

WEST VIRGINIA UNIVERSITY

*Financial Statements
for the Years Ended June 30, 2025 and 2024
and Independent Auditors' Reports*



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WEST VIRGINIA UNIVERSITY

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS (RSI) (UNAUDITED)	4-25
FINANCIAL STATEMENTS FOR YEARS ENDED JUNE 30, 2025 AND 2024:	
Statements of Net Position	26-27
Statements of Revenues, Expenses and Changes in Net Position	28-29
Statements of Cash Flows	30-31
Notes to Financial Statements	32-106
REQUIRED SUPPLEMENTARY INFORMATION (RSI):	
Schedules of Proportionate Share of OPEB Liability and Contributions	107
Schedules of Proportionate Share of Pension Liability and Contributions	108
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	109-112



INDEPENDENT AUDITORS' REPORT

Board of Governors
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 Fund as of and for the years ended June 30, 2025 and 2024, 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, 2025 and 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the years 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.

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, and schedule of proportionate share of net other postemployment benefits (OPEB) liability and schedule of 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, 2025, 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

King of Prussia, Pennsylvania
October 14, 2025

Management's Discussion and Analysis (Unaudited) Year Ended June 30, 2025

Overview

The Management's Discussion and Analysis is required supplementary information and has been prepared in accordance with the requirements of the Governmental Accounting Standards Board ("GASB"). This section of the annual financial report for West Virginia University (the "University" or "WVU") provides an overview of the University's financial performance during the fiscal year ended June 30, 2025 as compared to the previous fiscal year. Comparative analysis is also presented for fiscal year 2024 compared to fiscal year 2023.

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, 2025, the University's total net position increased from the previous year-end by \$64.4 million. The increase in net position was primarily attributable to increases in current cash and cash equivalents, investments, current accounts receivable, capital and intangible right to use assets, net of accumulated amortization and depreciation, inventories, prepaid expenses, leases receivable, and deferred outflows related to other postemployment benefits ("OPEB"), and decreases in bonds payable, debt service assessment payable to the Commission, noncurrent leases payable, advances from Federal government, and deferred inflows related to OPEB. This increase in net position was offset by decreases in noncurrent cash and cash equivalents, loans receivable, noncurrent accounts receivable from public-private partnerships, and the net OPEB asset, and increases in accounts payable, unearned revenue, compensated absences liability, current accrued liabilities, accrued payroll, notes payable, and subscription liabilities.

Total revenues in fiscal year 2025 were \$1.4 billion, a 2.9% increase over prior year. This increase was primarily due to increases in revenue from capital grants and gifts, nongovernmental grants and contracts, Pell grants, revenue from auxiliary enterprises, other nonoperating revenue, and payments on behalf of the University. This increase in revenue was offset by decreases in state appropriations, net tuition and fees, and revenue from gifts. Total revenues increased by 6.0% from fiscal year 2023 to fiscal year 2024.

Total expenses increased by \$42.9 million from fiscal year 2024 to fiscal year 2025 primarily due to increases in fringe benefits, supplies and other services, loan cancellations and write-offs, and other operating expenses. These increases were offset by decreases in salaries and wages, scholarships and fellowships, and depreciation and amortization expense. Total expenses decreased by \$600,000 from fiscal year 2023 to fiscal year 2024.

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 year. 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 and intangible right to use assets, net of accumulated depreciation and amortization, reduced by the outstanding balance of debt obligations related to those assets. Deferred inflows and outflows of resources related to these capital and intangible 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 ("BoG").

Condensed Schedule of Net Position (in thousands)

	As of June 30		
	2025	2024	2023
Assets			
Current Assets	\$ 472,420	\$ 440,859	\$ 342,738
Capital and intangible Right to Use Assets, Net	1,923,515	1,887,369	1,948,898
Other Noncurrent Assets	169,110	195,357	201,627
Total Assets	2,565,045	2,523,585	2,493,263
Deferred Outflows of Resources	21,773	17,525	27,291
TOTAL	\$ 2,586,818	\$ 2,541,110	\$ 2,520,554
Liabilities			
Current Liabilities	\$ 311,435	\$ 279,656	\$ 263,560
Noncurrent Liabilities	928,633	969,779	1,013,844
Total Liabilities	1,240,068	1,249,435	1,277,404
Deferred Inflows of Resources	47,996	57,322	77,352
TOTAL	\$ 1,288,064	\$ 1,306,757	\$ 1,354,756
Net Position			
Net Investment in Capital Assets	\$ 1,017,759	\$ 961,345	\$ 1,006,960
Restricted for:			
Nonexpendable	18,097	18,164	15,776
Expendable	57,969	66,400	58,958
Unrestricted	204,929	188,444	84,104
TOTAL NET POSITION	\$ 1,298,754	\$ 1,234,353	\$ 1,165,798

Total assets of the University increased by about \$41.5 million, or 1.6%, to a total of \$2.6 billion as of June 30, 2025. This increase was primarily due to increases in current cash and cash equivalents, investments, current accounts receivable, capital and intangible right to use assets – net of accumulated depreciation and amortization, inventories, prepaid expenses, and leases receivable. These increases were offset by a decrease in noncurrent cash and cash equivalents, noncurrent accounts receivable from public-private partnerships, loans receivable, and the net OPEB asset. There was also an increase of \$5.0 million in deferred outflows related to OPEB.

- Current cash and cash equivalents increased by \$3.3 million from fiscal year 2024 to fiscal year 2025 primarily due to an increase in cash receipts from tuition and fees and auxiliaries and a decrease in payments to employees and other payments. Current cash and cash equivalents increased by \$39.7 million in fiscal year 2024.
- Investments (current and noncurrent) increased by \$9.6 million from fiscal year 2024 to fiscal year 2025 primarily due to an increase in the fair market value of investments. Current investments increased by \$8.8 million in fiscal year 2024.
- Current accounts receivable, net of allowances for uncollectible accounts, increased by \$21.4 million from fiscal year 2024 to fiscal year 2025 primarily due to increases in both sponsored award receivables and other accounts receivable. The increase in sponsored award receivables was partially due to delays in

the receipt of funds from federal sponsors as a result of executive orders issued during fiscal year 2025. These orders directed federal agencies to implement stricter controls and processes over the drawdown of federal grant funds. \$4.8 million was due from the State at the end of fiscal year 2025 for expenses incurred on deferred maintenance projects. The increase in other accounts receivable was mainly due to amounts owed to Athletics (for Big 12 conference revenue, Nike sponsorship fees, Sodexo concession revenue and draws from the WVU Foundation). Additional increases in other accounts receivable were due to amounts owed to the Health Sciences Center (the “HSC”) from affiliates and amounts owed to the University for the replacement of the chiller at One Waterfront Place. Current accounts receivable increased by \$4.4 million in fiscal year 2024.

- Inventories increased by \$288,000 from fiscal year 2024 to fiscal year 2025 primarily due to additional inventories held by Facilities Management. Inventories decreased by \$142,000 in fiscal year 2024.
- Prepaid expenses increased by \$1.1 million from fiscal year 2024 to fiscal year 2025 due to the deferral of student financial aid for the summer term and an increase in other prepaid expenses, primarily prepayments of various software licensing, maintenance and support agreements. Prepaid expenses increased by \$1.4 million in fiscal year 2024.
- Leases receivable (current and noncurrent) increased by \$891,000 from fiscal year 2024 to fiscal year 2025. This increase was primarily due to an agreement with the National Aeronautics and Space Administration (“NASA”), effective in April 2025, for the lease of office space and land at the NASA facility in Fairmont, a new lease agreement with Zenith Electronics for retail space at University Place, and the rollforward of various cell tower leases. Leases receivable decreased by \$42,000 in fiscal year 2024.
- Capital and intangible right to use assets, net of accumulated depreciation and amortization, increased by \$36.1 million from fiscal year 2024 to fiscal year 2025 mainly due to increases in equipment, construction-in-progress, subscription assets, and other assets. Equipment acquisitions during fiscal year 2025 included new video boards for the Milan Puskar Stadium (“the Stadium”), microscopes and mass spectrometers, and the financed purchase of server equipment by Information Technology Services. Subscription assets increased due to several additional subscription-based information technology agreements.

Several major construction and renovation projects were completed during fiscal year 2025 including the renovation of Field Hall (the former Business and Economics building), structural renovations of the pedestrian bridge at the Engineering Sciences Building, field lighting upgrades at the Stadium, the replacement of the chiller and cooling tower at One Waterfront Place, construction of the indoor batting facility at the Kendrick Family Ballpark, renovations of the kitchen at Café Evansdale, replacement of the air handling unit at the Canady Creative Arts Center, capital improvements at the Clark Mountaineer Club at the Coliseum, and various projects at the HSC. Significant construction projects in process include turf replacement at the Stadium, the refurbishment of the piping and restrooms at the Towers residence halls, the installation of locking systems for the exterior doors of buildings on the Downtown campus and a campus-wide building automation system, repairs and improvements to the Downtown steam tunnels, the construction of the Pride Practice facility, renovations required for the relocation of the University Police Department (“UPD”) to the Chestnut Ridge Research Building, and various projects at the HSC, including multiple roof replacements and the upgrade of the chiller plant and cooling tower. During fiscal year 2025, significant costs related to the Information Technology Modernization Program were capitalized including costs related to the student experience initiative and the human capital management and finance systems.

During fiscal year 2025, there was also a significant software donation to the Petroleum and Natural Gas Engineering department at the Benjamin M. Statler College of Engineering and Mineral Resources by Schlumberger Technology Corporation. These increases were offset by the sale of land on Elmer Prince Drive (the former location of the UPD) and depreciation/amortization of capital and intangible assets. Capital and intangible right to use assets, net of accumulated amortization and depreciation, decreased by \$61.5 million in fiscal year 2024.

- Noncurrent cash and cash equivalents decreased by \$15.5 million from fiscal year 2024 to fiscal year 2025. Deposits with bond trustees decreased due to reimbursements of expenditures for construction projects funded by the bonds. Noncurrent cash decreased by \$16.2 million in fiscal year 2024.
- Noncurrent accounts receivable from public-private partnerships decreased by \$737,000 in fiscal year 2024 due to a decrease in amounts owed by West Virginia Campus Housing, LLC (“WVUCH”) for reimbursable project expenses and management fees for University Place. The University is exercising its right to offset amounts owed to WVUCH and Downtown Campus Parking Associates (“DCPA”) for rent (garage) and gross receipts (student rent/dorm payments). These accounts receivable decreased by \$738,000 in fiscal year 2024.
- The net OPEB asset decreased by \$8.5 million in fiscal year 2025 due to a decrease in the University’s proportionate share of the State’s net OPEB (asset) liability at June 30, 2025. 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 the Public Employees Insurance Agency (“PEIA”) and the West Virginia Retiree Health Benefit Trust Fund (“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.
- Loans receivable (current and noncurrent) decreased by \$6.4 million in fiscal year 2024 primarily due to the transfer of outstanding Perkins loans and loans in default to the U.S. Department of Education as a result of the wind-down of the federal Perkins loan program. There were also decreases in outstanding loans, primarily loans issued as part of the WV Medical Student Loan Program administered by the West Virginia Higher Education Policy Commission (the “Commission” or “HEPC”). Total loans receivable decreased by \$3.0 million in fiscal year 2024.

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 \$292,000 at June 30, 2025. This is a decrease of \$69,000 from the deferred outflows related to pensions of \$361,000 at June 30, 2024. During fiscal year 2025, these deferred outflows represent the University’s proportionate share of the difference between expected and actual experience, changes in assumptions, and employer contributions made to the pension plan by the University during fiscal year 2025 (after the measurement date of June 30, 2024).

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 \$9.7 million at June 30, 2025. This is an increase of \$5.0 million from the deferred outflows related to OPEB of \$4.7 million at June 30, 2024. These deferred outflows represent the change in proportion and the difference between employer contributions and proportionate share of contributions, changes in assumptions, differences between expected and actual experience, and employer contributions made by the University during fiscal year 2025 (after the measurement date of June 30, 2024) to the West Virginia Postemployment Benefit Plan administered by PEIA and the RHBT.

The University also reported a deferred loss on refunding of \$11.8 million at June 30, 2025. 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 2024 to 2025 denotes the annual amount amortized to interest expense.

Total liabilities for the year decreased by \$9.4 million (or .7%). This decrease in total liabilities was primarily due to decreases in bonds payable, debt service assessment payable to the Commission, noncurrent leases payable, and advances from the Federal government. These decreases were partially offset by increases in accounts

payable, compensated absences liability, unearned revenue, accrued payroll, notes payable, subscription liabilities, and current accrued liabilities. There was also a decrease of \$8.6 million in deferred inflows related to OPEB.

- Bonds payable (current and noncurrent) decreased in fiscal year 2025 by \$31.5 million due to scheduled debt service payments. Total bonds payable decreased by \$24.6 million in fiscal year 2024.
- Debt service assessment payable to the Commission decreased by \$4.6 million in fiscal year 2025 due to semi-annual principal payments to the Commission. Debt service assessment payable to the Commission decreased by \$4.5 million in fiscal year 2024.
- Noncurrent leases payable decreased by \$1.5 million in fiscal year 2025 primarily due to scheduled lease payments. This decrease was partially offset by a new agreement for the lease of space in the former Mylan Pharmaceuticals/Viatris facility in Morgantown. Total leases payable decreased by \$3.2 million from fiscal year 2023 to fiscal year 2024.
- Advances from the Federal government decreased by \$3.6 million in fiscal year 2025 primarily due to the transfer of outstanding Perkins loans and loans in default to the U.S. Department of Education as a result of the wind-down of the federal Perkins loan program. This liability decreased by \$1.3 million in fiscal year 2024.
- Accounts payable increased by \$6.1 million in fiscal year 2025 primarily due to an increase in unpaid invoices at year-end. Accounts payable decreased by \$5.3 million in fiscal year 2024.
- The University's liability for compensated absences increased by \$754,000 in fiscal year 2025 due to the implementation of GASB Statement No. 101, "*Compensated Absences*", which required the accrual of a liability for accrued sick leave. Full-time employees of the University earn 1.5 sick days for each month of service. Based on an analysis of historical trends, a liability of \$384,000 was recorded for accrued sick leave at June 30, 2025. Employees hired prior to July 1, 2001 receive sick leave credit toward retiree healthcare contributions when they retire; this liability is included in the (asset) liability for OPEB. There was also an increase in the liability for accrued vacation and paid time off. The University's liability for compensated absences decreased by \$370,000 in fiscal year 2024.
- Unearned revenue increased by \$11.2 million from the prior year due to the deferral of student tuition and fees and room and board for the summer term and revenue from season ticket sales and parking for the fall 2025 football season. This was offset by a decrease in the deferral of revenue from sponsored awards, the WVU Foundation backbill accounts, and deferred maintenance projects funded by the State. Unearned revenue increased by \$12.2 million in fiscal year 2024 compared to fiscal year 2023.
- Accrued payroll increased by \$1.9 million in fiscal year 2025. The balance at June 30, 2025 represents the payroll and fringe accrual for the service periods from June 15 to June 30 (two additional days compared to the accrual required for fiscal year 2024). The University's liability for accrued payroll increased by \$980,000 in fiscal year 2024.
- Notes payable (current and noncurrent) increased by \$822,000 from fiscal year 2024 to fiscal year 2025 primarily due to financed purchases of equipment during fiscal year 2025 including change orders to the University's contract with Dell Financial Services, LLC and a new agreement with Juniper Financial Services. This increase was offset by scheduled principal payments. Notes payable decreased by \$1.9 million in fiscal year 2024.
- Subscription liabilities (current and noncurrent) increased by \$2.3 million in fiscal year 2025 due to several new agreements for subscription-based software. Subscription liabilities increased by \$499,000 in fiscal year 2024.
- Current accrued liabilities increased by \$8.7 million in fiscal year 2025 primarily due to an agreement with the WVU Foundation for the reimbursement of costs incurred for the replacement and upgrade of the

HVAC system at One Waterfront Place in addition to the University's liability for termination settlement agreements for football coaching staff at June 30, 2025. These increases were partially offset by a decrease in the University's expected liability for medical malpractice claims based on the annual actuarial study for the professional liability large deductible program that covers all faculty and resident physicians. Current accrued liabilities increased by \$2.1 million in fiscal year 2024 compared to fiscal year 2023.

In accordance with the provisions of GASB Statement No. 87, "*Leases*", the University recorded deferred inflows of \$4.1 million and \$3.2 million at June 30, 2025 and June 30, 2024, 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 \$1.0 million and \$1.3 million at June 30, 2025 and June 30, 2024, respectively. For fiscal year 2025, these deferred inflows represent the University's proportionate share of the difference between employer contributions and proportionate share of contributions and the net difference between projected and actual investment earnings.

At June 30, 2025 and June 30, 2024, the University recorded deferred inflows related to OPEB of \$6.6 million and \$15.2 million, respectively. For fiscal year 2025, these deferred inflows represent the University's proportionate share of the net difference between projected and actual investment earnings on plan investments, the difference between employer contributions and the University's proportionate share of contributions, changes in assumptions, and the difference between expected and actual experience.

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. 94, "*Public-Private and Public-Public Partnerships and Availability Payment 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.

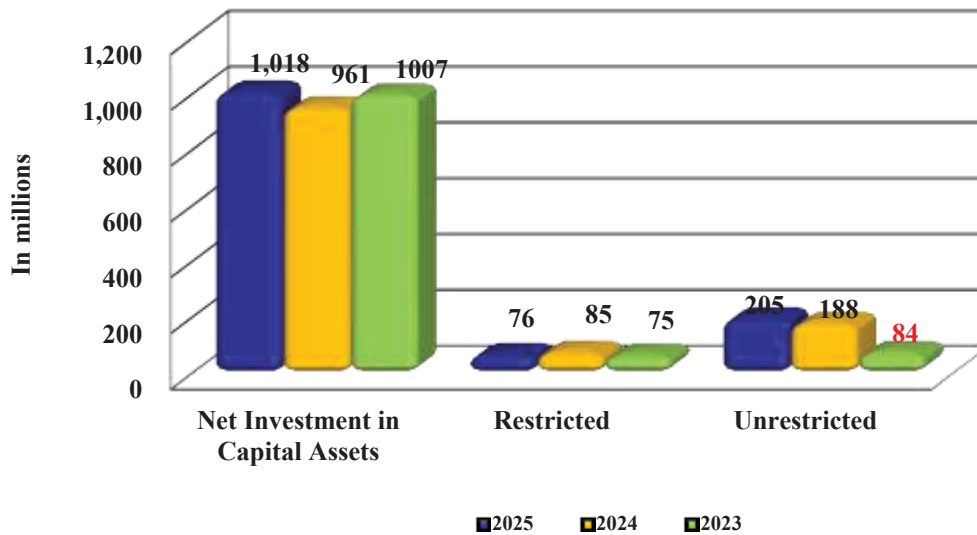
The University recorded Pell grant monies provided for financially eligible students before the start of the semester as well as a gain on refunding of HSC loans in FY 2013 as deferred inflows of resources.

The University's current assets of \$472.4 million were sufficient to cover current liabilities of \$311.4 million indicating that the University maintained sufficient available resources to meet its current obligations as of June 30, 2025.

The following is a comparative illustration of net position.

COMPARISON OF NET POSITION

June 30, 2025, 2024 and 2023



Net investment in capital assets increased by \$56.4 million due to an increase in capital and intangible right to use assets, net of accumulated depreciation and amortization, offset by decreases in noncurrent cash and cash equivalents, bonds payable, debt service assessment payable to the Commission, and noncurrent leases payable. Net investment in capital assets decreased by \$45.6 million from fiscal year 2023 to fiscal year 2024.

During fiscal year 2025, the restricted component of the net position experienced a decrease of \$8.5 million. This increase was primarily due to a decrease in the net OPEB asset. GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*”, requires that this asset be reported as restricted due to constraints placed on its use by the West Virginia Legislature (the “Legislature”). This component of net position increased by \$9.8 million from fiscal year 2023 to fiscal year 2024.

The unrestricted component of net position increased by \$16.5 million during fiscal year 2025. This was primarily due to increases in current investments, current cash and cash equivalents, prepaid expenses, inventories, accounts receivable, and deferred outflows related to OPEB offset by a decrease in deferred inflows related to OPEB. There was an increase in this component of net position from fiscal year 2023 to fiscal year 2024 of \$104.3 million.

	2025	2024
Total unrestricted net position before net pension liability,		
OPEB and pension deferred inflows and deferred outflows	\$ 203,572	\$ 201,459
Plus: Deferred outflows of resources related to OPEB	9,705	4,706
Plus: Deferred outflows of resources related to pensions	292	361
Less: Net pension liability	1,047	1,564
Less: Deferred inflows of resources related to OPEB	6,562	15,194
Less: Deferred inflows of resources related to pensions	1,031	1,324
Total unrestricted net position	<u>\$ 204,929</u>	<u>\$ 188,444</u>

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 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 from GASB.

Student tuition and fees are reported net of scholarship discounts and allowances. For the financial statements for the period ending June 30, 2024, financial aid to students was reported using the alternative method as prescribed by the National Association of College and University Business Officers (“NACUBO”). The alternative method of calculating the estimated discount is no longer endorsed by NACUBO. As a result, the University discontinued its use of the alternative method. For the financial statements for the period ending June 30, 2025, the University recorded the discount based on the amount of financial aid applied to the tuition and fees and auxiliary fees charged to each student’s account. 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.

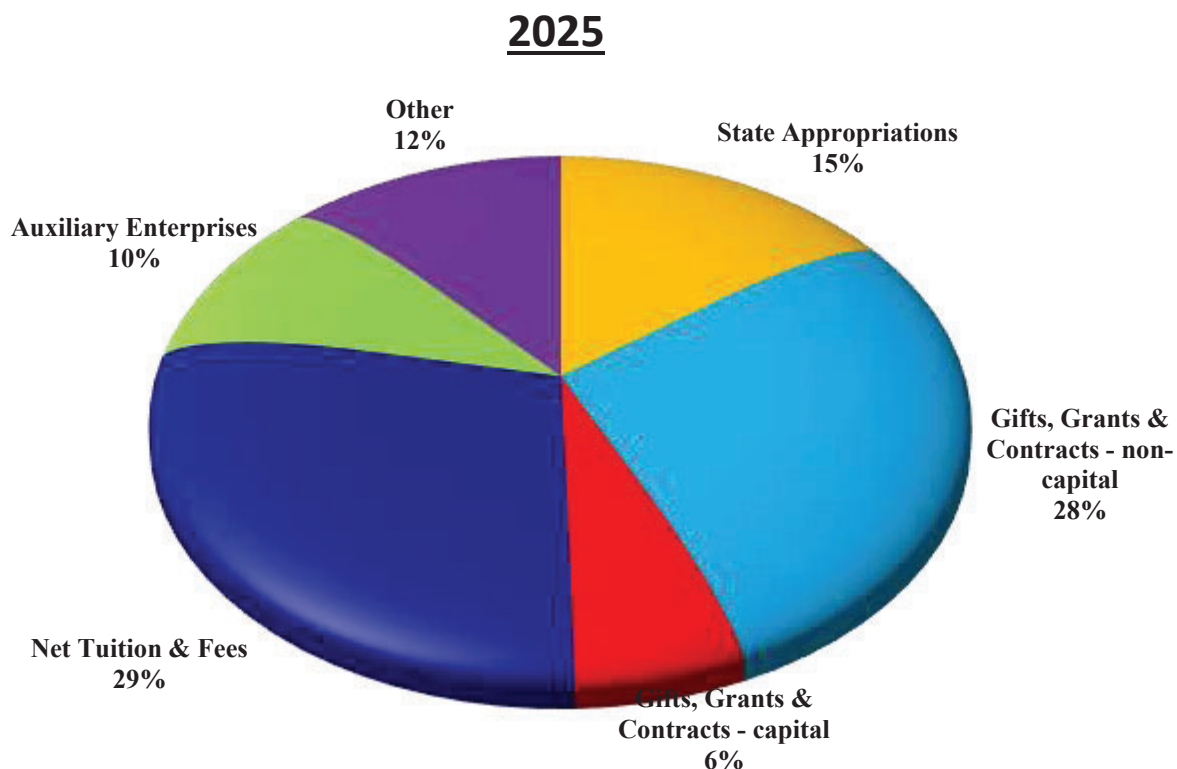
The utilization of capital and intangible right to use assets is reflected in the financial statements as depreciation and amortization expense, which amortizes the cost of an asset over its expected useful life or the contract term.

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

	Years Ended June 30		
	2025	2024	2023
Operating Revenues	\$ 915,986	\$ 902,267	\$ 866,780
Operating Expenses	1,266,052	1,222,584	1,224,728
Operating Loss	(350,066)	(320,317)	(357,948)
Net Nonoperating Revenues	325,012	367,727	301,599
(Loss) Income before Other Revenues, Expenses, Gains or Losses	(25,054)	47,410	(56,349)
Capital grants and gifts	89,140	20,697	48,935
Bond/capital projects proceeds from the Commission	315	448	-
Increase (Decrease) in Net Position	64,401	68,555	(7,414)
Net Position - Beginning of Year	1,234,353	1,165,798	1,173,212
Net Position - End of Year	\$ 1,298,754	\$ 1,234,353	\$ 1,165,798

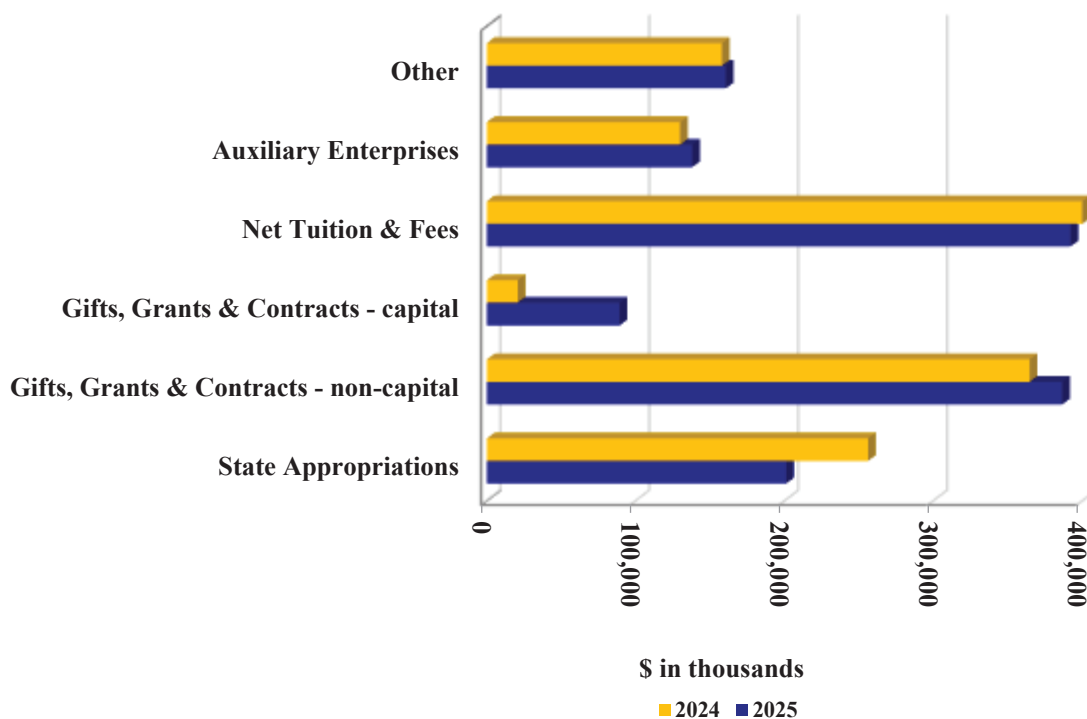
Revenues:

The following graph shows the composition of total revenues by source for fiscal year 2025.



The following chart provides a comparison of revenues by significant category between fiscal years 2025 and 2024.

Trend in Revenues



Total fiscal year 2025 revenues were \$1.4 billion, an increase of \$38.8 million or 2.9%, from fiscal year 2024. Some highlights of the information presented on the statement of revenues, expenses, and changes in net position are as follows:

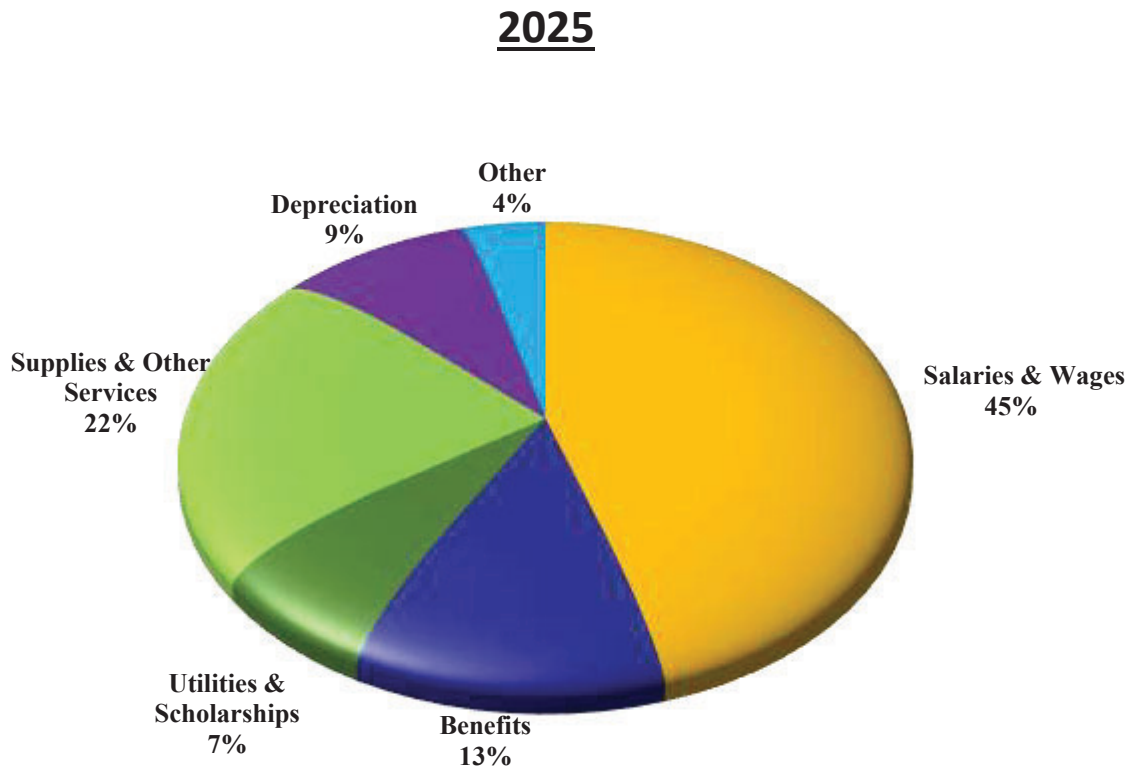
- Revenue from nongovernmental grants and contracts increased by \$12.1 million from fiscal year 2024 to fiscal year 2025 primarily due to an increase in funding for faculty salaries and fringe benefits and medical malpractice premiums from the practice plans affiliated with the HSC. There was also an increase in revenue from sponsored awards. Nongovernmental grant and contract revenue increased by \$35.3 million from fiscal year 2023 to fiscal year 2024.
- Revenue from federal Pell grants increased by \$6.7 million in fiscal year 2025 due to a change in the eligibility formula in the Free Application for Federal Student Aid (the “FASFA”) Simplification Act, which replaced the expected family contribution with the student aid index as the primary metric for calculating financial need. The average Pell award and number of eligible students increased for fiscal year 2025. Federal Pell grant revenue increased by \$1.3 million in fiscal year 2024.
- Net other nonoperating revenue increased by \$8.2 million in fiscal year 2025 primarily due to a net gain on the sale of the UPD building and the Medical Center Apartment parking lot to the WVU Health System in December 2024. Other nonoperating revenue increased by \$412,000 in fiscal year 2024.
- Capital gifts and grants increased by \$68.4 million from fiscal year 2024 to fiscal year 2025. This increase was primarily due to a significant donation of right-to-use software to the Petroleum and Natural Gas Engineering department at the Benjamin M. Statler College of Engineering and Mineral Resources in fiscal year 2025 by Schlumberger Technology Corporation. Revenues recognized on deferred maintenance projects funded by the State also increased. These increases were offset by a decline in restricted funds drawn down from the WVU Foundation for capital projects by WVU Athletics. Capital gift and grant revenues decreased by \$28.2 million from fiscal year 2023 to fiscal year 2024.
- Revenue from auxiliary enterprises increased by \$8.1 million from fiscal year 2024 to fiscal year 2025 primarily due to increased revenues generated by WVU Athletics. Increases in Big 12 conference revenue,

football season ticket sales and parking revenue, and miscellaneous income were offset by decreased rights fees, revenues from concessions, miscellaneous National Collegiate Athletics Association revenue, corporate sponsorships, and sales of single game tickets for football. This increase in gross auxiliary revenue was offset by an increase in scholarship discounts and allowances. This revenue increased by \$37,000 in fiscal year 2024.

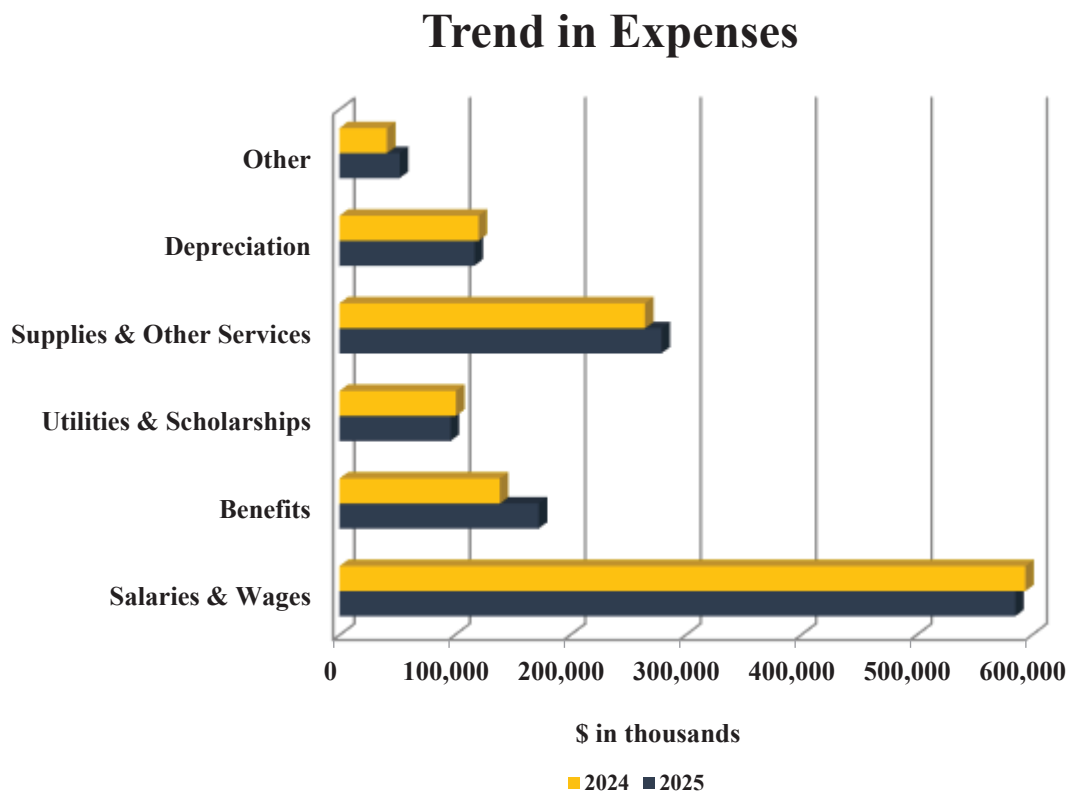
- Payments on behalf of the University increased by \$9.6 million from fiscal year 2024 to fiscal year 2025 primarily due to an increase in the University's proportionate share of the State's funding through Senate Bill 419, which dedicated \$30 million annually to the RHBT fund from annual collections of personal income tax dedicated for payment of the unfunded OPEB liability of the RHBT. Payments on behalf of the University increased by \$639,000 in fiscal year 2024.
- Tuition and fee revenue, net of scholarship discounts and allowances, decreased by \$7.7 million in fiscal year 2025 primarily due to a change in the methodology for determining scholarship discounts and allowances. The University discontinued use of the alternative method of calculating scholarship discounts and allowances after NACUBO retracted its endorsement of this methodology. As of July 1, 2024, the University determines the discount based on the amount of financial aid applied to the tuition and auxiliary fees charged to each student's account. This change in methodology resulted in an increase in scholarship discounts and allowances. This increase was directly offset by a decrease in scholarship and fellowship expense. Gross tuition and fees increased; an average tuition rate increase of 4.05% helped offset a decline in enrollment. Net tuition and fee revenue decreased by \$1.3 million in fiscal year 2024.
- State appropriations (including State Lottery appropriations) decreased by \$54.9 million from fiscal year 2024 to fiscal year 2025 primarily due to an appropriation of \$50 million in the previous fiscal year from the State's general revenue surplus to support the WVU Cancer Center's efforts to obtain designation as a National Cancer Institute center. These funds were re-appropriated for expenditure in fiscal year 2025. The University also received \$15.6 million in fiscal year 2024 as a result of Senate Bill 1007, which provided new, one-time funding to assist State higher education institutions with operational costs. During fiscal year 2025, the University received an additional \$7.1 million from the State's general revenue surplus as a result of Senate Bill 2036, including \$5.1 million from the higher education funding formula. This also included an additional \$2.0 million for the Rockefeller Neuroscience Institute ("RNI"), which will be used by RNI to conduct clinical trials and develop ultrasound therapies for eating disorders, obesity, post-traumatic stress disorder, and other conditions. There was also an increase of \$3.5 million in the base budget allocations from the general appropriation funds received from the State. State appropriations increased by \$69.2 million from fiscal year 2023 to fiscal year 2024 primarily due to the WVU Cancer Center appropriation of \$50 million in addition to the one-time funding provided to State higher education institutions to assist with operational costs and an increase in base budget allocations from general appropriation funds from the State.
- Gift revenue decreased by \$13.3 million in fiscal year 2025 primarily due to decreases in amounts drawn down from the WVU Foundation for operating expenses and scholarships, including amounts drawn from the HSC Chancellor's strategic fund. These were offset by an increase in amounts drawn down by Athletics from unrestricted donations to support various initiatives, debt service payments and capital projects. Revenue from gifts decreased by \$10.0 million in fiscal year 2024.

Expenses:

The following graph shows the composition of total expenses by category for fiscal year 2025.



The following chart provides a comparison of expenses by significant category between fiscal years 2025 and 2024.



Total fiscal year 2025 expenses increased by \$42.9 million. Changes in expense amounts from the prior year are primarily attributed to the following:

- Benefits increased by \$33.8 million from fiscal year 2024 to fiscal year 2025 primarily due to an increase in expenses related to the University's proportionate share of the net OPEB (asset) liability, including an increase in the University's proportionate share of the State's funding through Senate Bill 419. Expenses related to compensated absences increased due to an increase in accrued annual leave and paid-time off and the implementation of GASB Statement No. 101, which required the accrual of expenses related to accrued sick leave for those employees not eligible for other postemployment benefits.

Premiums for health insurance through PEIA also increased during fiscal year 2025. The assessment of pay as you go premiums ("paygo") by PEIA resumed in fiscal year 2025. These premiums are established by the PEIA Finance Board annually. Due to significant savings with the renewal of PEIA's contract with Humana and favorable investment returns which resulted in an excess in the premium stabilization reserve, the RHBT did not bill PEIA active employers for paygo in fiscal year 2024.

An additional increase in benefits expense was due to the accrual of fringes related to settlement agreements with members of the former football coaching staff.

Expenses related to other salary-related benefits decreased in fiscal year 2025 corresponding with the decrease in salaries and wages. A decrease in tuition waivers for faculty, staff and graduate assistants during fiscal year 2025 also offset increases in other expenses related to fringe benefits. Fringe benefits increased by \$16.3 million in fiscal year 2024.

- Supplies and other services increased by \$14.3 million from fiscal year 2024 to fiscal year 2025. Expenses in the following categories increased: contractual and professional services; fees to outside legal counsel; subcontract expense; computer supplies; software maintenance; repairs and maintenance of facilities; student activities (primarily WVU Athletics); travel; other general expenses; and the purchase of equipment and uniforms for the football and men's and women's basketball teams.

These increases were partially offset by a decrease in the estimated expense for medical malpractice claims based on the annual actuarial study for the professional liability program that covers all faculty and resident physicians. An additional decrease was due to the write-off of management fees owed by University Park at Evansdale LLC ("UPE") for the University Park public-private partnership in the previous fiscal year. Supplies and other services increased by \$6.4 million from fiscal year 2023 to fiscal year 2024.

- Loan cancellations and write-offs increased by \$1.8 million in fiscal year 2025. This was due primarily to the assignment of loans in default to the U.S. Department of Education as a result of the wind-down of the federal Perkins loan program. Forgiveness of student loans issued as part of the WV Medical Student Loan Program administered by HEPC also contributed to this increase; eligible medical students who agree to practice full-time in an underserved area of the state qualify for loan forgiveness. Loan cancellations and write-offs decreased by \$102,000 in fiscal year 2024.
- Other operating expenses increased by \$10.3 million in fiscal year 2025. This was primarily due to the accrual and payment for settlement agreements with former football coaching staff. Expenses related to reductions in force also contributed to this increase. Other operating expenses increased by \$392,000 in fiscal year 2024.
- Salaries and wages decreased by \$8.7 million from fiscal year 2024 to fiscal year 2025 due to the continuation of planned personnel reductions to meet budgetary constraints. This included non-renewals of certain non-classified staff and faculty contracts as well as reductions-in-force of classified staff. The University conducted an extensive review of academic programs (the academic transformation initiative) during the previous fiscal year. Salaries and wages decreased by \$10.9 million from fiscal year 2023 to fiscal year 2024.

- Scholarships and fellowships decreased by \$4.7 million from fiscal year 2024 to fiscal year 2025 primarily due to a change in the methodology for determining scholarship discounts and allowances. This change in methodology resulted in an increase in scholarship discounts and allowances and a corresponding decrease in scholarship and fellowship expense. This decrease in expense was partially offset by an increase in awards of federal Pell grants due to a change in the eligibility formula, an increase in the average amount awarded, and an increase in the number of eligible students. Additional increases were due to increases in awards funded institutionally and through the College Access Emergency Grant program administered by HEPC. There was a decrease of \$3.6 million in this expense category from fiscal year 2023 to fiscal year 2024.
- Depreciation and amortization expense decreased by \$3.4 million from fiscal year 2024 to fiscal year 2025 primarily due to a decrease in amortization expense related to leased assets and donated software. This expense category decreased by \$8.5 million from fiscal year 2023 to fiscal year 2024.

Cash Flows

The statement of cash flows provides 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)

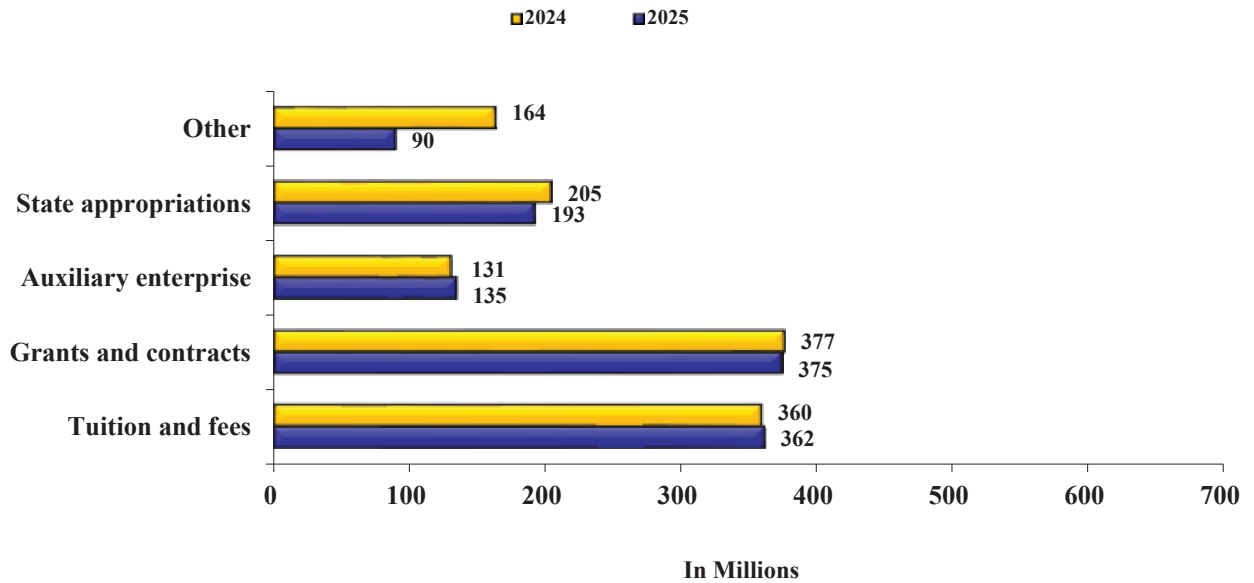
	Years Ended June 30		
	2025	2024	2023
Cash Provided By (Used In):			
Operating Activities	\$ (222,913)	\$ (216,309)	\$ (282,075)
Noncapital Financing Activities	310,318	330,962	319,664
Capital Financing Activities	(115,762)	(107,769)	(68,465)
Investing Activities	16,243	16,579	32,224
Increase (Decrease) in Cash and Cash Equivalents	(12,114)	23,463	1,348
Cash and Cash Equivalents, Beginning of Year	228,572	205,109	203,761
Cash and Cash Equivalents, End of Year	\$ 216,458	\$ 228,572	\$ 205,109

Total cash and cash equivalents decreased by \$12.1 million during fiscal year 2025 to \$216.5 million.

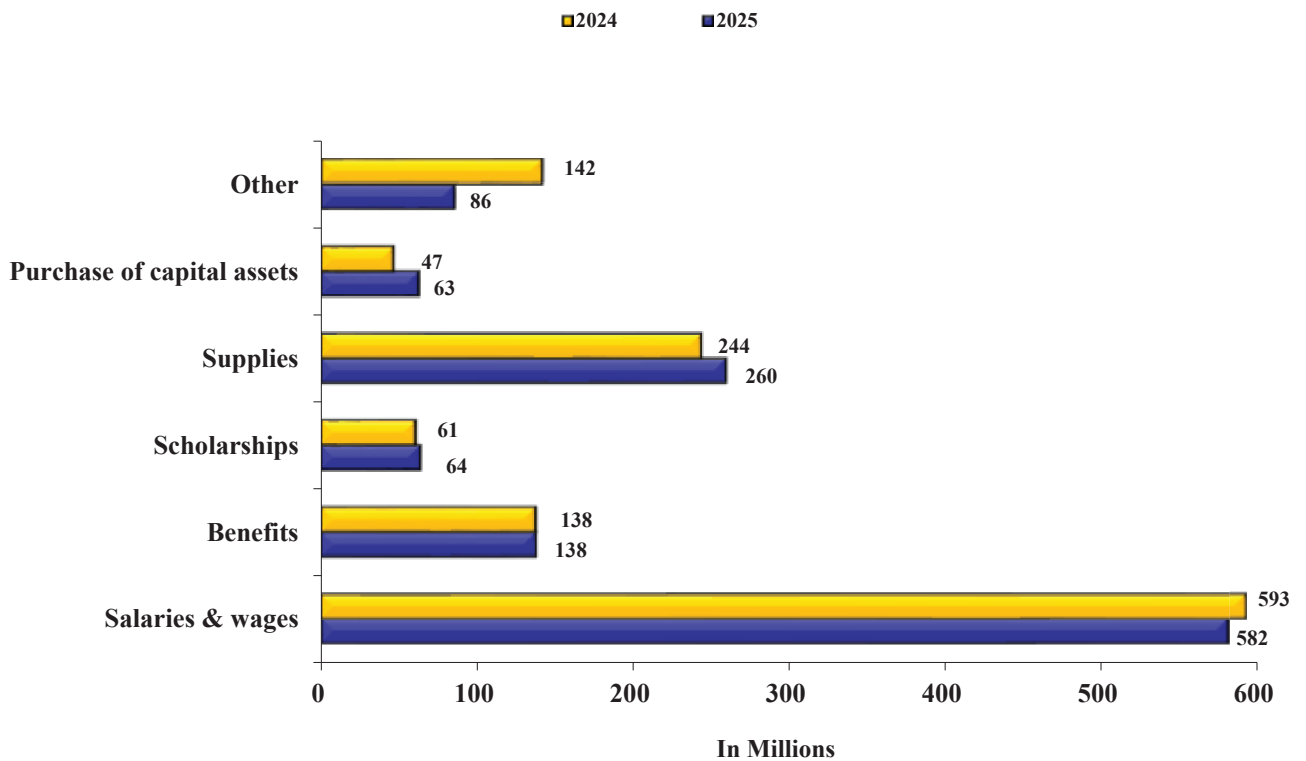
- Net cash used in operating activities increased by \$6.6 million primarily due to decreased inflows from grants and contracts and increased cash outflows for payments to suppliers and for scholarships and fellowships. These changes were offset by increased cash inflows from tuition and fees and auxiliaries and decreased cash outflows for payments to employees and other payments. Cash used in operating activities decreased by \$65.8 million from fiscal year 2023 to fiscal year 2024.
- Net cash provided by noncapital financing activities decreased by \$20.6 million primarily due to decreased cash inflows from state appropriations and gifts. This was partially offset by an increase in cash inflows from federal Pell grants. This category increased by \$11.3 million from fiscal year 2023 to fiscal year 2024.
- Net cash used in capital financing activities increased by \$8.0 million primarily due to an increase in cash outflows from the purchase of capital assets and principal paid on capital debt, leases and subscriptions. This was partially offset by an increase in cash inflows from capital grants and gifts and proceeds from the sale of real estate. Capital financing activities increased by \$39.3 million from fiscal year 2023 to fiscal year 2024.
- Net cash provided by investing activities decreased by approximately \$336,000 primarily due to a decrease in investment income. This was offset by a decrease in cash outflows from the purchase of investments. Investing activities decreased by \$15.6 million from fiscal year 2023 to fiscal year 2024.

The following graphs illustrate the sources and uses of cash:

SOURCES OF CASH



USES OF CASH



Capital Asset and Long-Term Debt Activity

The University continued work on major capital projects which 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 2025 included the following:

- Several major construction and renovation projects were completed during fiscal year 2025 including the renovation of Field Hall, structural renovations of the pedestrian bridge at the Engineering Sciences Building, field lighting upgrades at the Stadium, the replacement of the chiller and cooling tower at One Waterfront Place, construction of the indoor batting facility at the Kendrick Family Ballpark, renovations of the kitchen at Café Evansdale, replacement of the air handling unit at the Canady Creative Arts Center, and various projects at the HSC.
- Significant construction projects in process at June 30, 2025 include turf replacement at the Stadium, the refurbishment of the piping and restrooms at the Towers residence halls, the installation of locking systems for the exterior doors of buildings on the Downtown campus and a campus-wide building automation system, repairs and improvements to the Downtown steam tunnels, the construction of the Pride Practice facility, renovations required for the relocation of the UPD, and various projects at the HSC, including multiple roof replacements and the upgrade of the chiller plant and cooling tower.
- During fiscal year 2025, significant costs related to the Modernization Program were capitalized including costs related to the student experience initiative and the human capital management and finance systems.

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, \$17.5 million is reported as debt service assessment payable to the Commission by the University as of June 30, 2025.

In July 2024, the University executed an amendment to its agreement with WesBanco to finance the acquisition of certain property on the Evansdale Campus. This amendment refinanced the \$10.5 million bullet payment that was due on September 1, 2024.

The University has continued to move forward on a program to modernize its information systems by selecting Workday as the comprehensive Enterprise Resource Planning ("ERP") solution that will maintain finance, human capital management and student information. This modernization program has engaged students, faculty and staff across the campus community as part of 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. The University has also moved forward on the implementation of a new electronic research administration system that will provide an efficient and data-informed work environment for faculty and the Research Office that will better serve the University as an R1 research institution and support continual growth in sponsored research activity.

On July 2, 2025, the University issued \$30.0 million of taxable revenue bonds (2025 Series A Bonds) to (a) finance all or a portion of the costs of Phase II of the ERP modernization plan including the reimbursement of costs previously incurred in connection with the project; and (b) pay the costs of issuance of the bonds and related costs. For the years ended June 30, 2025, 2024 and 2023, the University's bonds were rated as Aa3, AA-, and A by Moody's, Fitch and Standard and Poor's, respectively.

The State's budget bill for fiscal year 2024 included funding of \$282 million from the Governor's Civil Contingency Fund to address deferred maintenance issues at the State's higher education institutions and correctional facilities. The University was awarded \$46 million in grants from this allocation. As of June 30, 2025, the University has recognized revenue of \$24.2 million related to these projects. Projects approved for funding include roof repair of the Downtown Library, renovations of Chitwood Hall, structural repairs of the pedestrian bridge at the Engineering Sciences Building, replacement of LED lighting on the Beckley campus, a locking system for exterior doors of buildings on the Downtown Campus, and a campus-wide building

automation system. The remainder of this funding will be received in subsequent installments as progress reports are submitted to the Governor's Office.

Economic Outlook

WVU is a strong and vibrant flagship, land-grant, and affordable higher education institution with an affiliated medical center that provides billions of dollars 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 closely tied to that of the State of West Virginia and is always at risk of funding reductions due to changes in economic conditions or funding priorities. During fiscal year 2025, the State experienced a budget surplus of \$255 million in its general revenue funds primarily due to an increase in the collection of corporate and personal income tax and an increase in interest income. While the State achieved a healthy balance of \$1.3 billion 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 and other factors.

A new funding formula was effective for fiscal year 2024 and was developed through a collaboration between the Legislature, the Commission, and the State's colleges and universities. This new funding model provides a data-informed and objective rationale for determining annual state appropriations to the institutions. This formula is intended to reward colleges and universities that help students complete their degrees on time, particularly those students who are low-income or unprepared upon graduation from high school and focuses on degrees that are designated as state priorities for workforce development such as engineering, health care, social work, education, computer science and transportation. The Commission's recommendations to the Legislature for funding will be based on performance results within the model. It is the Legislature's prerogative to enact any changes. During fiscal year 2025, the University received an additional \$5.1 million from the higher education funding formula as a result of out-performing other colleges and universities in the state based on the first set of data from the formula.

The University also received an additional \$2.0 million for the RNI during fiscal year 2025, which will be used by RNI to conduct clinical trials and develop ultrasound therapies for eating disorders, obesity, post-traumatic stress disorder, and other conditions.

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

The WVU Foundation continues to report strong fund-raising numbers. In fiscal year 2025, donors contributed over \$260 million in new gifts and pledges. Additionally, the 8th annual WVU Day of Giving in March 2025 raised over \$46 million from more than 10,000 gifts from alumni, students, faculty, staff, friends and family of the University. These gifts will support student programs, scholarships, research, healthcare, athletics, faculty support, capital improvements, and more. Additional gifts include a \$5 million gift by Steve Ballmer, chairman of the National Basketball Association's Los Angeles Clippers, and his wife, Connie, honoring the late Mountaineer basketball great, Jerry West, which will provide assistance in the form of completion grants to

students at risk of leaving the University due to financial challenges, and bolster the Jerry West Scholarship, which is awarded to undergraduate students from West Virginia with demonstrated financial need. Another gift of \$2.2 million from an anonymous donor will aid academic support, experiential learning and career readiness resources for students and faculty development at the Chambers College of Business and Economics. This gift will also be used to provide support to student athletes for academic enrichment, life skills programming, and supplies and equipment. This private support is critical to ensuring tuition affordability and the fulfillment of the University's land-grant mission amid continuing financial challenges.

Over the past few years, higher education has experienced a decline in enrollment with the traditional college-age population shrinking across most of the country. In West Virginia, the college-going rate has been declining and is lower than the national average, indicating a need for continued outreach and support for students. Although there has been a decline in enrollment, the University's retention and graduation rates have improved; the University is projecting an historic first-time freshmen retention rate of 93.8% for the fall 2024 to spring 2025 semesters. The University increased tuition and fee rates for fiscal year 2026 by less than 5%, an increase that was necessary to cover increased costs due to inflation and to continue to invest in the University's core academic mission. Student financial support, including merit and need-based aid, will increase proportionally. Effective for fiscal year 2026, the University will also be charging a \$125 per-semester Mountaineer Athletics Advantage Fee for students on the Morgantown campus. This fee will help fund the operations necessary to support student athletes and invest in the future of WVU Athletics. The University's tuition and fee structure, for both resident and non-resident students, continues to be competitive compared to Big 12 peers, regional peers, and other higher education institutions in the State.

The WVU Guarantee program began in the fall of 2024. This program will provide funding to cover the cost of tuition and fees for qualifying incoming and current students with a family adjusted gross income ("AGI") of \$65,000 or less who annually complete the FAFSA. Once their FAFSA's are submitted, students are automatically evaluated for eligibility in the program. If a student's family AGI rises above the \$65,000 threshold after their initial enrollment as an undergraduate, the University will continue to honor the program's benefits. The WVU Guarantee program is a last-dollar-in program that will work in combination with other scholarships and financial aid to ease students' and families' financial burdens.

The WVU Degree Up program was introduced in the fall of 2024. This program is a first-of-its-kind program in the State and will ease the transition of students from the community and technical college system to the University. This program will provide automatic admission for qualifying community and technical college students. Students will receive one-on-one coaching and academic advising from the University to help remove barriers in the transfer process.

The University implemented a new budget model in fiscal year 2025 to support financial planning and management. This model provides a structure for the evaluation of academic and support units across the University and will enable the University to invest in the University's strategic priorities and proactively respond to shifting economic conditions. This model will also provide greater transparency into the budget process and will be incentive-based.

Starting in the fall of 2024, a new annual academic unit reporting process will provide an annual health check of academic programs at the University. This process will empower department chairs and unit-level leaders to use data to guide changes to faculty staffing, program offerings, course scheduling, and curriculum to improve student success. This review will also allow the University to identify areas of potential enrollment and revenue growth, and areas that are experiencing declines in enrollment and revenue, which will help guide resource allocation and institutional investments. This process will be separate from the established BoG review process which takes place every five years.

The hiring of Michael T. Benson as the University's 27th president was announced in February 2025. His term started on July 15 and will run through June 30, 2030. President Benson has been forming his core leadership team with both new hires and leaders with institutional knowledge and experience. A national search for a provost and vice president for Academic Affairs was officially launched in August 2025. Following another national search, Fabrizio D'Aloisio took over as vice president for Enrollment Management in September 2025.

With a change to the organizational structure, the presidents of Potomac State College (“PSC”) and the WVU Institute of Technology (“WVU Tech”) now report directly to the President.

House Bill 3279 expanded the BoG to 19 members, with 15 appointed by the Governor. The new law requires that at least one member of the BoG have an agricultural sciences background and mandates that at least one member be a graduate of PSC and one member be a graduate of WVU Tech. The legislation also reclassified the representatives for students, faculty and staff to nonvoting, advisory members.

In September 2025, the BoG voted for a resolution in support of WVU Athletics, calling for the development of a financial plan that will position the University in the top funding tier among Big 12 institutions while strengthening the University’s core academic mission. The launch of Gold & Blue Enterprises (“G&B”) was announced in July 2025; this initiative is designed to enhance the student-athlete experience and the University’s competitive edge in the reshaping of intercollegiate athletics. G&B will serve a vital role in advancing the mission of WVU Athletics by focusing on strategic initiatives and the evolving Name, Image, and Likeness (“NIL”) landscape. G&B will focus on generating new and diversified revenue streams for the continued success of WVU Athletics and elevating the strength and visibility of the WVU brand to advance the opportunities available to the University’s student athletes. G&B is included in the accompanying financial statements as a blended component unit of the University.

To better align research operations more closely with the University’s mission and structure, employees of the WVU Research Corporation (the “Corporation”) will transition to direct University employment effective October 31. This transition is designed to streamline administrative processes, reduce duplication between the two entities and improve access to institutional resources, systems and support while providing improved benefits to those employees. No positions will be eliminated as a direct result of this change.

In June 2025, the University terminated its contract with Sodexo America, LLC for the management and operation of the University’s food and dining services programs and subsequently entered into a one-year agreement with Elior Collegiate Dining. New retail dining locations, enhancements to the dining halls, the transformation and rebranding of other spaces, and the re-opening of closed spaces will take place under this new agreement. A third-party quality assurance company will partner with Elior to monitor food products and services.

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. Currently, there are 187 institutions recognized as an R1 institution and 135 of them are public. The University has maintained a Carnegie R1 status since 2016. Sponsored expenditures came in at \$264 million for fiscal year 2025 with \$132 million coming from federal agencies (in fiscal year 2024, sponsored expenditures were \$275 million with \$128 million from federal funds). The effective F&A recovered increased from 25.6 to 26.5. The effective F&A recovery rate increased from 18.7% to 19.8%.

Comparing fiscal year 2024 to fiscal year 2025 for our primary federal research sponsors:

- DoE-funded expenditures decreased from \$19.8 million to \$16.2 million
- HHS-funded expenditures increased from \$50.0 million to \$54.6 million
- USDA-funded expenditures increased from \$7.7 million to \$8.0 million
- NASA-funded expenditures decreased from \$7.7 million to \$6.5 million
- NSF-funded expenditures decreased from \$14.1 million to \$14.0 million.

The continued increase in federal funding received is a direct result of the University’s investments in improving the competitiveness of the faculty through support to ensure that submitted proposals have a significantly enhanced probability of success, grant development mentoring, and internal reviewing services. Our focus on areas such as Neuroscience, Cancer, Energy and Sustainability, and Aerospace is yielding many of the increases noted above. It should also be noted that the F&A recovery has grown by over \$16.0 million since 2020.

While the national funding environment is volatile, the University and the Corporation are deploying innovative strategies to expand the quantity and quality of funding for the research enterprise from all sources and looks forward to continued success in the future.

The Legislature addressed one of the most significant financial challenges facing state agencies with positive results. In fiscal year 2012 the Legislature and PEIA implemented a series of actions to significantly reduce the annual required contribution from State agencies and, in turn, the total OPEB liability. These actions included limiting the annual increase on the employer's share of the retiree's premium and allocating \$30 million of annual funding to the OPEB trust fund beginning in fiscal year 2016 from annual collections of personal income tax dedicated for payment of the unfunded liability of the RHBT. This dedicated annual funding will be provided until the Governor certifies that an independent actuarial study has determined that the unfunded liability of the RHBT has been provided for in its entirety or July 1, 2037, whichever is later.

These steps will continue to have a significant positive impact on the University's financial position and performance. At June 30, 2025, the University's net OPEB asset decreased by \$8.5 million to \$1.5 million. This was due to a decrease in the University's proportionate share of the State's net OPEB asset at June 30, 2025; 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. The RHBT experienced significant savings with the renewal of PEIA's contract with Humana beginning in fiscal year 2022. In addition to these savings, the RHBT has experienced favorable investment returns, resulting in an excess in the premium stabilization reserve. There were no pay as you go premiums billed in fiscal year 2024, but these premiums resumed in fiscal year 2025. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder each month. The active premiums subsidize the retirees' health care and are established by the PEIA Finance Board annually.

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

Contact the Office of the Senior Associate Vice President for Finance at 304-293-4008 with any questions.

WEST VIRGINIA UNIVERSITY

STATEMENTS OF NET POSITION AS OF JUNE 30, 2025 AND 2024

(Dollars in Thousands)

	2025	2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash and cash equivalents	\$ 174,045	\$ 170,697
Appropriations due from primary government	51,855	51,730
Investments	77,818	71,476
Accounts receivable, net of allowances for doubtful accounts of \$4,091 and \$5,349	147,807	126,437
Account receivable - public private partnerships, current portion	9,350	9,193
Due from the Higher Education Policy Commission	423	442
Leases receivable - current	1,221	972
Loans receivable, current portion	2,089	3,445
Inventories	2,513	2,225
Prepaid expenses	5,099	4,042
Notes receivable	200	200
Total current assets	472,420	440,859
Noncurrent Assets:		
Restricted cash and cash equivalents	42,413	57,875
Investments	111,412	108,169
Other accounts receivable	2,006	2,321
Account receivable - public private partnerships	226	963
Loans receivable, net of allowances for doubtful accounts of \$1,141 and \$1,488	8,481	13,566
Leases receivable	3,103	2,461
Net other post employment benefits asset	1,469	10,002
Capital and intangible right to use assets, net	1,923,515	1,887,369
Total noncurrent assets	2,092,625	2,082,726
TOTAL ASSETS	2,565,045	2,523,585
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	11,776	12,458
Deferred outflows related to other post employment benefits	9,705	4,706
Deferred outflows related to pensions	292	361
TOTAL DEFERRED OUTFLOWS OF RESOURCES	21,773	17,525
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,586,818	\$ 2,541,110

(continued)

WEST VIRGINIA UNIVERSITY

STATEMENTS OF NET POSITION (CONTINUED) AS OF JUNE 30, 2025 AND 2024

(Dollars in Thousands)

	2025	2024
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities:		
Accounts payable	\$ 63,521	\$ 57,439
Accrued liabilities	25,049	16,380
Accrued payroll	34,175	32,281
Deposits	3,043	2,709
Unearned revenue	99,826	88,640
Compensated absences	33,411	32,657
Real estate purchase agreements payable, current portion	667	585
Debt service assessment payable to the Commission, current portion	4,672	4,596
Subscription liabilities, current portion	8,299	7,591
Leases payable, current portion	3,210	2,670
Bonds payable, current portion	32,112	31,395
Notes payable, current portion	3,450	2,713
Total current liabilities	311,435	279,656
Noncurrent Liabilities:		
Real estate purchase agreement payable	9,322	10,054
Net pension liability	1,047	1,564
Advances from federal government	7,104	10,697
Debt service assessment payable to the Commission	12,865	17,537
Subscription liabilities	10,439	8,851
Leases payable	73,258	74,799
Bonds payable	715,808	748,069
Notes payable	57,229	57,144
Other noncurrent liabilities	41,561	41,064
Total noncurrent liabilities	928,633	969,779
TOTAL LIABILITIES	1,240,068	1,249,435
DEFERRED INFLOWS OF RESOURCES		
Deferred federal Pell grants	856	362
Deferred gain on refunding	26	71
Deferred service concession arrangements	30,056	31,064
Deferred inflows related to other post employment benefits	6,562	15,194
Deferred inflows related to pensions	1,031	1,324
Deferred inflows related to leases	4,072	3,240
Deferred inflows related to dining services contract	5,393	6,067
TOTAL DEFERRED INFLOWS OF RESOURCES	47,996	57,322
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	\$ 1,288,064	\$ 1,306,757
NET POSITION		
Net investment in capital assets	\$ 1,017,759	\$ 961,345
Restricted for:		
Nonexpendable:		
Loans	17,622	17,689
Other	475	475
Total restricted nonexpendable	18,097	18,164
Expendable:		
Scholarships and fellowships	3,907	4,046
Sponsored programs	41,244	39,314
Loans	11,544	11,717
Capital projects	1	1
Debt service	-	106
Other	1,273	11,216
Total restricted expendable	57,969	66,400
Unrestricted net position	204,929	188,444
TOTAL NET POSITION	\$ 1,298,754	\$ 1,234,353

See notes to financial statements.

WEST VIRGINIA UNIVERSITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

(Dollars in Thousands)

	2025	2024
OPERATING REVENUES		
Student tuition and fees, net of scholarship allowances of \$122,610 and \$109,894	\$ 391,996	\$ 399,713
Federal land grants	9,121	10,049
Local land grants	1,519	1,409
Federal grants and contracts	132,012	126,992
State grants and contracts	82,802	84,888
Local grants and contracts	524	481
Nongovernmental grants and contracts	137,499	125,360
Sales and services of educational departments	14,009	15,295
Auxiliary enterprises, net of scholarship allowances of \$13,725 and \$11,028	137,873	129,746
Interest on student loans receivable	408	481
Service agreement revenue from Parkersburg	250	250
Other operating revenues	7,973	7,603
Total operating revenues	915,986	902,267
OPERATING EXPENSES		
Salaries and wages	585,502	594,170
Benefits	172,598	138,811
Scholarships and fellowships	58,281	63,030
Utilities	37,957	37,844
Supplies and other services	278,926	264,603
Depreciation and amortization	116,988	120,378
Loan cancellations and write-offs	1,815	19
Other operating expenses	13,985	3,729
Total operating expenses	1,266,052	1,222,584
OPERATING LOSS	\$ (350,066)	\$ (320,317)

(continued)

WEST VIRGINIA UNIVERSITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED) FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

(Dollars in Thousands)

	2025	2024
NONOPERATING REVENUES (EXPENSES)		
State appropriations	\$ 197,208	\$ 252,185
State Lottery appropriations	3,867	3,782
Payments on behalf of the University	2,857	(6,778)
Gifts	89,686	102,990
Federal Pell grants	33,461	26,789
Investment income (including unrealized gain of \$13,142 and \$7,549)	25,727	25,676
Interest on capital asset-related debt	(30,115)	(31,007)
Assessments by the Commission for debt service	(6,249)	(6,301)
Other nonoperating revenues - net	8,570	391
Net nonoperating revenues	325,012	367,727
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(25,054)	47,410
Capital grants and gifts	89,140	20,697
Bond/capital projects proceeds from the Higher Education Policy Commission	315	448
INCREASE IN NET POSITION	64,401	68,555
NET POSITION—BEGINNING OF YEAR	1,234,353	1,165,798
NET POSITION - END OF YEAR	\$ 1,298,754	\$ 1,234,353

See notes to financial statements.

WEST VIRGINIA UNIVERSITY

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (Dollars in Thousands)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 362,350	\$ 359,826
Federal and local land grants	10,640	11,457
Grants and contracts	340,657	349,935
Payments to suppliers	(259,888)	(244,326)
Payments to employees	(582,286)	(593,206)
Payments for benefits	(137,672)	(137,653)
Payments for utilities	(37,470)	(36,999)
Payments for scholarships and fellowships	(63,545)	(60,716)
Loan advances returned to federal government	(1,695)	(1,849)
Collections of loans to students	2,630	3,066
Interest earned on loans to students	408	481
Auxiliary enterprise charges	134,861	130,800
Sales and service of educational departments	13,665	14,568
Receipt of service agreement revenue from Parkersburg	250	250
Net receipts (payments) for public private partnerships	564	(650)
William D. Ford direct lending receipts	167,085	162,815
William D. Ford direct lending payments	(166,654)	(162,474)
Other receipts (payments)	(6,813)	(11,634)
Net cash used in operating activities	(222,913)	(216,309)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	189,168	201,450
State lottery appropriations	3,867	3,782
Gifts	80,251	96,014
Purchase of secured promissory notes	-	100
Federal Pell grants	33,955	26,587
Other nonoperating receipts	3,077	3,029
Net cash provided by noncapital financing activities	310,318	330,962
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Payments on Commission debt assessment payable	(4,596)	(4,538)
Bond/capital projects proceeds from the Higher Education Policy Commission	315	448
Assessments by the Commission for debt service	(6,249)	(6,301)
Capital gifts and grants received	22,036	17,695
Purchases of capital assets	(62,993)	(47,039)
Proceeds from leases	1,381	1,128
Proceeds from real estate sale	13,000	-
Principal paid on capital debt, leases and subscriptions	(47,390)	(37,181)
Interest paid on capital debt, leases and subscriptions	(31,266)	(31,981)
Net cash used in capital financing activities	(115,762)	(107,769)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	13,024	17,844
Purchase of investments	(8,462)	(12,796)
Redemption of matured investments	12,010	12,380
Purchase of Research Corporation investments	(329)	(849)
Net cash provided by investing activities	16,243	16,579
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(12,114)	23,463
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	228,572	205,109
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 216,458	\$ 228,572

(continued)

WEST VIRGINIA UNIVERSITY

STATEMENTS OF CASH FLOWS (CONTINUED) FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (Dollars in Thousands)

	2025	2024
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (350,065)	\$ (320,317)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	116,988	120,378
Donated/noncapitalized expense	6,889	4,839
Expenses paid on behalf of the University	2,857	(6,778)
Changes in assets, deferred outflows, liabilities and deferred inflows:		
Accounts receivable, net	(22,029)	6,940
Due from the Commission	19	(191)
Loans receivable, net	6,441	3,040
Prepaid expenses	(335)	(1,396)
Inventories	(290)	142
Accounts payable	13,342	(13,550)
Accrued liabilities	17,903	(10,013)
Deposits	335	(338)
Unearned revenue	2,244	12,185
Compensated absences	752	(369)
Defined benefit pension plan	(740)	(1,068)
Deferred other post employment benefits	(13,631)	(8,481)
Advances from federal government	(3,593)	(1,332)
Net cash used in operating activities	<u>\$ (222,913)</u>	<u>\$ (216,309)</u>
Noncash Transactions:		
Construction in progress additions in accounts payable	<u>\$ 4,957</u>	<u>\$ 3,546</u>
Subscription based IT agreements	<u>\$ 6,686</u>	<u>\$ 2,495</u>
Lessee arrangements	<u>\$ 434</u>	<u>\$ 580</u>
Lessor arrangements	<u>\$ 1,183</u>	<u>\$ 71</u>
Donated capital assets	<u>\$ 77,390</u>	<u>\$ 2,829</u>
Unrealized gain on investments	<u>\$ 13,142</u>	<u>\$ 7,549</u>
Donated noncapitalized assets	<u>\$ 4,961</u>	<u>\$ 8,629</u>
Gain (Loss) on dispositions	<u>\$ 6,290</u>	<u>\$ (1,344)</u>
Expenses paid on behalf of the University	<u>\$ 2,857</u>	<u>\$ (6,778)</u>
Deferred gain on refunding	<u>\$ 45</u>	<u>\$ 45</u>
Reconciliation of cash and cash equivalents to the statements of net assets:		
Cash and cash equivalents classified as current assets	\$ 174,045	\$ 170,697
Cash and cash equivalents classified as noncurrent assets	<u>42,413</u>	<u>57,875</u>
	<u>\$ 216,458</u>	<u>\$ 228,572</u>

See notes to financial statements.

WEST VIRGINIA UNIVERSITY

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2025 AND 2024

1. ORGANIZATION

West Virginia University (the “University”) is governed by the West Virginia University Board of Governors (the “Board” or “BoG”). 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"), the West Virginia University Research Corporation (the "Corporation"), and Gold & Blue, Incorporated ("G&B"). The basic criteria for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from the ability of the University to significantly influence operations and accountability for fiscal matters of related entities. (See Note 26 for condensed financial statements.) Related foundations and other affiliates of the University (see Notes 21 and 22) are not part of the University reporting entity and are not included in the accompanying financial statements as the University has no ability to designate management, cannot significantly influence operations of these entities and is not accountable for the fiscal matters of these entities under GASB.

- 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) program.

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

Cash and cash equivalents also include cash on hand.

- d. Appropriations Due from Primary Government* – For financial reporting purposes, appropriations due from the State are presented separate from cash and cash equivalents, as amounts are not specific deposits with the Treasurer, but are obligations of the State.
- e. Accounts Receivable* – Accounts receivable primarily includes amounts due from students for tuition and fees, amounts due from sponsoring agencies for grants and contracts, and other miscellaneous receivables.
- f. Accounts Receivable – Public Private Partnerships* – Accounts receivable – public private partnerships - includes amounts due from partners for reimbursable project

expenses, management fees, share of net revenues, lease payments and additional lease payments. (Also see Notes 15, 21, and 23.)

- g. Allowance for Doubtful Accounts* – It is the University’s policy to provide for future losses on uncollectible accounts and loans receivable based on an evaluation of the underlying account and loan balances, the historical collectability experienced by the University on such balances and such other factors which, in management’s judgment, require consideration in estimating doubtful accounts.
- h. Loans Receivable* – Loans receivable includes amounts due from students for student loans, including loans made through the Federal Perkins Loan Program.
- i. Inventories* – Inventories are stated at the lower-of-cost or market, cost primarily determined on the first-in, first-out method and average cost.
- j. Leases Receivable* – Leases receivable includes amounts due from external parties for long-term leases of land and building space, recorded at the present value of lease payments expected to be received during the lease term.
- k. Noncurrent Restricted Cash and Cash Equivalents* – Cash that is (1) externally restricted to make debt service payments or to maintain sinking funds or reserve funds or to purchase capital or other noncurrent assets or settle long-term liabilities, or (2) permanently restricted components of net position are classified as a noncurrent asset on the statement of net position.
- l. Noncurrent Investments* – Investments that are (1) externally restricted to make debt service payments or to maintain sinking funds or reserve funds or to purchase capital or other noncurrent assets or settle long-term liabilities, or (2) permanently restricted components of net position are classified as a noncurrent asset on the statement of net position. All other investments are classified as current or noncurrent based on the underlying investment.
- m. Capital and Intangible Right-to-Use Assets* – Capital assets include property, plant and equipment, internally generated software, books and materials that are part of a catalogued library, and infrastructure. Capital assets are stated at cost at the date of acquisition or construction, or acquisition value at the date of donation in the case of gifts. Depreciation is computed using the straight-line method over the estimated useful life of the asset, which is generally 15 to 50 years for buildings, infrastructure and land improvements, and 3 to 15 years for furniture, equipment, internally generated software, and library books.

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

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

The University’s capitalization thresholds are as follows: \$25,000 for buildings, land improvements, infrastructure and leasehold improvements, \$100,000 for internally

generated software, \$50,000 for subscription assets, and \$5,000 for equipment. Library books and land are capitalized irrespective to cost.

- n. Deposits* – Deposits include housing and tuition deposits made by students.
- o. Unearned Revenue* – Revenues for programs or activities to be earned in future fiscal years is classified as unearned revenue, including items such as tuition, football ticket sales, orientation fees, room and board, financial aid deposits, and advance payments on sponsored awards. Financial aid deposits are separately classified.
- p. Compensated Absences* – GASB requires recognition of a liability for leave that accumulates and is attributable to services already rendered and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. 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. Full-time employees of the University also earn 1.5 sick leave days for each month of service. Employees hired prior to July 1, 2001 receive sick leave credit toward retiree healthcare contributions when they retire; this liability is included in the liability for other postemployment benefits (see Note 2q and 10).

This liability is measured using the employee’s pay rate as of the date of the financial statements. The estimated expense and expense incurred for vacation and sick leave is recorded as a component of benefits expense on the statement of revenues, expenses, and changes in net position.

- q. Other Postemployment Benefits (“OPEB”)* – For purposes of measuring the net other postemployment benefits (asset) 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 Retiree 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 located at https://peia.wv.gov/financial_reports/Pages/default.aspx. The OPEB plan schedules are prepared using the accrual basis of accounting in accordance with U.S. Generally Accepted Accounting Principles (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. 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, 2025 and 2024 was \$142,000 and \$2.2 million, respectively, which is recorded as a component of accrued liabilities on the statement of net position. This includes approximately \$18,000 and \$267,000 for employee benefits as of June 30, 2025 and 2024.

- s. *Noncurrent Liabilities* – Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and real estate purchase agreements payable with contractual maturities greater than one year; (2) principal amounts of leases payable and subscription liabilities due in subsequent fiscal years; (3) net pension liability and other liabilities that will not be paid within the next fiscal year; and (4) projected claim payments for self insurance.
- t. *Net Pension Liability* – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Teachers' Retirement System ("TRS"), administered by the West Virginia Consolidated Public Retirement Board ("CPRB"), and additions to/reductions from the TRS fiduciary net position have been determined on the same basis as they are reported in the TRS financial statements, located at www.wvretirement.com/Publications.html#AnnualReport. The plan schedules of TRS are prepared using the accrual basis of accounting and economic resources measurement focus in accordance with U.S. GAAP as prescribed by GASB. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Investments are reported at fair value. Detailed

information on investment valuation can be found in the TRS financial statements. Management of TRS has made certain estimates and assumptions relating to employer allocation schedules, and actual results could differ. (See Note 11.)

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

Net investment in capital and intangible right-to-use assets: This represents the University's total investment in capital and intangible right-to-use assets, net of accumulated depreciation/amortization and outstanding debt obligations related to those 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.

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

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

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

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

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

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

- w. *Use of Restricted Net Position* – The University has adopted a formal policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available. The University attempts to utilize restricted components of net position first when practicable. The University did not have any designated components of net position as of June 30, 2025 or 2024.
- x. *Scholarship Discounts and Allowances* – Student tuition and fee revenues are reported net of scholarship discounts and allowances on the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students’ behalf. 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.

For the financial statements for the period ending June 30, 2024, financial aid to students was reported in under the alternative method as prescribed by the National Association of College and University Business Officers (“NACUBO”). Under this method, these amounts were computed on a University-wide 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.

In the spring of 2023, NACUBO reviewed the accounting practices for reporting financial aid as a discount to tuition and other fee revenues and issued advisory report 2023-01, “*Public Institutions: Accounting for and Reporting Financial Aid as a Discount*”. The alternative method of calculating the estimated discount is no longer endorsed by NACUBO. As a result, the University discontinued its use of the alternative method. For the financial statements for the period ending June 30, 2025, the University records the discount based on the amount of financial aid applied to the tuition and fees and auxiliary fees charged to each student’s account. This revised methodology results in a more accurate estimate of scholarship discounts and allowances than the alternative method utilized previously.

- y. *Federal Financial Assistance Programs* – The University makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and unsubsidized 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 \$167.0 million in fiscal year 2025 and approximately \$162.5 million in fiscal year 2024 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 2025 and 2024, the University received and disbursed \$36.4 million and \$28.8 million, respectively, under these other federal student aid programs.

- z. Government Grants and Contracts* – Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to audit. The University recognizes revenue associated with direct costs as the related costs are incurred. Recovery of related indirect costs is generally recorded at fixed rates negotiated for a period of one to three years.
- aa. Income Taxes* – The University is exempt from income taxes, except for unrelated business income, as a nonprofit organization under federal income tax laws and regulations of the Internal Revenue Service. The Corporation has received from the Internal Revenue Service an exemption from taxation under Section 501 (c) (3) of the Internal Revenue Code as an entity organized for educational, research, and economic development purposes.
- bb. Cash Flows* – Any cash and cash equivalents escrowed, restricted for noncurrent assets, or in funded reserves are included as cash and cash equivalents for the purpose of the statement of cash flows.
- cc. Deferred Outflows of Resources* – Consumption of net assets by the University that is applicable to a future fiscal year is reported as a deferred outflow of resources on the statement of net position. (See Note 10, 11 and 12).
- dd. Deferred Inflows of Resources* – Acquisition of net assets by the University that is applicable to a future fiscal year is reported as a deferred inflow of resources on the statement of net position. (See Notes 7, 10, 11 and 23)
- ee. Risk Management* – BRIM provides general and professional 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 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 up to a limit of \$3,000,000 per occurrence. 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 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 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 2025, BRIM will provide coverage for indemnity amounts between \$250,000 and \$2,000,000 per occurrence. For fiscal year 2024, BRIM will provide coverage for indemnity amounts between \$250,000 and \$1,897,000 per occurrence. After June 30, 2016, BRIM coverage may increase annually based on the Consumer Price Index until it reaches a maximum of \$2,000,000 per occurrence. Prior to July 1, 2005, the HSC was totally covered by BRIM at a limit of \$1,000,000 per occurrence.

Under the program, the HSC entered into an agreement with BRIM whereby the HSC has on deposit \$3.0 million at both June 30, 2025 and 2024, in an escrow account created in the state treasury from which BRIM may withdraw amounts to pay indemnity costs and allocated expenses in connection with medical malpractice claims against the HSC. The HSC also has on deposit \$47.7 million and \$47.9 million at June 30, 2025 and 2024, 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 \$38.1 million and \$40.0 million to reflect projected claim payments at June 30, 2025 and 2024, respectively.

In addition, through its participation with 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 Corporation are also covered by a data breach response insurance policy through Beazley. This policy covers claims commonly referred to as "cyber liability" claims. "First party" claims coverage includes financial expenses associated with a data breach including business interruption, cyber extortion, and data recovery. "Third party" claims coverage includes the financial expenses associated with a data breach that are incurred by entities 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 because of a work-related activity. The responding policy varies based on the state in which the individual is employed. The policies for those outside of West Virginia are guaranteed cost programs in which no deductible applies, and the University pays an annual premium in exchange for all claim costs being paid by the carrier. For those employed in West Virginia, the policy 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 up to the policy limits. Encova invoices the University monthly to collect the prior month claim expenses which they have paid that fall within the deductible layer.

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

For the financial statements for the period ending June 30, 2025, the University changed its methodology for calculating scholarship discounts and allowances. (See Note 2x.) There was no significant impact to the scholarship allowance as a result of this change.

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

- hh. Newly Adopted Statements Issued by GASB* – The University has implemented Statement No. 101, "*Compensated Absences*". This statement establishes accounting and financial reporting requirements for compensated absences and associated salary-related payments. (See Note 2p.) The financial statements for the period ending June 30, 2024 have not been restated; the implementation of these requirements did not have a material impact on the financial statements.

The University has also implemented Statement No. 102, "*Certain Risk Disclosures*". This statement establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. No additional disclosures were required to the University's financial statements.

- ii. *Recent Statements Issued by GASB* – GASB has issued Statement No. 103, “*Financial Reporting Model Improvements*”. The objective of this statement is to improve key components of the financial reporting model. This statement establishes new accounting and financial reporting requirements – or modifies existing requirements – related to the following: management’s discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. This statement is effective for fiscal years beginning after June 15, 2025 and all reporting periods thereafter. The University has not yet determined the effect that the adoption of GASB Statement No. 103 may have on its financial statements.

GASB has also issued Statement No. 104, “*Disclosure of Certain Capital Assets*”. The objective of this statement is to improve key components of the financial reporting model. This statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets footnotes. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. This statement is effective for fiscal years beginning after June 15, 2025 and all reporting periods thereafter. The University has not yet determined the effect that the adoption of GASB Statement No. 104 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):

2025

	Current	Noncurrent	Total
Cash on deposit with the Treasurer:			
West Virginia University - Nonauxiliaries	\$ 60,790	\$ 475	\$ 61,265
West Virginia University - Auxiliaries	63,438	-	63,438
Cash on deposit with Trustee	-	38,920	38,920
Deposits with BRIM Escrow Account Treasurer	-	3,018	3,018
Cash in Bank	49,800	-	49,800
Cash on Hand	17	-	17
	<u>\$ 174,045</u>	<u>\$ 42,413</u>	<u>\$ 216,458</u>

2024

	Current	Noncurrent	Total
Cash on deposit with the Treasurer:			
West Virginia University - Nonauxiliaries	\$ 67,164	\$ 475	\$ 67,639
West Virginia University - Auxiliaries	68,035	-	68,035
Cash on deposit with Trustee	-	54,374	54,374
Deposits with BRIM Escrow Account Treasurer	-	3,026	3,026
Cash in Bank	35,481	-	35,481
Cash on Hand	17	-	17
	<u>\$ 170,697</u>	<u>\$ 57,875</u>	<u>\$ 228,572</u>

Cash on Deposit with the Treasurer. Cash on deposit with the Treasurer includes deposits in the State Treasury bank account and the WV Money Market Pool. Deposits in the bank account are insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by securities held by the bank in the name of the State. Deposits in the WV Money Market Pool are pooled by the Treasurer with other available funds of the State for investment purposes by the 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 \$96.2 million and \$110.4 million in cash held for investment in the WV Money Market Pool at June 30, 2025 and 2024, respectively. 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 is located at <https://wvbtj.gov/Home/Information/Reports/Annual-Reports>.

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:

External Pool	2025		2024	
	Carrying Value	S & P Rating	Carrying Value	S & P Rating
	(In Thousands)		(In Thousands)	
WV Money Market Pool	\$ 96,212	AAAm	\$ 110,395	AAAm

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

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

External Pool	2025		2024	
	Carrying Value	WAM (Days)	Carrying Value	WAM (Days)
	(In Thousands)		(In Thousands)	
WV Money Market Pool	\$ 96,212	41	\$ 110,395	36

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, 2025 and 2024 was \$49.8 million and \$35.5 million, respectively, as compared with bank balances of \$49.4

million and \$37.1 million, respectively. The difference was primarily caused by items in transit and outstanding checks. Bank accounts and ICS/CDARS deposits are FDIC insured up to \$250,000 per Federal Employer Identification Number. In addition, bank balances are collateralized with the bank through a Repurchase Agreement in the name of the State or the Corporation.

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

4. ACCOUNTS RECEIVABLE

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

	<u>2025</u>	<u>2024</u>
Student tuition and fees, net of allowances for doubtful accounts of \$1,086 and \$1,325	\$ 7,564	\$ 9,092
Grants and contracts receivable, net of allowances for doubtful accounts of \$2,500 and \$3,690	78,169	70,592
Due from West Virginia University Hospitals, Incorporated	2,846	4,320
Auxiliary services, net of allowances for doubtful accounts of \$395 and \$333	2,861	2,347
Investment earnings receivable	324	390
Other, net of allowances for doubtful accounts of \$110 and \$1	40,123	30,035
Due from the Foundation	5,377	1,017
Due from other State agencies	10,543	8,644
Total accounts receivable	<u>\$ 147,807</u>	<u>\$ 126,437</u>

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

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

5. NOTES RECEIVABLE

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

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):

2025	Fair			
Investment Type	Value	Level 1	Level 2	Level 3
Investment Cash Accounts	\$ 6,659	\$ 6,659	\$ -	\$ -
Mutual Bond Funds:				
Guggenheim TR Bond	16,430	230	15,280	920
Allspring High Yield Bond - A	7	7	-	-
Mutual Stock Funds:				
Allspring Opportunity - A	911	911	-	-
Maingate MLP Fund	5,010	5,010	-	-
MFS International Value Fund	9,329	8,465	864	-
MFS Investment Management	14,117	14,117	-	-
Eaton Vance	1,640	1,640	-	-
REMS Real Estate	1,503	468	1,035	-
Artisan International Small Cap	2,846	2,846	-	-
Cohen Steers Ins Rty	1,538	797	637	104
Fixed Income Commingled Funds:				
IR&M Core Bond Fund	16,694	-	16,694	-
Limited Partnership Equity:				
TI Platform Fund I	3,766	8	-	3,758
TI Platform Fund II	2,107	-	-	2,107
TI Platform Fund III	1,235	-	10	1,225
747 Stuyvesant VI LP	1,421	-	-	1,421
747 Stuyvesant VII LP	1,385	-	-	1,385
747 Stuyvesant VIII LP	778	-	-	778
CC&L Q Emerging Markets	4,645	4,645	-	-
Hedge Funds:				
Capstone Convex PF	2,023	1,453	570	-
Penso Neg Cor Alpha	2,782	137	2,645	-
Equities ETF:				
Vanguard FTSE DM MKT	5,610	677	4,933	-
Vanguard INT GROWTH	2,861	900	1,948	13
Vanguard FTSE EM MKT	1,334	163	1,170	1
Vanguard S&P 500 ETF	27,169	27,169	-	-
Vanguard TOT STK MKT	21,901	21,901	-	-
US Treasury Securities:				
IRM Short US Treasury Fund	32,949	-	32,949	-
Land and Other Real Estate Held As Investments	477	-	-	477
Other Investments:				
WV Growth Investment LLC	54	-	-	54
Aspinity, Inc.	49	-	-	49
	<u>\$ 189,230</u>	<u>\$ 98,203</u>	<u>\$ 78,735</u>	<u>\$ 12,292</u>

2024	Investment Type	Fair Value	Level 1	Level 2	Level 3
	Investment Cash Accounts	\$ 12,916	\$ 12,916	\$ -	\$ -
	Mutual Bond Funds:				
	Guggenheim TR Bond	7,154	132	6,622	400
	Muzinich Credit Opportunities Fund	6,895	91	6,804	-
	Allspring High Yield Bond - A	7	7	-	-
	Mutual Stock Funds:				
	Allspring Opportunity - A	828	828	-	-
	Maingate MLP Fund	4,291	4,291	-	-
	MFS International Value Fund	7,755	7,755	-	-
	MFS Investment Management	12,849	12,849	-	-
	Eaton Vance	1,483	1,483	-	-
	REMS Real Estate	1,253	744	509	-
	Oppenheimer Int SMID	7,053	767	6,286	-
	Artisan International Small Cap	2,496	905	1,591	-
	Cohen Steers Ins Rty	1,387	1,354	23	10
	Fixed Income Commingled Funds:				
	IR&M Core Bond Fund	10,168	74	10,094	-
	Limited Partnership Equity:				
	TI Platform Fund I	3,690	-	-	3,690
	TI Platform Fund II	1,909	-	-	1,909
	TI Platform Fund III	846	-	-	846
	747 Stuyvesant VI LP	1,653	-	-	1,653
	747 Stuyvesant VII LP	1,105	-	-	1,105
	747 Stuyvesant VIII LP	302	-	-	302
	CC&L Q Emerging Markets	3,900	3,900	-	-
	Hedge Funds:				
	Capstone Convex PF	2,085	207	1,878	-
	Penso Neg Cor Alpha	2,941	344	2,597	-
	Equities ETF:				
	Vanguard INT GROWTH	664	664	-	-
	Vanguard FTSE EM MKT	1,421	778	643	-
	Vanguard S&P 500 ETF	23,279	23,279	-	-
	Vanguard TOT STK MKT	17,919	17,919	-	-
	US Treasury Securities:				
	IRM Short US Treasury Fund	40,477	-	40,477	-
	Land and Other Real Estate Held As Investments	477	-	-	477
	Other Investments:				
	WV Growth Investment LLC	80	-	-	80
	Aspinity, Inc.	49	-	-	49
	CereDx	313	-	-	313
		<u>\$ 179,645</u>	<u>\$ 91,287</u>	<u>\$ 77,524</u>	<u>\$ 10,834</u>

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

	Current		Noncurrent		Total	
As of June 30, 2025	\$	77,818	\$	111,412	\$	189,230
As of June 30, 2024	\$	71,476	\$	108,169	\$	179,645

Investments with the Foundation – As of June 30, 2025 and 2024, the University’s investments held with the Foundation were \$172.0 million and \$163.6 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"). The Corporation's share of the capital account was \$54,000 and \$80,000 at June 30, 2025 and June 30, 2024, respectively. WVGI is a limited liability company formed to pool the capital resources and the business connections of accredited investors in and around the State of WV. Since the Corporation holds less than 20% of the ownership interest in WVGI, is not an officer of WVGI, cannot exercise significant influence over WVGI's operations and the fair value of the membership units cannot be readily determined, this investment was recorded using the cost basis of accounting.

Aspinity, Inc – The Corporation owns 411,706 shares of preferred stock in Aspinity, Inc. These shares had a fair market value of \$49,000 at both June 30, 2025 and June 30, 2024, respectively.

CereDx, Inc – The Corporation owned 24,184 shares of preferred stock in CereDx, Inc. at June 30, 2024. These shares had a fair market value of \$313,000. CereDx dissolved on January 23, 2025 and these investments were written off.

Other – The University also has investments - the Wood investments – from the estate of donors with restricted purposes. These investments had a fair market value of \$17.2 million and \$15.6 million at June 30, 2025 and June 30, 2024, respectively.

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):

2025

Portfolio	Description	Fair Value	Rating
Mutual Bond Funds:			
	Guggenheim TR Bond	\$ 16,430	A2
Investment Cash Accounts:			
	WVU Cash Con Inv	6,659	AAA-mf
US Treasury Securities			
	IRM Short US Trwasury Funds	32,949	AA+
Fixed Income Commingled Funds			
	IR&M Core Bond	16,694	AA-
		<u>\$ 72,732</u>	

2024

Portfolio	Description	Fair Value	Rating
Mutual Bond Funds:			
	Guggenheim TR Bond	\$ 7,154	A1
	Muzinich Credit Opp	6,895	Baa
Investment Cash Accounts:			
	WVU Cash Con Inv	12,916	AAA-mf
US Treasury Securities			
	IRM Short US Trwasury Funds	40,477	AAA
Fixed Income Commingled Funds			
	IR&M Core Bond	10,168	Aa2
		<u>\$ 77,610</u>	

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

Interest Rate Risk

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

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

2025

Investment Type	Investment Maturities				
	Fair Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Fixed Income Commingled Fund	\$ 16,694	\$ 1,242	\$ 7,063	\$ 5,526	\$ 2,863
US Treasury Securities	32,949	16,847	16,102	-	-
Mutual Bond Funds	16,430	854	9,234	4,568	1,774
	<u>\$ 66,073</u>	<u>\$ 18,943</u>	<u>\$ 32,399</u>	<u>\$ 10,094</u>	<u>\$ 4,637</u>

2024

Investment Type	Investment Maturities				
	Fair Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Fixed Income Commingled Fund	\$ 10,168	\$ 529	\$ 3,620	\$ 3,935	\$ 2,084
US Treasury Securities	40,477	21,777	18,700	-	-
Mutual Bond Funds	14,049	1,469	5,921	4,800	1,859
	<u>\$ 64,694</u>	<u>\$ 23,775</u>	<u>\$ 28,241</u>	<u>\$ 8,735</u>	<u>\$ 3,943</u>

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

Concentration of Credit Risk

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

At June 30, 2025 and June 30, 2024, 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, 2025 or 2024.

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	2025	2024
Australian Dollar	\$ 637	\$ 535
Brazilian Real	351	316
British Pence	3,279	3,249
British Pound	-	314
Canadian Dollar	1,468	986
Cayman Island Dollar	2	-
Chilean Peso	35	26
China Renminbi	344	331
Columbian Peso	6	4
Czech Koruna	7	6
Danish Krone	430	761
Egyptian Pound	3	4
Euro	6,393	7,658
Hong Kong Dollar	1,872	1,275
Hungarian Forint	10	11
Iceland Krona	1	1
Indian Rupee	1,169	1,565
Indonesian Rupiah	94	99
Israeli Arorot	87	23
Japanese Yen	3,180	2,104
Korean Won	-	523
Kuwaiti Fil	12	11
Malaysian Ringgit	79	92
Mexican Peso	205	219
New Zealand Dollar	13	-
Norwegian Krone	157	101
Pakistani Rupee	-	1
Philippine Peso	26	26
Polish Zloty	73	33
Qatari Riyal	20	22
Romanian Leu	2	2
Russian Ruble	11	29
Saudi Arabia Riyal	217	200
Singapore Dollar	122	13
South African Cent	44	42
South African Rand	148	105
South Korean Won	1,024	194
Swedish Krona	512	710
Swiss Franc	1,297	917
Taiwan Dollar	1,334	1,192
Thai Baht	74	83
Turkish Lira	57	65
UAE Dirham	82	50
Total Investments in Foreign Currency	\$ 24,877	\$ 23,898
US Dollar	164,353	155,747
Total Investments	\$ 189,230	\$ 179,645

7. LESSOR ARRANGEMENTS

The University leases certain real estate to external parties. During the years ended June 30, 2025 and 2024, the University recognized revenues related to these lease arrangements of \$1,449,000 and \$1,161,000, 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	Land - Research Park	2.96%	3/4/2016 to 3/3/2056	Annually	42,500	
Real Estate	Ground Lease	3.27%	1/1/2024 to 12/31/2056	Monthly	21,000	Escalating every 5 years
Real Estate	LG Sublease at University Place Garage	3.27%	9/15/2024 to 12/31/2025	Monthly	17,225	
Real Estate	Boreman RFL House	3.27%	7/1/2022 to 5/15/2035	Annually	8,250	Escalating to \$47,000 in 2027; and \$82,500 thereafter
Real Estate	Cell Tower-Arnold Apartments	3.23%	7/25/2012 to 4/30/2027	Monthly	4,346	Escalating 3% annually
Real Estate	Cell Tower-Summit Hall	3.27%	5/1/2024 to 4/30/2026	Monthly	3,700	
Real Estate	Cell Tower-Engineering PRT	3.03%	5/1/2022 to 4/30/2027 with 5 year assumed renewal	Monthly	3,687	Escalating 3% annually
Real Estate	Cell Tower-Wise Library	3.27%	5/1/2024 to 4/30/2026 with 5 years assumed renewal	Monthly	3,300	Escalating 10% each extension term
Real Estate	Cell Tower-Arnold Hall	3.03%	5/1/2022 to 4/30/2027 with 5 years assumed renewal	Monthly	3,165	Escalating 3% annually
Real Estate	Cell Tower-Knapp Hall	3.23%	rolling 24 month notice period	Monthly	2,898	Escalating 3% annually
Real Estate	Cell Tower-Chestnut Ridge Research Building	3.23%	rolling 24 month notice period	Monthly	2,732	Escalating 3% annually
Real Estate	Cell Tower-Braxton Tower	3.23%	rolling 24 month notice period	Monthly	2,550	Escalating 10% each extension term
Real Estate	Cell Tower-Dadisman Hall	3.23%	rolling 24 month notice period	Monthly	2,550	Escalating 10% each extension term
Real Estate	Cell Tower-Brooke Tower	3.23%	5/1/2023 to 4/30/2028	Monthly	2,530	Escalating 10% each renewal term
Real Estate	Cell Tower-Carter Hall/Beckley, WV	3.27%	5/1/2025 to 4/30/2030	Monthly	2,200	
Real Estate	Office space - Morgantown, WV	3.03%	10/1/2022 to 9/30/2031	Monthly	750	
Real Estate	Land - Montgomery, WV	3.03%	3/28/2023 to 3/27/2028 with 5 year assumed renewal	Monthly	214	
Equipment	Equipment and facilities at HSC	3.23%	rolling 15 month notice period	Monthly	41,223	
Real Estate	NASA IV&V Facility Fairmont	3.27%	4/1/2025 to 5/20/2026	Monthly	20,833	

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, 2025 and 2024.

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):

2025

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated or amortized:				
Land	\$ 83,907	\$ -	\$ (1,231)	\$ 82,676
Construction in progress	31,019	45,236	(36,256)	39,999
Total capital assets not being depreciated or amortized	<u>\$ 114,926</u>	<u>\$ 45,236</u>	<u>\$ (37,487)</u>	<u>\$ 122,675</u>
Other capital assets:				
Land improvements	\$ 67,393	\$ 1,206	\$ -	\$ 68,599
Buildings	2,145,931	24,879	(3,678)	2,167,132
Equipment	266,516	21,617	(11,863)	276,270
Library books	182,359	2,597	(159)	184,797
Software	64,450	4,941	(47)	69,344
Infrastructure	405,060	11,348	(390)	416,018
Other assets	288,147	68,089	-	356,236
Intangible right to use assets	64,880	28,901	(14,383)	79,398
Other intangible assets	125	-	-	125
Total other capital assets	<u>3,484,861</u>	<u>163,578</u>	<u>(30,520)</u>	<u>3,617,919</u>
Less accumulated depreciation and amortization for:				
Land improvements	(51,908)	(2,347)	-	(54,255)
Buildings	(666,663)	(41,082)	1,050	(706,695)
Equipment	(182,681)	(16,677)	8,693	(190,665)
Library books	(170,829)	(3,621)	114	(174,336)
Software	(64,252)	(1,534)	47	(65,739)
Infrastructure	(289,283)	(7,518)	390	(296,411)
Other assets	(258,277)	(30,438)	-	(288,715)
Intangible right to use assets	(28,522)	(13,771)	2,033	(40,260)
Other intangible assets	(3)	-	-	(3)
Total other capital and intangible right to use assets	<u>(1,712,418)</u>	<u>(116,988)</u>	<u>12,327</u>	<u>(1,817,079)</u>
Other capital assets and intangible right to use assets, net	<u>\$ 1,772,443</u>	<u>\$ 46,590</u>	<u>\$ (18,193)</u>	<u>\$ 1,800,840</u>
Capital and Intangible Right to Use Assets Summary:				
Capital assets not being depreciated or amortized	114,926	45,236	(37,487)	122,675
Other capital and intangible right to use assets	3,484,861	163,578	(30,520)	3,617,919
Total cost of capital and intangible right to use assets	<u>3,599,787</u>	<u>208,814</u>	<u>(68,007)</u>	<u>3,740,594</u>
Less accumulated depreciation and amortization	<u>\$ (1,712,418)</u>	<u>\$ (116,988)</u>	<u>\$ 12,327</u>	<u>\$ (1,817,079)</u>
	<u>\$ 1,887,369</u>	<u>\$ 91,826</u>	<u>\$ (55,680)</u>	<u>\$ 1,923,515</u>

2024	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated or amortized:				
Land	\$ 83,907	\$ -	\$ -	\$ 83,907
Construction in progress	26,541	28,219	(23,741)	31,019
Total capital assets not being depreciated or amortized	<u>\$ 110,448</u>	<u>\$ 28,219</u>	<u>\$ (23,741)</u>	<u>\$ 114,926</u>
Other capital assets:				
Land improvements	\$ 67,317	\$ 76	\$ -	\$ 67,393
Buildings	2,130,351	16,443	(863)	2,145,931
Equipment	265,489	17,947	(16,920)	266,516
Library books	179,331	3,153	(125)	182,359
Software	64,450	-	-	64,450
Infrastructure	396,992	8,068	-	405,060
Other assets	287,337	810	-	288,147
Intangible right to use assets	64,895	6,462	(6,477)	64,880
Other intangible assets	125	-	-	125
Total other capital assets	<u>3,456,287</u>	<u>52,959</u>	<u>(24,385)</u>	<u>3,484,861</u>
Less accumulated depreciation or amortization for:				
Land improvements	(49,174)	(2,734)	-	(51,908)
Buildings	(628,736)	(40,662)	2,735	(666,663)
Equipment	(179,020)	(16,421)	12,760	(182,681)
Library books	(166,655)	(4,237)	63	(170,829)
Software	(63,614)	(638)	-	(64,252)
Infrastructure	(281,930)	(7,328)	(25)	(289,283)
Other assets	(223,370)	(34,907)	-	(258,277)
Intangible right to use assets	(25,335)	(13,451)	10,264	(28,522)
Other intangible assets	(3)	-	-	(3)
Total other capital and intangible right to use assets	<u>(1,617,837)</u>	<u>(120,378)</u>	<u>25,797</u>	<u>(1,712,418)</u>
Other capital assets and intangible right to use assets, net	<u>\$ 1,838,450</u>	<u>\$ (67,419)</u>	<u>\$ 1,412</u>	<u>\$ 1,772,443</u>
Capital and Intangible Right to Use Assets Summary:				
Capital assets not being depreciated or amortized	110,448	28,219	(23,741)	114,926
Other capital and intangible right to use assets	3,456,287	52,959	(24,385)	3,484,861
Total cost of capital and intangible right to use assets	<u>3,566,735</u>	<u>81,178</u>	<u>(48,126)</u>	<u>3,599,787</u>
Less accumulated depreciation and amortization	<u>\$ (1,617,837)</u>	<u>\$ (120,378)</u>	<u>\$ 25,797</u>	<u>\$ (1,712,418)</u>
Capital and intangible right to use assets, net	<u>\$ 1,948,898</u>	<u>\$ (39,200)</u>	<u>\$ (22,329)</u>	<u>\$ 1,887,369</u>

Depreciation on capital assets is computed using the straight-line method over the estimated useful life of the asset (see Note 2m). The University's depreciation expense for fiscal years 2025 and 2024 was \$117.0 million and \$120.4 million, respectively.

The University leases buildings, equipment and software from external parties. In accordance with governmental accounting standards, the University records right-to-use

assets and lease liabilities (see Note 13) based on the net present value of the expected payments over the terms of the lease agreements. 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. Variable payments are excluded unless they are fixed in substance. These assets are amortized over the shorter of the lease term or the estimated useful life of the underlying asset.

The University has also entered into subscription-based information technology arrangements (“SBITAs”) with various vendors. In accordance with governmental accounting standards, the University records right-to-use assets and subscription liabilities (see Note 14) based on the net present value of the expected payments over the terms of the subscription agreements. The future subscription payments are discounted using the interest rate charged by the vendor or the interest rate implicit in the lease. If the interest rate could not be readily determined, the estimated incremental borrowing rate was used. Variable payments are excluded unless they are fixed in substance. These assets are amortized over the shorter of the subscription term or the estimated useful life of the underlying asset.

Balances and changes in these right-to-use assets by major class of asset were as follows at June 30 (dollars in thousands):

2025

	Beginning Balance	Additions	Reductions	Ending Balance
Leased assets:				
Buildings	\$ 28,423	\$ 2,830	\$ (579)	\$ 30,674
Equipment	180	346	(114)	412
Total leased assets	<u>\$ 28,603</u>	<u>\$ 3,176</u>	<u>\$ (693)</u>	<u>\$ 31,086</u>
Less accumulated amortization for:				
Buildings	\$ (10,605)	\$ (3,004)	\$ 116	\$ (13,493)
Equipment	(121)	(48)	114	(55)
Total accumulated amortization	<u>\$ (10,726)</u>	<u>\$ (3,052)</u>	<u>\$ 230</u>	<u>\$ (13,548)</u>
Leased assets, net	<u>\$ 17,877</u>	<u>\$ 124</u>	<u>\$ (463)</u>	<u>\$ 17,538</u>
Subscription assets:				
Software	36,277	25,725	(13,690)	48,312
Total subscription assets	<u>\$ 36,277</u>	<u>\$ 25,725</u>	<u>\$ (13,690)</u>	<u>\$ 48,312</u>
Less accumulated amortization for:				
Subscriptions	(17,796)	(10,719)	1,803	(26,712)
Total accumulated amortization	<u>\$ (17,796)</u>	<u>\$ (10,719)</u>	<u>\$ 1,803</u>	<u>\$ (26,712)</u>
Subscription assets, net	<u>\$ 18,481</u>	<u>\$ 15,006</u>	<u>\$ (11,887)</u>	<u>\$ 21,600</u>
Intangible Right to Use Assets Summary:				
Leased assets	\$ 28,603	\$ 3,176	\$ (693)	\$ 31,086
Subscription assets	36,277	25,725	(13,690)	48,312
Total cost of intangible right to use assets	<u>\$ 64,880</u>	<u>\$ 28,901</u>	<u>\$ (14,383)</u>	<u>\$ 79,398</u>
Less accumulated amortization:				
Leased assets	\$ (10,726)	\$ (3,052)	\$ 230	\$ (13,548)
Subscription assets	(17,796)	(10,719)	1,803	(26,712)
Total accumulated amortization	<u>\$ (28,522)</u>	<u>\$ (13,771)</u>	<u>\$ 2,033</u>	<u>\$ (40,260)</u>
	<u>\$ 36,358</u>	<u>\$ 15,130</u>	<u>\$ (12,350)</u>	<u>\$ 39,138</u>

2024

	Beginning Balance	Additions	Reductions	Ending Balance
Leased assets:	\$ 29,347	\$ 902	\$ (1,827)	\$ 28,422
Buildings	1,089	39	(947)	181
Equipment	67	-	(67)	-
Software	\$ 30,503	\$ 941	\$ (2,841)	\$ 28,603
Total leased assets				
Less accumulated amortization for:				
Buildings	\$ (8,731)	\$ (3,072)	\$ 1,197	\$ (10,606)
Equipment	(772)	(296)	947	(121)
Software	(46)	(20)	67	1
Total accumulated amortization	\$ (9,549)	\$ (3,388)	\$ 2,211	\$ (10,726)
Leased assets, net	\$ 20,954	\$ (2,447)	\$ (630)	\$ 17,877
Subscription assets:				
Software	34,392	5,521	(3,636)	36,277
Total subscription assets	\$ 34,392	\$ 5,521	\$ (3,636)	\$ 36,277
Less accumulated amortization for:				
Subscriptions	(15,786)	(10,063)	8,053	(17,796)
Total accumulated amortization	\$ (15,786)	\$ (10,063)	\$ 8,053	\$ (17,796)
Subscription assets, net	\$ 18,606	\$ (4,542)	\$ 4,417	\$ 18,481
Intangible Right to Use Assets Summary:				
Leased assets	\$ 30,503	\$ 941	\$ (2,841)	\$ 28,603
Subscription assets	34,392	5,521	(3,636)	36,277
Total cost of intangible right to use assets	\$ 64,895	\$ 6,462	\$ (6,477)	\$ 64,880
Less accumulated amortization:				
Leased assets	\$ (9,549)	\$ (3,388)	\$ 2,211	\$ (10,726)
Subscription assets	(15,786)	(10,063)	8,053	(17,796)
Total accumulated amortization	\$ (25,335)	\$ (13,451)	\$ 10,264	\$ (28,522)
	\$ 39,560	\$ (6,989)	\$ 3,787	\$ 36,358

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):

2025	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Real estate purchase agreements payable	\$ 10,639	\$ -	\$ (650)	\$ 9,989	\$ 667
Advances from federal government	10,697	-	(3,593)	7,104	-
Debt service assessment payable to the Commission	22,133	-	(4,596)	17,537	4,672
Leases payable	77,469	3,548	(4,549)	76,468	3,210
Subscription liabilities	16,442	17,714	(15,418)	18,738	8,299
Bonds payable	779,464	-	(31,544)	747,920	32,112
Notes payable	59,857	3,667	(2,845)	60,679	3,450
Other noncurrent liabilities	41,064	10,656	(9,562)	42,158	597
Total long-term liabilities	<u>\$1,017,765</u>	<u>\$ 35,585</u>	<u>\$ (72,757)</u>	<u>\$ 980,593</u>	<u>\$ 53,007</u>
2024	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Real estate purchase agreement payable	\$ 10,582	\$ 381	\$ (324)	\$ 10,639	\$ 585
Advances from federal government	12,029	-	(1,332)	10,697	-
Debt service assessment payable to the Commission	26,671	-	(4,538)	22,133	4,596
Leases payable	80,646	1,479	(4,656)	77,469	2,670
Subscription liabilities	15,943	10,896	(10,397)	16,442	7,591
Bonds payable	804,095	-	(24,631)	779,464	31,395
Notes payable	61,785	-	(1,928)	59,857	2,713
Other noncurrent liabilities	35,264	13,895	(8,095)	41,064	-
Total long-term liabilities	<u>\$ 1,047,015</u>	<u>\$ 26,651</u>	<u>\$ (55,901)</u>	<u>\$ 1,017,765</u>	<u>\$ 49,550</u>

10. OTHER POST EMPLOYMENT BENEFITS

Employees of the University are enrolled in the OPEB plan which is administered by PEIA and 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):

	2025	2024
Net OPEB (Asset) Liability	\$ (1,469)	\$ (10,002)
Deferred Outflows of Resources	9,705	4,706
Deferred Inflows of Resources	6,562	15,194
Revenues	2,487	(7,220)
OPEB Expense	1,043	(31,629)
Contributions made by the University	3,654	1,395

Plan Description

The OPEB plan is a cost-sharing, multiple-employer, defined benefit other post-employment benefit plan that covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in West Virginia Code Section 5-16D-2 (the "Code"). Plan benefits are established and revised by PEIA and the RHBT with approval of the Finance Board. The Finance Board membership was expanded from eight to ten members with Senate Bill 205 on March 11, 2022, effective 90 days from passage on June 9, 2022. Finance Board members are appointed by the Governor, serve a term of four years and are eligible for reappointment. The State Department of Administration cabinet secretary, or designee, serves as Chairman of the Board and is a voting member. One member represents the hospitals, one member represents the non-hospital health care providers, four members represent labor, education, public employees and public retirees and the remaining members represent the public-at-large.

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

the minimum eligibility requirements of the Public Employees Retirement System to be eligible for PEIA benefits as a retiree.

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

Benefits Provided

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

Contributions

Pay as you go premiums (“paygo”) are established by the Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. In fiscal year 2024, there was no subsidization of the retirees’ healthcare from paygo premiums. The prior year paygo rate for fiscal year 2023 was \$70 per active health policy per month.

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, 2023. 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 (asset) liability and related deferred inflows and deferred outflows are reallocated to the remaining employers participating in the cost sharing plan. The plan reallocates these balances to the remaining active employers based on their proportionate share of contributions made in the period of reallocation.

Assumptions

For the year ended June 30, 2025, the net OPEB asset for financial reporting purposes was determined by an actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024. For the year ended June 30, 2024, the net OPEB liability for financial reporting purposes was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023. 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, closed.
- Investment rate of return: 7.40%, 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 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively, The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2033.
- Inflation rate: 2.50%.
- Discount rate: 7.40%
- Mortality rates: based on Pub-2010.

The actuarial assumptions used in the June 30, 2023 and June 30, 2022 valuations 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 7.40% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.60% for long-term assets invested with the West Virginia Investment Management Board (“IMB”) and an expected short-term rate of return of 2.75% 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 45% equity, 15% fixed income, 6% private credit and income, 12% private equity, 10% hedge fund and 12% 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 best estimate ranges of expected future rates of return were developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Target asset allocations, capital market assumptions, and forecast returns were provided by the plan’s investment advisors, including the IMB. The projected return for the Money Market Pool held with the IMB assumed inflation of 2.5% plus a 25-basis point spread. The target allocation and estimates of the annualized long-term expected real returns assuming a 1-year horizon are summarized below:

2025

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equity	45.0%	7.4%
Fixed Income	15.0%	3.9%
Private Credit and Income	6.0%	7.4%
Hedge Funds	10.0%	4.5%
Private Equity	12.0%	10.0%
Real Estate	12.0%	7.7%

2024

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equity	45.0%	7.4%
Fixed Income	15.0%	3.9%
Private Credit and Income	6.0%	7.4%
Hedge Funds	10.0%	4.5%
Private Equity	12.0%	10.0%
Real Estate	12.0%	7.2%

Discount rate. The discount rate used to measure the OPEB (asset) liability was 7.40%. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.40%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with prefunding and investment policies. Based on these assumptions, the OPEB plan’s fiduciary net position

was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB (asset) liability.

Sensitivity of the net OPEB (asset) liability to changes in the discount rate. The University's proportionate share of the net OPEB (asset) liability as of June 30, 2025 calculated using the discount rate of 7.40%, as well as what the University's net OPEB (asset) liability would be if it were calculated using a discount rate that is one percentage point lower (6.40%) or one percentage point higher (8.40%) than the current rate, and the University's proportionate share of the net OPEB (asset) liability as of June 30, 2024 calculated using the discount rate of 7.40%, as well as what the University's OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.40%) or one percentage point higher (8.40%) than the current rate are as follows (dollars in thousands):

2025

	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
Net OPEB (asset) liability	\$ 6,421	\$ (1,469)	\$ (8,040)

2024

	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
Net OPEB asset	\$ (1,761)	\$ (10,002)	\$ (19,115)

Sensitivity of the net OPEB (asset) liability to changes in healthcare cost trend rates. The following presents the University's proportionate share of the net OPEB (asset) liability as of June 30, 2025 and June 30, 2024 calculated using the current healthcare cost trend rates, as well as what the University's net OPEB (asset) liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates (dollars in thousands):

2025

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB (asset) liability	\$ (11,548)	\$ (1,469)	\$ 10,771

2024

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB (asset) liability	\$ (25,478)	\$ (10,002)	\$ 8,403

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

The net OPEB asset at June 30, 2025 was measured as of June 30, 2023 rolled forward to June 30, 2024, which is the measurement date. The total OPEB asset at June 30, 2025 was determined by an actuarial valuation as of June 30, 2023 and rolled forward to the measurement date.

The net OPEB asset at June 30, 2024 measured as of June 30, 2022 rolled forward to June 30, 2023, which is the measurement date. The total OPEB asset at June 30, 2024 was determined by an actuarial valuation as of June 30, 2022 and rolled forward to the measurement date.

At June 30, 2025, the amount recognized as the University's proportionate share of the net OPEB asset was approximately \$1,469,000. At June 30, 2025, the nonemployer contributing entity's (State of West Virginia) portion of the collective net OPEB asset is \$4,613,000 and the total net asset attributable to the University is \$6,082,000.

At June 30, 2024, the amount recognized as the University's proportionate share of the net OPEB asset was approximately \$10,002,000. At June 30, 2024, the nonemployer contributing entity's (State of West Virginia) portion of the collective net OPEB asset is \$4,269,000 and the total net asset attributable to the University is \$14,271,000.

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, 2024 and June 30, 2023. Employer contributions are recognized when billed. At June 30, 2024, the University's proportion was 3.527570804%, a decrease of 2.79650101% from its proportion of 6.320220905% calculated as of June 30, 2023. At June 30, 2023, the University's proportion was 6.320220905%, a decrease of .257471444% from its proportion of 6.577692349% calculated as of June 30, 2022.

For the year ended June 30, 2025, the University recognized an OPEB expense of \$1,043,000. Of this amount, \$(1,444,000) was recognized as the University's proportionate share of the OPEB expense, and \$2,487,000 as the amount of OPEB expense attributed to special funding. The University also recognized revenue of \$2,487,000 for support provided by the State.

For the year ended June 30, 2024, the University recognized an OPEB credit of \$31,629,000. Of this amount, \$24,409,000 was recognized as the University's proportionate share of the OPEB expense, and \$7,220,000 as the amount of OPEB expense attributed to special funding. The University also recognized a contra revenue of \$7,220,000 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):

2025

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ 374	\$ 1,675
Net difference between projected and actual investment earnings	-	1,673
Difference between expected and actual experience	5,116	1,477
Changes in assumptions	561	1,737
Contributions after the measurement date	3,654	-
	<u>\$ 9,705</u>	<u>\$ 6,562</u>

2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ 553	\$ 3,625
Net difference between projected and actual investment earnings	-	167
Difference between expected and actual experience	-	5,822
Changes in assumptions	2,758	5,580
Contributions after the measurement date	1,395	-
	<u>\$ 4,706</u>	<u>\$ 15,194</u>

The University will recognize the \$3,654,000 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as an addition of the net OPEB asset in the year ended June 30, 2026. 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, 2026	\$ (3,884)
June 30, 2027	1,973
June 30, 2028	713
June 30, 2029	687
	<u>\$ (511)</u>

11. DEFINED BENEFIT PENSION PLAN

Some employees of the University are enrolled in a defined benefit pension plan, the TRS, which is administered by the 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):

	2025	2024
Net Pension Liability	\$ 1,047	\$ 1,564
Deferred Outflows of Resources	292	361
Deferred Inflows of Resources	1,031	1,324
Revenues	168	406
Pension Credit	(415)	(452)
Contributions Made by the University	157	210

TRS

Plan Description

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

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

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;
5. other statutorily required contributions made through the State's school aid formula during the year ended June 30, 2024; and

6. under WV State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the TRS unfunded liability within 40 years of June 30, 1994. As of both June 30, 2025 and 2024, the University's proportionate share attributable to this special funding subsidy was \$130,000 and \$378,000, respectively.

The University's contributions to TRS for the years ended June 30, 2025, 2024, and 2023, were approximately \$157,000, \$210,000, and \$270,000, respectively.

Assumptions

For the year ended June 30, 2025, the total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2023 and rolled forward to June 30, 2024. For the year ended June 30, 2024, total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2022 and rolled forward to June 30, 2023. 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 through fiscal year 2034.
- Investment rate of return of 7.25%, net of pension plan administrative and investment expenses.
- Projected salary increases: Teachers 2.75–5.90% and non-teachers 2.75–6.50%, based on age.
- Inflation rate of 2.75%.
- Discount rate of 7.25%
- Mortality rates based on Pub-2010 General Employees Table
- Withdrawal rates: Teachers 7.00%-35.00% and non-teachers 2.30%-18.00%.
- Disability rates: 0.004%-0.563%
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Retirement rates: 15%-100%
- Ad hoc cost-of-living increases in pensions are periodically granted by the Legislature. However, the retirement system makes no automatic provision for such increases.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2015 to June 30, 2020. These assumptions will remain in effect for valuation purposes until such time as the CPRB adopts revised assumptions.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Best estimates of the long-term geometric rates of return for each major asset class included in TRS' target asset allocation as of June 30, 2024 and June 30, 2023 are summarized below.

2024

Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	5.9%	22.5%
International equity	8.1%	22.5%
Fixed income	4.9%	15.0%
Real estate	6.8%	12.0%
Private equity	8.0%	12.0%
Hedge funds	4.3%	10.0%

2023

Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	6.5%	27.5%
International equity	9.1%	27.5%
Fixed income	4.3%	15.0%
Real estate	5.8%	10.0%
Private equity	9.2%	10.0%
Hedge funds	4.6%	10.0%

Discount rate. The discount rate used to measure the total TRS pension liability at both June 30, 2025 and June 30, 2024 was 7.25%. The projection of cash flows used to determine the discount rate assumed that State contributions will continue to follow the current funding policies. Based on those assumptions, TRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on TRS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the University's proportionate share of the TRS net pension liability as of June 30, 2025 and June 30, 2024 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 (dollars in thousands):

2025

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability	\$ 1,757	\$ 1,047	\$ 446

2024

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability	\$ 2,402	\$ 1,564	\$ 853

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, 2025 was measured as of July 1, 2023 rolled forward to June 30, 2024, which is the measurement date. The total pension liability at June 30, 2025 was determined by an actuarial valuation as of July 1, 2023 and rolled forward to the measurement date.

The TRS net pension liability as of June 30, 2024 was measured as of July 1, 2022 rolled forward to June 30, 2023, which is the measurement date. The total pension liability at June 30, 2024 was determined by an actuarial valuation as of July 1, 2022 and rolled forward to the measurement date.

At June 30, 2025, the University's proportionate share of the TRS net pension liability was \$2,779,000. Of this amount, the University recognized approximately \$1,047,000 as its proportionate share on the statement of net position. The remainder of \$1,732,000 denotes the University's proportionate share of net pension liability attributable to the special funding. TRS measured the net pension liability as of June 30, 2024.

At June 30, 2024, the University's proportionate share of the TRS net pension liability was \$4,758,000. Of this amount, the University recognized approximately \$1,564,000 as its proportionate share on the statement of net position. The remainder of \$3,194,000 denotes the University's proportionate share of net pension liability attributable to the special funding. TRS measured the net pension liability as of June 30, 2023.

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, 2024 and 2023. Employer contributions are recognized when due. At June 30, 2024, the University's proportion was .055493%, a decrease of .012819% from its proportion of .068312% calculated as of June 30, 2023. At June 30, 2023, the University's proportion was .068312%, a decrease of .015577% from its proportion of 0.83889% calculated as of June 30, 2022.

For the year ended June 30, 2025, the University recognized a TRS pension credit of \$(415,000). Of this amount, \$(583,000) was recognized as the University's proportionate share of the TRS expense and \$130,000 as the amount of pension expense attributable to special funding and \$38,000 as the pension expense related to a non-special funding from a non-employer contributing entity. The University also recognized revenue of \$168,000 for support provided by the State.

For the year ended June 30, 2024, the University recognized a TRS pension credit of (\$452,000). Of this amount, (\$858,000) was recognized as the University's proportionate share of the TRS expense and \$378,000 as the amount of pension expense attributable to special funding and \$28,000 as the pension expense related to a non-special funding from a

non-employer contributing entity. The University also recognized revenue of \$406,000 for support provided by the State.

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

2025

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ -	\$ 923
Net difference between projected and actual investment earnings	-	108
Difference between expected and actual experience	108	-
Contributions after the measurement date	157	-
Changes in assumptions	27	-
	<u>\$ 292</u>	<u>\$ 1,031</u>

2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ -	\$ 1,320
Net difference between projected and actual investment earnings	28	-
Difference between expected and actual experience	57	4
Contributions after the measurement date	210	-
Changes in assumptions	66	-
	<u>\$ 361</u>	<u>\$ 1,324</u>

The University will recognize the \$157,000 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 year ended June 30, 2026. 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, 2026	\$ (639)
June 30, 2027	5
June 30, 2028	(246)
June 30, 2029	(102)
June 30, 2030	86
	<u>\$ (896)</u>

Payables to the Pension Plan

The University did not report any amounts payable for normal contributions to the TRS as of June 30, 2025 or 2024.

12. BONDS PAYABLE

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

	Original Interest Rate	Annual Principal Installment Due	2025 Principal Amount Outstanding	2024 Principal Amount Outstanding
Revenue Improvement Bonds, 2011 Series A, due through 2026	3.87%	\$ 35 to \$ 62	\$ 5,047	\$ 5,749
Revenue Bonds (Taxable), 2012 Series A, due through 2042	4.50%	\$ 147 to \$ 394	9,608	9,977
Revenue Bonds (Taxable), 2012 Series B, due through 2032	variable rate	\$ 0 to \$ 284	2,151	2,378
Revenue Refunding and Improvement Bonds (Taxable), 2013 Series B, due through 2043	4.04%	\$ 995 to \$ 890	10,980	11,420
Improvement Revenue Bonds (Taxable), 2014 Series B, due through 2043	4.50%	\$ 10,075 to \$ 24,105	79,050	79,050
Improvement Revenue Bonds, 2016 Series A, due through 2046,	5.63%	\$ 0 to \$ 678	14,181	14,859
Revenue Bonds, 2019 Series A, due through 2050	3.11%	\$ 0 to \$ 5,095	79,725	81,370
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	336,104	356,860
Revenue Bonds, 2020 Series B, due through 2036	2.20%	\$ 595 to \$ 163	8,845	9,620
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	17,055	18,255
Revenue Bonds, 2023 Series A, due through 2038	4.95%	\$ 43 to \$ 445	51,311	54,057
Unamortized Bond Premium			24,063	26,069
Net Bonds Payable			<u>\$747,920</u>	<u>\$779,464</u>
Current Portion			32,112	31,395
Noncurrent Portion			<u>\$715,808</u>	<u>\$748,069</u>

Bond Indenture, Pledged Revenues and Board Authorization

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

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

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

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

2011 Bonds

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

2011 Series A In August 2011, the Board issued the 2011 Series A Improvement Revenue bonds to finance the acquisition of a multi-story apartment complex known as “The Augusta on the Square” and other lots, buildings, houses and structures which were subject to liens

thereupon. The 2011 Series A bonds were issued on August 16, 2011 in the amount of \$12,710,197.

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

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

2012 Bonds

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

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

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

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

2013 Bonds

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

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

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

acquisition of the Sunnyside property), and (c) pay the costs of issuance of the 2013 Series B bonds.

2014 Bonds

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

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

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

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

2016 Bonds

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

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

2019 Bonds

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

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

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

2020 Bonds

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

2020 Series A On March 10, 2020 the Board issued the 2020 Series A revenue bonds (taxable) in the amount of \$377,785,000. These bonds were used to refinance the 2011 Series B bonds in the amount of \$154,743,974, the 2013 Series A bonds in the amount of \$150,693,649, and the 2014 Series A bonds in the amount of \$71,004,970. The remaining funds were used for cost of issuance and other fees.

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

2021 Bonds

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

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

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

2022 Bonds

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

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

2023 Bonds

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

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

Bond Summary

For the years ended June 30, 2025 and June 30, 2024, the University recorded a deferred loss on refunding of \$11,776,000 and \$12,458,000, respectively, on the statement of net position.

Total principal and interest payments remaining to be paid at June 30, 2025 and 2024 were \$1.015 million and \$1.069 million, respectively. Total gross pledged revenue for fiscal year 2025 and 2024 was \$162.2 million and \$152.6 million, respectively.

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

Fiscal Year Ending June 30,	Principal	Interest	Total Payments
2026	\$ 30,106	\$ 24,003	\$ 54,109
2027	33,660	23,217	56,877
2028	30,068	22,438	52,506
2029	30,839	21,644	52,483
2030	31,081	20,811	51,892
2031-2035	167,373	90,211	257,584
2036-2040	178,261	61,620	239,881
2041-2045	198,491	24,436	222,927
2046-2050	23,978	2,825	26,803
Bonds Payable	<u>723,857</u>	<u>\$ 291,205</u>	<u>\$ 1,015,062</u>
Unamortized Bond Premium	<u>24,063</u>		
Net Bonds Payable	<u>747,920</u>		
 Current Portion	 32,112		
Noncurrent Portion	<u><u>\$ 715,808</u></u>		

13. LESSEE ARRANGEMENTS

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

Lease Type	Description	Lessee	Related Party		Lease Term	Payment	Payment
			Lessor	Rate		Frequency	Amount
Real Estate	Evansdale Crossing	WVU	WVU Connector	2.96%	7/1/2020 - 11/30/2055	Monthly	185,453
Real Estate	One Waterfront	WVU	WVU Foundation	2.96%	5/18/2001 - 5/31/2031	Monthly	\$ 164,583
Real Estate	CED Building on Hartman Run Road	WVU		3.05%	8/1/2016 - 7/31/2026	Monthly	33,370
Real Estate	HSC Fresh Kitchen	WVU	HSC Fresh	4.18%	9/1/2019 - 8/31/2036	Monthly	31,445
Real Estate	UPark Grab n Go	WVU	University Park	2.96%	8/1/2015 - 12/31/2054	Monthly	4,318
Real Estate	Office Space in Charleston, WV	WVU		3.27%	1/1/2020 - 12/31/2026	Monthly	2,916
Real Estate	Putnam County Extension	WVU		3.23%	7/1/2023 - 6/30/2028	Monthly	2,382
Real Estate	Office space Morgantown, WV	WVU		3.27%	7/1/2024 to 12/31/2027	Monthly	2,218
Equipment	Postage and Mail	WVU		13.71%	12/30/2024 to 12/29/2029	Quarterly	6,432
Equipment	Postage and Mail	WVU		3.23%	9/1/2023 - 9/30/2027	Quarterly	2,165
Equipment	Postage and Mail	WVU		13.71%	12/30/2024 to 12/29/2029	Quarterly	1,476
Equipment	Postage and Mail	WVU		3.03%	10/1/2022 - 10/1/2027	Quarterly	814
Equipment	Postage and Mail	WVU		3.05%	5/10/2021 - 5/9/2026	Quarterly	637
Equipment	Postage and Mail	WVU		3.23%	3/1/2024 - 2/27/2027	Quarterly	572
Real Estate	Equities House in Charleston, WV	WVURC		3.27%	3/1/2019 - 6/30/2024; renewed 7/1/2024-6/30/2029	Monthly	33,647
Real Estate	Building on Canyon Road	WVURC		3.05%	9/16/2017 - 3/28/2026; renewal through 3/28/2031	Monthly	10,827
Real Estate	Office Space on Dents Run Road	WVURC		3.27%	8/1/2019 - 3/31/2028	Monthly	6,665
Real Estate	Office Space in Morgantown, WV	WVURC		3.23%	7/1/2023 - 6/30/2028	Monthly	6,095
Real Estate	Office Space in Lewisburg, WV	WVURC		3.23%	10/1/2021-9/30/2023; 10/1/2023 - 9/30/2025	Monthly	4,465
Real Estate	Office Space in Washington, DC	WVURC		3.03%	11/17/2017 - 12/31/2026	Monthly	2,719
Real Estate	Office Space in Martinsburg, WV	WVURC		3.27%	1/1/2023 - 8/31/2024 (auto annual renewals after)	Monthly	1,770
Equipment	Nav1FUS Ultrasound Device	WVURC		3.27%	6/1/2025-5/31/2027	Quarterly	18,900

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
2026	\$ 3,210	\$ 2,289
2027	3,413	2,174
2028	3,325	2,067
2029	3,241	1,963
2030	2,921	1,864
2031-2035	6,760	8,428
2036-2040	4,204	7,623
2041-2045	4,379	7,008
2046-2050	5,079	6,307
2051-2055	5,866	5,494
2056-2060	6,550	4,578
2061-2065	7,593	3,534
2066-2070	8,802	2,325
2071-2075	10,205	923
2076	920	7
Lease Payable	\$ 76,468	\$ 56,584
Current Portion	3,210	
Noncurrent Portion	<u>\$ 73,258</u>	

There were no variable lease payments, residual value guarantees, or termination penalties not previously included in the measurement of the related lease liabilities during the years ended June 30, 2025 and 2024. The monthly payments on the University Grab-n-Go lease are adjusted according to the Consumer Price Index (CPI-U Urban Consumers South Region All Items) every five years; such adjustments cannot exceed 3% per year unless mutually agreed upon by both parties.

See Note 8 for balances and changes in intangible right-to-use assets, including leased assets, at June 30, 2025 and 2024.

14. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The University has entered into various subscription-based information technology arrangements with external vendors. The subscription term of these contracts vary and range from July 1, 2021 through May 31, 2030. Most payments are annual. Payment amounts range from \$5,654 to \$864,883. If the interest rate was not readily determinable, the University's incremental borrowing rate was used.

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

Fiscal Year Ending June 30,	Principal	Interest
2026	\$ 8,299	\$ 590
2027	7,012	333
2028	2,554	108
2029	873	28
Subscription Liabilities	\$ 18,738	\$ 1,059
Current Portion	8,299	
Noncurrent Portion	\$ 10,439	

There were no variable payments or termination penalties not previously included in the measurement of the related subscription liabilities during the years ended June 30, 2025 and 2024.

See Note 8 for balances and changes in intangible right-to-use assets, including subscription assets, at June 30, 2025 and 2024.

15. PUBLIC PRIVATE PARTNERSHIPS

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

- a. *West Virginia Campus Housing, LLC ("WVCH")* — In fiscal year 2013, the University entered into a public-private arrangement with Paradigm and WVCH for the design, construction, financing, management and operation of University Place (student housing and commercial facilities). In October 2012, the University acquired 39 parcels of real property with improvements from Paradigm in the Sunnyside area for \$14.6 million. Subsequently, in February 2013, the University entered into lease and development, sublease and joint operating agreements with Paradigm and WVCH. This project was completed in November 2014, and in accordance with the lease and development agreement, WVCH transferred buildings in the amount of \$75.4 million, and non-capital furniture and equipment in the amount of \$2.1 million, to the University during fiscal year 2015. An additional \$14.6 million of capital assets (buildings, land improvements and infrastructure) were transferred to the University in fiscal year 2016.

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

- b. *University Park at Evansdale, LLC (“UPE”)* — In fiscal year 2014, the University entered into a public-private arrangement with UPE for the development, financing, construction and management of University Park (student housing and commercial facilities). Per this agreement, the University leases the land to UPE. UPE constructed improvements upon the land and transferred the improvements to the University. The University leases the land, improvements and personal property located on the premises to UPE. The agreement will be in place for 40 years with a guaranteed option to renew for a term equal to the remaining term of any leasehold deed of trust then outstanding, if any, plus 15 years and an option to extend the agreement for one additional term of 10 years. This project was completed in August 2015.

The agreement stipulates that UPE will retain all rents collected at the facility and will provide a percentage of net revenue annually to the University. UPE will pay the University a management fee of 4% of gross revenues for management of the project, excluding the commercial leasing portion. UPE will reimburse the University for reasonable expenses incurred in the ordinary course of rendering services under the management and operating agreement.

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

- c. *Downtown Campus Parking Associates (“DCPA”)* — In fiscal year 2013, the University entered into a public-private arrangement with Paradigm and WVCH for the development, financing, construction and management of student housing facilities and various amenities including commercial and parking facilities (known as University Place). WVCH entered into an agreement with DCPA (an affiliate of WVCH) to sublease the certain portion of real property and delegate, transfer and assign its duties and obligations under the lease and development agreement with the University for the acquisition, design, development, financing, construction and operation of the parking facilities project. Under this agreement, DCPA constructed and transferred ownership of certain parking facility improvements, including a 500-space parking garage with first floor parking 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 \$509,000 and \$367,000 and additional lease payments of \$529,000 and \$655,000 to DCPA as of June 30, 2025 and 2024, respectively.

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

- d. *WVU Connector, LLC* — In fiscal year 2014, the University entered into a public-private arrangement with WVU Connector for the development of certain real property owned by the University on its Evansdale campus for a full-service student support services project, amenities and limited commercial development (Evansdale Crossing). According to this agreement, the University leased the property to WVU Connector and WVU Connector constructed improvements upon the property. The initial term of the lease will be for 40 years with the option to extend the lease term for two additional terms of 10 years. The project was completed in December 2015.

The agreement stipulates that WVU Connector will retain all rents collected at the facility and will provide a percentage of net revenue annually to the University. WVU Connector will pay the University a management fee of 1% of gross rental revenues for management of the project. The University will pay common area maintenance ("CAM") fees to WVU Connector and cover operating expenses in excess of CAM.

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

16. NOTES PAYABLE

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

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

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

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

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

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

Total principal to be paid at June 30, 2025 and June 30, 2024 was approximately \$13.4 million and \$14.1 million, respectively. Total interest paid through June 30, 2025 and June 30, 2024 was approximately \$7.2 million and \$6.4 million, respectively. Total facilities and administrative revenues earned by HSC during fiscal year 2025 and 2024 were \$21.9 million and \$23.0 million, respectively. Total pledged revenue as of June 30, 2025 and June 30, 2024 was \$15.3 million and \$16.1 million, respectively.

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

On December 15, 2016, the Corporation closed on a note with United Bank for \$36,090,000. The proceeds of the loan were used to pay the 90 day note in full and to reimburse the University for the purchase of the Beckley campus as well as for capital improvements to the campus. Additionally, the proceeds include capital interest of \$3.0 million 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 \$42.0 million. 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) sell the collateral.

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

Fiscal Year Ending June 30,	Principal	Interest
2026	\$ 3,449	\$ 2,586
2027	2,823	2,586
2028	2,527	2,473
2029	2,643	2,357
2030	2,341	2,237
2031-2035	10,862	9,613
2036-2040	8,189	7,007
2041-2045	5,890	5,575
2046-2050	7,355	4,110
2051-2055	9,184	2,281
2056-2058	5,416	317
	<u>60,679</u>	<u>41,142</u>
Current Portion	<u>3,450</u>	
Noncurrent Portion	<u>\$ 57,229</u>	

Financed purchases –The University has entered into certain contracts that transfer ownership of the underlying asset to the University by the end of the contract term and do not contain termination options. As of June 30, 2025, these contracts include agreements with Siemens Building Technologies, Inc. for Phases III of the Energy Performance contract which was financed by lease purchase agreements with Suntrust Leasing Corporation (“Suntrust”) and a lease purchase agreement with Dell Financial Services, LLC and Juniper Financial Services.

17. REAL ESTATE PURCHASE AGREEMENTS PAYABLE

Square at Falling Run/Loop Agreement - During fiscal year 2013, the University purchased several properties located at the Square at Falling Run/Loop. This purchase included a real estate purchase agreement payable to the City of Morgantown Building Commission in the amount of \$4.2 million due in 2026 less the following credits: 1) all B&O taxes paid to the City of Morgantown prior to August 31, 2026 for construction expenditures on the Loop project in excess of \$30 million, 2) all B&O taxes paid to the City of Morgantown prior to August 31, 2026 for construction expenses on the College Park project, and 3) all B&O taxes paid to the City of Morgantown prior to August 31, 2026 arising from and directly associated with any construction, retail, commercial, rental, and other development activities located in, or with respect to the completion of, the commercial space in the Square at Falling Run, College Park, and Sunnyside, 4) all Airport Grant Funds received or obtained prior to August 31, 2026 as a result of Transferee's direct solicitation efforts, or indirectly as a result of specifically identifiable efforts, contracts, or commitments. The above credits have reduced the liability to \$0 at both June 30, 2025 and June 30, 2024. 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. In July 2024 an amendment was executed to refinance the \$10.5 million bullet payment due on 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
2026	\$ 734	\$ 593
2027	856	592
2028	915	533
2029	981	467
2030	1,055	384
2031-2035	5,228	762
Real Estate Purchase Agreements Payable	9,769	3,331
Current Portion	734	
Noncurrent Portion	\$ 9,035	

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

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

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

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

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

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

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

Fiscal Year Ending June 30,	Principal	Interest
2026	\$ 4,672	\$ 5,946
2027	4,756	5,861
2028	4,853	5,761
2029	1,153	5,647
2030	1,084	5,716
2031	1,019	5,781
Debt Service Assessment Payable to the Commission	\$ 17,537	\$ 34,712
Current Portion	<u>4,672</u>	
Noncurrent Position	<u><u>\$ 12,865</u></u>	

19. DEFINED CONTRIBUTION PENSION PLANS

Substantially all eligible employees of the University participate in either TRS or the Teachers Insurance and Annuities Association - College Retirement Equities Fund (TIAA-CREF). (See Note 11 for information regarding TRS.)

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

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

Fiscal Year Ending			
June 30,	WVU	Employees	Total
2025	\$ 32,846	\$ 32,846	\$ 65,692
2024	33,217	33,217	66,434
2023	31,700	31,700	63,400

The University's total payroll for fiscal years 2025, 2024, and 2023 was \$585.5 million, \$594.2 million, and \$605.1 million, respectively; total covered employees' salaries in TIAA-CREF were approximately \$552.4 million in fiscal year 2025, \$558.8 million in fiscal year 2024, and \$528.2 million in fiscal year 2023, respectively.

20. COMMITMENTS

- a. *Purchase Commitment* – The University has signed an agreement providing for the purchase of steam through the year 2027 from a nearby facility that commenced operations in late 1992. Under the agreement, the University has an annual minimum steam purchase requirement, purchased at an operating rate calculated in accordance with the agreement. This operating rate is adjusted monthly based on actual production costs and other cost indices. Management believes that the rate is comparable to market rates. At June 30, 2025, the University was committed to an additional purchase of \$900,000 to meet the minimum steam purchase requirement for the contract year ended September 30, 2025. 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 \$8.9 million at June 30, 2025.
- c. *Other Commitments* – The University is involved in legal action regarding normal business activities. Management does not feel that these actions are material and pose a financial threat to the University and, accordingly, no liability is accrued at June 30, 2025 and 2024.

21. AFFILIATED ORGANIZATIONS

The University has affiliations with separately incorporated organizations including West Virginia United Health System, Inc. ("WVUHS"), which includes West Virginia University Hospitals, Incorporated and West Virginia University Innovation Corporation ("WVUIC"); West Virginia University Alumni Association, Incorporated (the "Association"); 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. On January 1, 2023, the Eastern practice plan merged into the Morgantown practice plan. As a result of the merger, the Morgantown practice plan expects to more closely align the operational goals of both organizations in support of the WVUSOM and WVUHS.

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 \$7.4 million and \$77.1 million in fiscal year 2025 and \$5.8 million and \$68.9 million in fiscal year 2024, respectively. Accounts receivable at June 30, 2025 and 2024 include \$7.1 million and \$7.6 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, 2025 or 2024.

- 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, 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 \$7.4 million in fiscal year 2025 and \$8.5 million in fiscal year 2024, respectively. Accounts receivable at June 30, 2025 and 2024 include \$.5 million and \$.6 million, respectively, for such items as medical malpractice insurance and salary support. There were no amounts due to the Charleston practice plan at June 30, 2025 or 2024. There were no funds disbursed to the Charleston practice plan in fiscal year 2025 or 2024.

- c. *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, 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 \$2.1 million in fiscal year 2025 and \$2.5 million in fiscal year 2024, respectively. Accounts receivable at June 30, 2025 and 2024 include \$.2 million and \$.2 million, respectively, for such items as medical malpractice insurance, facility rental fees, clinic supplies and student expenses. There were no amounts due to the dental practice plan at June 30, 2025 or 2024. There were no funds disbursed to the dental practice plan in fiscal year 2025 or 2024.

- d. *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 2025 and 2024, \$55.0 million and \$53.6 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, 2025 and 2024 include \$2.6 million and \$2.1 million, respectively, due from WVUH for such items. During fiscal years 2025 and 2024, \$.3 million and \$.5 million, respectively, was paid to WVUH for rent and other services. Accounts payable at both June 30, 2025 and 2024 were \$0 for such items.

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

During fiscal year 2024, the Corporation paid \$432,000 to WVUIC for its allocated share of WVUIC's operating margin from April 1, 2023 through June 30, 2023. WVUHS covered 100% of the operating margin for the period ending June 30, 2023 and June 30, 2024. The Corporation paid \$998,000 to WVUIC for its allocated share of the operating margin from July 1, 2024 through March 31, 2025.

- 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”). Association staff officially became employees of the University on or before January 3, 2022 and, under this agreement, the University will provide the Association with the following services at no cost: information technology services; financial, accounting, and risk management services; communication and marketing services; legal services; business services including mail, facilities management, construction and maintenance management, and procurement; human resources support; support for the development of corporate sponsorships; government relations services; and other general administrative services.

The Association was billed \$1,157,000 and \$1,172,000 for contracted services provided by the University during fiscal year 2025 and 2024, respectively; \$698,000 and \$765,000 was forgiven for fiscal years 2025 and 2024, respectively. The Association owed the University \$106,000 and \$408,000 at June 30, 2025 and 2024, respectively, for contracted services.

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 \$583,000 and \$659,000 for the years ended June 30, 2025 and 2024, 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.

22. WEST VIRGINIA UNIVERSITY FOUNDATION, INCORPORATED

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

The Foundation’s assets totaled \$3.3 billion and \$3.0 billion at June 30, 2025 and 2024, respectively, with net assets of \$1.4 billion and \$1.3 billion at June 30, 2025 and 2024, respectively. Gifts, grants, pledges and bequests to the Foundation totaled \$88.9 million and \$169.2 million in fiscal years 2025 and 2024, respectively.

Total funds expended by the Foundation in support of University activities totaled \$106.8 million and \$121.2 million in fiscal years 2025 and 2024, respectively. This support is primarily recorded as gifts and capital grants and gifts and the related expenditures are primarily recorded as salaries and wages, benefits and capital assets in the University’s financial statements.

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

23. SERVICE CONCESSION ARRANGEMENT

The University has identified one contract for services that meets the four criteria of a service concession arrangement (SCA) per GASB Statement No. 94, *“Public-Private and Public-Public Partnerships and Availability Payment Arrangements”*. SCA’s are defined as a contract between a government and an operator, another government or a private entity, in which the operator provides services, the operator collects and is compensated by fees from third parties, the government still has control over the services provided and the government retains ownership of the assets at the end of the contract.

This contract is with American Campus Communities Operating Partnership, LLP (ACC OP). Per the contract, ACC OP financed, designed, constructed, furnished and equipped a student housing facility (College Park, WV). 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 \$152,000 and \$99,000 at June 30, 2025 and 2024, respectively, for reimbursable project expenses. At June 30, 2025, the University recognized management fee revenue and its share of the net revenue of \$33,000 and \$0 respectively. At June 30, 2024, the University recognized management fee revenue and its share of the net revenue of \$38,000 and \$0, respectively. This revenue is included in revenue from auxiliary enterprises on the statement of revenues, expenses and changes in net position.

24. 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, 2025 or 2024.

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 both June 30, 2025 and 2024, the University has recorded a liability of \$79,000 for asbestos removal in accordance with the provisions of GASB.

25. SUBSEQUENT EVENTS

On July 1, 2025, the University issued \$30.0 million of taxable revenue bonds (2025 Series A Bonds) to (a) finance all or a portion of the costs of Phase II of the ERP modernization program, including the reimbursement of costs previously incurred in connection with the project; and (b) pay the costs of issuance of the bonds and related costs. The bonds were structured as a 4.77% fixed rate bond maturing on April 1, 2040, with annual principal payments and semi-annual interest payments.

26. BLENDED COMPONENT UNIT

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

2025

Statement of Net Position

	WVU Excluding Component Units	WVU Research Corporation	Gold & Blue	Eliminations	WVU Combined
Assets					
Current Assets	\$ 364,326	\$ 106,305	\$ 1,789	\$ -	\$ 472,420
Leases Receivable - West Virginia University, Current Portion		360		(360)	-
Accounts Receivable - Corporation	18,842	-	-	(18,842)	-
Total Current Assets	383,168	106,665	1,789	(19,202)	472,420
Capital Assets, net	1,853,246	70,269	-	-	1,923,515
Leases Receivable - West Virginia University	-	1,152	-	(1,152)	-
Intangible Right to Use Assets - Intra-Entity Leases, net	1,492	-	-	(1,492)	-
Other Noncurrent Assets	167,521	1,589	-	-	169,110
Total Noncurrent Assets	2,022,259	73,010		(2,644)	2,092,625
Total Assets	\$ 2,405,427	179,675	1,789	(21,846)	2,565,045
Deferred Outflows of Resources	\$ 21,773	-	-	-	21,773
Total Assets and Deferred Outflows of Resources	\$ 2,427,200	\$ 179,675	\$ 1,789	\$ (21,846)	\$ 2,586,818
Liabilities and Deferred Inflows of Resources					
Current Liabilities	\$ 264,948	\$ 46,487	\$ -	\$ -	\$ 311,435
Leases Payable - WVU Research Corporation, Current Portion	360	-	-	(360)	-
Accounts Payable - West Virginia University	-	18,842	-	(18,842)	-
Total Current Liabilities	265,308	65,329	-	(19,202)	311,435
Noncurrent Liabilities	875,057	53,576	-	-	928,633
Leases Payable - WVU Research Corporation	1,152	-	-	(1,152)	-
Total Noncurrent Liabilities	876,209	53,576	-	(1,152)	928,633
Total Liabilities	\$ 1,141,517	118,905	-	(20,354)	1,240,068
Deferred Inflows of Resources	\$ 47,553	1,935	-	(1,492)	47,996
Total Liabilities and Deferred Inflows of Resources	\$ 1,189,070	\$ 120,840	\$ -	\$ (21,846)	\$ 1,288,064
Net Position					
Net Investment in Capital Assets	\$ 995,917	\$ 21,842	\$ -	\$ -	\$ 1,017,759
Restricted Nonexpendable	18,097	-	-	-	18,097
Restricted Expendable	56,456	1,513	-	-	57,969
Unrestricted Net Position	167,660	35,480	1,789	-	204,929
Total Net Position	\$ 1,238,130	\$ 58,835	\$ 1,789	\$ -	\$ 1,298,754

Statement of Revenues, Expenses and Changes in Net Position

	WVU Excluding Component Units	WVU Research Corporation	Gold & Blue	Eliminations	WVU Combined
Operating Revenues					
Student Tuition and Fees, net	\$ 391,996	\$ -	\$ -	\$ -	\$ 391,996
Federal Land Grants	9,121	-	-	-	9,121
Local Land Grants	1,519	-	-	-	1,519
Federal Grants and Contracts	29,005	103,007	-	-	132,012
State Grants and Contracts	40,661	42,141	-	-	82,802
Local Grants and Contracts	328	196	-	-	524
Nongovernmental Grants and Contracts	121,541	15,958	-	-	137,499
Sales and Services of Educational Departments	13,665	344	-	-	14,009
Auxiliary Enterprises, net	137,873	-	-	-	137,873
Interest on Student Loans Receivable	408	-	-	-	408
Net Operating Revenue from the Corporation	-	-	-	-	-
Net Operating Revenue from the University	-	4,889	1,789	(6,678)	-
Service Agreement Revenue from Parkersburg	250	-	-	-	250
Other Operating Revenues	7,559	414	-	-	7,973
Total Operating Revenues	753,926	166,949	1,789	(6,678)	915,986
Operating Expenses					
Depreciation and Amortization	113,922	3,066	-	-	116,988
Net Operating Expenses to the Corporation	4,889	-	-	(4,889)	-
Net Operating Expenses to Gold & Blue	1,789	-	-	(1,789)	-
Amortization - intra-entity leases	373	-	-	(373)	-
Other Operating Expenses	980,221	168,843	-	-	1,149,064
Total Operating Expenses	1,101,194	171,909	-	(7,051)	1,266,052
Operating (Loss) Income	(347,268)	(4,960)	1,789	373	(350,066)
Nonoperating Revenues (Expenses)					
State Appropriations	197,208	-	-	-	197,208
State Lottery Appropriations	3,867	-	-	-	3,867
Payments on Behalf of the University/Corporation	2,857	-	-	-	2,857
Gifts	75,108	14,578	-	-	89,686
Federal Pell Grants	33,461	-	-	-	33,461
Investment Income	23,521	2,206	-	-	25,727
Interest on Capital Asset-Related Debt	(27,526)	(2,589)	-	-	(30,115)
Interest expense to the Research Corporation	(55)	-	-	55	-
Interest revenue from the University	-	428	-	(428)	-
Assessments by Commission for Debt Service	(6,249)	-	-	-	(6,249)
Other Nonoperating Expenses - Net	8,533	37	-	-	8,570
Net Nonoperating Revenues	310,725	14,660	-	(373)	325,012
(Loss) Income before Other Revenues, Expenses, Gains, or Losses	(36,543)	9,700	1,789	-	(25,054)
Capital Grants and Gifts	89,140	-	-	-	89,140
Bond/Capital Projects Proceeds					
from the Higher Education Policy Commission	315	-	-	-	315
Transfer of Assets to the University	7,457	(7,457)	-	-	-
Transfer of Assets from the University	(3,101)	3,101	-	-	-
Increase in Net Position	57,268	5,344	1,789	-	64,401
Net Position at Beginning of Year	1,180,862	53,491	-	-	1,234,353
Net Position at End of Year	\$ 1,238,130	\$ 58,835	\$ 1,789	\$ -	\$ 1,298,754

Statement of Cash Flows

	WVU Excluding Component Units	WVU Research Corporation	Gold & Blue	WVU Combined
Cash Provided By (Used In):				
Operating Activities	\$ (229,262)	\$ 4,560	\$ 1,789	\$ (222,913)
Noncapital Financing Activities	295,693	14,625	-	310,318
Capital Financing Activities	(106,709)	(9,053)	-	(115,762)
Investing Activities	15,167	1,076	-	16,243
Increase (Decrease) in Cash and Cash Equivalents	(25,111)	11,208	1,789	(12,114)
Cash and Cash Equivalents, Beginning of Year	201,001	27,571	-	228,572
Cash and Cash Equivalents, End of Year	175,890	38,779	1,789	216,458

2024

Statement of Net Position

	WVU Excluding Component Unit	WVU Research Corporation	Eliminations	WVU Combined
ASSETS				
Current Assets	\$ 347,331	\$ 93,528	\$ -	\$ 440,859
Accounts receivable - Research Corporation	9,488	-	(9,488)	-
Total Noncurrent Assets	356,819	93,528	(9,488)	440,859
Capital and intangible right to use assets, net	1,819,158	68,211	-	1,887,369
Other noncurrent assets	193,774	1,583	-	195,357
Total Noncurrent Assets	2,012,932	69,794	-	2,082,726
TOTAL ASSETS	2,369,751	163,322	(9,488)	2,523,585
DEFERRED OUTFLOWS OF RESOURCES				
	17,525	-	-	17,525
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,387,276	\$ 163,322	\$ (9,488)	\$ 2,541,110
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Current Liabilities	\$ 233,148	\$ 46,508	\$ -	\$ 279,656
Accounts payable - WVU	-	9,488	(9,488)	-
Total current liabilities	233,148	55,996	(9,488)	279,656
Noncurrent Liabilities	916,015	53,764	-	969,779
Total noncurrent liabilities	916,015	53,764	-	969,779
TOTAL LIABILITIES	1,149,163	109,760	(9,488)	1,249,435
DEFERRED INFLOWS OF RESOURCES				
	57,251	71	-	57,322
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	\$ 1,206,414	\$ 109,831	\$ (9,488)	\$ 1,306,757
NET POSITION				
Net investment in capital assets	\$ 941,825	\$ 19,520	\$ -	\$ 961,345
Restricted Nonexpendable	18,164	-	-	18,164
Restricted Expendable	66,400	-	-	66,400
Unrestricted net position (deficit)	154,473	33,971	-	188,444
Total Net Position	\$ 1,180,862	\$ 53,491	\$ -	\$ 1,234,353

2024

Statement of Revenues, Expenses and Changes in Net Position

	WVU Excluding Component Unit	WVU Research Corporation	Eliminations	WVU Combined
OPERATING REVENUES				
Student tuition and fees, net	\$ 399,713	\$ -	\$ -	\$ 399,713
Federal land grants	10,049	-	-	10,049
Local land grants	1,409	-	-	1,409
Federal grants and contracts	23,103	103,889	-	126,992
State grants and contracts	41,245	43,643	-	84,888
Local grants and contracts	281	200	-	481
Nongovernmental grants and contracts	107,642	17,718	-	125,360
Sales and services of educational departments	14,568	727	-	15,295
Auxiliary Enterprises, net	129,746	-	-	129,746
Interest on student loans receivable	481	-	-	481
Net operating revenue from the Research Corporation	-	7,517	(7,517)	-
Net service agreement revenue from Parkerburg	250	-	-	250
Other operating revenues	7,374	229	-	7,603
Total operating revenues	735,861	173,923	(7,517)	902,267
OPERATING EXPENSES				
Depreciation and amortization	117,283	3,095	-	120,378
Net operating expenses to the Research Corporation	7,517	-	(7,517)	-
Amortization - intra-entity leases	325	-	(325)	-
Other operating expenses	932,290	169,916	-	1,102,206
Total operating expenses	1,057,415	173,011	(7,842)	1,222,584
OPERATING (LOSS) INCOME	(321,554)	912	325	(320,317)
NONOPERATING REVENUES (EXPENSES)				
State appropriations	252,185	-	-	252,185
State Lottery appropriations	3,782	-	-	3,782
Payments on behalf of the University	(6,778)	-	-	(6,778)
Gifts	84,783	18,207	-	102,990
Federal Pell grants	26,789	-	-	26,789
Investment income	23,418	2,258	-	25,676
Interest on capital asset-related debt	(28,393)	(2,614)	-	(31,007)
Interest expense to the Corporation	(5)	-	5	-
Interest revenue from the University	-	330	(330)	-
Assessments by Commission for debt service	(6,301)	-	-	(6,301)
Other nonoperating expenses - net	396	(5)	-	391
Net nonoperating revenues	349,876	18,176	(325)	367,727
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	28,322	19,088	-	47,410
Capital grants and gifts	20,479	218	-	20,697
Bond/capital projects proceeds				
from the Higher Education Policy Commission	448	-	-	448
TRANSFER OF ASSETS TO THE UNIVERSITY	9,928	(9,928)	-	-
TRANSFER OF ASSETS FROM THE UNIVERSITY	(2,808)	2,808	-	-
INCREASE IN NET POSITION	56,369	12,186	-	68,555
NET POSITION - BEGINNING OF YEAR	1,124,493	41,305	-	1,165,798
NET POSITION - END OF YEAR	\$ 1,180,862	\$ 53,491	\$ -	\$ 1,234,353

2024

Statement of Cash Flows

	WVU Excluding Component Unit	WVU Research Corporation	WVU Combined
Cash Provided By (Used In):			
Operating Activities	\$ (205,077)	\$ (11,573)	\$ (216,650)
Noncapital Financing Activities	312,996	18,307	331,303
Capital Financing Activities	(93,588)	(14,181)	(107,769)
Investing Activities	15,590	989	16,579
INCREASE IN CASH AND CASH EQUIVALENTS	\$ 29,921	\$ (6,458)	\$ 23,463
Cash and Cash Equivalents, Beginning of Year	\$ 171,080	\$ 34,029	\$ 205,109
Cash and Cash Equivalents, End of Year	\$ 201,001	\$ 27,571	\$ 228,572

27. SEGMENT INFORMATION

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

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

(Dollars in Thousands)

	AUXILIARIES As of/Year Ended 2025	AUXILIARIES As of/Year Ended 2024
	<u>2025</u>	<u>2024</u>
CONDENSED SCHEDULES OF NET POSITION		
Assets and Deferred Outflows of Resources:		
Current Assets	\$ 73,412	\$ 72,724
Noncurrent and Capital Assets	<u>1,200,020</u>	<u>1,237,303</u>
Total Assets	<u>1,273,432</u>	<u>1,310,027</u>
Deferred Outflows of Resources:		
Deferred Loss on Refunding	11,776	12,458
Deferred Outflows Related to Other Post Employment Benefits	<u>581</u>	<u>264</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,285,789</u>	<u>\$ 1,322,749</u>
Liabilities, Deferred Inflows, and Net Position:		
Current Liabilities	\$ 94,095	\$ 72,647
Long-Term Liabilities	<u>811,261</u>	<u>846,832</u>
Total Liabilities	<u>905,356</u>	<u>919,479</u>
Deferred Inflows of Resources:		
Deferred service concession arrangements	30,056	31,064
Deferred inflows related to Dining Services Contract	5,393	6,067
Deferred inflows related to Other Post Employment Benefits	<u>393</u>	<u>851</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 941,198</u>	<u>\$ 957,461</u>
Net Position:		
Net investment in capital assets	\$ 401,813	\$ 407,555
Restricted	38,728	54,183
Unrestricted net deficit	<u>(95,950)</u>	<u>(96,450)</u>
Total Net Position	<u>\$ 344,591</u>	<u>\$ 365,288</u>
CONDENSED SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
Auxiliary and Capital Fees	\$ 27,097	\$ 27,436
Operating Revenues	119,709	115,456
Operating Expenses	<u>(189,853)</u>	<u>(172,849)</u>
Operating Loss	(43,047)	(29,957)
Nonoperating Revenues/Expenses:		
Investment Income	2,024	3,090
Net Transfers from Other Funds	15,945	30,109
Other Nonoperating Income	4,506	8,421
Gifts	26,659	21,726
Other Nonoperating Expenses	(472)	(477)
Interest Expense	<u>(26,311)</u>	<u>(27,006)</u>
Increase (Decrease) in Net Position	(20,696)	5,906
Net Position - Beginning of Year	<u>365,287</u>	<u>359,382</u>
Net Position - End of Year	<u>\$ 344,591</u>	<u>\$ 365,288</u>

(continued)

CONDENSED SCHEDULES OF CASH FLOWS

Net Cash Flows (Used in) Operating Activities	\$	(23,015)	\$	(38,911)
Net Cash Flows Provided by				
Noncapital Financing Activities		26,659		21,725
Net Cash Flows Provided by				
Capital and Related Financing Activities		(25,882)		16,695
Net Cash Flows Provided by				
Investing Activities		2,024		3,090
Increase in Cash		(20,214)		2,599
Cash - Beginning of Year		114,683		112,084
Cash - End of Year	\$	94,469	\$	114,683

Reconciliation of cash

Cash classified as current assets	\$	55,740	\$	60,500
Cash classified as noncurrent assets		38,728		54,183
	\$	94,468	\$	114,683

28. FUNCTIONAL CLASSIFICATION OF EXPENSES
(Dollars in Thousands)

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

Year Ended June 30, 2025																
Natural Classification																
Functional Classification	Salaries & Wages		Benefits	Scholarships & Fellowships		Utilities	Supplies & Other Services		Depreciation and Amortization	Loan Cancellations & Write Offs	Other Operating Expenses	Total				
Instruction	\$	257,395	\$	74,806	\$	-	\$	262	\$	28,317	\$	-	\$	-	\$	360,780
Research		92,456		38,846		-		259		62,291		-		-		193,869
Public Service		39,850		9,919		-		136		29,106		-		-		79,025
Academic Support		30,751		6,675		-		159		12,698		-		-		50,398
Student Services		21,783		7,972		-		20		9,670		-		-		33
Operation and Maintenance of Plant		18,621		6,213		-		28,694		14,410		-		-		300
General Institutional Support		76,529		18,520		-		75		55,263		-		-		259
Student Financial Aid		-		-		-		58,281		-		-		-		-
Auxiliary Enterprises		48,117		9,647		-		8,352		67,171		-		-		13,247
Depreciation and Amortization		-		-		-		-		-		-		-		-
Loan Cancellations and Write Offs		-		-		-		-		-		-		-		-
Total Expenses	\$	585,502	\$	172,598	\$	58,281	\$	37,957	\$	278,926	\$	116,988	\$	1,815	\$	1,266,052

Year Ended June 30, 2024

Functional Classification	Natural Classification									
	Salaries & Wages	Benefits	Scholarships & Fellowships	Utilities	Supplies & Other Services	Depreciation and Amortization	Loan Cancellations & Write Offs	Other Operating Expenses	Total	
Instruction	\$ 263,865	\$ 57,643	\$ -	\$ 266	\$ 24,870	\$ -	\$ -	\$ 2,669	\$ 349,313	
Research	91,023	37,399	-	284	64,846	-	-	-	193,552	
Public Service	40,149	7,772	-	128	27,022	-	-	62	75,133	
Academic Support	33,492	5,100	-	112	10,326	-	-	229	49,259	
Student Services	22,855	7,496	-	15	10,239	-	-	40	40,645	
Operation and Maintenance of Plant	19,477	3,952	-	28,139	11,412	-	-	-	62,980	
General Institutional Support	76,551	13,866	-	21	56,278	-	-	549	147,265	
Student Financial Aid	-	-	63,030	-	-	-	-	-	63,030	
Auxiliary Enterprises	46,758	5,583	-	8,879	59,610	-	-	180	121,010	
Depreciation and Amortization	-	-	-	-	-	120,378	-	-	120,378	
Loan Cancellations and Write Offs	-	-	-	-	-	-	19	-	19	
Total Expenses	\$ 594,170	\$ 138,811	\$ 63,030	\$ 37,844	\$ 264,603	\$ 120,378	\$ 19	\$ 3,729	\$ 1,222,584	

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

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

Measurement Date	University's Proportionate Share as a Percentage of	University's Proportionate Share	State's Proportionate Share	Total Proportionate Share	University's Covered Employee Payroll	University's Proportionate Share as a Percentage of	Plan Fiduciary Net Position as a Percentage of
	Net OPEB (Asset) Liability					Covered Employee Payroll	Total OPEB Liability
June 30, 2024	3.527570804%	\$ (1,469)	\$ (4,613)	\$ (6,082)	\$ 97,653	-2.77%	102.19%
June 30, 2023	6.320220905%	(10,002)	(4,269)	(14,271)	103,385	-10.24%	109.66%
June 30, 2022	6.577692349%	7,321	2,508	9,829	116,479	7.08%	93.59%
June 30, 2021	7.006088092%	(1,701)	(410)	(2,111)	117,035	-1.46%	101.81%
June 30, 2020	6.834451221%	30,616	6,675	37,291	130,967	26.16%	73.49%
June 30, 2019	6.802662334%	113,459	23,097	136,556	139,162	86.63%	39.69%
June 30, 2018	6.786307714%	145,905	30,091	175,996	141,514	104.85%	30.98%
June 30, 2017	6.435215970%	158,433	32,345	190,778	-	111.96%	25.10%

Schedule of Employer Contributions (dollars in thousands):

Fiscal Year End	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as a percentage of Covered Employee Payroll
June 30, 2025	\$ 1,395	\$ 3,654	\$ (2,259)	\$ 53,111	6.88%
June 30, 2024	6,338	1,395	4,943	97,653	1.43%
June 30, 2023	7,734	6,339	1,395	103,385	6.13%
June 30, 2022	12,776	7,520	5,256	116,479	6.46%
June 30, 2021	13,210	12,760	450	117,035	10.90%
June 30, 2020	14,016	13,191	825	130,967	10.07%
June 30, 2019	13,867	14,043	(176)	139,162	10.09%
June 30, 2018	13,218	13,850	(632)	141,514	9.79%

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

Notes to Required Supplementary Information
For the Year Ended June 30, 2025 and 2024

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 RHBT and PEIA at www.peia.wv.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, 2024	0.055493%	\$ 1,047	\$ 1,732	\$ 2,779	\$ 1,152	102.01%	-84.24%
June 30, 2023	0.068312%	1,564	3,194	4,758	1,373	135.74%	80.42%
June 30, 2022	0.083889%	2,158	3,670	5,828	1,738	157.18%	77.78%
June 30, 2021	0.108170%	1,690	3,780	5,470	2,225	97.27%	86.38%
June 30, 2020	0.147516%	4,751	10,324	15,075	2,276	213.57%	70.89%
June 30, 2019	0.162037%	4,821	11,638	16,459	2,901	211.82%	72.64%
June 30, 2018	0.199086%	6,216	16,106	22,322	3,998	214.27%	71.20%
June 30, 2017	0.265661%	9,179	20,298	29,477	4,667	229.55%	61.42%
June 30, 2016	0.308824%	12,692	24,175	36,867	4,438	271.95%	61.42%
June 30, 2015	0.299518%	10,379	23,682	34,061	-	233.86%	66.25%

Schedule of Employer Contributions (dollars in thousands):

Fiscal Year End	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a percentage of Covered Employee Payroll
June 30, 2025	\$ 210	\$ 157	\$ 53	\$ 1,027	15.29%
June 30, 2024	281	210	71	1,152	18.23%
June 30, 2023	353	270	83	1,373	19.67%
June 30, 2022	451	358	93	1,738	20.60%
June 30, 2021	610	450	160	2,225	20.23%
June 30, 2020	780	604	176	2,276	26.54%
June 30, 2019	939	730	209	2,901	25.16%
June 30, 2018	1,199	856	343	3,998	21.41%
June 30, 2017	1,307	1,197	110	4,667	25.65%
June 30, 2016	1,470	1,362	108	4,438	30.69%

Notes to Required Supplementary Information
For the Years Ended June 30, 2025 and 2024

There are no factors that affect trends in the amounts reported, such as change in benefit terms or assumptions. Additional information can be obtained from the Annual Comprehensive Financial Report.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, of West Virginia University (the University), as of and for the year ended June 30, 2025, 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, 2025.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

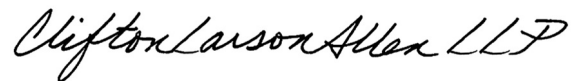
We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2025-001 and 2025-002 that we consider to be significant deficiencies.

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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
October 14, 2025

**WEST VIRGINIA UNIVERSITY & DIVISIONS
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2025**

Financial Statement Findings

2025-001

Type of Finding:

- Significant Deficiency in Internal Control Over Financial Reporting

Condition: West Virginia University (the University) entered into exchange transactions in prior fiscal years with a vendor who provided capital assets in exchange for rights to provide services. The transaction was recorded as capital gift revenue in the fiscal year when the related contracts were executed. The appropriate accounting treatment is to record unearned revenue and amortize the unearned revenue into revenue over the life of the contracts.

Criteria or specific requirement: Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Effect: The lack of controls in place over the financial reporting function increases the risk of misstatements, fraud, or errors occurring and not being detected and corrected.

Cause: The University did not have proper controls to assess revenue recognition in complex multi-year contracts.

Repeat finding: No.

Recommendation: The University should evaluate their financial reporting processes and controls, including the controls surrounding recognition of revenue related to exchange transactions.

Views of responsible officials and planned corrective actions: Management concurs with this audit finding and acknowledges the financial reporting risk posed by inadequate controls over the recognition of revenue from complex contracts. Management plans to review the processes around significant multi-year contracts, including the related internal controls. This includes ensuring that Institutional Accounting, Reporting and Analysis receives the information required to ensure that the accounting treatment for significant contracts and agreements and related capital assets is appropriate.

**WEST VIRGINIA UNIVERSITY & DIVISIONS
SCHEDULE OF FINDINGS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Financial Statement Findings (Continued)

2025-002

Type of Finding:

- Significant Deficiency in Internal Control Over Financial Reporting

Condition: The University recorded a capital asset and capital gift revenue in the current year for an asset that a related organization has legal title to and therefore should not have recorded a capital asset. The appropriate accounting treatment is to amortize the gift revenue and expense related to the donated non-capitalized asset over the term of the agreement.

Criteria or specific requirement: Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Effect: The lack of controls in place over the financial reporting function increases the risk of misstatements, fraud, or errors occurring and not being detected and corrected.

Cause: The University did not have proper controls to assess recording of capital gifts.

Repeat finding: No.

Recommendation: The University should evaluate their financial reporting processes and controls, including the controls surrounding recognition of revenue related to capital gifts.

Views of responsible officials and planned corrective actions: Management concurs with this audit finding and acknowledges the financial reporting risk posed by inadequate controls over recording donated capital assets. Management plans to review the internal controls around the processes related to donated capital assets, including verifying which party holds legal title to such assets.

