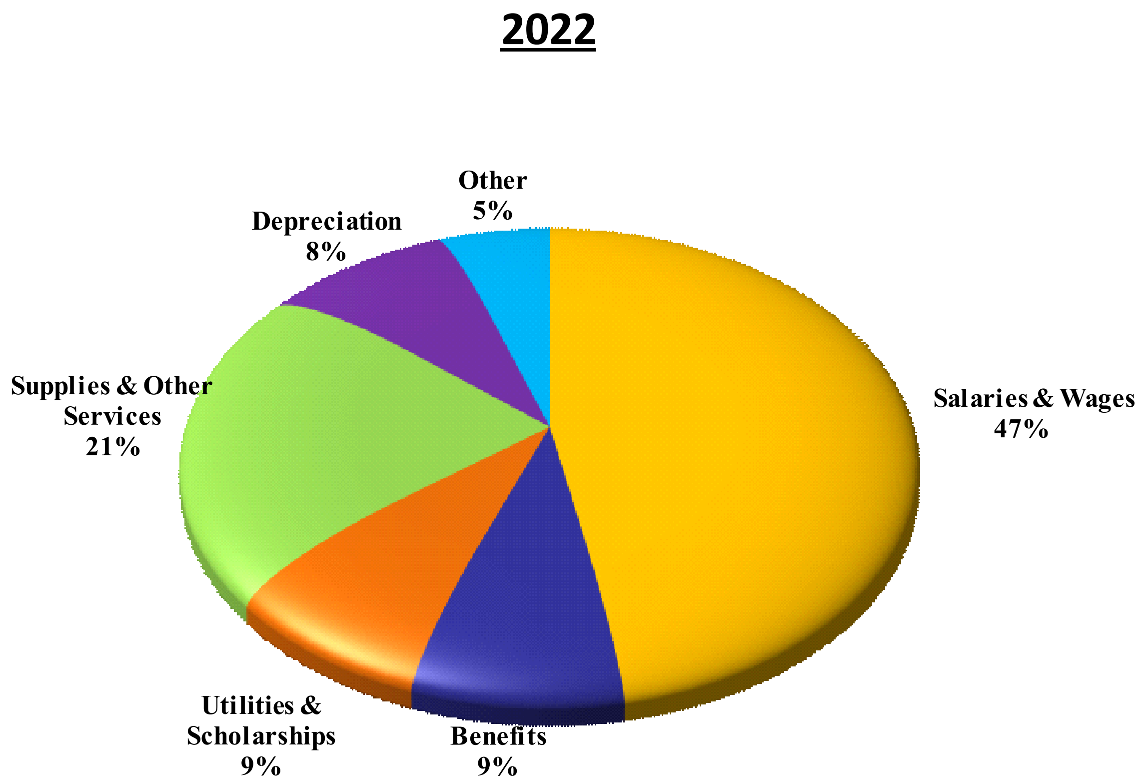
- The University recognized total revenue of $54.0 million from the HEERF III of the ARPA Act. These funds were received in two installments; the first installment of $27.3 million was used for the disbursement of direct cash grants to students with financial need stemming from the COVID-19 related disruption 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. There was a decrease in revenue from the CARES Act and the CRRSAA Act during fiscal year 2022. Revenue from the CARES Act decreased by $9.9 million while CRRSAA Act revenues increased by $30.7 million in fiscal year 2021.

- Grants and contracts revenue (non-capital related), excluding Federal Pell grants and land grants, increased by $37.2 million from fiscal year 2021 to fiscal year 2022 primarily due to an increase in federal, state and nongovernmental grants and contracts. This revenue increased by $24.4 million from fiscal year 2020 to fiscal year 2021.

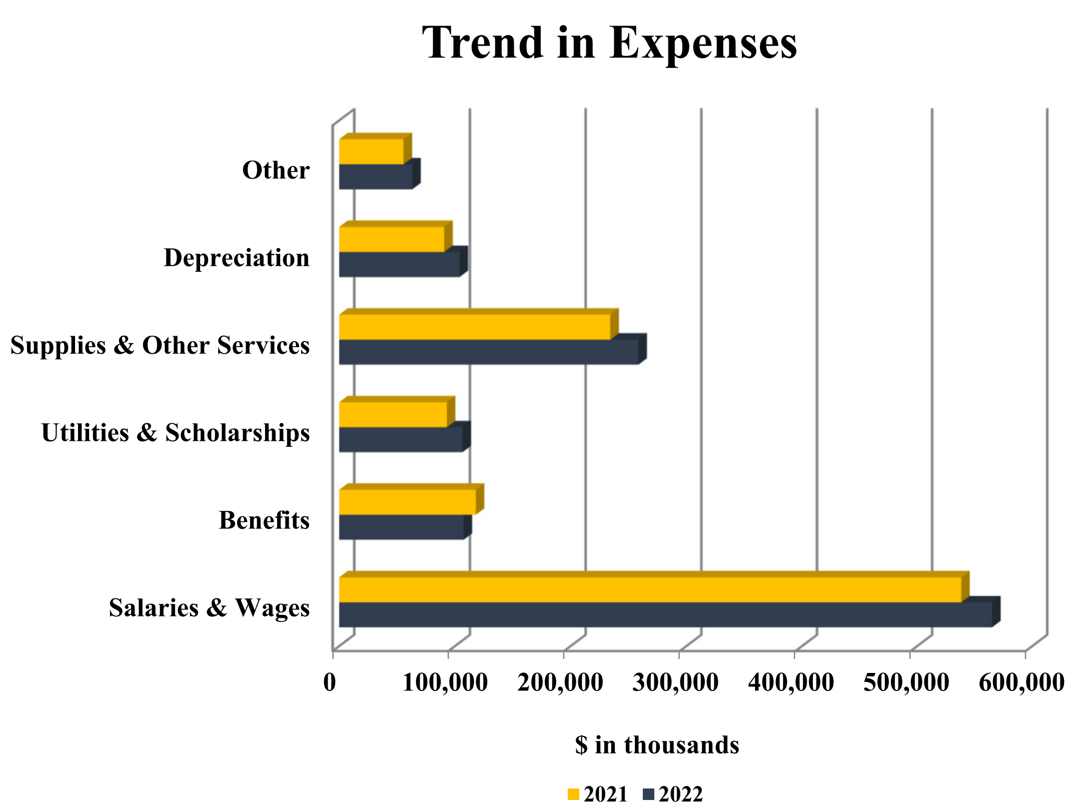
- Auxiliary revenue increased by $30.2 million primarily due to an increase in revenue generated by Athletics. Season and single game ticket sales for the football and basketball seasons increased; these sales were down significantly in fiscal year 2021 due to the delay of the 2020 football season and reduced capacity at the Milan Puskar Stadium and the Coliseum. There were also increases in Big 12 conference revenue, concession receipts, rights fees, parking receipts, corporate sponsorships, revenues from camps, and other revenues. Revenues from other auxiliary operations such as student housing, Jackson's Mill, the Student Recreation Center and Parking also increased; these revenues were lower in fiscal year 2021 due to the disruption of campus operations as a result of the COVID-19 pandemic. Auxiliary revenue, net decreased by $32.4 million from fiscal year 2020 to fiscal year 2021.

*Expenses*:

The following graph shows the composition of total expenses by category for fiscal year 2022.




The following chart provides a comparison of expenses by significant category between fiscal years 2022 and 2021.



Total fiscal year 2022 expenses increased by $74.3 million, or 6.6%. Changes in expense amounts from the prior year are primarily attributed to the following:

- Salaries and wages increased by $26.8 million from fiscal year 2021 to fiscal year 2022. There was an increase in salaries for faculty and both classified and non-classified staff. Also, wages paid to students, including graduate and research assistants, increased due to the return to normal campus operations after the COVID-19 pandemic. This expense category increased by $2.7 million from fiscal year 2020 to fiscal year 2021.

- Scholarships and fellowships increased by $9.1 million primarily due to an increase in institutional awards. There was an increase of $2.3 million in this expense category from fiscal year 2020 to fiscal year 2021.

- Supplies and other services increased by $24.3 million from fiscal year 2021 to fiscal year 2022. The following categories of expenses increased in fiscal year 2022: subcontract expense, computer supplies, insurance, advertising, hospitality, student activities, research and educational supplies, travel, printing, non-capitalizable equipment and routine repairs and maintenance. These increases were offset by the donation of non-capitalizable software through the Foundation in fiscal year 2021 and a decrease in expenses incurred as a result of the pandemic including transportation, COVID-19 testing, PPE, and disinfecting supplies and services. This category of expenses decreased by $1.8 million from fiscal year 2020 to fiscal year 2021.

- Depreciation and amortization increased by $13.4 million from fiscal year 2021 to fiscal year 2022. 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 $17.9 million from fiscal year 2020 to fiscal year 2021.

- Utilities increased by $4.4 million in fiscal year 2022 primarily due to reduced demands in the previous year as a result of the disruption of campus operations from the COVID-19 pandemic. Additionally, in fiscal year 2022, there was an increase in rates for steam. This expense category increased by $414,000 in fiscal year 2021.

- During fiscal year 2022, the University incurred expenses of $27.3 million related to the ARPA Act. The University disbursed the entire amount allocated for emergency aid to students with financial need stemming from the pandemic. 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. CARES Act expenses declined by $11.1 million in fiscal year 2021 while CRRSAA expenses increased by $10.1 million.

- Benefits decreased by $10.5 million from fiscal year 2021 to fiscal year 2022 primarily due to a significant decrease in the University's proportionate share of the net OPEB (asset) liability. This decrease was a result of changes in assumptions and projected earnings on plan investments. These changes were offset by a decrease in the discount rate. Unemployment compensation also decreased due to the staff furloughs in fiscal year 2021. Compensated absences and pension expense also declined in fiscal year 2022. Fringe benefits decreased by $29.4 million in fiscal year 2021.

- Other net nonoperating expenses decreased by $9.2 million from fiscal year 2021 to fiscal year 2022. This was primarily due to a loss on the sale and transfer of property on the former WVU Tech campus in Montgomery in fiscal year 2021. This category of expenses increased by $5.6 million from fiscal year 2020 to fiscal year 2021.

**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 | | |
|---|---|---|---|
| | **2022** | **2021** | **2020** |
| **Cash Provided By (Used In):** | | | |
| Operating Activities | $ (230,283) | $ (222,951) | $ (204,663) |
| Noncapital Financing Activities | 321,248 | 291,867 | 287,491 |
| Capital Financing Activities | (96,317) | (85,294) | (23,361) |
| Investing Activities | 3,653 | 39,952 | (18,395) |
| **Increase (Decrease) in Cash and Cash Equivalents** | (1,699) | 23,574 | 41,072 |
| **Cash and Cash Equivalents, Beginning of Year** | 205,460 | 181,886 | 140,814 |
| **Cash and Cash Equivalents, End of Year** | $ 203,761 | $ 205,460 | $ 181,886 |

Total cash and cash equivalents decreased by $1.7 million during fiscal year 2022 to $203.8 million.

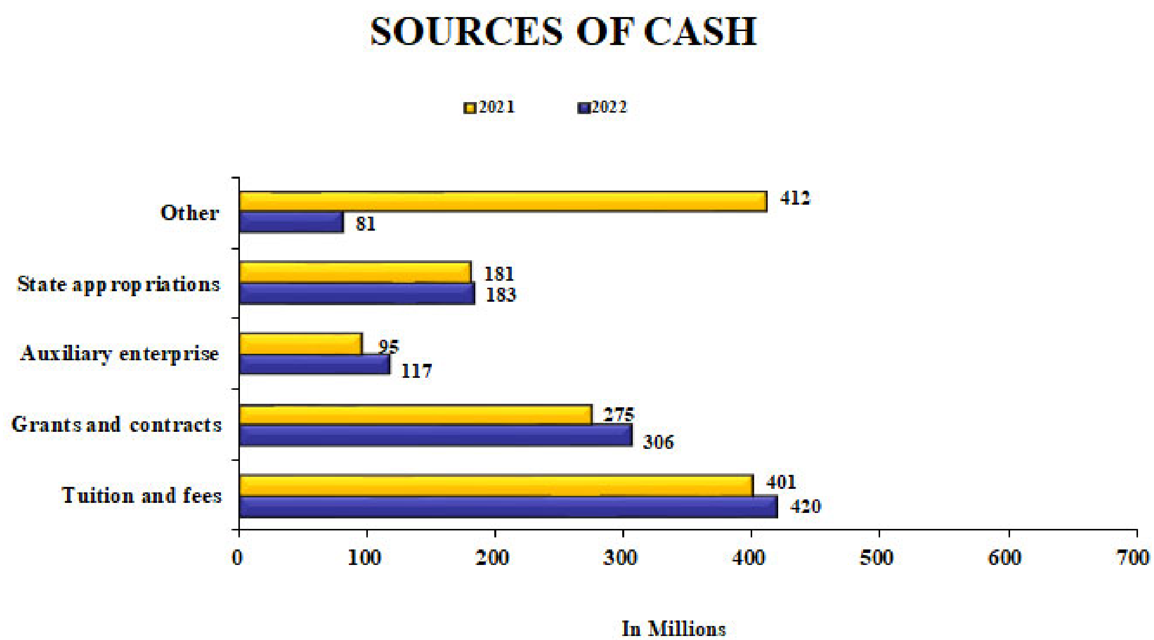
- Net cash used in operating activities increased by $7.3 million primarily due to expenses related to the ARPA Act and increased cash outflows for payments to suppliers and employees, payments for benefits, utilities, scholarships and fellowships and other payments. These increased outflows were offset by decreased expenses related to the CARES and CRRSAA Acts and increased inflows from tuition and fees, grants and contracts, auxiliaries, and sales and services of educational departments. Cash used in operating activities increased by $18.3 million from fiscal year 2020 to fiscal year 2021.

- Net cash provided by noncapital financing activities increased by $29.4 million primarily due to cash received from the ARPA Act partially offset by inflows in fiscal year 2021 from the CRRSAA Act. This category had experienced an increase of $4.3 million from fiscal year 2020 to fiscal year 2021.

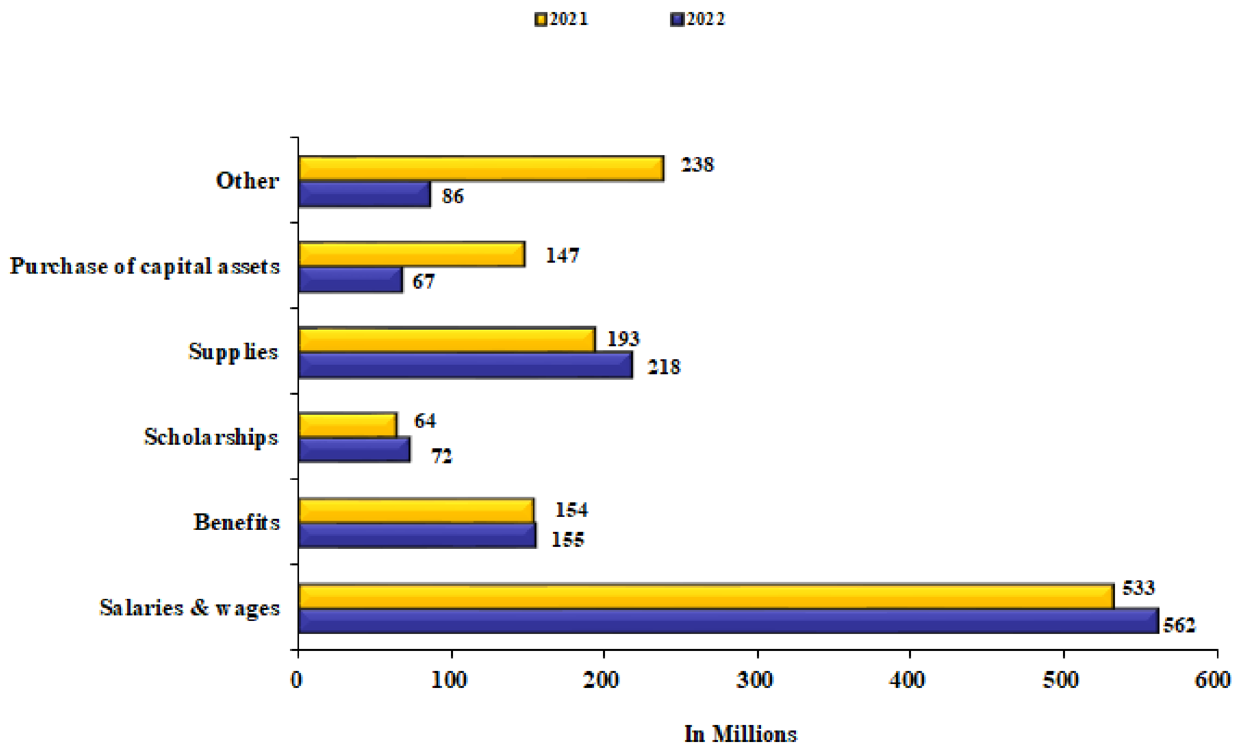
- Net cash used in capital financing activities increased by $11.0 million primarily due to decreased cash inflows from bond proceeds and capital gifts and grants. These changes were offset by decreased cash outflows from purchases of capital assets. Capital financing activities increased by $61.9 million from fiscal year 2020 to fiscal year 2021.

- Net cash provided by investing activities decreased by approximately $36.3 million primarily due to a decrease in the redemption of matured bond investments. Investing activities increased by $58.3 million from fiscal year 2020 to fiscal year 2021.

The following graphs illustrate the sources and uses of cash –



# USES OF CASH




## Capital Asset and Long Term Debt Activity

The University, including the Health Sciences Center and its regional campuses, continued work on major capital projects with planned expenditures of approximately $183.0 million. These projects include the ASCEND WV coworking space, lighting at the Creative Arts Center's Clay Theatre, construction of Reynolds Hall, renovations for the Human Gift Registry at HSC, the School of Dentistry, various dining locations across campus and the Coliseum Courtside Club. 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 2022 was as follows:

- The University completed improvements to the following during the fiscal year: the Athletics Performance Center at the Coliseum Sports Complex, paving of the Coliseum parking lot, various projects at the HSC, and upgrades and renovations to the PRT.
- Major construction-in-process projects included: construction of Reynolds Hall, the Coliseum Club renovation, renovations at various dining locations, 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, $31.2 million is reported as debt service assessment payable to the Commission by the University as of June 30, 2022.

The University issued $20.0 million of taxable revenue bonds in April 2022 to finance the design, acquisition, construction, and equipping of certain capital improvements. At June 30, 2022, the University's bonds were rated as Aa3, AA-, and A by Moody's, Fitch and Standard and Poor's respectively.

The University has completed a new university campus development plan; West Virginia Code requires the University to develop a plan at least once every ten years, with an update at least every five years. This process provided the University with an opportunity to consider and prioritize the best use and continued development of our land, facilities and infrastructure. It also allowed the University to assess the condition of our facilities and develop a fiscally feasible course of action that supports the mission of the University.

The University has moved 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. A redesign of the University's chart of accounts and the development of a strategy and roadmap for information security were completed in July 2022. Current efforts are focused on several foundational projects including a redesign of the University's budget model and the evaluation and selection of the Enterprise Resource Planning ("ERP") software solution that will best meet the University's requirements.

## 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 2022, the State experienced a budget surplus of $1.3 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 $887.3 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.

The University received a total of $54.0 million from the HEERF III fund of the ARPA Act, which was received in two installments. The first installment of $27.3 million was used to provide emergency assistance to students with financial need stemming from the COVID-19 pandemic. 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 as a result of the pandemic such as the loss of student housing revenues, the cancellation of study abroad, and COVID-19 related expenses.

The Foundation continues to report strong fund-raising numbers. In fiscal year 2022, donors contributed $214 million in new gifts and pledges, making it the second-highest year of giving in the history of the University (second only to the $270.1 million donated in fiscal year 2021). Major gifts received by the Foundation in fiscal year 2022 include $20 milliion from Ken and Randy Kendrick to help establish the Kendrick Center for an Ethical Economy and two significant in-kind software donations. The Foundation's support to the University continues to be consistently in the $76 million to $78 million range in the last three years. The Foundation declared a highest-ever spend of $29.2 million for fiscal year 2024.

Despite the current economic challenges, the University is committed to strategically investing in its core mission and long-term quality and positioning itself for financial stability well into the future. The University provided salary increases of $16.2 million as part of its continuing efforts to recognize, reward and retain top talent; these raises were effective in July 2022.

The University has continued to pursue the transformation of healthcare in WV by focusing on translational and clinical cardiac, cancer and critical care, directing WVU Medicine's research and outreach efforts to prevent and treat opiate and opioid abuse, addiction and obesity and addressing the health needs of the State's residents. The University unveiled LUCAS, the first fully mobile unit to provide lung cancer screening in the U.S.; LUCAS will travel throughout the state to provide this critical service to rural areas. Also the first in the U.S., the University launched a clinical trial at the Rockefeller Neuroscience Institute using deep brain stimulation to combat opoid use disorder.

The construction of Reynolds Hall, the new home of the John Chambers College of Business and Economics, was completed in July 2022. This complex, located on Morgantown's waterfront, includes collaborative classrooms and experiential learning labs that will enhance the college's educational and teaching model and provide students with real-world experiences. This state-of-the-art facility will accommodate new curricula and learning opportunities and reflect the demands of a rapidly changing global marketplace. This complex also includes a café and dining area and a recreation center and integrates into the community rail trail.

A generous gift from Ken and Randy Kendrick will allow the John Chambers College of Business and Econonics to transform economics education through innovative programs for high-schoolers and educators statewide through the Kendrick Center for and Ethical Economy. Over the next ten years, the University will dedicate $20 million to the project while the Kendricks will contribute $20 million over that same time period, making this one of the largest gifts in the history of the Chambers College. The Center will implement three key initiatives: increasing capacity and outreach in youth economic education statewide by investing in teachers in WV, expanding enrollment in Economics 201, Principles of Microeconomics, for WV high school students to increase economic and financial literacy, and recruiting high-achieving high school seniors to WVU and incentivizing them to stay in the state after graduation. The center will complement a reimagined vision for business education at the University.

In response to President Gee's call for the University to differentitate itself in the marketplace and make WVU a destination institution, the University embarked on an academic transformation initiative. This initative 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. The University has been conducting an extensive review of current academic programs to determine the viability of such programs. This review has resulted in the discontinuance of certain programs and the identification of programs of opportunity. Progress has also been made on the goal of transforming undergraduate advising to ensure that every undergraduate student has access to centrally coordinated professional advising. Another goal of the academic transformation initiative is to strengthen graduate education. An extensive review of graduate programs on the main campus has been completed. This review may result in the discontinuation or revisioning of some programs. An extensive analysis of the use of tuition waivers across the University is also being conducted. This review will help with establishing a policy of awarding tuition waivers in a way that supports the University and the strategic priorities of the colleges, improves upon our R1 position and enhances graduate education at WVU.

The nation's first Purpose Institute on a college campus will be opened by the University in partnership with the Spence Group. The physical center is planned for the Morgantown campus and will elevate education, wellness and service to the community and demonstrate the University's commitment to proving the value of higher education and helping the campus community explore their passions and purpose in life. The University hosted an inaugural Week of Purpose in September 2022 that delivered speakers, showcased University resources, offered diverse perspectives, student success tools and sessions on a variety of topics to faculty, staff and students.

During fiscal year 2022, the Board authorized $1.5 million to transform a former downtown Morgantown retail location into a co-working space for the Morgantown cohort of the Ascend WV program. This funding comes from a $25 million gift to the University through the Foundation from Brad and Alys Smith. This program is designed to recruit a remote workforce to the Mountain State. A relocation package and free coworking space are offered to motivate remote workers to move to WV.

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 award expenditures came in at $199 million for fiscal year 2022 with $90 million coming from federal agencies (in fiscal year 2021 the numbers were $189 million and $80 million). As a result of this growth, the facilities and administrative costs ("F&A") recovered increased from $31.7 million to $35.4 million from fiscal year 2021 to fiscal year 2022 - an increase of $3.7 million.

Comparing fiscal year 2022 to fiscal year 2021 for our primary federal research sponsors:

- National Science Foundation - funded expenditures grew from $8.3 million to $10.9 million
- Department of Health and Human Services - funded expenditures grew from $42.8 million to $46.1 million
- Department of Agriculture - funded expenditures grew from $4.5 million to $6.4 million
- National Aeronautics and Space Administration - funded expenditures grew from $5.8 million to $6.7 million

As a large Department of Energy ("DoE" project ended, our expenditures funded by DoE dropped slightly from $11 million to $10.6 million.

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 National Institutes of Health style study section at HSC, providing scientific review of grant applications prior to external submission to increase competitiveness.

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.

Higher education is expecting a "demographic cliff" beginning in 2025 with 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, data reflects that in West Virginia fewer college-age population is interested in attending college. Fall 2022 enrollment numbers indicate a 3.5% decrease in total enrollment compared to fall 2021. However, the University continues to focus on increasing its first-time freshmen enrollment and to improve retention and persistence across all student ranks within the University and across all campuses. The University increased tuition in fiscal year 2023 by an average of 2.5% and will strive to keep future costs affordable.

The State legislature has addressed one of the most significant financial challenges facing state agencies with positive results. In fiscal year 2012 the legislature and Public Employees Insurance Agency (PEIA) implemented a series of actions to significantly reduce the OPEB Annual Required Contribution (from State agencies) and, in turn, the total OPEB liability. These actions included limiting the annual increase on the employer's share of the retiree's premium and allocating $30 million of annual funding to the OPEB Trust Fund beginning in fiscal year 2016 and a change in the applied discount rate. These steps will continue to have a significant positive impact on WVU's financial position and performance. At June 30, 2022, the University's net OPEB liability decreased from the liability at June 30, 2021 by $32.3 million to a net OPEB asset of $1.7 million. This was due to a decrease in the University's proportionate share of the State's net OPEB (asset) liability at June 30, 2022; the plan's fiduciary net position exceeded the total OPEB liability, which resulted in a net OPEB asset based on the most recent actuarial valuation.

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

## WEST VIRGINIA UNIVERSITY

### STATEMENTS OF NET POSITION
### AS OF JUNE 30, 2022 AND 2021
**(Dollars in Thousands)**

| | 2022 | 2021 |
|---|---|---|
| **ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | | |
| Current Assets: | | |
| Cash and cash equivalents | $ 137,900 | $ 107,993 |
| Appropriations due from primary government | 1,285 | 18,597 |
| Investments | 84,849 | 101,159 |
| Accounts receivable, net of allowances for doubtful accounts of $5,228 and $11,169 | 110,106 | 92,453 |
| Account receivable - public private partnerships, current portion | 11,907 | 10,349 |
| Due from the Higher Education Policy Commission | 1,722 | 308 |
| Leases receivable - current | 475 | 745 |
| Loans receivable, current portion | 3,542 | 4,728 |
| Inventories | 2,117 | 1,840 |
| Prepaid expenses | 6,863 | 6,159 |
| Notes receivable, current portion | 344 | 331 |
| Total current assets | 361,110 | 344,662 |
| Noncurrent Assets: | | |
| Restricted cash and cash equivalents | 65,861 | 97,467 |
| Investments | 99,192 | 115,297 |
| Other accounts receivable | 2,954 | 3,349 |
| Account receivable - public private partnerships | 2,438 | 3,614 |
| Loans receivable, net of allowances for doubtful accounts of $1,907 and $3,204 | 17,616 | 21,591 |
| Notes receivable | 567 | 1,111 |
| Leases receivable | 2,473 | 3,456 |
| Net other post employment benefits asset | 1,701 | - |
| Capital and intangible right to use assets, net | 1,963,551 | 1,957,884 |
| Total noncurrent assets | 2,156,353 | 2,203,769 |
| TOTAL ASSETS | 2,517,463 | 2,548,431 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred loss on refunding | 13,824 | 14,506 |
| Deferred outflows related to other post employment benefits | 11,026 | 19,872 |
| Deferred outflows related to pensions | 706 | 969 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 25,556 | 35,347 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | $ 2,543,019 | $ 2,583,778 |

(continued)

## WEST VIRGINIA UNIVERSITY

### STATEMENTS OF NET POSITION (CONTINUED)
### AS OF JUNE 30, 2022 AND 2021
**(Dollars in Thousands)**

| | 2022 | 2021 |
|---|---|---|
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION** | | |
| Current Liabilities: | | |
| Accounts payable | $ 62,783 | $ 49,612 |
| Accrued liabilities | 14,812 | 15,190 |
| Accrued payroll | 44,727 | 41,180 |
| Deposits | 3,061 | 2,759 |
| Unearned revenue | 73,101 | 64,640 |
| Compensated absences | 31,360 | 31,963 |
| Real estate purchase agreements payable, current portion | 285 | 273 |
| Debt service assessment payable to the Commission, current portion | 4,497 | 4,467 |
| Leases payable, current portion | 3,235 | 4,641 |
| Bonds payable, current portion | 24,388 | 13,051 |
| Notes payable, current portion | 2,630 | 3,172 |
| Total current liabilities | 264,879 | 230,948 |
| Noncurrent Liabilities: | | |
| Real estate purchase agreement payable | 10,610 | 10,922 |
| Net other post employment benefits liability | - | 30,616 |
| Net pension liability | 1,690 | 4,751 |
| Advances from federal government | 14,284 | 22,048 |
| Debt service assessment payable to the Commission | 26,671 | 31,168 |
| Leases payable | 80,877 | 84,875 |
| Bonds payable | 747,701 | 752,250 |
| Notes payable | 61,818 | 64,463 |
| Other noncurrent liabilities | 34,168 | 28,469 |
| Total noncurrent liabilities | 977,819 | 1,029,562 |
| TOTAL LIABILITIES | 1,242,698 | 1,260,510 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred federal Pell grants | 587 | 604 |
| Deferred gain on refunding | 161 | 206 |
| Deferred service concession arrangements | 33,081 | 34,089 |
| Deferred inflows related to other post employment benefits | 73,430 | 94,998 |
| Deferred inflows related to pensions | 4,092 | 2,828 |
| Deferred inflows related to leases | 2,854 | 4,145 |
| Deferred inflows related to dining services contract | 7,416 | 8,090 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 121,621 | 144,960 |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | $ 1,364,319 | $ 1,405,470 |
| NET POSITION | | |
| Net investment in capital assets | $ 1,045,120 | $ 1,054,694 |
| Restricted for: | | |
| Nonexpendable: | | |
| Loans | 14,634 | 16,500 |
| Other | 475 | 475 |
| Total nonexpendable | 15,109 | 16,975 |
| Expendable: | | |
| Scholarships and fellowships | 4,553 | 4,508 |
| Sponsored programs | 41,857 | 51,221 |
| Loans | 10,984 | 9,059 |
| Capital projects | 1,242 | 103 |
| Debt service | - | 5,738 |
| Other | 973 | 926 |
| Total expendable | 59,609 | 71,555 |
| Unrestricted net position | 58,862 | 35,084 |
| TOTAL NET POSITION | $ 1,178,700 | $ 1,178,308 |

See notes to financial statements.

## WEST VIRGINIA UNIVERSITY

### STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
### FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
**(Dollars in Thousands)**

| | 2022 | 2021 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Student tuition and fees, net of scholarship allowances of $95,333 and $90,991 | $ 417,624 | $ 401,854 |
| Federal land grants | 9,132 | 8,390 |
| Local land grants | 1,240 | 895 |
| Federal grants and contracts | 101,844 | 93,813 |
| State grants and contracts | 71,658 | 55,514 |
| Local grants and contracts | 365 | 312 |
| Nongovernmental grants and contracts | 110,296 | 97,346 |
| Sales and services of educational departments | 12,057 | 9,505 |
| Auxiliary enterprises, net of scholarship allowances of $6,497 and $7,655 | 124,564 | 94,400 |
| Interest on student loans receivable | 443 | 608 |
| Service agreement revenue from Parkersburg | 250 | 250 |
| Other operating revenues | 6,568 | 11,102 |
| Total operating revenues | 856,041 | 773,989 |
| **OPERATING EXPENSES** | | |
| Salaries and wages | 565,072 | 538,308 |
| Benefits | 107,501 | 118,034 |
| Scholarships and fellowships | 72,338 | 63,248 |
| Utilities | 34,130 | 29,737 |
| Supplies and other services | 258,548 | 234,292 |
| Depreciation and amortization | 104,084 | 90,724 |
| Loan cancellations and write-offs | 850 | 2 |
| CARES Act Higher Education Relief Fund expense | - | 2,566 |
| CRRSAA Higher Education Emergency Relief Fund expenses | - | 10,087 |
| ARPA Higher Education Emergency Relief Fund expenses | 27,272 | - |
| Other operating expenses | 1,713 | 1,175 |
| Total operating expenses | 1,171,508 | 1,088,173 |
| **OPERATING LOSS** | $ (315,467) | $ (314,184) |

(continued)

## WEST VIRGINIA UNIVERSITY

### STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
### FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
**(Dollars in Thousands)**

| | 2022 | 2021 |
|---|---|---|
| **NONOPERATING REVENUES (EXPENSES)** | | |
| State appropriations | $ 162,091 | $ 196,571 |
| State Lottery appropriations | 3,647 | 3,647 |
| Payments on behalf of the University | (1,594) | 5,398 |
| Gifts | 80,582 | 77,899 |
| Federal Pell grants | 25,855 | 26,722 |
| CARES Act revenues | - | 5,132 |
| CRRSAA Act revenues | - | 30,727 |
| ARPA - Higher Education Emergency Relief Fund revenues | 53,962 | - |
| Investment income (loss) (including unrealized gain (loss) of ($42,789) and $34,295) | (28,810) | 45,545 |
| Interest on capital asset-related debt | (26,809) | (26,078) |
| Assessments by the Commission for debt service | (6,368) | (6,384) |
| Debt issuance costs | (121) | (643) |
| Other nonoperating revenues (expenses) - net | 620 | (8,615) |
| Net nonoperating revenues | 263,055 | 349,921 |
| **INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES** | (52,412) | 35,737 |
| Capital grants and gifts | 55,471 | 91,667 |
| Loss on disposal of operations | (2,667) | - |
| Bond/capital projects proceeds from the Higher Education Policy Commission | - | 648 |
| **INCREASE IN NET POSITION** | 392 | 128,052 |
| **NET POSTION - BEGINNING OF YEAR** | 1,178,308 | 1,111,966 |
| **CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE** | - | (61,710) |
| **NET POSITION--BEGINNING OF YEAR, AS RESTATED** | 1,178,308 | 1,050,256 |
| **NET POSITION - END OF YEAR** | $ 1,178,700 | $ 1,178,308 |

See notes to financial statements.

## WEST VIRGINIA UNIVERSITY

### STATEMENTS OF CASH FLOWS
### FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
**(Dollars in Thousands)**

| | 2022 | 2021 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Tuition and fees | $ 420,197 | $ 400,916 |
| Federal and local land grants | 10,372 | 9,284 |
| Grants and contracts | 280,463 | 248,227 |
| CARES Act Higher Education Relief Fund expense | - | (2,566) |
| CRRSAA Higher Education Emergency Relief Fund expenses | - | (10,087) |
| ARPA Higher Education Emergency Relief Fund expense | (27,272) | - |
| Payments to suppliers | (216,819) | (193,138) |
| Payments to employees | (561,914) | (533,211) |
| Payments for benefits | (155,144) | (153,585) |
| Payments for utilities | (32,634) | (29,403) |
| Payments for scholarships and fellowships | (71,672) | (63,664) |
| Loan advances returned to federal government | (3,001) | (4,324) |
| Collections of loans to students | 1,776 | 3,279 |
| Interest earned on loans to students | 443 | 608 |
| Auxiliary enterprise charges | 116,870 | 95,137 |
| Sales and service of educational departments | 11,800 | 9,422 |
| Receipt of service agreement revenue from Parkersburg | 250 | 251 |
| Net receipts for public private partnerships | (38) | 1,049 |
| Other payments | (3,960) | (1,146) |
| Net cash used in operating activities | (230,283) | (222,951) |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | |
| State appropriations | 178,980 | 177,704 |
| State lottery appropriations | 3,647 | 3,647 |
| Gifts | 55,894 | 53,781 |
| Federal Pell grants | 25,838 | 26,630 |
| CRRSAA Act revenues | - | 30,727 |
| ARPA - Higher Education Emergency Relief Fund revenues | 53,962 | - |
| William D. Ford direct lending receipts | 161,014 | 169,507 |
| William D. Ford direct lending payments | (160,550) | (168,534) |
| Sale of CAFEE | (270) | - |
| Other nonoperating receipts (payments) | 2,733 | (1,595) |
| Net cash provided by noncapital financing activities | 321,248 | 291,867 |
| **CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES** | | |
| Payments on Commission debt assessment payable | (4,467) | (4,449) |
| Bond/capital projects proceeds from the Higher Education Policy Commission | - | 648 |
| Assessments by the Commission for debt service | (6,368) | (6,384) |
| Proceeds from issuance of University bonds | 20,000 | 90,936 |
| Bond issuance costs | (121) | (459) |
| Capital gifts and grants received | 8,600 | 22,389 |
| Purchases of capital assets | (68,354) | (147,480) |
| Proceeds from leases | 818 | 1,091 |
| Principal paid on capital debt and leases | (18,304) | (14,968) |
| Interest paid on capital debt and leases | (28,121) | (26,618) |
| Net cash used in capital financing activities | (96,317) | (85,294) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Investment income | 13,827 | 11,174 |
| Purchase of investments | (15,681) | (15,995) |
| Redemption of matured bond investments | - | 38,009 |
| Redemption of matured investments | 6,586 | 7,463 |
| Purchase of Research Corporation investments | (1,079) | (699) |
| Net cash provided by investing activities | 3,653 | 39,952 |
| **INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | (1,699) | 23,574 |
| **CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR** | 205,460 | 181,886 |
| **CASH AND CASH EQUIVALENTS - END OF YEAR** | $ 203,761 | $ 205,460 |

(continued)

## WEST VIRGINIA UNIVERSITY

### STATEMENTS OF CASH FLOWS (CONTINUED)
### FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
(Dollars in Thousands)

| | 2022 | 2021 |
|---|---|---|
| **Reconciliation of operating loss to net cash used in operating activities:** | | |
| Operating loss | $ (315,467) | $ (314,184) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation and amortization expense | 104,084 | 90,724 |
| Donated/noncapitalized expense | 22,549 | 23,271 |
| Expenses paid on behalf of the University | (1,594) | 5,394 |
| Changes in assets, deferred outflows, liabilities and deferred inflows: | | |
| Accounts receivable, net | (12,086) | (8,962) |
| Due from the Commission | (1,414) | 144 |
| Loans receivable, net | 5,162 | 3,100 |
| Prepaid expenses | (725) | 122 |
| Inventories | (277) | 82 |
| Accounts payable | 8,474 | 5,250 |
| Accrued liabilities | (25,128) | (76,926) |
| Deposits | 302 | (104) |
| Unearned revenue | 8,460 | 7,293 |
| Due to the Commission | - | (2) |
| Compensated absences | (603) | 353 |
| Defined benefit pension plan | (1,534) | (966) |
| Deferred other post employment benefits | (12,722) | 42,810 |
| Advances from federal government | (7,764) | (350) |
| Net cash used in operating activities | $ (230,283) | $ (222,951) |
| Noncash Transactions: | | |
| Construction in progress additions in accounts payable | $ 4,286 | $ 5,586 |
| Donated capital assets | $ 46,871 | $ 69,277 |
| Unrealized gain (loss) on investments | $ (42,789) | $ 34,295 |
| Donated noncapitalized assets | $ 24,688 | $ 24,117 |
| Loss on dispositions | $ (766) | $ (9,822) |
| Expenses paid on behalf of the University | $ (1,594) | $ 5,398 |
| Deferred gain on refunding | $ 45 | $ 45 |
| **Reconciliation of cash and cash equivalents to the statements of net assets:** | | |
| Cash and cash equivalents classified as current assets | $ 137,900 | $ 107,993 |
| Cash and cash equivalents classified as noncurrent assets | 65,861 | 97,467 |
| | $ 203,761 | $ 205,460 |

See notes to financial statements.

### 1. ORGANIZATION

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

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

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

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

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The accompanying financial statements present all funds under the authority of West Virginia University, including Potomac State College, West Virginia University Institute of Technology ("WVUIT"), and the West Virginia University Research Corporation (the "Corporation"). The basic criteria for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from the ability of the University to significantly influence operations and accountability for fiscal matters of related entities. (See Note 24 for condensed financial statements.) Related foundations and other affiliates of the University (see Notes 19 and 20) 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, 2021 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 24).

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 19 and 21.)

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

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

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

j. *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, 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, and library books.

Intangible right-to-use assets include property, plant and equipment. Amortization is computed using the straight-line method over the shorter of the lease 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 software, 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 conducted primarily in the next fiscal year are classified as unearned revenue, including items such as tuition, football ticket sales, orientation fees, room and board, financial aid deposits, and advance payments on sponsored awards. Financial aid deposits are separately classified.

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 both June 30, 2022 and 2021 was $115,000, which is recorded as a component of accrued liabilities on the statement of net position. This includes approximately $14,000 for employee benefits for both June 30, 2022 and 2021.

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, 2022 and 2021 was $19,000 and $63,000, respectively, which is recorded as a component of accrued liabilities on the statement of net position.  This includes approximately $2,000 and $8,000 for employee benefits as of June 30, 2022 and 2021.

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 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#CAFR.  The plan schedules of TRS are prepared using the accrual basis of accounting and economic resources measurement focus in accordance with U.S. GAAP as prescribed by GASB.  Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions.  Investments are reported at fair value.  Detailed information on investment valuation can be found in the TRS financial statements.  Management of TRS has made certain estimates and assumptions relating to employer allocation schedules, and actual results could differ.  (See Note 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, 2022 and 2021, 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 Coronavirus Aid, Relief, and Economic Security Act/Higher Education Emergency Relief Fund, the Coronavirus Response and Relief Supplemental Appropriations Act/Higher Education Emergency Relief Fund II, and 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, 2022 or 2021.

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 $160.6 million in fiscal year 2022 and approximately $169.5 million in fiscal year 2021 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 2022 and 2021, the University received and disbursed $29.7 million and $29.3 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 position by the University that is applicable to a future fiscal year is reported as a deferred outflow of resources on the statement of net position. As of June 30, 2022 and 2021, the University had a deferred loss on refunding of $13,824,000 and $14,506,000, respectively. Deferred outflows are accreted over the periods of the refinancing bond issue related to the deferred loss on refunding. As of June 30, 2022 and 2021, the University had deferred outflows of resources related to pensions of $706,000 and $969,000, respectively (see Note 11). As of June 30, 2022 and 2021, the University had deferred outflows of resources of $11,026,000 and $19,872,000, respectively, related to OPEB (see Note 10).

ee. *Deferred Inflows of Resources* – Acquisition of net position by the University that is applicable to a future fiscal year is reported as a deferred inflow of resources on the statement of net position. As of June 30, 2022 and 2021, the University had deferred Federal Pell grants of $587,000 and $604,000, respectively, and a deferred gain on refunding of $161,000 and $206,000, respectively. As of June 30, 2022 and 2021, the University also had deferred service concession arrangements of $33,081,000 and $34,089,000, (see Note 21) and deferred inflows related to pensions of $4,092,000 and $2,828,000, respectively (see Note 11). As of June 30, 2022 and 2021, the University had deferred inflows of resources of $73,430,000 and $94,998,000, respectively, related to OPEB (see Note 10). Additionally, the University had deferred inflows of $7,416,000 and $8,090,000 at June 30, 2022 and 2021, respectively, related to the contract with Sodexo America, LLC to manage and operate the University's food, catering and dining services. The University also had deferred inflows of resources of $2,854,000 and $4,145,000 at June 30, 2022 and 2021, respectively, related to leases.

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 2022, BRIM will provide coverage for indemnity amounts between $250,000 and $1,664,000 per occurrence. For fiscal year 2021, BRIM will provide coverage for indemnity amounts between $250,000 and $1,641,000 per occurrence. After June 30, 2016, BRIM coverage may increase annually based on the Consumer Price Index until it reaches a maximum of $2,000,000 per occurrence. Prior to July 1, 2005, the HSC was totally covered by BRIM at a limit of $1,000,000 per occurrence.

Under the program, the HSC entered into an agreement with BRIM whereby the HSC has on deposit $3.0 million as of both June 30, 2022 and 2021, 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 $43.3 million and $51.1 million as of June 30, 2022 and 2021, 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 $33.1 million and $27.4 million to reflect projected claim payments at June 30, 2022 and 2021, respectively.

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

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

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

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

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

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

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. *Newly Adopted Statements Issued by the GASB* – The University has implemented GASB Statement No. 87, "*Leases*", as amended by Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance"*. This statement establishes accounting and financial reporting for leases by lessees and lessors. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the principle that leases are long-term financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. As a result of adopting Statement No. 87 the opening statement of net position as of June 30, 2021 have been restated resulting in an increase in lease receivables, intangible right-to-use assets, leases payable and deferred inflows of resources. Such opening balance sheet adjustments were calculated using the facts and circumstances that existed at July 1, 2020 as prescribed by Statement No. 87. The statement of revenues, expenses, and changes in net position for the period ending June 30, 2021 was also restated to reflect the impact of Statement No. 87; this resulted in a decrease in operating revenues, supplies and other services and other non-operating expenses – net, and an increase in amortization expense and interest on capital asset-related debt. The statement of cash flows for the period ending June 30, 2021 was also restated for Statement No.87; 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 | $ | 1,111,965,764 |
| Balance of the leases payable, leased assets, leases receivable and deferred inflows of resources | | (61,709,572) |
| Net position - beginning of year, as restated | $ | 1,050,256,192 |

The University has implemented Statement No. 92, *"Omnibus 2020"*. This statement addresses various issues identified during the implementation of certain GASB statements and establishes accounting and financial reporting requirements for specific issues related to intra-entity transfers of assets, postemployment benefits and government acquisitions. This statement did not have a material effect on the financial statements.

The University has also implemented GASB Statement No. 93, *"Replacement of Interbank Offered Rates"*. This statement establishes that the London Interbank Offered Rate ("LIBOR") is not an appropriate benchmark interest rate for derivative instruments that hedge the interest rate risk of taxable debt. This statement did not have a material impact on the financial statements.

The University has also implemented Statement No. 97, *"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans"*. This statement establishes accounting and financial reporting requirements for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans and modifies the investment valuation requirements for all Section 457 plans. This statement also clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units. This statement did not have a material impact on the financial statements.

The University has also implemented Statement No. 98, "*The Annual Comprehensive Financial Report*". This statement establishes the term "annual comprehensive financial report" and its acronym "ACFR". This statement did not have a material impact on the financial statements.

The GASB issued Statement No. 99, *"Omnibus 2022"*. This statement established or amended accounting and financial reporting requirements for specific issues related to related to the transition from the London Interbank Offered Rate, the Supplemental Nutrition Assistance Program, nonmonetary transactions, pledges of future revenues, the focus of government-wide financial statements, and terminology. These requirements were effective upon issuance and did not have a material impact on the financial statements.

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

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

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

Statement No. 99, *"Omnibus 2022"*, establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships, subscription-based information technology arrangements.

The requirements related to leases, public-public and public-private partnerships, and subscription-based information technology arrangements are effective for fiscal years beginning after June 15, 2022. The requirements related to financial guarantees and derivative instruments 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. 100 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):

**2022**

| | Current | Noncurrent | Total |
|---|---|---|---|
| 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 |
| | $ 137,900 | $ 65,861 | $ 203,761 |

**2021**

| | Current | Noncurrent | Total |
|---|---|---|---|
| Cash on deposit with the Treasurer: | | | |
| West Virginia University - Nonauxiliaries | $ - | $ 475 | $ 475 |
| West Virginia University - Auxiliaries | 66,862 | - | 66,862 |
| Cash on deposit with Trustee | - | 93,992 | 93,992 |
| Deposits with BRIM Escrow Account Treasurer | - | 3,000 | 3,000 |
| Cash in Bank | 41,113 | - | 41,113 |
| Cash on Hand | 18 | - | 18 |
| | $ 107,993 | $ 97,467 | $ 205,460 |

*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 $53,013,749 and $36,255,693 in cash held for investment in the WV Money Market Pool at

June 30, 2022 and 2021. The remainder of the cash held with the Treasurer was not invested.

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

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

| | 2022 | | 2021 | |
|---|---|---|---|---|
| **External Pool** | **Carrying Value (In Thousands)** | **S & P Rating** | **Carrying Value (In Thousands)** | **S & P Rating** |
| WV Money Market Pool | $ 53,014 | AAAm | $ 36,257 | 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:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| **External Pool** | **Carrying Value (In Thousands)** | **WAM (Days)** | **Carrying Value (In Thousands)** | **WAM (Days)** |
| WV Money Market Pool | $ 53,014 | 21 | $ 36,257 | 52 |

*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, 2022 and 2021 was $47.9 million and $41.1 million, respectively, as compared with bank balances of $46.3 million and $40.3 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):

| | 2022 | 2021 |
|---|---|---|
| Student tuition and fees, net of allowances for doubtful accounts of $3,506 and $5,718 | $ 10,628 | $ 11,483 |
| Grants and contracts receivable, net of allowances for doubtful accounts of $1,032 and $621 | 57,653 | 44,495 |
| Due from West Virginia University Hospitals, Incorporated | 2,537 | 2,218 |
| Auxiliary services, net of allowances for doubtful accounts of $689 and $1,795 | 1,756 | 3,465 |
| Investment earnings receivable | 30 | 2 |
| Other, net of allowances for doubtful accounts of $1 and $3,036 | 30,813 | 26,556 |
| Due from the Foundation | 789 | 645 |
| Due from other State agencies | 5,900 | 3,589 |
| Total accounts receivable | $ 110,106 | $ 92,453 |

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

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

## 5. NOTES RECEIVABLE

During fiscal year 2016, the Corporation purchased a secured convertible promissory note and a warrant to convert the promissory note to shares of common stock from CereDx, Inc. for $200,000. At June 30, 2021, this note receivable was classified as noncurrent on the statement of net position. In December 2020, this secured note was converted to Series Seed Preferred Stock. The Corporation acquired 24,184 shares with a value of $313,340 (see Note 6).

During fiscal year 2017, the Corporation purchased a secured convertible promissory note and a warrant to convert the promissory note to shares of common stock from Modulation Therapeutics, Inc. for $200,000. This note receivable is classified as 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 19).

## 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):

| 2022<br>Investment Type | Fair<br>Value | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| 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 |
| | $184,041 | $114,182 | $ 61,780 | $ 8,079 |

| **2021** **Investment Type** | **Fair Value** | **Level 1** | **Level 2** | **Level 3** |
|---|---|---|---|---|
| Investment Cash Accounts | $ 5,554 | $ 5,554 | $ - | $ - |
| Mutual Bond Funds: | | | | |
| Guggenheim TR Bond | 8,988 | 616 | 8,032 | 340 |
| Wells Fargo | 6 | 6 | - | - |
| Mutual Stock Funds: | | | | |
| Maingate MLP Fund | 3,984 | 3,984 | - | - |
| MFS International Value Fund | 12,469 | 11,476 | 993 | - |
| MFS Investment Management | 10,516 | 10,516 | - | - |
| Wells Fargo | 716 | 716 | - | - |
| Eaton Vance | 1,332 | 1,332 | - | - |
| REMS Real Estate | 2,535 | 2,535 | - | - |
| Oppenheimer Int SMID | 11,889 | 1,812 | 10,077 | - |
| Artisan International Small Cap | 3,365 | 1,055 | 2,310 | - |
| Baillie Gifford | 12,666 | 2,285 | 10,381 | - |
| Jensen Quality Growth | 6,097 | 6,097 | - | - |
| Fixed Income Commingled Funds: | | | | |
| IR&M Core Bond Fund | 13,280 | 328 | 12,952 | - |
| Fixed Income EFT: | | | | |
| Ishares 3-7 Yrs Treas | 6,270 | 198 | 6,072 | - |
| Ishares 7-10 Yrs Treas | 7,796 | 1,144 | 6,652 | - |
| Fixed Income Funds: | | | | |
| Muzinich Credit Opportunities Fund | 8,120 | 93 | 8,027 | - |
| Limited Partnership Equity: | | | | |
| TI Platform Fund I | 1,895 | - | - | 1,895 |
| TI Platform Fund II | 1,170 | - | - | 1,170 |
| 747 Stuyvesant VI LP | 802 | - | - | 802 |
| 747 Stuyvesant VII LP | 70 | - | - | 70 |
| Equities ETF: | | | | |
| Invesco EQ WT 500 | 6,463 | 6,286 | 177 | - |
| Vanguard FTSE EM MKT | 10,386 | 2,613 | 7,761 | 12 |
| Vanguard RUSS 2000 | 6,226 | 6,226 | - | - |
| Vanguard S&P 500 ETF | 19,949 | 19,949 | - | - |
| Vanguard TOT STK MKT | 43,314 | 43,314 | - | - |
| Commingled Equity Funds: | | | | |
| Wellington EM | 9,954 | 9,811 | 143 | - |
| Land and Other Real Estate Held As Investments | 477 | - | - | 477 |
| Other Investments: | | | | |
| WV Growth Investment LLC | 93 | - | - | 93 |
| Aspinity, Inc. | 74 | - | - | 74 |
| | $216,456 | $137,946 | $ 73,577 | $ 4,933 |

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

| | Current | Noncurrent | Total |
|---|---|---|---|
| As of June 30, 2022 | $ 84,849 | $ 99,192 | $ 184,041 |
| As of June 30, 2021 | 101,159 | 115,297 | 216,456 |

*Investments with the Foundation* – As of June 30, 2022 and 2021, the University's investments held with the Foundation were $171.9 million and $203.2 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 $93,000 at both June 30, 2022 and June 30, 2021. 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, 2022 and June 30, 2021.

*CereDx, Inc* – In December 2020, the convertible promissory notes with CereDx, Inc. were canceled and converted to shares of preferred stock (see Note 6). The Corporation acquired 24,184 shares with a value of $313,000. These shared had a fair market value of $313,000 at 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):

**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 |
| | | $ 39,843 | |

**2021**

| Portfolio | Description | Fair Value | Rating |
|---|---|---|---|
| Mutual Bond Funds: | | | |
| | Guggenheim TR Bond | $ 8,988 | A3 |
| Investment Cash Accounts: | | | |
| | WVU Cash Con Inv | 5,554 | Aaa-mf |
| Fixed Income ETF | | | |
| | iShares Barclays 3-7 Year Treasury | 6,270 | Aaa |
| | iShares Barclays 7-10 Year Treasury | 7,796 | Aaa |
| Fixed Income Commingled Funds | | | |
| | IR&M Core Bond | 13,280 | Aa2 |
| Fixed Income Funds | | | |
| | Muzinich Credit Opp | 8,120 | Ba2 |
| | | $ 50,008 | |

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):

**2022**

| | | | Investment Maturities | | |
|---|---|---|---|---|---|
| **Investment Type** | **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 |
| | $ 36,013 | $ 2,029 | $ 21,566 | $ 7,659 | $ 4,759 |

**2021**

| | | | Investment Maturities | | |
|---|---|---|---|---|---|
| **Investment Type** | **Fair Value** | **Less Than One Year** | **1-5 Years** | **6-10 Years** | **More Than 10 Years** |
| Mutual Bond Funds | $ 8,994 | $ - | $ - | $ 8,988 | $ 6 |
| | $ 8,994 | $ - | $ - | $ 8,988 | $ 6 |

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, 2022 and June 30, 2021, 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, 2022 or 2021

### 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 | | 2022 | | 2021 |
|---|---|---|---|---|
| Australian Dollar | $ | 648 | $ | 1,105 |
| Brazilian Real | | 692 | | 639 |
| British Pence | | - | | 4,065 |
| British Pound | | 4,535 | | - |
| British Pound Sterling | | - | | 1,046 |
| Canadian Dollar | | 1,682 | | 1,535 |
| Chilean Peso | | 23 | | - |
| China Renminbi | | 988 | | 936 |
| Columbian Peso | | 5 | | - |
| Czech Koruna | | 56 | | 65 |
| Danish Krone | | 1,098 | | 1,188 |
| Egyptian Pound | | 5 | | - |
| Euro | | 9,925 | | 13,598 |
| Hong Kong Dollar | | 4,716 | | 4,754 |
| Hungarian Forint | | 37 | | - |
| Indian Rupee | | 2,055 | | 1,192 |
| Indonesian Rupiah | | 294 | | 93 |
| Israeli Arorot | | 24 | | 636 |
| Japanese Yen | | 4,463 | | 5,286 |
| Kenyan Shilling | | 37 | | 38 |
| Korean Won | | 633 | | 441 |
| Kuwaiti Fil | | 42 | | - |
| Malaysian Ringgit | | 89 | | - |
| Mexican Peso | | 313 | | 183 |
| New Taiwan Dollar | | - | | 1,137 |
| Norwegian Krone | | 125 | | 100 |
| Philippine Peso | | 108 | | 97 |
| Polish Zloty | | - | | 28 |
| Qatari Riyal | | 47 | | - |
| Rand | | - | | 130 |
| Romanian Leu | | 5 | | - |
| Russian Ruble | | 107 | | 1 |
| Saudi Arabia Riyal | | 251 | | - |
| Singapore Dollar | | 44 | | 249 |
| South African Rand | | 500 | | 320 |
| South Korean Won | | 195 | | 1,438 |
| Swedish Krona | | 1,142 | | 1,306 |
| Swiss Franc | | 2,840 | | 3,434 |
| Taiwan Dollar | | 1,930 | | 900 |
| Thai Baht | | 297 | | 175 |
| Turkish Lira | | 23 | | 41 |
| UAE Dirham | | 71 | | - |
| | | 3 | | - |
| Total Investments in Foreign Currency | $ | 40,048 | $ | 46,156 |
| US Dollar | | 143,993 | | 170,300 |
| Total Investments | $ | 184,041 | $ | 216,456 |

## 7. LESSOR ARRANGEMENTS

The University leases certain real estate to external parties. During the years ended June 30, 2022 and 2021, the University recognized revenues related to these lease arrangements of $974,000 and $1,279,000, 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 | Other Terms |
|---|---|---|---|---|---|---|
| Real Estate | Cell Tower-Arnold Apartments | 2.96% | 7/25/2012 to 4/30/2024 | Monthly | $ 4,096 | escalating 3% annually |
| Real Estate | Land - Research Park | 2.96% | 3/4/2016 to 3/3/2056 | Annually | 42,500 | |
| Real Estate | Cell Tower-Brooke Tower | 2.96% | 7/25/2012 to 4/30/2023 | Monthly | 2,896 | escalating 3% annually |
| Real Estate | Cell Tower-Dadisman Hall | 2.96% | rolling 24 month notice period | Monthly | 3,360 | escalating 3% annually |
| Real Estate | Cell Tower-Braxton Tower | 2.96% | rolling 24 month notice period | Monthly | 3,360 | escalating 3% annually |
| Real Estate | Cell Tower-Wise Library | 2.96% | 5/1/2019 to 4/30/2024 | Monthly | 2,896 | escalating 3% annually |
| Real Estate | Cell Tower-Summit Hall | 2.96% | 5/1/2019 to 4/30/2024 | Monthly | 3,847 | escalating 3% annually |
| Real Estate | Cell Tower-Knapp Hall | 2.96% | rolling 24 month notice period | Monthly | 2,832 | escalating 3% annually |
| Real Estate | Cell Tower-Chestnut Ridge Research Building | 3.05% | rolling 24 month notice period | Monthly | 2,575 | escalating 3% annually |
| Real Estate | Restaurant Space in Mountainlair | 2.96% | 8/1/2012 to 8/31/2027 | Monthly | 1,667 | |
| Real Estate | Medical Education Building/Charleston | 2.96% | 7/1/2020 to 6/30/2025 | Monthly | 12,803 | escalating 3% annually |
| Real Estate | Research space at the HSC | 3.05% | 1/1/2021 to 12/31/2022 | Monthly | 1,652 | |
| 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 | Land - Montgomery, WV | 2.96% | 3/28/2018 to 3/27/2023 with assumed 5 year extension | Monthly | 214 | |

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, 2022 and 2021.

## 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):

| 2022 | Beginning Balance | Additions | Reductions | Ending Balance |
|---|---|---|---|---|
| Capital assets not being depreciated or amortized: | | | | |
| Land | $ 87,047 | $ 484 | $ (1,750) | $ 85,781 |
| Construction in progress | 89,459 | 50,989 | (38,546) | 101,902 |
| Total capital assets not being depreciated or amortized | $ 176,506 | $ 51,473 | $ (40,296) | $ 187,683 |
| 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 | (182) | 177,962 |
| Software | 69,960 | 1,261 | (4) | 71,217 |
| Infrastructure | 382,459 | 7,067 | - | 389,526 |
| Other assets | 205,426 | 42,565 | - | 247,991 |
| Intangible assets | 150 | - | (25) | 125 |
| Total other capital assets | 3,172,354 | 102,287 | (28,691) | 3,245,950 |
| 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) | (4,900) | 104 | (162,580) |
| Software | (64,310) | (2,135) | 1 | (66,444) |
| 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 | (1,419,767) | (100,223) | 25,951 | (1,494,039) |
| Other capital assets, net | $ 1,752,587 | $ 2,064 | $ (2,740) | $ 1,751,911 |
| Intangible right to use 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 | $ 32,350 | $ 1,215 | $ (3,176) | $ 30,389 |
| Less accumulated amortization for: | | | | |
| Buildings | (3,474) | (3,510) | 983 | (6,001) |
| Equipment | (83) | (329) | 5 | (407) |
| Software | (2) | (22) | - | (24) |
| Total accumulated amortization | $ (3,559) | $ (3,861) | $ 988 | $ (6,432) |
| Intangible right to use assets, net | $ 28,791 | $ (2,646) | $ (2,188) | $ 23,957 |
| | | | | |
| Capital and Intangible Right to Use Assets Summary: | | | | |
| Capital assets not being depreciated or amortized | $ 176,506 | $ 51,473 | $ (40,296) | $ 187,683 |
| Other capital assets | 3,172,354 | 102,287 | (28,691) | 3,245,950 |
| Total cost of capital assets | 3,348,860 | 153,760 | (68,987) | 3,433,633 |
| Less accumulated depreciation and amortization | (1,419,767) | (100,223) | 25,951 | (1,494,039) |
| Capital assets, net | $ 1,929,093 | $ 53,537 | $ (43,036) | $ 1,939,594 |
| Intangible right to use assets | | | | |
| Total cost of Intangible right to use assets | 32,350 | 1,215 | (3,176) | 30,389 |
| Less accumulated amortization | (3,559) | (3,861) | 988 | (6,432) |
| Intangible right to use assets, net | 28,791 | (2,646) | (2,188) | 23,957 |
| Total capital and Intangible right to use assets, net | $ 1,957,884 | $ 50,891 | $ (45,224) | $ 1,963,551 |

| 2021 | Beginning Balance | Additions | Reductions | Ending Balance |
|---|---|---|---|---|
| Capital assets not being depreciated or amortized: | | | | |
| Land | $ 87,199 | $ - | $ (152) | $ 87,047 |
| Construction in progress | 76,142 | 103,037 | (89,720) | 89,459 |
| Total capital assets not being depreciated or amortized | $ 163,341 | $ 103,037 | $ (89,872) | $ 176,506 |
| Other capital assets: | | | | |
| Land improvements | $ 61,974 | $ 3,178 | $ (6) | $ 65,146 |
| Buildings | 1,962,281 | 68,191 | (25,727) | 2,004,745 |
| Equipment | 241,088 | 33,559 | (4,213) | 270,434 |
| Library books | 170,449 | 3,807 | (222) | 174,034 |
| Software | 65,819 | 4,478 | (337) | 69,960 |
| Infrastructure | 380,254 | 2,205 | - | 382,459 |
| Other assets | 138,540 | 66,886 | - | 205,426 |
| Intangible assets | 150 | - | - | 150 |
| Total other capital assets | 3,020,555 | 182,304 | (30,505) | 3,172,354 |
| Less accumulated depreciation or amortization for: | | | | |
| Land improvements | (39,206) | (3,526) | 1 | (42,731) |
| Buildings | (525,171) | (37,261) | 11,526 | (550,906) |
| Equipment | (171,763) | (15,604) | 3,239 | (184,128) |
| Library books | (152,682) | (5,246) | 144 | (157,784) |
| Software | (61,707) | (2,668) | 65 | (64,310) |
| Infrastructure | (260,028) | (7,118) | - | (267,146) |
| Other assets | (136,998) | (15,742) | - | (152,740) |
| Intangible assets | (22) | - | - | (22) |
| Total accumulated depreciation and amortization | (1,347,577) | (87,165) | 14,975 | (1,419,767) |
| Other capital assets, net | $ 1,672,978 | $ 95,139 | $ (15,530) | $ 1,752,587 |
| Intangible right to use assets: | | | | |
| Buildings | - | 31,312 | - | 31,312 |
| Equipment | - | 971 | - | 971 |
| Software | - | 67 | - | 67 |
| Total for intangible right to use assets | $ - | $ 32,350 | $ - | $ 32,350 |
| Less accumulated amortization for: | | | | |
| Buildings | - | (3,474) | - | (3,474) |
| Equipment | - | (83) | - | (83) |
| Software | - | (2) | - | (2) |
| Total accumulated amortization | $ - | $ (3,559) | $ - | $ (3,559) |
| Intangible right to use assets, net | $ - | $ 28,791 | $ - | $ 28,791 |
| | | | | |
| Capital and Intangible Right to Use Assets Summary: | | | | |
| Capital assets not being depreciated or amortized | $ 163,341 | $ 103,037 | $ (89,872) | $ 176,506 |
| Other capital assets | 3,020,555 | 182,304 | (30,505) | 3,172,354 |
| Less accumulated depreciation and amortization | (1,347,577) | (87,165) | 14,975 | (1,419,767) |
| Capital assets, net | $ 1,836,319 | $ 198,176 | $ (105,402) | $ 1,929,093 |
| Intangible right to use assets | | | | |
| Total cost of Intangible right to use assets | - | 32,350 | - | 32,350 |
| Less accumulated amortization | - | (3,559) | - | (3,559) |
| Intangible right to use assets, net | $ - | $ 28,791 | $ - | $ 28,791 |
| Total capital and Intangible right to use assets, net | $ 1,836,319 | $ 226,967 | $ (105,402) | $ 1,957,884 |

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):

| 2022 | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|---|---|---|---|---|---|
| Real estate purchase agreements payable | $ 11,195 | $ - | $ (300) | $ 10,895 | $ 285 |
| Other post employment benefits (asset) 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 |
| 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 | $ 35,380 | $ (79,393) | $ 1,011,153 | $ 35,035 |

| 2021 | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|---|---|---|---|---|---|
| Real estate purchase agreement payable | $ 11,487 | $ - | $ (292) | $ 11,195 | $ 273 |
| Other post employment benefits liability | 113,459 | - | (82,843) | 30,616 | - |
| Net pension liability | 4,821 | - | (70) | 4,751 | - |
| Advances from federal government | 22,398 | - | (350) | 22,048 | - |
| Debt service assessment payable to the Commission | 40,084 | - | (4,449) | 35,635 | 4,467 |
| Leases payable | 12,256 | 93,176 | (15,916) | 89,516 | 4,641 |
| Bonds payable | 685,359 | 91,121 | (11,179) | 765,301 | 13,051 |
| Notes payable | 61,618 | 11,673 | (5,656) | 67,635 | 3,172 |
| Other noncurrent liabilities | 25,616 | 7,740 | (4,887) | 28,469 | - |
| Total long-term liabilities | $ 977,098 | $ 203,710 | $ (125,642) | $ 1,055,166 | $ 25,604 |

## 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):

| | 2022 | 2021 |
|---|---|---|
| Net OPEB (Asset) Liability | $ (1,701) | $ 30,616 |
| Deferred Outflows of Resources | 11,026 | 19,872 |
| Deferred Inflows of Resources | 73,430 | 94,998 |
| Revenues | (1,907) | 2,867 |
| OPEB Expense | (39,427) | (24,406) |
| Contributions made by the University | 7,520 | 12,760 |

### Plan Description

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

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

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

**Benefits Provided**

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

**Contributions**

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

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

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

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

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

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

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

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

**Basis of Allocation**

OPEB amounts have been allocated to each contributing employer based on their proportionate share of employer contributions to the RHBT for the fiscal year ended June 30, 2021.  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, 2022, the net OPEB asset for financial reporting purposes was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021. For the year ended June 30, 2021, the net OPEB liability for financial reporting purposes was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020. 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 2020, 6.50% for the plan year end 2021, decreasing 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 31.11% for plan year end 2022.  9.15% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.

- Inflation rate: 2.25%.

- Discount rate: 6.65%

- Mortality rates: based on Pub-2010.

The actuarial assumptions used in the June 30, 2020 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.

**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% |

**2021**

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|---|---|---|
| Global Equity | 55.0% | 6.8% |
| Core Plus Fixed Income | 15.0% | 4.1% |
| Hedge Fund | 10.0% | 4.4% |
| Private Equity | 10.0% | 8.8% |
| Core Real Estate | 10.0% | 6.1% |

**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% and a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date to the extent benefits are effectively financed on a pay-as-you-go basis. The long-term municipal bond rate used to develop the single discount rate was 3.13% as of the beginning of the year and 2.45% as of the end of the year. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Future pre-funding assumptions include a $30 million annual contribution from the State through 2037. Based on those assumptions, and that the Plan is expected to be fully funded by fiscal year ended June 30, 2025, 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 (asset). Discount rates are subject to change between measurement dates.

**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, 2022 and June 30, 2021 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):

**2022**

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

**2021**

| | 1% Decrease (5.65%) | Current Discount Rate (6.65%) | 1% Increase (7.65%) |
|---|---|---|---|
| Net OPEB liability | $ 43,051 | $ 30,616 | $ 19,419 |

**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, 2022 and June 30, 2021 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):

**2022**

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

**2021**

| | 1% Decrease | Current Healthcare Cost Trend Rates | 1% Increase |
|---|---|---|---|
| Net OPEB liability | $ 18,164 | $ 30,616 | $ 44,709 |

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

The net OPEB liability at June 30, 2021 measured as of June 30, 2019 rolled forward to June 30, 2020, which is the measurement date. The total OPEB liability at June 30, 2021 was determined by an actuarial valuation as of June 30, 2019 and rolled forward to the measurement date.

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

At June 30, 2021, the amount recognized as the University's proportionate share of the net OPEB liability was approximately $30,616,000. At June 30, 2021, the nonemployer contributing entity's (State of West Virginia) portion of the collective net OPEB liability is $6,675,000 and the total net liability attributable to the University is $37,291,000.

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, 2021 and June 30, 2020. Employer contributions are recognized when due. At June 30, 2021, the University's proportion was 7.006088092%, an increase of .171636871% from its proportion of 6.834451221% calculated as of June 30, 2020.

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, 2020 and June 30, 2019. Employer contributions are recognized when due. At June 30, 2020, the University's proportion was 6.834451221%, a increase of .031788887% from its proportion of 6.802662334% calculated as of June 30, 2019.

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.

For the year ended June 30, 2021, the University recognized OPEB expense of $(24,406,000). Of this amount, $(27,273,000) was recognized as the University's proportionate share of the OPEB expense, and $2,867,000 as the amount of OPEB expense attributed to special funding. The University also recognized revenue of $2,867,000 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):

**2022**

| | Deferred Outflows of Resources | | Deferred Inflows of Resources | |
|---|---|---|---|---|
| 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 | | - |
| | $ | 11,026 | $ | 73,430 |

**2021**

| | Deferred Outflows of Resources | | Deferred Inflows of Resources | |
|---|---|---|---|---|
| Changes in proportion and difference between employer contributions and proportionate share of contributions | $ | 3,800 | $ | 4,458 |
| Net difference between projected and actual investment earnings | | 2,286 | | - |
| Difference between expected and actual experience | | - | | 19,559 |
| Changes in assumptions | | - | | 68,136 |
| Opt-out proportionate share | | - | | 1,819 |
| Contributions after the measurement date | | 12,760 | | - |
| | $ | 18,846 | $ | 93,972 |

The University will recognize the $7,520,000 and $12,760,000 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, 2022 and 2021, 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, 2023 | $ | (34,295) |
| June 30, 2024 | | (26,806) |
| June 30, 2025 | | (4,788) |
| June 30, 2026 | | (4,035) |
| | $ | (69,924) |

## 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):

| | 2022 | | 2021 | |
|---|---|---|---|---|
| Net Pension Liability | $ | 1,690 | $ | 4,751 |
| Deferred Outflows of Resources | | 706 | | 969 |
| Deferred Inflows of Resources | | 4,092 | | 2,828 |
| Revenues | | (64) | | 1,157 |
| Pension Expense | | (1,240) | | 641 |
| Contributions Made by the University | | 358 | | 450 |

**TRS**

**Plan Description**

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

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

**Benefits Provided**

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

**Contributions**

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

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

Employer Contributions: Employers make the following contributions:

The State (including institutions of higher education) contributes:

1. 15% of gross salary of their State-employed members hired prior to July 1, 1991;
2. 15% of School Aid Formula (SAF) covered payroll of county-employed members;
3. 7.5% of School Aid Formula (SAF)-covered payroll of members of the Teachers' Defined Contribution Retirement System (TDCRS);
4. a certain percentage of fire insurance premiums paid by State residents; and

5. under WV State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the TRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2021, the University's proportionate share attributable to this special funding subsidy was $0. As of June 30, 2020, the University's proportionate share attributable to this special funding subsidy was $1,083,000.

The University's contributions to TRS for the years ended June 30, 2022, 2021, and 2020, were approximately $358,000, $450,000, and $604,000, respectively.

**Assumptions**

For the year ended June 30, 2021, the total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2020 and rolled forward to June 30, 2021. For the year ended June 30, 2020, total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2019 and rolled forward to June 30, 2020. The following actuarial assumptions were used and applied to all periods included in the measurement:

- Actuarial cost method: Entry age normal cost with level percentage of payroll.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method and period: Level dollar, fixed period over 40 years, from July 1, 1995 through fiscal year 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 Public Retirement Plans Mortality Tables Report
- 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, 2013 to June 30, 2018. 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, 2021 and June 30, 2020 are summarized below.

**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% |

**2021**

| 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, 2022 and June 30, 2021 was 7.25% and 7.50%, 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 7.50%, as well as what the University's TRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate are as follows (dollars in thousands):

**2022**

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

**2021**

| | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|---|---|---|---|
| Net pension liability | $ 6,419 | $ 4,751 | $ 3,331 |

**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, 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.

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

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, 2021, the University's proportionate share of the TRS net pension liability was $15,075,000. Of this amount, the University recognized approximately $4,751,000 as its proportionate share on the statement of net position. The remainder of $10,324,000 denotes the University's proportionate share of net pension liability attributable to the special funding.

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.

At June 30, 2021, the amount recognized as the University's proportionate share of the TRS net pension liability was approximately $4,751,000. TRS measured the net pension liability as of June 30, 2020.

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, 2021 and 2020. Employer contributions are recognized when due. At June 30, 2021, the University's proportion was .108170%, a decrease of .039346% from its proportion of .147516% calculated as of June 30, 2019. At June 30, 2020, the University's proportion was .147516%, a decrease of .014521% from its proportion of 0.162037% calculated as of June 30, 2018.

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.

For the year ended June 30, 2021, the University recognized TRS pension expense of $640,882. Of this amount, $(516,064) was recognized as the University's proportionate share of the TRS expense and $1,083,023 as the amount of pension expense attributable to special funding and $73,923 as the pension expense related to a non-special funding from a non-employer contributing entity. The University also recognized revenue of $1,156,946 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):

**2022**

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| 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 | - |
| | $ 706 | $ 4,092 |

**2021**

| | Deferred Outflows of Resources | | Deferred Inflows of Resources | |
|---|---|---|---|---|
| Changes in proportion and difference between employer contributions and proportionate share of contributions | $ | 55 | $ | 2,724 |
| Net difference between projected and actual investment earnings | | 288 | | - |
| Difference between expected and actual experience | | 109 | | 104 |
| Contributions after the measurement date | | 450 | | - |
| Changes in assumptions | | 67 | | - |
| | $ | 969 | $ | 2,828 |

The University will recognize the $358,000 and $450,000 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, 2022 and 2021, 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, 2023 | $ | (1,470) |
| June 30, 2024 | | (1,006) |
| June 30, 2025 | | (653) |
| June 30, 2026 | | (605) |
| June 30, 2027 | | (10) |
| | $ | (3,744) |

**Payables to the Pension Plan**

The University did not report any amounts payable for normal contributions to the TRS as of June 30, 2022 or 2021.

## 12. BONDS PAYABLE

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

| | Original Interest Rate | Annual Principal Installment Due | 2022 Principal Amount Outstanding | 2021 Principal Amount Outstanding |
|---|---|---|---|---|
| Revenue Improvement Bonds, 2011 Series A, due through 2026 | 3.87% | $ 35 to $ 62 | $ 7,073 | $ 7,698 |
| Revenue Bonds (Taxable), 2012 Series A, due through 2042 | 4.50% | $ 1475 to $ 394 | 10,669 | 10,993 |
| Revenue Bonds (Taxable), 2012 Series B, due through 2032 | variable rate | $ 0 to $ 284 | 2,800 | 3,049 |
| Revenue Refunding and Improvement Bonds (Taxable), 2013 Series B, due through 2043 | 3.24% | $ 995 to $ 890 | 23,070 | 30,260 |
| 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, | 3.43% | $ 0 to $ 678 | 16,215 | 16,893 |
| Revenue Bonds, 2019 Series A, due through 2050 | 3.11% | $ 0 to $ 5,095 | 84,425 | 85,840 |
| 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 | 377,785 | 377,785 |
| Revenue Bonds, 2020 Series B, due through 2036 | 2.20% | $ 595 to $ 163 | 11,120 | 11,845 |
| 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 | 20,000 | |
| Unamortized Bond Premium | | | 30,082 | 32,088 |
| Net Bonds Payable | | | $772,089 | $765,301 |
| Current Portion | | | 24,388 | 13,051 |
| Noncurrent Portion | | | $747,701 | $752,250 |

### *Bond Indenture, Pledged Revenues and Board Authorization*

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

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

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

| Bond Issue | Indenture or Supplemental Indenture | Board Resolution |
|---|---|---|
| 2004 A, B and C | Original | 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 Twelth 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 |

### *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.

***Bond Summary***

For the years ended June 30, 2022 and June 30, 2021, the University recorded a deferred loss on refunding of $13,824,000 and $14,506,000, respectively, on the statement of net position.

Total principal and interest payments remaining to be paid at June 30, 2022 and 2021 were $1.082 million and $1.092 million, respectively. Total gross pledged revenue for fiscal year 2022 and 2021 was $140.2 million and $111.9 million, respectively.

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

| **Fiscal Year Ending June 30,** | **Principal** | **Interest** | **Total Payments** |
|---|---|---|---|
| 2023 | $ 22,382 | $ 22,967 | $ 45,349 |
| 2024 | 20,239 | 22,564 | 42,803 |
| 2025 | 26,830 | 22,066 | 48,896 |
| 2026 | 27,388 | 21,524 | 48,912 |
| 2027 | 30,647 | 20,818 | 51,465 |
| 2028-2032 | 137,830 | 94,517 | 232,347 |
| 2033-2037 | 153,682 | 75,729 | 229,411 |
| 2038-2042 | 175,157 | 47,316 | 222,473 |
| 2043-2047 | 133,277 | 11,579 | 144,856 |
| 2048-2050 | 14,575 | 1,093 | 15,668 |
| Bonds Payable | 742,007 | $ 340,173 | $ 1,082,180 |
| Unamortized Bond Discount | - | | |
| Unamortized Bond Premium | 30,082 | | |
| Net Bonds Payable | 772,089 | | |
| | | | |
| Current Portion | 24,388 | | |
| Noncurrent Portion | $ 747,701 | | |

## 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 Lessor | Rate | Lease Term | Payment Frequency | Payment Amount |
|---|---|---|---|---|---|---|---|
| Real Estate | Research Ridge at Collins Ferry Road | WVU | | 2.96% | 10/1/2017 - 9/30/2022 | Monthly | $ 12,144 |
| Real Estate | Court Street in Wirt County | WVU | | 2.96% | 7/1/2018 - 6/30/2023 | Monthly | 525 |
| Real Estate | One Waterfront Place | WVU | WVU Foundation | 2.96% | 5/18/2001 - 5/31/2031 | Monthly | 164,583 |
| Real Estate | Riddle Court | WVU | | 2.96% | 12/31/2020 - 12/31/2021; renewed through | Monthly | 2,325 |
| Real Estate | Jackson Kelly Building | WVU | | 2.96% | 7/1/2017-6/30/2022 | Monthly | 22,667 |
| 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 - 6/30/2023 | Monthly | 1,500 |
| Equipment | Postage and Mail | WVU | | 3.05% | 5/10/2021-5/9/2026 | Quarterly | 637 |
| Real Estate | Ridgeview Business Park | WVU | | 3.05% | 7/1/2020-6/30/2022; 2 year renewal option | Monthly | 1,859 |
| Real Estate | CED Building on Hartman Run Road | WVU | | 2.96% | 8/1/2016 - 7/31/2021; renewed through 7/31/2026 | Monthly | 32,026-33,370 |
| Real Estate | Capitol Street in Charleston, WV | WVU | | 2.96% | 1/1/2020 - 12/31/2022 | Monthly | 2,831 |
| 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 | | 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 - 3/28/2022; renewed through 3/28/2031 | Monthly | 10,827 |
| Real Estate | Office Space in Washington, DC | WVURC | | 2.96% | 11/17/2017 - 12/31/2022 | Monthly | 2,544-2,601 |
| Real Estate | Office Space on Dents Run Road | WVURC | | 3.05% | 8/1/2019 - 3/31/2021; renewed through 3/31/2025 | Monthly | 6,345 |
| Real Estate | Office Space in Charleston, WV | WVURC | | 2.96% | 12/1/2019-6/30/2021; renewal assumed through 6/30/2023 | Monthly | 1,200 |
| Real Estate | Office Space on Pineview Drive | WVURC | | 2.96% | 7/1/2020 - 6/30/2023 | Monthly | 5,325 |
| Real Estate | Equities House in Charleston, WV | WVURC | | 2.96% | 3/1/2019 - 6/30/2024 | Monthly | 31,211 |
| Equipment | Scientific Equipment | WVURC | | 3.05% | 9/30/2021-9/29/2023 | Monthly | 2,791 |
| Real Estate | Office Space in Lewisburg, WV | WVURC | | 3.05% | 10/1/2021-9/30/2023 | Monthly | 4,375 |

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 |
|---|---|---|
| 2023 | $ 3,235 | $ 2,513 |
| 2024 | 3,572 | 2,397 |
| 2025 | 2,932 | 2,293 |
| 2026 | 2,957 | 2,202 |
| 2027 | 2,682 | 2,114 |
| 2028-2032 | 12,188 | 9,312 |
| 2033-2037 | 4,886 | 8,043 |
| 2037-2042 | 3,994 | 7,362 |
| 2043-2047 | 4,630 | 6,726 |
| 2048-2052 | 5,367 | 5,989 |
| 2053-2057 | 6,104 | 5,138 |
| 2058-2062 | 6,948 | 4,179 |
| 2063-2067 | 8,055 | 3,072 |
| 2068-2072 | 9,339 | 1,789 |
| 2073-2076 | 7,223 | 380 |
| Lease Payable | $ 84,112 | $ 63,509 |
| | | |
| Current Portion | 3,235 | |
| Noncurrent Portion | $ 80,877 | |

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, 2022 and 2021. 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 can not 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, 2022 and 2021.

## 14. 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, 2022 and June 30, 2021 was approximately $15.5 million and $16.2 million, respectively. Total interest paid through June 30, 2022 and June 30, 2021 was approximately $4,850,000 and $4,252,000, respectively. Total facilities and administrative revenues earned by HSC during fiscal year 2022 and 2021 were $18.7 million and $17.6 million, respectively. Total pledged revenue as of June 30, 2022 and June 30, 2021 was $13.1 million and $9.6 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 22.)

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

| Fiscal Year Ending June 30, | Principal | Interest |
|---|---|---|
| 2023 | $ 2,630 | $ 2,667 |
| 2024 | 2,399 | 2,539 |
| 2025 | 2,469 | 2,451 |
| 2026 | 2,558 | 2,362 |
| 2027 | 2,193 | 2,269 |
| 2028-2032 | 10,090 | 10,178 |
| 2033-2037 | 10,658 | 8,062 |
| 2038-2042 | 5,807 | 6,317 |
| 2043-2047 | 6,437 | 5,028 |
| 2048-2052 | 8,038 | 3,427 |
| 2053-2057 | 10,037 | 1,428 |
| 2058 | 1,132 | 15 |
| | 64,448 | 46,743 |
| Current Portion | 2,630 | |
| Noncurrent Portion | $ 61,818 | |

*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 Tuist Bank. As a result of this merger, Suntrust Leasing Corporation has been renamed Truist Equipment Finance Corporation ("Truist").

## 15. 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, 2022 and June 30, 2021. Also, the purchase included a Tax Increment Financing (TIF) District Guaranty to First United Bank & Trust for $120,000 annually through September 1, 2032. This has been recorded at a present value of $1,484,607 at the following interest rates: 2.5% through June 2014, 3.5% from June 2014 through June 2017, and 5.69% from June 2017 through June 2033.

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

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

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

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

| Fiscal Year Ending June 30, | Principal | Interest |
|---|---|---|
| 2023 | $ 318 | $ 441 |
| 2024 | 330 | 430 |
| 2025 | 10,517 | 106 |
| Real Estate Purchase Agreements Payable | 11,165 | 977 |
| Current Portion | 318 | |
| Noncurrent Portion | $ 10,847 | |

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

## 16. 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 | $ 4,497 | $ 6,122 |
| 2024 | 4,538 | 6,078 |
| 2025 | 4,596 | 6,021 |
| 2026 | 4,672 | 5,946 |
| 2027 | 4,756 | 5,861 |
| 2028-2031 | 8,109 | 22,906 |
| Debt Service Assessment Payable to the Commission | $ 31,168 | $ 52,934 |
| Current Portion | 4,497 | |
| Noncurrent Position | $ 26,671 | |

## 17. 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.)

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

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

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

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

| Fiscal Year Ending June 30, | WVU | Employees | Total |
|---|---|---|---|
| 2022 | $ 30,900 | $ 30,900 | $ 61,800 |
| 2021 | 29,600 | 29,600 | 59,200 |
| 2020 | 29,090 | 29,090 | 58,180 |

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

| Fiscal Year Ending June 30, | WVU | Employees | Total |
|---|---|---|---|
| 2022 | $ - | $ - | $ - |
| 2021 | - | - | - |
| 2020 | 55 | 55 | 110 |

The University's total payroll for fiscal years 2022, 2021, and 2020 was $565.1 million, $538.3 million, and $535.6 million, respectively; total covered employees' salaries in TIAA-CREF and the Empower Retirement were $519.6 million and $0 in fiscal year 2022, $497.9 million and $0 in fiscal year 2021, and $488.6 million, and $917,000 in fiscal year 2020, respectively.

## 18. 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, 2022, the University was committed to an additional purchase of $2.1 million to meet the minimum steam purchase requirement for the contract year ended September 30, 2022. 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 $4.7 million at June 30, 2022.

*c.* *Other Commitments* – The University is involved in legal action in regards to normal business activities. Management does not feel that these actions are material and pose a financial threat to the University and, accordingly, no liability is accrued at June 30, 2022 and 2021.

## 19. AFFILIATED ORGANIZATIONS

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

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

### Related Party Transactions

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

   The University is reimbursed by the Morgantown practice plan for the use of certain facilities, Physician Office Center (POC) utility costs and other costs of the WVUSOM, including medical malpractice insurance premiums. The University reimburses the Morgantown practice plan for costs associated with the services it provides to the University. During fiscal year 2004, the Legislature reallocated HSC state appropriations to the Medicaid program in Health and Human Services. The HSC currently receives some state appropriations through the Medicaid program from the Morgantown practice plan. 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 $3.3 million and $52.3 million in fiscal year 2022 and $2.9 million and $49.2 million in fiscal year 2021, respectively. Accounts receivable at June 30, 2022 and 2021 includes $8.4 million and $3.5 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, 2022 or 2021.

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 $6.3 million in fiscal year 2022 and $5.2 million in fiscal year 2021, respectively. Accounts receivable at June 30, 2022 and 2021 includes $1.1 million and $.8 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, 2022 or 2021. There were no funds disbursed to the Charleston practice plan in fiscal year 2022 or 2021.

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

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

Total funds collected from the Eastern practice plan totaled $4.5 million in fiscal year 2022 and $3.6 million in fiscal year 2021, respectively. Accounts receivable at June 30, 2022 and 2021 includes $.6 million and $.5 million for such items as medical malpractice insurance and salary support. There were no amounts due to the Eastern practice plan at June 30, 2022 or 2021. There were no funds disbursed to the Eastern practice plan in fiscal years 2022 or 2021.

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 $1.2 million in fiscal year 2022 and $1.1 million in fiscal year 2021, respectively. Accounts receivable at June 30, 2022 and 2021 includes $1.0 million and $1.1 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, 2022 or 2021. There were no funds disbursed to the dental practice plan in fiscal year 2022 or 2021.

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 2022 and 2021, $48.1 million and $45.1 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, 2022 and 2021 include $1.6 million and $2.0 million, respectively, due from WVUH for such items. During fiscal years 2022 and 2021, $82,000 and $.4 million, respectively, was paid to WVUH for rent and other services. Accounts payable at both June 30, 2022 and 2021 were $0 for such items.

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

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.

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 and $1,323,000 for the years ended June 30, 2022 and 2021, respectively. 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 $532,000 and $97,000 for the years ended June 30, 2022 and 2021, 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.

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

*Energy Performance Contract* — In 2008, the University entered into an agreement with Siemens Building Technologies, Inc. to perform Phase II of the Energy Performance contract. The contract was to install certain energy enhancement equipment in buildings on the University's campuses, including Parkersburg and WVUIT. The cost of the contract was financed with a lease purchase agreement between the University and Suntrust Leasing Corporation ("Suntrust"), 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, 2022 was \$574,295 and \$36,652, respectively. The outstanding notes receivable due from Parkersburg and BridgeValley at June 30, 2021 was \$884,973 and \$56,479, respectively. Interest earned during fiscal year 2022 for the notes related to Parkersburg and BridgeValley was \$30,725 and \$1,961, respectively. Interest earned during fiscal year 2021 for the notes related to Parkersburg and BridgeValley was \$42,828 and \$2,733, respectively. This interest is recorded as investment income on the statement of revenues, expenses, and changes in net position.

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

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

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

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

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

The parking facilities sublease agreement stipulates that the University will remit 100% of net revenues received from the operation of the parking facilities to DCPA as lease payments, not to exceed DCPA's scheduled principal and interest on the parking facilities financing for the current year plus its net operating margin (deficit) from the parking facilities project. If the University's net revenues from the operation of the parking facilities are insufficient to meet DCPA's debt-service and operating needs, the University will make additional lease payments in the amount of the shortfall, which will be owed back to the University from housing revenues of WVCH. Accordingly, the University recorded lease payments of $382,000 and $305,000 and additional lease payments of $481,000 and $520,000 to DCPA as of June 30, 2022 and 2021, respectively.

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

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

m. *HSC Fresh Kitchen, LLC* – In fiscal year 2017, the University entered into a public-private arrangement with HSC Fresh Kitchen for the lease and development of the cafeteria space at the Health Sciences Center (the Market at West Virginia University). According to this agreement, the University will lease the space to HSC Fresh Kitchen and HSC Fresh Kitchen will construct improvements on the property. The 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.

## 20. 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 $2.7 billion and $2.5 billion at June 30, 2022 and 2021, respectively, with net assets of $1.2 billion at both June 30, 2022 and 2021. Gifts, grants, pledges and bequests to the Foundation totaled $113.8 million and $103.0 million in fiscal years 2022 and 2021, respectively.

Total funds expended by the Foundation in support of University activities totaled $78.2 million and $76.1 million in fiscal years 2022 and 2021, 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.

## 21. SERVICE CONCESSION ARRANGEMENT

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

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

During fiscal year 2015, the University recorded a capital asset with a fair market value of $34,952,000 and a deferred inflow of resources. This deferred inflow is being amortized to auxiliary revenue over the term of the agreement (40 years). The University has recorded an accounts receivable of $76,000 and $78,000 at June 30, 2022 and 2021, respectively, for reimbursable project expenses. At June 30, 2022, the University recognized management fee revenue and its share of the net revenue of $92,000 and $206,000 respectively. At June 30, 2021, the University recognized management fee revenue and its share of the net revenue of $83,000 and $130,000, respectively. This revenue is included in revenue from auxiliary enterprises on the statement of revenues, expenses and changes in net position.

## 22. 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.

## 23. 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, 2022 or 2021.

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, 2022 and 2021, the University has recorded a liability of $150,000 and $114,000, respectively, for asbestos removal in accordance with the provisions of GASB.

## 24. BLENDED COMPONENT UNIT

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

**2022**
**Statement of Net Position**

| | WVU Excluding Component Unit | WVU Research Corporation | WVU Innovation Corporation | Eliminations | WVU Combined |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Current Assets | $ 267,271 | $ 93,839 | $ - | $ - | $ 361,110 |
| Accounts receivable - Research Corporation | 15,310 | - | - | (15,310) | - |
| Leases receivable - WVU, current portion | - | 329 | - | (329) | - |
| Total Noncurrent Assets | 282,581 | 94,168 | - | (15,639) | 361,110 |
| Capital and intangible right to use assets, net | 1,897,573 | 65,978 | - | - | 1,963,551 |
| Leases receivable - WVU | - | 339 | - | (339) | - |
| Other noncurrent assets | 191,469 | 1,333 | - | - | 192,802 |
| Total Noncurrent Assets | 2,089,042 | 67,650 | - | (339) | 2,156,353 |
| **TOTAL ASSETS** | 2,371,623 | 161,818 | - | (15,978) | 2,517,463 |
| **DEFERRED OUTFLOWS OF RESOURCES** | 25,556 | - | - | - | 25,556 |
| **TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | $ 2,397,179 | $ 161,818 | $ - | $ (15,978) | $ 2,543,019 |
| **LIABILITIES AND DEFERRED INFLOWS OF RESOURCES** | | | | | |
| Current Liabilities | $ 215,120 | $ 49,759 | $ - | $ - | $ 264,879 |
| Accounts payable - WVU | - | 15,310 | - | (15,310) | - |
| Leases payable - Corporation, current portion | 329 | - | - | (329) | - |
| Total current liabilities | 215,449 | 65,069 | - | (15,639) | 264,879 |
| Noncurrent Liabilities | 921,265 | 56,554 | - | - | 977,819 |
| Leases payable - Corporation | 339 | - | - | (339) | - |
| Total noncurrent liabilities | 921,604 | 56,554 | - | (339) | 977,819 |
| **TOTAL LIABILITIES** | 1,137,053 | 121,623 | - | (15,978) | 1,242,698 |
| **DEFERRED INFLOWS OF RESOURCES** | 121,460 | 161 | - | - | 121,621 |
| **TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES** | $ 1,258,513 | $ 121,784 | $ - | $ (15,978) | $ 1,364,319 |
| **NET POSITION** | | | | | |
| Net investment in capital assets | $ 1,029,765 | $ 15,355 | $ - | $ - | $ 1,045,120 |
| Restricted Nonexpendable | 15,109 | - | - | - | 15,109 |
| Restricted Expendable | 59,609 | - | - | - | 59,609 |
| Unrestricted net position (deficit) | 34,183 | 24,679 | - | - | 58,862 |
| **Total Net Position** | $ 1,138,666 | $ 40,034 | $ - | $ - | $ 1,178,700 |

**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 | 101,044 | 2,664 | 376 | - | 104,084 |
| Net operating expenses to the Research Corporation | 1,625 | - | - | (1,625) | - |
| Net operating expenses to WVUIC | (903) | 9,502 | 903 | (9,502) | - |
| Other operating expenses | 931,584 | 134,549 | 1,291 | - | 1,067,424 |
| Total operating expenses | 1,033,350 | 146,715 | 2,570 | (11,127) | 1,171,508 |
| **OPERATING (LOSS) INCOME** | (316,032) | (8,315) | 8,880 | - | (315,467) |
| | | | | | |
| 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 |
| ARPA Act revenues | 53,962 | - | - | - | 53,962 |
| Investment income | (26,862) | (1,948) | - | - | (28,810) |
| Interest on capital asset-related debt | (24,491) | (2,286) | (32) | - | (26,809) |
| Interest expense to the Corporation | (24) | 24 | - | - | - |
| Assessments by Commission for debt service | (6,368) | - | - | - | (6,368) |
| Debt issuance costs | (121) | - | - | - | (121) |
| Other nonoperating expenses - net | 624 | (4) | - | - | 620 |
| Net nonoperating revenues | 253,511 | 9,576 | (32) | - | 263,055 |
| **INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES** | (62,521) | 1,261 | 8,848 | - | (52,412) |
| | | | | | |
| Capital grants and gifts | 55,467 | 4 | - | - | 55,471 |
| Loss on disposal of operations | - | - | (2,667) | - | (2,667) |
| Capital bond proceeds from State | - | - | - | - | - |
| 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** | (1,743) | (4,046) | 6,181 | - | 392 |
| | | | | | |
| **NET POSTION - BEGINNING OF YEAR** | 1,140,409 | 44,080 | (6,181) | - | 1,178,308 |
| | | | | | |
| **NET POSITION - END OF YEAR** | $ 1,138,666 | $ 40,034 | $ - | $ - | $ 1,178,700 |

**2022**
**Statement of Cash Flows**

| | | WVU Excluding Component Unit | | WVU Research Corporation | | WVU Innovation Corporation | | WVU Combined |
|---|---|---|---|---|---|---|---|---|
| **Cash Provided By (Used In):** | | | | | | | | |
| Operating Activities | $ | (233,123) | $ | 4,651 | $ | (1,811) | $ | (230,283) |
| Noncapital Financing Activities | | 307,464 | | 13,784 | | - | | 321,248 |
| Capital Financing Activities | | (85,130) | | (10,790) | | (397) | | (96,317) |
| Investing Activities | | 1,436 | | 110 | | 2,107 | | 3,653 |
| **INCREASE IN CASH AND CASH EQUIVALENTS** | $ | (9,353) | $ | 7,755 | $ | (101) | $ | (1,699) |
| Cash and Cash Equivalents, Beginning of Year | $ | 173,431 | $ | 31,928 | $ | 101 | $ | 205,460 |
| **Cash and Cash Equivalents, End of Year** | $ | 164,078 | $ | 39,683 | $ | - | $ | 203,761 |

**2021**
**Statement of Net Position**

| | WVU Excluding Component Unit | WVU Research Corporation | WVU Innovation Corporation | Eliminations | WVU Combined |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Current Assets | $ 267,332 | $ 76,531 | $ 799 | $ - | $ 344,662 |
| Accounts receivable - Research Corporation | 13,535 | - | - | (13,535) | - |
| Accounts receivable - WVUIC, current portion | - | 2,709 | - | (2,709) | - |
| Leases receivable - WVU, current portion | - | 319 | - | (319) | - |
| Total Noncurrent Assets | 280,867 | 79,559 | 799 | (16,563) | 344,662 |
| Capital and intangible right to use assets, net | 1,888,282 | 66,167 | 3,435 | - | 1,957,884 |
| Accounts receivable - WVUIC | - | 4,600 | - | (4,600) | - |
| Leases receivable - WVU | - | 668 | - | (668) | - |
| Other noncurrent assets | 244,764 | 1,121 | - | - | 245,885 |
| Total Noncurrent Assets | 2,133,046 | 72,556 | 3,435 | (5,268) | 2,203,769 |
| **TOTAL ASSETS** | 2,413,913 | 152,115 | 4,234 | (21,831) | 2,548,431 |
| **DEFERRED OUTFLOWS OF RESOURCES** | 35,347 | - | - | - | 35,347 |
| **TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | $ 2,449,260 | $ 152,115 | $ 4,234 | $ (21,831) | $ 2,583,778 |
| **LIABILITIES AND DEFERRED INFLOWS OF RESOURCES** | | | | | |
| Current Liabilities | $ 193,382 | $ 36,498 | $ 1,068 | $ - | $ 230,948 |
| Accounts Payable - WVU | - | 13,536 | - | (13,536) | - |
| Accounts Payable - WVUIC, Current Portion | (609) | - | 3,318 | (2,709) | - |
| Leases Payable - Corporation, Current Portion | 319 | - | - | (319) | - |
| Total Current Liabilities | 193,092 | 50,034 | 4,386 | (16,564) | 230,948 |
| Noncurrent Liabilities | 970,321 | 57,795 | 1,446 | - | 1,029,562 |
| Accounts Payable - WVUIC | - | - | 4,600 | (4,600) | - |
| Leases payable - Corporation | 668 | - | - | (668) | - |
| Total Noncurrent Liabilities | 970,989 | 57,795 | 6,046 | (5,268) | 1,029,562 |
| **TOTAL LIABILITIES** | 1,164,081 | 107,829 | 10,432 | (21,832) | 1,260,510 |
| **DEFERRED INFLOWS OF RESOURCES** | 144,754 | 206 | - | - | 144,960 |
| **TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES** | $ 1,308,835 | $ 108,035 | $ 10,432 | $ (21,832) | $ 1,405,470 |
| **NET POSITION** | | | | | |
| Net investment in capital assets | $ 1,039,678 | $ 15,033 | $ (17) | $ - | $ 1,054,694 |
| Restricted Nonexpendable | 16,975 | - | - | - | 16,975 |
| Restricted Expendable | 71,453 | 102 | - | - | 71,555 |
| Unrestricted net position (deficit) | 12,320 | 28,945 | (6,181) | - | 35,084 |
| **Total Net Position** | $ 1,140,426 | $ 44,080 | $ (6,198) | $ - | $ 1,178,308 |

**2021**
**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 | $ 401,854 | $ - | $ - | $ - | $ 401,854 |
| Federal land grants | 8,390 | - | - | - | 8,390 |
| Local land grants | 895 | - | - | - | 895 |
| Federal grants and contracts | 12,040 | 80,531 | 1,242 | - | 93,813 |
| State grants and contracts | 30,735 | 24,779 | - | - | 55,514 |
| Local grants and contracts | 100 | 212 | - | - | 312 |
| Nongovernmental grants and contracts | 75,659 | 19,618 | 2,069 | - | 97,346 |
| Sales and services of educational departments | 9,422 | 83 | - | - | 9,505 |
| Auxiliary Enterprises, net | 94,400 | - | - | - | 94,400 |
| Interest on student loans receivable | 608 | - | - | - | 608 |
| Net operating revenue from the Research Corporation | 51 | - | - | (51) | - |
| Net Operating Revenue from WVUIC | (535) | - | 2,625 | (2,090) | - |
| Net service agreement revenue from Parkerburg | 250 | - | - | - | 250 |
| Other operating revenues | 10,868 | 228 | 6 | - | 11,102 |
| Total operating revenues | 644,737 | 125,451 | 5,942 | (2,141) | 773,989 |
| OPERATING EXPENSES | | | | | |
| Depreciation and amortization | 87,304 | 2,632 | 788 | - | 90,724 |
| Net operating expenses to University | - | 51 | - | (51) | - |
| Net operating expenses to WVUIC | (498) | 2,090 | 498 | (2,090) | - |
| Other operating expenses | 869,949 | 124,447 | 3,053 | - | 997,449 |
| Total operating expenses | 956,755 | 129,220 | 4,339 | (2,141) | 1,088,173 |
| **OPERATING (LOSS) INCOME** | (312,018) | (3,769) | 1,603 | - | (314,184) |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| State appropriations | 196,571 | - | - | - | 196,571 |
| State Lottery appropriations | 3,647 | - | - | - | 3,647 |
| Payments on behalf of the University | 5,365 | 33 | - | - | 5,398 |
| Gifts | 66,235 | 11,664 | - | - | 77,899 |
| Federal Pell grants | 26,722 | - | - | - | 26,722 |
| CARES Act revenues | 5,132 | - | - | - | 5,132 |
| CRRSAA Act revenues | 30,727 | - | - | - | 30,727 |
| Investment income | 42,467 | 3,078 | - | - | 45,545 |
| Interest on capital asset-related debt | (23,409) | (2,496) | (173) | - | (26,078) |
| Interest expense to the Corporation | (33) | - | - | 33 | - |
| Assessments by Commission for debt service | (6,384) | - | - | - | (6,384) |
| Debt issuance costs | (643) | - | - | - | (643) |
| Interest revenue from the University | - | 33 | - | (33) | - |
| Other nonoperating expenses - net | (8,610) | (5) | - | - | (8,615) |
| **Net nonoperating revenues** | 337,787 | 12,307 | (173) | - | 349,921 |
| **INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES** | 25,769 | 8,538 | 1,430 | - | 35,737 |
| Capital grants and gifts | 91,479 | 188 | - | - | 91,667 |
| Bond/capital projects proceeds from the Higher Education Policy Commission | 648 | - | - | - | 648 |
| TRANSFER OF ASSETS TO THE UNIVERSITY | 5,858 | (5,858) | - | - | - |
| TRANSFER OF ASSETS FROM THE UNIVERSITY | (1,099) | 1,099 | - | - | - |
| **INCREASE IN NET POSITION** | 122,655 | 3,967 | 1,430 | - | 128,052 |
| **NET POSTION - BEGINNING OF YEAR** | 1,080,465 | 39,129 | (7,628) | - | 1,111,966 |
| **CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE** | (62,694) | 984 | - | - | (61,710) |
| **NET POSITION--BEGINNING OF YEAR, AS RESTATED** | 1,017,771 | 40,113 | (7,628) | - | 1,050,256 |
| **NET POSITION - END OF YEAR** | $ 1,140,426 | $ 44,080 | $ (6,198) | $ - | $ 1,178,308 |

**2021**
**Statement of Cash Flows**

| | WVU Excluding Component Unit | WVU Research Corporation | WVU Innovation Corporation | WVU Combined |
|---|---|---|---|---|
| **Cash Provided By (Used In):** | | | | |
| Operating Activities | $ (223,187) | $ (327) | $ 563 | $ (222,951) |
| Noncapital Financing Activities | 280,209 | 11,658 | - | 291,867 |
| Capital Financing Activities | (74,181) | (9,955) | (1,158) | (85,294) |
| Investing Activities | 39,338 | 131 | 483 | 39,952 |
| **INCREASE IN CASH AND CASH EQUIVALENTS** | $ 22,179 | $ 1,507 | $ (112) | $ 23,574 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | $ 151,252 | $ 30,421 | $ 213 | $ 181,886 |
| **CASH AND CASH EQUIVALENTS - END OF YEAR** | $ 173,431 | $ 31,928 | $ 101 | $ 205,460 |

## 25. SEGMENT INFORMATION

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

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

**(Dollars in Thousands)**

| | AUXILIARIES As of/Year Ended 2022 | AUXILIARIES As of/Year Ended 2021 |
|---|---|---|
| **CONDENSED SCHEDULES OF NET POSITION** | | |
| Assets and Deferred Outflows of Resources: | | |
| Current Assets | $ 65,441 | $ 81,464 |
| Noncurrent and Capital Assets | 1,272,743 | 1,286,378 |
| Total Assets | 1,338,184 | 1,367,842 |
| Deferred Outflows of Resources: | | |
| Deferred Loss on Refunding | 13,824 | 14,506 |
| Deferred Outflows Related to Pensions | 83 | 94 |
| Deferred Outflows Related to Other Post Employment Benefits | 684 | 1,205 |
| Total Assets and Deferred Outflows of Resources | $ 1,352,775 | $ 1,383,647 |
| Liabilities, Deferred Inflows, and Net Position: | | |
| Current Liabilities | $ 64,036 | $ 49,666 |
| Long-Term Liabilities | 852,751 | 850,954 |
| Total Liabilities | 916,787 | 900,620 |
| Deferred Inflows of Resources: | | |
| Deferred service concession arrangements | 33,081 | 34,089 |
| Deferred inflows related to Dining Services Contract | 7,416 | 8,090 |
| Deferred inflows related to pensions | 151 | 141 |
| Deferred inflows related to Other Post Employment Benefits | 5,309 | 6,521 |
| Total Liabilities and Deferred Inflows of Resources | $ 962,744 | $ 949,461 |
| Net Position: | | |
| Net investment in capital assets | $ 450,292 | $ 534,088 |
| Restricted | 59,892 | 93,800 |
| Unrestricted net deficit | (120,153) | (193,702) |
| Total Net Position | $ 390,031 | $ 434,186 |
| **CONDENSED SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION** | | |
| Auxiliary and Capital Fees | $ 15,694 | $ 25,410 |
| Operating Revenues | 112,780 | 69,913 |
| Operating Expenses | (146,493) | (118,558) |
| Operating Loss | (18,019) | (23,235) |
| Nonoperating Revenues/Expenses: | | |
| Investment Income | 31 | 236 |
| Net Transfers from Other Funds | (19,854) | 15,738 |
| Other Nonoperating Income | 6,887 | 8,804 |
| Gifts | 11,804 | 9,260 |
| Other Nonoperating Expenses | (3,619) | (4,038) |
| Interest Expense * | (21,385) | (20,285) |
| Decrease in Net Position | (44,155) | (13,520) |
| Net Position - Beginning of Year | 434,186 | 510,442 |
| Cumulative Effect of Change in Accounting Principle | - | (62,736) |
| Net Position - Beginning of Year, as restated | 434,186 | 447,706 |
| Net Position - End of Year | $ 390,031 | $ 434,186 |

(continued)

**CONDENSED SCHEDULES OF CASH FLOWS**

| | | | | |
|---|---|---|---|---|
| Net Cash (Used in) Provided by Operating Activities | $ | 1,028 | $ | (37,734) |
| Investing activities | | | | |
| Noncapital Financing Activities | | 11,804 | | 9,260 |
| Net Cash Flows Provided by | | | | |
| Capital and Related Financing Activities | | (62,095) | | 53,258 |
| Net Cash Flows Provided by | | | | |
| Investing Activities | | 31 | | 764 |
| Increase in Cash | | (49,232) | | 25,548 |
| Cash - Beginning of Year | | 159,212 | | 133,664 |
| Cash - End of Year | $ | 109,980 | $ | 159,212 |

**Reconciliation of cash**

| | | | | |
|---|---|---|---|---|
| Cash classified as current assets | $ | 50,088 | $ | 65,412 |
| Cash classified as noncurrent assets | | 59,892 | | 93,800 |
| | $ | 109,980 | $ | 159,212 |

**26. FUNCTIONAL CLASSIFICATION OF EXPENSES**
**(Dollars in Thousands)**

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

**Year Ended June 30, 2022 — Natural Classification**

| Functional Classification | Salaries & Wages | Benefits | Scholarships & Fellowships | Utilities | Supplies & Other Services | Depreciation and Amortization | Loan Cancellations & Write Offs | CARES Act Higher Education Relief Fund Expense | CRRSAA Higher Education Relief Fund Expense | ARPA Higher Education Relief Fund Expense | Other Operating Expenses | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Instruction | $ 259,545 | $ 44,244 | $ - | $ 241 | $ 37,091 | $ - | $ - | $ - | $ - | $ - | $ 450 | $ 341,571 |
| Research | 71,239 | 29,204 | - | 211 | 56,267 | - | - | - | - | - | 18 | 156,939 |
| Public Service | 43,224 | 6,913 | - | 148 | 20,130 | - | - | - | - | - | 85 | 70,500 |
| Academic Support | 35,227 | 4,381 | - | 109 | 13,194 | - | - | - | - | - | 177 | 53,088 |
| Student Services | 21,186 | 6,571 | - | 13 | 10,057 | - | - | - | - | - | 154 | 37,981 |
| Operation and Maintenance of Plant | 18,936 | 2,330 | - | 25,544 | 17,216 | - | - | - | - | - | 118 | 64,144 |
| General Institutional Support | 74,150 | 10,105 | - | 68 | 55,346 | - | - | - | - | - | 473 | 140,142 |
| Student Financial Aid | - | - | 72,338 | - | - | - | - | - | - | - | - | 72,338 |
| Auxiliary Enterprises | 41,565 | 3,753 | - | 7,796 | 49,247 | - | - | - | - | - | 238 | 102,599 |
| Depreciation and Amortization | - | - | - | - | - | 104,084 | - | - | - | - | - | 104,084 |
| CARES Act Higher Education Relief Fund Expense | - | - | - | - | - | - | - | - | - | - | - | - |
| CRRSAA Higher Education Relief Fund Expense | - | - | - | - | - | - | - | - | - | - | - | - |
| ARPA Higher Education Relief Fund Expense | - | - | - | - | - | - | - | - | - | 27,272 | - | 27,272 |
| Loan Cancellations and Write Offs | - | - | - | - | - | - | 850 | - | - | - | - | 850 |
| Total Expenses | $ 565,072 | $ 107,501 | $ 72,338 | $ 34,130 | $ 258,548 | $ 104,084 | $ 850 | $ - | $ - | $ 27,272 | $ 1,713 | $ 1,171,508 |

**Year Ended June 30, 2021 — Natural Classification**

| Functional Classification | Salaries & Wages | Benefits | Scholarships & Fellowships | Utilities | Supplies & Other Services | Depreciation and Amortization | Loan Cancellations & Write Offs | CARES Act Higher Education Relief Fund Expense | CRRSAA Higher Education Relief Fund Expense | ARPA Higher Education Relief Fund Expense | Other Operating Expenses | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Instruction | $ 249,852 | $ 51,258 | $ - | $ 238 | $ 32,364 | $ - | $ - | $ - | $ - | $ - | $ 449 | $ 334,161 |
| Research | 68,098 | 29,468 | - | 293 | 50,816 | - | - | - | - | - | 71 | 148,746 |
| Public Service | 39,431 | 6,242 | - | 242 | 14,179 | - | - | - | - | - | 14 | 60,108 |
| Academic Support | 33,568 | 5,286 | - | 87 | 11,767 | - | - | - | - | - | 204 | 50,912 |
| Student Services | 20,675 | 6,613 | - | 12 | 7,635 | - | - | - | - | - | 23 | 34,958 |
| Operation and Maintenance of Plant | 17,864 | 3,220 | - | 21,741 | 10,109 | - | - | - | - | - | 1 | 52,935 |
| General Institutional Support | 72,627 | 12,005 | - | 152 | 60,360 | - | - | - | - | - | 77 | 145,221 |
| Student Financial Aid | - | - | 63,248 | - | - | - | - | - | - | - | - | 63,248 |
| Auxiliary Enterprises | 36,193 | 3,942 | - | 6,972 | 47,062 | - | - | - | - | - | 336 | 94,505 |
| Depreciation and Amortization | - | - | - | - | - | 90,724 | - | - | - | - | - | 90,724 |
| CARES Act Higher Education Relief Fund Expense | - | - | - | - | - | - | - | 2,566 | - | - | - | 2,566 |
| CRRSAA Higher Education Relief Fund Expense | - | - | - | - | - | - | - | - | 10,087 | - | - | 10,087 |
| ARPA Higher Education Relief Fund Expense | - | - | - | - | - | - | - | - | - | - | - | - |
| Loan Cancellations and Write Offs | - | - | - | - | - | - | 2 | - | - | - | - | 2 |
| Total Expenses | $ 538,308 | $ 118,034 | $ 63,248 | $ 29,737 | $ 234,292 | $ 90,724 | $ 2 | $ 2,566 | $ 10,087 | $ - | $ 1,175 | $ 1,088,173 |

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

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

| Measurement Date | University's Proportionate Share as a Percentage of Net OPEB Liability | University's Proportionate Share | State's Proportionate Share | Total Proportionate Share | University's Covered Employee Payroll | University's Proportionate Share as a Percentage of Covered Employee Payroll | Plan Fiduciary Net Position as a Percentage of Total OPEB Liability |
|---|---|---|---|---|---|---|---|
| June 30, 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 | Actuarily Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Employee Payroll | Actual Contribution as a percentage of Covered Employee Payroll |
|---|---|---|---|---|---|
| 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, 2022 and 2021**

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

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

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

| Measurement Date | University's Proportionate Share as a Percentage of Net Pension Liability | University's Proportionate Share | State's Proportionate Share | Total Proportionate Share | University's Covered Payroll | University's Proportionate Share as a Percentage of Covered Employee Payroll | University's Plan Fiduciary Net Position as a Percentage of Total Pension Liability |
|---|---|---|---|---|---|---|---|
| June 30, 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 | Actuarily Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Payroll | Actual Contribution as a percentage of Covered Employee Payroll |
|---|---|---|---|---|---|
| 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, 2022 and 2021**

There are no factors that affect trends in the amounts reported, such as change in benefit terms or assumptions. With only eight 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.

CliftonLarsonAllen LLP
CLAconnect.com

# 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, 2022, 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 14, 2022.

### *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.

Board of Directors
West Virginia University & Divisions

***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

**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania
October 14, 2022