FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2026 AND 2025

BLUEFIELD STATE UNIVERSITY
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2026 AND 2025

Independent Auditor's Report

Required Supplementary Information:

Management's Discussion and Analysis i

Basic Financial Statements:

Statements of Net Position 1

Statements of Revenues, Expenses, and Changes in Net Position 2

Statement of Cash Flows 3

Notes to Financial Statements 4

Required Supplementary Information:

Schedule of Proportionate Share of the Net Pension Liability – STRS and Schedule of the Contributions - STRS 61

Schedule of Proportionate Share of the Net OPEB Liability – RHBT and Schedule of the Contributions - RHBT 63

Notes to Required Supplementary Information 65

Independent Auditor's Report in Accordance with *Government Auditing Standards*:

Independent Auditor's 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* 67

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INDEPENDENT AUDITORS' REPORT

Board of Governors
Bluefield State University
Bluefield, West Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Bluefield State University (The University), as of and for the year ended June 30, 2026 and 2025, and the related notes to the financial statements, which collectively comprise Bluefield State University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Bluefield State University, as of June 30, 2026 and 2025, 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.

We did not audit the financial statements of Bluefield State College Foundation, Inc. (the Foundation), which represent 100% and 100%, respectively, of the assets and revenues of the discretely presented component unit as of June 30, 2026 and 2025 or the financial statements of Applied Research Foundation of West Virginia, which represents 1%, 1%, and 1%, respectively of the assets, net position, and revenues and 1%, 1%, and 1%, respectively of the assets, net position, and revenues of the business-type activities as of June 30, 2026 and 2025, respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for the Foundation and Applied Research Foundation of West Virginia, is based solely on the report of the other auditors.

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 Bluefield State 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.

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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 Bluefield State 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 Bluefield State 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 Bluefield State University's ability to continue as a going concern for a reasonable period of time.

Board of Governors
Bluefield State University

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's Discussion and Analysis, the Schedule of Proportionate Share of Net OPEB Liability and Contributions, and the Schedule of Proportionate Share of Net Pension Liability and Contributions 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, 2026, on our consideration of Bluefield State 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 Bluefield State 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 Bluefield State University's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Pittsburgh, Pennsylvania
October 14, 2026

BLUEFIELD STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2026 AND 2025

The following management's discussion and analysis of the financial performance and activities of Bluefield State University (the "University") is presented to provide an introduction and understanding of the financial statements for the year ended June 30, 2026, as compared to the year ended June 30, 2025 and for the year ended June 30, 2025, as compared to the year ended June 30, 2024. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The University's financial statements focus on the University as a whole, rather than upon individual funds or activities. The Governmental Accounting Standards Board reporting model is designed to provide readers with a broad overview of the University's finances and is comprised of three basic statements:

- The Statement of Net Position presents information on the University's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position serve as one indicator of how the financial position of the University is changing.
- The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the University's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.
- The Statement of Cash Flows is reported on the direct method. The direct method of cash flow reporting portrays net cash flows from operations, financing, and investing receipts and disbursements.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes contain details on both the accounting policies and procedures that the University has adopted as well as additional information for amounts reported in the financial statements.

FINANCIAL SUMMARY

Condensed Statement of Net Position

Condensed Statement of Net Position
June 30, 2026, 2025, and 2024

	2026	2025	2024	Increase (Decrease) 2026-2025	Increase (Decrease) 2025-2024	Percent Change 2026-2025	Percent Change 2025-2024
Assets:							
Current assets	$ 6.1	$ 4.9	$ 10.2	$ 1.2	$ (5.3)	24%	-52%
Noncurrent assets	56.2	49.6	45.9	6.6	3.7	13%	8%
Total assets	62.3	54.5	56.1	7.8	(1.6)	14%	-3%
Deferred Outflows	0.5	0.3	0.2	0.2	0.1	67%	50%
Liabilities							
Current liabilities	7.6	6.2	9.3	1.4	(3.1)	23%	-33%
Noncurrent liabilites	1.2	0.7	0.7	0.5	-	71%	0%
Total liabilites	8.8	6.9	10.0	1.9	(3.1)	28%	-31%
Deferred Inflows	0.3	0.2	0.4	0.1	(0.2)	50%	-50%
Net Position							
Net investment in capital assets	54.3	48.0	43.0	6.3	5.0	13%	12%
Restricted, expandable	0.6	0.7	0.8	(0.1)	(0.1)	-14%	-13%
Unrestricted	(1.2)	(0.9)	2.0	(0.3)	(2.9)	33%	-145%
Total net position	$ 53.7	$ 47.8	$ 45.8	$ 5.9	$ 2.0	12%	4%

Net position is composed of net investment in capital assets of $54.3 million (101.1% of net position), restricted of $.6 million (1.1% of net position), and unrestricted: -$1.2 million (-2.2% of net position).

Condensed Statements of Revenues, Expenses, and Changes in Net Position

Condensed Statements of Revenue, Expenses, and Changes in Net Position
Years Ended June 30, 2026, 2025, and 2024

	2026	2025	2024	Increase (Decrease) 2026-2025	Increase (Decrease) 2025-2024	Percent Change 2026-2025	Percent Change 2025-2024
Operating Revenues:							
Student Tuition and Fees, net	$ 8.4	$ 6.6	$ 7.6	$ 1.8	$ (1.0)	27%	-13%
Contracts and Grants	8.1	8.1	13.4	-	(5.3)	0%	-40%
Federal Pell Grants	3.6	3.6	3.1	-	0.5	0%	16%
Auxiliary Enterprise Revenue, net	2.4	2.2	1.7	0.2	0.5	9%	29%
Miscellaneous, net	0.1	0.1	0.0	(0.0)	0.1	-22%	350%
Total operating revenues	22.6	20.6	25.9	2.0	(5.3)	10%	-20%
Operating Expenses:	32.0	31.4	31.3	0.6	0.1	2%	0%
Operating Income (Loss)	(9.4)	(10.8)	(5.5)	1.4	(5.4)	-13%	98%
Noncapital Subsidies							
State appropriations	7.1	7.1	6.8	-	0.3	0%	4%
Federal HEERF Grants	-	2.6	2.6	(2.6)	-	-100%	0%
Payments on Behalf of University	0.1	0.1	(0.1)	0.0	0.2	25%	-180%
Total noncapital subsidies	7.2	9.8	9.3	(2.6)	0.5	-26%	5%
Operating income (loss) and noncapital subsidies	(2.2)	(1.0)	3.9	(1.2)	(4.9)	117%	-127%
Nonoperating Revenues (Expenses):							
Investment income (loss)	0.2	0.2	0.3	-	(0.1)	0%	-33%
Federal Appropriations - Capital	3.3	0.5	0.3	2.8	0.2	560%	67%
State Appropriations - Capital	4.6	2.2	0.1	2.4	2.1	109%	3043%
Contribution of capital assets from the Foudnation	-	-	5.0	-	(5.0)	0%	-100%
Miscellaneous, net	-	-	0.6	-	(0.6)	0%	-100%
Total nonoperating revenues (expenses)	8.1	2.9	6.3	5.2	(3.4)	7	29
Change in Net Position	5.9	1.9	10.1	4.0	(8.3)	214%	-82%
Net Position							
Beginning of year	47.8	45.9	35.7	1.9	10.2	4%	29%
End of year	$ 53.7	$ 47.8	$ 45.8	$ 5.9	$ 1.9	12%	4%

The increase in net position of $5.9 million in 2026 reflects an increase in student tuition and fees as a result of increased enrollment and an increase in State appropriations and grants for deferred maintenance, as well as an increase in Federal Appropriations for Capital specifically related to grants received through the University's blended component unit, Applied Research Foundation.

The increase in net position of $1.9 million in 2025 reflects a decrease in student tuition and fees as a result of increased waivers along with an increase in State appropriations and grants for deferred maintenance, as well as an increase in Federal Appropriations for Capital specifically related to grants received through the University's blended component unit, Applied Research Foundation.

DETAILED ANALYSES

Operating Revenues

Operating revenues increased 10% (from $20.6 million in 2025 to $22.6 million in 2026), primarily due to:

- Tuition and fees – increased $1.8 million (27%) due to increased enrollment in the Fall 2025 and Spring 2026 semesters, while tuition rates remained the same.
- Grants and contracts (operating) – Remained consistent at $8.1 million in fiscal year 2026 and 2025.
- Federal Pell Grants also remained consistent at $3.6 million for both fiscal year 2026 and 2025.
- Auxiliary Enterprise Revenue, net – increased $.2 million (9%)

Operating revenues continue to cover approximately 71% of operating expenses, excluding noncapital subsidies (up from 66% in 2025), indicating modest improvement in self-supporting operations.

Operating revenues decreased 20% (from $25.9 million in 2024 to $20.6 million in 2025), primarily due to:

- Tuition and fees – decreased $1.0 million (-13%) due to an increase in the scholarship allowance and waivers in 2025 and decreased enrollment.
- Grants and contracts (operating) – decreased $5.3 million from $13.4 million in 2024 to $8.1 million in 2025 as a result of a large grant received from the Foundation in 2024 that was not received in 2025.
- Federal Pell Grants remained fairly consistent between 2024 and 2025 increasing by only $.5 million.
- Auxiliary Enterprise Revenue, net – remained fairly consistent increasing by only $.5 million from 2024 to 2025

Operating Expenses

Operating expenses increased 2%, from $31.4 million in 2025 to $32.0 million in 2026, driven by:

- Instruction – remained fairly consistent, increasing by $.2 million (2%).
- Research increased by approximately $.2 million (68%) as a result of increased grant expenses at the University's component unit, the Applied Research Foundation.
- Academic Support increased by $.5 million or 61% due to additional University emphasis being placed on Freshman success, retention, and graduation.
- Student services – remained fairly consistent, increasing by $.1 million.
- General Institutional Support - remained fairly consistent, decreasing by $.05 million.
- Operations and Maintenance of Plant – increased by $1.6 million or 89% due to deferred maintenance projects that are not building specific.
- Student Financial Aid – decreased by .6 million or 25%. This decrease relates to a State of West Virginia grant that was allocated at a higher rate in FY25 than FY26.
- Auxiliary Enterprises expense – decreased by $1.5 million or 19% due to continued effort to improve inventory management within the athletic area.
- Depreciation and amortization remained consistent between fiscal years 2026 and 2025

Operating expenses remained fairly consistent between 2024 and 2025 increasing by only $.1 million.

Noncapital Subsidies

Noncapital subsidies, presented separately under GASB 103, decreased 26% to $7.2 million in 2026:

- State Appropriations remained consistent at $7.1 million
- Federal HEERF Grants – decreased $2.6 million (100%)
    - HEERF funding ended in 2025, resulting in a decrease in HEERF-related revenues compared with the prior year.

- Payments on Behalf of University remained consistent at approximately $140,000.

Together, these subsidies partially offset the operating loss, yielding "Operating income (loss) and noncapital subsidies" of -$1.8 million, compared to -$1.0 million in the prior year.

Noncapital subsidies, increased slightly from 2024 to 2025 by $.5 million. This increase was primarily a result of a slight increase of state appropriations given to the University of approximately $.3 million.

Other Nonoperating Revenues and Expenses

Other nonoperating revenues and expenses (primarily investment income, interest expense, and capital subsidies) improved by $5.0 million in 2026:

- Investment income remained consistent at around $200,000.
- Federal appropriations - capital increased by $2.8 million as a result of increased federal funding for the University's component unit, Applied Research Foundation.
- State Appropriations – capital increased by $2.4 million as there were increased expenses and funding related to deferred maintenance projects.

Other nonoperating revenues and expenses (primarily investment income, interest expense, and capital subsidies) decreased by $3.4 million in 2025 compared to 2024:

- Investment income decreased slightly by $.1 million.
- Federal appropriations - capital increased by $.2 million as a result of increased federal funding for the University's component unit, Applied Research Foundation.
- State Appropriations – capital increased by $2.1 million as there were increased expenses and funding related to deferred maintenance projects.
- Contribution of capital assets from the Foundation – decreased by $5 million in 2025 from 2024 as a result of a one-time contribution of assets from the Foundation in 2024.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Capital Asset Activity

At June 30, 2026, the University's capital assets, net of accumulated depreciation, totaled $55.4 million, an increase of $6.4 million (13%) from 2025. Major additions and changes include:

- Construction in Progress increased by $4 million. There were $6.3 million in additions to construction in progress and $2.3 million in completed projects that were transferred into buildings during fiscal year 2026. The significant project that is ongoing that has not been placed in services is the MEC Buildout. This project is being funded through a federal grant that was awarded to the University's component unit, Applied Research Foundation.
- Completion of approximately $4 million in building additions related to the following:
    - HVAC/AC replacements and installations totaled approximately $1.5 million impacting several buildings including the Conley Hall, Dickason Hall, Hatter Hall, the Library , Mahood Hall, the Student Union and MEC Main Building and MEC building C.
    - Roof replacements totaling approximately $1 million were performed at the Basic Science Building and the Physical Education/Health building.
    - Handrails, sidewalks and drainage improvements totaling approximately $.7 million were completed at the Basic Science Building, Dickason Hall, Hatter Hall, the Physical Education/Health building, Library, Student Union and the MEC Main Building.

  - Lighting upgrades totaling approximately $.5 million were completed at the Cottages.
- Equipment purchases of $.5 million consisted of various items including nursing equipment, furniture, and a vehicle and related items.
- Right-to-Use Assets increased by $.4 million related to a five-year noncancellable lease agreement entered into by the University for the use of Mitchell Stadium.
- Subscription assets increased by $.2 million. The increase relates to four new software agreements entered into by the University.

Long-Term Financing Activity

Total long-term liabilities increased from $.6 million to $1.2 million (77%), reflecting the net impact of new obligations:

- Lease Liabilities (noncurrent) increased by $.2 million due to a new lease arrangement entered into by the University for the use of Mitchell Stadium.
- Net other postemployment benefit (OPEB) liabilities – increased $0.1 million in aggregate due to updated actuarial valuations.
- Loan Payable (noncurrent) increased by .2 million as a result of the University entering into a loan agreement with the Foundation in September of 2025 for $400,000 to pay bills and other approved institutional obligations on behalf of the University. The remaining balance due on the loan at June 30, 2026 was $.3 million

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

As of the date of issuance of the financial statements, the University is experiencing a slight decrease in enrollment compared with the prior year. Current enrollment is approximately 1,090 full-time equivalent (FTE) students, compared with 1,164 FTE students at the same point in the prior year. The decrease in enrollment is expected to affect tuition and fee revenues and, accordingly, the University's financial position and results of operations in FY2027.

The University is also experiencing turnover in certain key administrative positions, including accounting, payroll, and executive leadership. The University is actively recruiting for a President, Chief Financial Officer, and accountant. The Board of Governors and the West Virginia Higher Education Policy Commission are providing additional resources, including training and personnel, to support the University during this transition.

As of the date of issuance, the University is actively managing its accounts payable and prioritizing payments based on available cash resources and operational needs. The University is monitoring cash flow and liquidity as it manages current obligations and develops its financial plans for FY2027 and subsequent years.

BLUEFIELD STATE UNIVERSITY
STATEMENTS OF NET POSITION
JUNE 30, 2026 AND 2025

	Primary Government		Component Unit	
	2026	2025	2026	2025
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 2,108,447	$3,465,517	$442,451	$597,974
Accounts Receivable, Net of Allowance of $1,315,270 and $842,935 in 2026 and 2025, respectively	3,881,114	1,335,890	-	-
Contributions Receivable, Net of Discount and Allowance	-	-	1,000	110,970
Other Receivable	-	-	1,294,940	297,202
Interest Receivable	-	-	16,190	16,873
Investments	-	-	7,645,439	6,913,095
Prepaid Expenses and Other Assets	10,984	1,105	8,728	75,841
Due from the Commission	33,559	57,637	-	-
Assets Held for Others	-	-	153,740	120,866
Inventories	22,092	21,867	-	-
Total Current Assets	6,056,196	4,882,016	9,562,488	8,132,821
NONCURRENT ASSETS				
Cash Restricted for Long-Term Investment	-	-	522,802	113,573
Investments	819,661	725,779	-	-
Capital Assets, Net of Accumulated Depreciation	55,401,631	48,851,159	-	-
Other Postemployment Benefits Asset	-	32,596	-	-
Total Noncurrent Assets	56,221,292	49,609,534	522,802	113,573
Total Assets	62,277,488	54,491,550	10,085,290	8,246,394
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows OPEB	447,992	223,488	-	-
Deferred Outflows TRS Plan	70,892	73,572	-	-
Total Deferred Outflows of Resources	518,884	297,060	-	-
Total Assets and Deferred Outflows of Resources	$ 62,796,372	$ 54,788,610	$ 10,085,290	$ 8,246,394
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION				
CURRENT LIABILITIES				
Accounts Payable	$ 4,463,545	$ 2,214,552	$ 527,365	$ 196,353
Amounts Held on Behalf of Others	-	-	153,740	120,866
Due to the Commission	5,210	384	-	-
Accrued Liabilities	1,318,915	1,249,196	-	-
Unearned Revenue	482,257	1,498,059	842,703	914,423
Compensated Absences, Current Portion	1,027,406	1,053,704	-	-
Lease Liability, Current Portion	69,398	-	-	-
Subscription Liability, Current Portion	176,046	136,087	-	-
Loan Payable, Current Portion	106,000	-	-	-
Total Current Liabilities	7,648,777	6,151,982	1,523,808	1,231,642
NONCURRENT LIABILITIES				
Compensated Absences	324,443	332,748	-	-
Net Pension Liability	117,192	166,355	-	-
Net OPEB Liability	119,239	-	-	-
Lease Liability	251,109	-	-	-
Subscription Liability, Net of Current Liabilities	145,904	166,521	-	-
Loan Payable	222,605	-	-	-
Total Noncurrent Liabilities	1,180,492	665,624	-	-
Total Liabilities	8,829,269	6,817,606	1,523,808	1,231,642
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows OPEB	226,997	128,637	-	-
Deferred Inflows TRS Plan	36,104	54,997	-	-
Total Deferred Inflows of Resources	263,101	183,634	-	-
Total Liabilities and Deferred Inflows of Resources	9,092,370	7,001,240	1,523,808	1,231,642
NET POSITION				
Net Investment in Capital Assets	54,299,739	48,038,516	-	-
Restricted for:				
Nonexpendable Endowment	577,705	577,705	3,150,155	2,456,015
OPEB	-	32,596	-	-
Expendable Grants	26,500	85,000	3,537,858	2,752,325
Unrestricted (Deficit)	(1,199,942)	(946,447)	1,873,469	1,806,412
Total Net Position	53,704,002	47,787,370	8,561,482	7,014,752
Total Liabilities, Deferred Inflows, and Net Position	$ 62,796,372	$ 54,788,610	$ 10,085,290	$ 8,246,394

See accompanying notes to the financial statements.

BLUEFIELD STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2026 AND 2025

	Primary Government		Component Unit	
	2026	2025	2026	2025
OPERATING REVENUES				
Student Tuition and Fees (Net of Scholarship Allowance of $6,760,991 and $7,050,197, in 2026 and 2025, respectively)	$ 8,414,046	$ 6,644,858	$ -	$ -
Contributions	-	-	1,043,666	441,079
Contracts and Grants:				
Federal	5,828,219	4,323,476	-	-
State	1,611,208	3,085,962	-	-
Private	146,367	202,964	-	-
Foundation	488,191	405,299	-	-
Federal Pell Grants	3,654,859	3,570,536	-	-
Auxiliary Enterprise Revenue (Net of Scholarship Allowance of $1,287,808 and $961,390, in 2026 and 2025, respectively)	2,406,860	2,245,012	-	-
Dining Service Reimbursement Revenue	-	-	1,633,026	1,420,154
Miscellaneous - Net	69,457	91,212	159,100	175,352
Total Operating Revenues	22,619,207	20,569,319	2,835,792	2,036,585
OPERATING EXPENSES				
Salaries and Wages	13,654,920	13,232,723	72,778	30,817
Benefits	3,525,142	3,226,268	-	-
Supplies and Other Services	7,934,705	7,826,129	307,406	238,742
Utilities	2,136,722	1,890,243	-	-
Student Financial Aid - Scholarships and Fellowships	1,949,854	2,596,285	288,062	461,524
Dining Service Contract	-	-	1,704,747	1,469,201
Fundraising	-	-	19,605	16,027
Depreciation	2,543,115	2,468,554	-	-
Amortization	265,430	141,407	-	-
Total Operating Expenses	32,009,888	31,381,609	2,392,598	2,216,311
OPERATING LOSS	(9,390,681)	(10,812,290)	443,194	(179,726)
NONCAPITAL SUBSIDIES				
State appropriations	7,094,661	7,081,263	-	-
Federal HEERF Grants	-	2,640,039	-	-
Payments on Behalf of the University	139,893	81,838	-	-
Total Noncapital Subsidies	7,234,554	9,803,140	-	-
OPERATING INCOME (LOSS) AND NONCAPITAL SUBSIDIES	(2,156,127)	(1,009,150)	443,194	(179,726)
OTHER NONOPERATING REVENUES (EXPENSES)				
Investment Income	173,937	239,630	1,103,536	583,264
Assessments by the Commission for Debt Service	(10,985)	(10,899)	-	-
Federal Appropriations - Capital	3,334,501	461,000	-	-
State Appropriations - Capital	4,575,306	2,221,935	-	-
Net Nonoperating Revenues	8,072,759	2,911,666	1,103,536	583,264
CHANGE IN NET POSITION	5,916,632	1,902,516	1,546,730	403,538
Net Position - Beginning of Year	47,787,370	45,884,854	7,014,752	6,611,214
NET POSITION - END OF YEAR	$ 53,704,002	$ 47,787,370	$ 8,561,482	$ 7,014,752

See accompanying notes to the financial statements.

BLUEFIELD STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Student Tuition and Fees	$ 7,960,432	$ 6,032,250
Contracts and Grants	6,080,130	5,494,487
Direct Lending Receipts	5,257,246	4,623,616
Direct Lending Payments	(5,257,246)	(4,623,616)
Payments to and on Behalf of Employees	(17,041,160)	(16,721,648)
Payments to Suppliers	(6,276,128)	(7,741,306)
Payments to Utilities	(1,534,194)	(2,024,758)
Payments for Scholarships and Fellowships	(1,949,854)	(2,596,285)
Auxiliary Enterprise Charges	2,406,860	2,245,012
Other Receipts, Net	(301,239)	(53,249)
Net Cash Used in Operating Activities	(10,655,153)	(15,365,497)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	7,094,661	7,081,263
Federal HEERF	-	5,179,051
Federal Pell Grants	3,654,859	3,593,292
Proceeds from Loan Payable	400,000	-
Repayments on Loan Payable	(71,395)	-
Net Cash Provided by Noncapital Financing Activities	11,078,125	15,853,606
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets	(8,766,035)	(6,361,411)
Payments to Commission for Debt Service	(10,985)	(10,899)
Government Appropriations and Grants	7,170,056	2,682,935
Principal Payments on Subscription & Lease Liabilities	(253,133)	(137,935)
Net Cash Used in Capital Financing Activities	(1,860,097)	(3,827,310)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	80,055	175,940
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,357,070)	(3,163,261)
Cash and Cash Equivalents - Beginning of Year	3,465,517	6,628,778
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,108,447	$ 3,465,517
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating Loss	$ (9,390,681)	$ (10,812,290)
Adjustments to Reconcile Net Operating Loss to Net Cash Used in Operating Activities:		
Federal Pell Grants	(3,654,859)	(3,593,292)
Depreciation and Amortization Expense	2,808,545	2,609,961
Pension Expense - Special Funding Situation	(1,414)	26,652
OPEB Expense - Special Funding Situation	141,307	55,186
Effect of Changes in Operating Assets and Liabilities:		
Accounts Receivables, Net	(1,805,473)	(327,739)
Due (to) from the Commission	28,904	(65,414)
Prepaid Expenses	(9,879)	3,832
Inventories	(225)	3,704
Deferred Outflows of Resources	(221,824)	(117,159)
Accounts Payable	2,248,993	(522,992)
Accrued Liabilities	69,719	(128,408)
Compensated Absences	(34,603)	(81,449)
Other Postemployment Benefits	151,835	230,421
Net Pension Liability	(49,163)	(20,873)
Unearned Revenue	(1,015,802)	(2,401,402)
Deferred Inflows of Resources	79,467	(224,235)
Net Cash Used in Operating Activities	$ (10,655,153)	$ (15,365,497)
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS		
Expenses Paid on Behalf of the University	$ 139,893	$ 81,838
Addition of right-of-use assets	$ 592,982	$ 126,684

See accompanying notes to the financial statements.

NOTE 1 ORGANIZATION

Bluefield State University (University) is governed by the Bluefield State University Board of Governors (Board). The Board was established by Senate Bill 653 (S.B. 653).

Powers and duties of the Board include, but are not limited to, the power to determine, control, supervise, and manage the financial, business, and educational policies and affairs of the institution 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 (Commission) and the West Virginia Higher Education Fund (Fund). The Commission is responsible for developing, gaining consensus around and overseeing the implementation and development of a higher education public policy agenda.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the University have been prepared in accordance with accounting principles generally accepted in the United States of America 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.

Reporting Entity

The University is a blended component unit of the Fund and represents separate funds of the State of West Virginia (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), and West Virginia Council for Community and Technical College Education form the Higher Education Fund of the State. The Fund is considered a component unit of the State, and its financial statements are discretely presented in the State's Annual Comprehensive Financial Report.

The basic criteria for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from the University's ability to significantly influence operations and accountability for fiscal matters of related entities.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accompanying financial statements present all funds under the authority of the University, including its blended component unit, the Applied Research Foundation of West Virginia State (ARF), a nonprofit, nonstock corporation. The basic criteria for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from the University's ability to significantly influence operations and accountability for fiscal matters of the ARF.

The Bluefield State University Alumni Association is not part of the University reporting entity and is not included in the accompanying financial statements as the University has no ability to designate management, cannot significantly influence operations of the entity and is not accountable for the fiscal matters of the entity under GASB.

The Bluefield State University Foundation, Inc. (Foundation) is a separate nonprofit organization incorporated in the State of West Virginia and has as its purpose to aid, strengthen, and further in every proper and useful way, the work and services of the University and its affiliated nonprofit organizations. Oversight of the Foundation is the responsibility of a separate and independently elected Board of Directors, not otherwise affiliated with the University. 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. Although the University does not control the timing or amount of funds received from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is therefore discretely presented with the University's financial statements in accordance with applicable GASB guidance. Complete financial statements for the Foundation can be obtained from the President of the Foundation at 219 Rock Street, Bluefield, West Virginia 24701.

The Foundation's policy is to prepare its financial statements on the accrual basis of accounting. Under this basis, revenues are recognized when earned and expenses are recognized when incurred. If expenditure results in the acquisition of an asset having an estimated useful life which extends substantially beyond the year of acquisition, the expenditure is capitalized and depreciated or amortized over the estimated useful life of the asset. Nonoperating revenues consist of investment income. The University elects to report its activity as "business-type activities".

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

GASB establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a basis to focus on the University as a whole. Net position is classified into four categories according to external donor restrictions or availability of assets for satisfaction of University obligations. The University's net position is classified as follows:

Net Investment in Capital Assets

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

Restricted Net Position, Expendable

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

The West Virginia State Legislature, as a regulatory body outside the reporting entity, has restricted the use of certain funds by Article 10, *Fees and Other Money Collected as State Institutions of Higher Education* of the West Virginia State Code. House Bill 101 passed in March 2004 simplified the tuition and fee structure and removed the restrictions but included designations associated with auxiliary and capital items. These activities are fundamental to the normal ongoing operations of the institution. These restrictions are subject to change by future actions of the State Legislature.

Restricted Net Position, Nonexpendable

This includes endowment and similar type funds in 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 Net Position

Unrestricted net position 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.

Unrestricted 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 Board.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government entity engaged only in business-type activities. Accordingly, the University's financial statements have been prepared on the accrual basis of accounting with a flow of economic resources measurement focus. Revenues are reported when earned and expenditures when materials or services are received. All intercompany accounts and transactions have been eliminated.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the University considers all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

Cash and cash equivalents balances on deposit with the State of West Virginia Treasurer's Office (State Treasurer) are pooled by the State Treasurer with other available funds of the State for investment purposes by the West Virginia Board of Treasury Investments (BTI). These funds are transferred to the BTI and the BTI is directed by the State Treasurer to invest the funds in specific external investment pools in accordance with West Virginia code, policies set by the BTI, and by provisions of bond indentures and trust agreements, when applicable.

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 State Legislature and is subject to oversight by the State Legislature. Fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. The amounts on deposit are available for immediate withdrawal or on the first day of each month for the WV Short Term Bond Pool and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

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 BTI's investment operations pool can be found in its annual audited financial report. A copy of the annual audited financial report can be obtained from the following address: 1900 Kanawha Boulevard East, Room E-122, Charleston, West Virginia 25305 or www.wvbti.com.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Permissible investments for all agencies include those guaranteed by the United States of America, its agencies and instrumentalities (U.S. Government obligations); corporate debt obligations, including commercial paper, which meet certain ratings; certain money market funds; repurchase agreements; reverse repurchase agreements; asset-backed securities; certificate of deposit; state and local government securities (SLGS); and other investments. Other investments consist primarily of investments in accordance with the Linked Deposit Program, a program using financial institutions in West Virginia to obtain certificates of deposit, loans approved by the legislature and any other program investments authorized by the legislature.

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 State Treasurer but are obligations of the State.

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

Inventories
Inventories are stated at the lower-of-cost or market, cost being determined on the first-in, first-out method.

Noncurrent Cash, Cash Equivalents, and Investments
Cash, cash equivalents, and investments that are (1) externally restricted to make debt service payments and long-term loans to students, or to maintain sinking or reserve funds, (2) to purchase capital or other noncurrent assets or settle long-term liabilities, or (3) permanently restricted net position, are classified as a noncurrent asset in the accompanying statements of net position.

Investments
The University's investments are reported at fair value. The University's investments were on deposit with First Community Bank, Inc. and Summit Community Bank. These funds represented the George M. Cruise Endowed Chair of Health Sciences/Nursing and the James H. Shott Endowed Chair of Business, respectively. Funds on deposit are invested in Federal Agency Bonds, money market funds, the underlying securities of which are securities of the U.S. Government, Federated Prime Value Obligation Funds, equity market funds, fixed income securities, and other mutual funds invested in high-quality fixed income securities. These funds are classified as long term due to the restrictions on expenditure. Amounts held for restricted expenditures are available for immediate withdrawal.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments measured and reported at fair value are classified according to the following hierarchy. Level 1, investments reflect prices quoted in active markets. Level 2, investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active. Level 3, investments reflect prices based upon unobservable inputs. The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Investments are made 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.

Investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain securities, it is reasonably possible that changes in risk and values will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Capital Assets

Capital assets include property, plant, equipment, books, and materials that are part of a catalogued library and infrastructure assets. Capital assets are stated at cost at the date of acquisition or construction, or at acquisition value at the date of donation in the case of gifts, with the exception of intangible right-to-use subscription assets, the measurement of which is discussed under subscription liabilities below. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 20 to 50 years for buildings and infrastructure, 20 years for land improvements, seven years for library books, and three to 10 years for furniture and equipment. The University's capitalization threshold is $5,000.

Leases

University lease agreements are recognized as a lease liability and an intangible right-to-use lease asset (lease asset) at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability is measured at the present value of payments expected to be made during the lease term, less any lease incentives. The lease asset is measured at the amount of the initial measurement of the lease liability, adjusted for any payments made to the lessor at or before the commencement of the lease term plus certain initial direct costs. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is amortized on the straight-line method over the shorter of the lease term or the useful life of the underlying asset. Short-term leases are defined as leases that, at the commencement of the lease term, have a maximum possible term under the lease contract of 12 months or less, including any options to extend, regardless of their probability of being exercised. Short-term lease payments are recognized as expenditures based on the payment provisions of the lease contract. An asset is recognized if payments are made in advance or a liability for rent due if payments are made subsequent to the reporting period.

Key estimates and judgments related to leases include how the University determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- The University uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the University generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the University is reasonably certain to exercise.

The University monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Leases are reported as right of use asset - leases and lease liability on the statement of net position.

Subscription Liabilities

The University is a lessee for noncancellable software subscriptions. The University recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) as part of capital assets, net of accumulated depreciation on the Statement of Net Position.

At the commencement of a subscription, the University initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on the straight-line basis over its useful life.

Key estimates and judgements related to subscription liabilities include how the University determines (1) the discount rate it uses to discount the expected contract payments to present value, (2) subscription term, and (3) subscription payments.

- The University uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the University generally uses its estimated incremental borrowing rate as the discount rate for subscription contracts.
- The subscription term includes the noncancellable period of the subscription. If a subscription automatically renews after the initial term, the University uses a period of three years to record the subscription liability for automatic renewals. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the University is reasonably certain to exercise.

The University monitors changes in circumstances that would require remeasurement of its subscription liability and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subscription assets are reported with capital assets and subscription liabilities are reported with long term liabilities on the Statement of Net Position.

Unearned Revenue

Revenues for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenue, including items such as orientation fees and room and board. Financial aid and other deposits are separately classified as deposits.

Compensated Absences, Pension, and Other Postemployment Benefits (OPEB)

GASB provides for the measurement, recognition, and display of pension and OPEB expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information.

During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State. The University is required to participate in this multiple-employer, cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State. Details regarding this plan and its stand-alone financial statements can be obtained by contacting the West Virginia Public Employees Insurance Agency (PEIA), 601 57th St. SE, Suite 2, Charleston, West Virginia 25304-2345 or www.peia.wv.gov.

GASB requires entities to accrue for employees' rights to receive compensation for vacation leave or payments in lieu of accrued vacation or sick leave as such benefits are earned and payment becomes more likely than not. 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 also earn 1 1/2 sick leave days for each month of service and are entitled to extend their health or life insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. Generally, two days of accrued sick leave extend health insurance for one month of single coverage, and three days extend health insurance for one month of family coverage. For employees hired after 1988, or who were hired before 1988 but did not choose such coverage until after 1988 but before July 1, 2001, the employee shares in the cost of the extended benefit coverage to the extent of 50% of the premium required for the extended coverage. Employees hired July 1, 2001, or later will no longer receive sick leave credit toward insurance premiums when they retire. Additionally, all retirees have the option to purchase continued coverage regardless of their eligibility for premium credits. This liability is now provided for under the multiple-employer, cost-sharing plan sponsored by the State.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences, Pension, and Other Postemployment Benefits (OPEB) (Continued)

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 for one year of single coverage, and five years extend health insurance for one year of family coverage. Faculty hired after July 1, 2009, will no longer receive years of service credit toward insurance premiums when they retire. Employees hired after July 1, 2010, receive no health insurance premium subsidy from the University. 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 retired before July 1, 2010, return to active service after July 1, 2010, and then go back into retirement. In those cases, the original hire date will apply.

Two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. Vacation, up to specific limits, is fully vested when earned, and sick leave, while not vesting to the employee prior to retirement, can be carried over to subsequent periods. A liability for sick leave is determined by a three-year average amount of sick leave taken as the amount of sick leave predicted to be used in the upcoming year.

The estimated expense and expense incurred for the compensated absences, pension, and OPEB benefits are recorded as a component of benefits expense in the statements of revenues, expenses, and changes in net position.

Deferred Inflows and 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 statements of net position. 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 statements of net position.

As of June 30, 2026 and 2025, the University had deferred inflows and outflows of resources related to pension and OPEB as more fully described in Notes 13 and 10, respectively.

Risk Management

The State's Board of Risk and Insurance Management (BRIM) provides general, property and casualty, and medical malpractice liability coverage to the University and its employees. Such coverage may be provided to the University by BRIM through self-insurance programs maintained by BRIM or policies underwritten by BRIM that may involve experience-related premiums or adjustments to BRIM.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BRIM engages an independent actuary to assist in the determination of its premiums so as to minimize the likelihood of 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 currently charged by BRIM to the University and the University's ultimate actual loss experience, the difference will be recorded, as the change in estimate becomes known.

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

The State has a single private insurance company, Encovia Insurance, which provided workers' compensation coverage to all employers in the state. Encovia retains the risk related to the compensation of injured employees under the program.

Classification of Revenues

The University has classified its revenues as either operating, noncapital subsidies, or other nonoperating 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, (3) most federal, state, local, and nongovernmental grants and contracts, and (4) sales and services of educational activities.
- **Noncapital Subsidies**
  Noncapital subsidies are resources received from another party or fund (1) for which the University does not provide goods and services to the other party or fund and (2) that directly or indirectly keep the University's current or future fees and charges lower than they would be otherwise, as well as all other transfers that are not capital in nature. Noncapital subsidies include state appropriations, Federal HEERF grants, and on-behalf payments made by the State related to the University's pension and OPEB obligations.
- **Other Nonoperating Revenues and Expenses**
  Other nonoperating revenues and expenses include (1) investment income and expenses, (2) revenues and expenses related to financing activities, including interest expense on long-term debt, (3) resources from the disposal of capital assets, and (4) capital grants and contributions.

Use of Restricted Net Position

When both restricted and unrestricted resources are available for use, it is generally the University's policy to use restricted resources first, and then unrestricted resources as they are needed.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Financial Assistance Programs

The University makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through the University. Direct student loan receivables are not included in the University's statements of net position as the loans are repayable directly to the U.S. Department of Education. In 2026 and 2025, respectively, the University received and disbursed approximately $5.2 million and $4.6 million, under the Federal Direct Student Loan Program on behalf of the U.S. Department of Education, which is not included as revenue and expense on the statements 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 federal Pell Grant, Supplemental Educational Opportunity Grant, Higher Education Emergency Relief Funds, and Federal Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2026 and 2025, the University received and disbursed approximately $3.7 million and $3.6 million, respectively, under these federal student aid programs.

Scholarship Allowances

Student tuition, fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the statements of revenues, expenses, and changes in net position. Scholarship 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 student's behalf.

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. In accordance with a formula prescribed by the National Association of College and University Business Officers (NACUBO), the University allocates the cost of scholarships, waivers, and other student financial aid between discounts and allowances (netted against tuition and fees) and student aid expense.

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 five years.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The University is exempt from income taxes, except for unrelated business income, as a governmental instrumentality under federal income tax laws and regulations of the Internal Revenue Service as described in Section 115 of the Internal Revenue Code.

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 expenditures during the reporting period. Actual results could differ from those estimates.

Newly Adopted Statements Issued by the Governmental Accounting Standards Board (GASB)

GASB Statement No. 103, *"Financial Reporting Model Improvements"* was adopted for the year ended June 30, 2026. The Statement updated certain financial reporting presentation and disclosure requirements, including management's discussion and analysis and, where applicable, budgetary comparison information, proprietary fund presentation, component unit presentation, and the reporting of unusual or infrequent items. The adoption did not affect the recognition or measurement of the University's assets, liabilities, revenues, or expenses, or beginning net position. The adoption resulted in reclassifications and related changes in presentation and disclosures of the financial statements and required supplementary information. Prior-year amounts, where presented, have been reclassified to conform to the current-year presentation, and no restatement was required. The following prior year financial statement line items are affected by the application of the new accounting principle as follows:

Financial Statement Line Item	As Previously Reported	As Reported Under GASB 103
Operating revenues		
Federal Pell Grants	$ -	$ 3,570,536
Federal Grants	4,784,476	4,323,476
State Grants	5,307,897	3,085,962
Noncapital Subsidies		
State appropriations	$ -	$ 7,081,263
Federal HEERF Grants	-	2,640,039
Payments on Behalf of the University	-	81,838
Other Nonoperating Revenues (Expenses)		
State Appropriations	$ 7,081,263	$ -
Federal HEERF Grants	2,640,039	-
Federal Pell Grants	3,570,536	-
Payments on Behalf of the University	81,838	-
Federal Appropriations - Capital	-	461,000
State Appropriations - Capital	-	2,221,935

GASB Statement No. 104, “Disclosure of Certain Capital Assets” was adopted for the year ended June 30, 2026. GASB 104 requires certain capital assets to be disclosed separately in the capital asset note disclosures and establishes disclosure requirements for capital assets held for sale. The adoption of this statement affected the presentation and disclosure of certain capital asset information but did not have an impact on beginning net position or the recognition or measurement of capital assets.

Recent Statements Issued by the Governmental Accounting Standards Board (GASB)

GASB has issued statements that will become effective in future years including Statement No. 105 (Subsequent Events). Management has not yet determined the impact of this statement on the financial statements.

NOTE 3 CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents held was as follows:

	June 30, 2026
State Treasurer	$ 1,378,520
In Bank	726,852
On Hand	3,075
Total	$ 2,108,447

	June 30, 2025
State Treasurer	$ 3,132,755
In Bank	329,687
On Hand	3,075
Total	$ 3,465,517

Cash in bank balances were covered by federal depository insurance up to established limits or were collateralized by securities held by the State's agent.

Amounts with the State Treasurer as of June 30, 2026 and 2025, are comprised of two investment pools, the WV Money Market Pool, and the WV Short Term Bond Pool.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The WV Money Market Pool has been rated AAAm by Standard & Poor's. 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. Neither the BTI itself nor any of the other Consolidated Fund pools or accounts, including the WV Short Term Bond Pool, has been rated for credit risk by any organization. The WV Money Market Pool and the WV Short Term Bond Pool are subject to credit risk.

The BTI limits the exposure to credit risk in the WV Money Market Pool by requiring all long-term corporate debt to be rated A+ or higher by Standard & Poor's (or its equivalent) and short-term corporate debt be rated at A-1 by Standard & Poor's (or its equivalent).

The BTI limits the exposure to credit risk in the WV Short Term Bond Pool by requiring all long-term corporate debt to be rated BBB- or higher by Standard & Poor's (or its equivalent) and short-term corporate debt be rated at A-1 by Standard & Poor's (or its equivalent). Mortgage-backed and asset-backed securities must be rated AAA by Standard & Poor's (or its equivalent)

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

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 amounts with the State Treasurer are subject to interest rate risk.

The overall weighted average maturity of the investments of the WV Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days. The weighted average maturity of the investments in the WV Money Market Pool as of June 30, 2026 and 2025, respectively, was 46 days and 41 days.

The overall effective duration of the investments of the WV Short Term Bond Pool is limited to a +/- 30 percent band around the effective duration of the portfolio's benchmark (the ICE BofAML 1-3 US Corporate & Government Index). As of June 30, 2026 and 2025, the effective duration was 672 days. Maximum effective duration of individual securities cannot exceed 1,827 days (five years) from the date of purchase.

Other Risks

Other risks can include concentration of credit risk, custodial credit risk, and foreign currency risk. BTI's pools are not exposed to these risks as described below.

Concentration of credit risk is the risk of loss attributed to the magnitude of the BTI pool or an account's investment in a single corporate issuer. The BTI investment policy prohibits the WV Money Market Pool from investing more than 5% of their assets in any one corporate name or one corporate issue.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the BTI will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Repurchase agreements are required to be collateralized by at least 102% of their value, and the collateral is held in the name of the BTI. The BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. None of BTI's investment pools hold interests in foreign currency or interests valued in foreign currency.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable were as follows at June 30:

Description	2026	2025
Student Tuition and Fees, Net of Allowance for Doubtful Accounts of $1,315,270 and $842,935 in 2026 and 2025, respectively	$ 605,003	$ 151,389
Grants and Contracts Receivable, Net of Allowance for Doubtful Accounts of $-0- in 2026 and 2025	2,886,713	924,951
Other Accounts Receivable	389,398	259,550
Accounts Receivable, Net	$ 3,881,114	$ 1,335,890

NOTE 5 INVESTMENTS

The University categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The University had the following recurring fair value measurements comprised of investments as of June 30:

	2026			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market	12,500	$ 12,500	$ -	$ -
U.S. Government Agenc	-			
Securities		-	-	-
Bond Mutual Funds:				
Fixed Income	262,641	262,641	-	-
Equity Mutual Funds:				
Domestic Large Cap	292,559	292,559	-	-
Domestic Mid-Cap	76,929	76,929	-	-
Domestic Small Cap	72,083	72,083	-	-
International	102,949	102,949	-	-
Total	$ 819,661	$ 819,661	$ -	$ -

NOTE 5 INVESTMENTS (CONTINUED)

	2025			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market	34,709	$ 34,709	$ -	$ -
Corporate Bonds	-	-	-	-
U.S. Government Agenc	-			
Securities		-	-	-
Bond Mutual Funds:				
Fixed Income	216,778	216,778	-	-
High Yield		-	-	-
Equity Mutual Funds:				
Domestic Large Cap	265,859	265,859	-	-
Domestic Mid-Cap	65,632	65,632	-	-
Domestic Small Cap	57,901	57,901	-	-
International	84,900	84,900	-	-
Total	$ 725,779	$ 725,779	$ -	$ -

The investments are held with third-party trustees. The following is a description of the University's investment risks:

Credit risk. The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The University does not have a formal investment policy related to credit risk. The money market funds invest in Federated Government Obligation Funds. These funds are rated AA+ by Standard & Poor's. Corporate bonds are rated as follows by Standard & Poor's: 50% A- and 50% AA-. U.S. Government Agency securities are rated AA+ 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 the investments. The University does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of credit risk. The risk of loss attributed to the magnitude of an investment in a single issuer. No investment in any one issuer exceeded 5% of the total portfolio at the time of purchase.

NOTE 6 CAPITAL ASSETS

The following is a summary of capital asset transactions for the University for the years ended June 30:

	2026				
	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital Assets not being Depreciated:					
Land	$ 2,501,942	$ -	$ -	$ -	$ 2,501,942
Construction in Progress	5,120,468	6,316,057	-	(2,249,586)	9,186,939
Total Capital Assets not being Depreciated	$ 7,622,410	$ 6,316,057	$ -	$ (2,249,586)	$ 11,688,881
Capital Assets Being Depreciated:					
Land Improvements	$ 5,478,378	$ -	$ -	$ -	$ 5,478,378
Buildings	67,349,911	1,885,056	-	2,249,586	71,484,553
Equipment	5,980,293	548,586	-	-	6,528,879
Library Books	1,436,224	-	-	-	1,436,224
Right-to-use asset - Buildings	-	383,634	-	-	383,634
Subscription asset	618,364	225,684	-	-	844,048
Total Capital Assets Being Depreciated	80,863,170	3,042,960	-	2,249,586	86,155,716
Less Accumulated Depreciation for:					
Land Improvements	4,747,330	73,888	-	-	4,821,218
Buildings	28,470,111	2,047,346	-	-	30,517,457
Equipment	4,640,679	421,483	-	-	5,062,162
Library Books	1,435,812	398	-	-	1,436,210
Right-to-use asset - Buildings	-	76,727	-	-	76,727
Subscription asset	340,489	188,703	-	-	529,192
Total Accumulated Depreciation	39,634,421	2,808,545	-	-	42,442,966
Capital Assets Being Depreciated - Net	$ 41,228,749	$ 234,415	$ -	$ 2,249,586	$ 43,712,750
Capital Asset Summary:					
Capital Assets not being Depreciated	$ 7,622,410	$ 6,316,057	$ -	$ (2,249,586)	$ 11,688,881
Other Capital Assets	80,863,170	3,042,960	-	2,249,586	86,155,716
Total Cost of Capital Assets	88,485,580	9,359,017	-	-	97,844,597
Less: Accumulated Depreciation and Amortization	39,634,421	2,808,545	-	-	42,442,966
Capital Assets - Net	$ 48,851,159	$ 6,550,472	$ -	$ -	$ 55,401,631

NOTE 6 CAPITAL ASSETS (CONTINUED)

	2025				
	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital Assets not being Depreciated:					
Land	$ 2,501,942	$ -	$ -	$ -	$ 2,501,942
Construction in Progress	4,121,582	5,934,076	-	(4,935,190)	5,120,468
Total Capital Assets not being Depreciated	$ 6,623,524	$ 5,934,076	$ -	$ (4,935,190)	$ 7,622,410
Capital Assets Being Depreciated:					
Land Improvements	$ 5,478,378	$ -	$ -	$ -	$ 5,478,378
Buildings	62,178,929	235,792	-	4,935,190	67,349,911
Equipment	5,788,750	191,543	-	-	5,980,293
Library Books	1,436,224	-	-	-	1,436,224
Right-to-use asset - Buildings	-	-	-	-	-
Subscription asset	491,680	126,684	-	-	618,364
Total Other Capital Assets	75,373,961	554,019	-	4,935,190	80,863,170
Less Accumulated Depreciation for:					
Land Improvements	4,671,878	75,452	-	-	4,747,330
Buildings	26,548,823	1,921,288	-	-	28,470,111
Equipment	4,169,791	470,888	-	-	4,640,679
Library Books	1,434,886	926	-	-	1,435,812
Right-to-use asset - Buildings	-	-	-	-	-
Subscription asset	199,082	141,407	-	-	340,489
Total Accumulated Depreciation	37,024,460	2,609,961	-	-	39,634,421
Capital Assets Being Depreciated - Net	$ 38,349,501	$(2,055,942)	$ -	$ 4,935,190	$41,228,749
Capital Asset Summary:					
Capital Assets not being Depreciated	$ 6,623,524	$ 5,934,076	$ -	$ (4,935,190)	$ 7,622,410
Other Capital Assets	75,373,961	554,019	-	4,935,190	80,863,170
Total Cost of Capital Assets	81,997,485	6,488,095	-	-	88,485,580
Less: Accumulated Depreciation and Amortization	37,024,460	2,609,961	-	-	39,634,421
Capital Assets - Net	$ 44,973,025	$ 3,878,134	$ -	$ -	$48,851,159

At June 30, 2026 and 2025, the University reported certain intangible right-to-use assets related to leases- buildings and subscription assets. These assets are presented separately from owned capital assets in accordance with GASB Statement No. 104. Lease assets are disclosed by major class of underlying asset. Subscription assets are disclosed separately from owned capital assets and other intangible assets.

The University maintains certain collections of inexhaustible assets to which no value can be practically determined. Accordingly, such collections are not capitalized or recognized for financial statement purposes. 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.

NOTE 7 LEASE AGREEMENT

In July 2025, the University entered into five-year noncancellable lease agreement for the use of Mitchell Stadium. The University recognizes an intangible right-to-use asset and liability in the financial statements. An initial lease liability was recorded in the amount of $383,634. As of June 30, 2026, the value of the lease liability is $320,507. The University is required to make annual fixed payments ranging from $90,480 to $97,900. The lease has an interest rate of 7.13%. The value of the right-to-use asset as of June 30, 2026 was $383,634 with accumulated amortization of $76,727.

Changes in the lease liability for the years ended June 30 are as follows:

	2026
Beginning balance	$ -
Additions	383,634
Reductions	(63,127)
Ending Balance	320,507
Amount due within one year	69,398
Noncurrent lease obligation	$ 251,109

The following is a schedule of future minimum lease payments for lease liabilities as of June 30, 2026:

Year Ending June 30:	Principal	Interest	Total
2027	$ 69,398	$ 22,852	$ 92,250
2028	76,196	17,904	94,100
2029	83,529	12,471	96,000
2030	91,384	6,516	97,900
	$ 320,507	$ 59,743	$ 380,250

NOTE 8 SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENTS (SBITA)

The University has certain software as a service noncancelable agreements. The University recognizes intangible subscription assets and subscription obligations in the financial statements. These agreements expire at various dates through 2029.

In October 2019, the University entered into five-year subscription with automatic renewals for the use of software. An initial subscription liability was recorded in the amount of $128,730. As of June 30, 2026 and 2025, the value of the subscription liability is $23,762 and $45,159, respectively. The University is required to make annual fixed payments ranging from $14,000 to $25,306. The subscription has an interest rate of 6.5%. The value

NOTE 8 SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENTS (SBITA) (CONTINUED)

of the intangible subscription asset as of June 30, 2026 and 2025 was $128,729 with accumulated amortization of $110,310 and $91,890, respectively.

In February 2023, the University entered into a three-year subscription with automatic renewals for the use of software. An initial subscription liability was recorded in the amount of $48,071. As of June 30, 2026 and 2025, the value of the subscription liability is $19,642 and $27,998, respectively. The University is required to make annual fixed payments ranging from $9,048 to $11,007. The subscription has an interest rate of 6.5%. The value of the intangible subscription asset as of June 30, 2026 and 2025 was $48,071 with accumulated amortization of $32,047 and $24,036 respectively.

In June 2023, the University entered into a four-year subscription for the use of software. An initial subscription liability was recorded in the amount of $283,295. As of June 30, 2026 and 2025, the value of the subscription liability is $58,828 and $132,968, respectively. The University is required to make quarterly fixed payments of $20,250. The subscription has an interest rate of 6.5%. The value of the intangible subscription asset as of June 30, 2026 and 2025 was $283,295 with accumulated amortization of $230,177 and $159,354 respectively.

In July 2024, the University entered into a three-year subscription for the use of software. An initial subscription liability was recorded in the amount of $50,642. As of June 30, 2026 and 2025, the value of the subscription liability is $14,713 and $33,257, respectively. The University is required to make quarterly fixed payments of $5,065. The subscription has an interest rate of 6.5%. The value of the intangible subscription asset as of June 30, 2026 and 2025 was $50,642 with accumulated amortization of $36,831 and $18,415, respectively.

In July 2024, the University entered into a five-year subscription for the use of software. An initial subscription liability was recorded in the amount of $43,794. As of June 30, 2026 and 2025, the value of the subscription liability is $29,022 and $36,640, respectively. The University is required to make annual fixed payments of ranging from $10,000 to $12,000. The subscription has an interest rate of 6.5%. The value of the intangible subscription asset as of June 30, 2026 and 2025 was $43,794 with accumulated amortization of $17,518 and $8,760, respectively.

In May 2025, the University entered into a five-year subscription for the use of software. An initial subscription liability was recorded in the amount of $32,248. As of June 30, 2026 and 2025, the value of the subscription liability is $20,553 and $26,586, respectively. The University is required to make annual fixed payments of $7,760. The subscription has an interest rate of 6.5%. The value of the intangible subscription asset as of June 30, 2026 and 2025 was $32,248 with accumulated amortization of $12,899 and $6,450, respectively.

In November 2025, the University entered into a 9-month subscription with automatic renewals for the use of software. An initial subscription liability was recorded in the amount of $149,779. As of June 30, 2026, the value of the subscription liability is $121,959. The University is required to make annual payments ranging from $38,500 to $51,310. The subscription has an interest rate of 7.13%. The value of the intangible subscription asset as of June 30, 2026 was $149,779 with accumulated amortization of $37,445.

NOTE 8 SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENTS (SBITA) (CONTINUED)

In November 2025, the University entered into a three-year subscription for the use of software, with the entire payment made upfront. An initial subscription liability was recorded in the amount of $0. The value of the intangible subscription asset as of June 30, 2026 was $23,937 with accumulated amortization of $0.

In October 2025, the University entered into a three-year subscription for the use of software. An initial subscription liability was recorded in the amount of $33,628. As of June 30, 2026, the value of the subscription liability is $23,746. The University is required to make annual payments ranging from $12,280 to $13,157. The subscription has an interest rate of 7.13%. The value of the intangible subscription asset as of June 30, 2026 was $33,628 with accumulated amortization of $11,209.

In July 2025, the University entered into a three-year subscription for the use of software. An initial subscription liability was recorded in the amount of $25,941. As of June 30, 2026, the value of the subscription liability is $9,725. The University is required to make annual fixed payments ranging from $9,450 to $10,419. The subscription has an interest rate of 7.13%. The value of the intangible subscription asset as of June 30, 2026 was $18,340 with accumulated amortization of $9,170.

Changes in the subscription obligations for the years ended June 30 are as follows:

	2026	2025
Beginning balance	$ 302,608	$ 313,859
Additions	209,348	126,684
Reductions	(190,006)	(137,935)
Ending Balance	321,950	302,608
Amount due within one year	176,046	136,087
Noncurrent subscription obligations	$ 145,904	$ 166,521

The following is a schedule of future minimum subscription obligation payments for lease liabilities as of June 30, 2026:

Year Ending June 30:	Principal	Interest	Total
2027	$ 176,046	$ 19,529	$ 195,575
2028	79,455	10,117	89,572
2029	66,449	4,621	71,070
	$ 321,950	$ 34,267	$ 356,217

NOTE 9 LONG-TERM LIABILITIES

The following is a summary of long-term obligation transactions for the University for the years ended June 30:

	2026				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued Compensated Absences	$1,386,452	$ -	$ 34,603	$1,351,849	$1,027,406
OPEB Liability (Asset)	(32,596)	151,835	-	119,239	-
Net Pension Liability	166,355	-	49,163	117,192	-
Subscription Liability	302,608	209,348	190,006	321,950	176,046
Lease Liability	-	383,634	63,127	320,507	69,398
Loan Payable	-	400,000	71,395	328,605	106,000
Total Noncurrent Liabilities	$1,822,819	$1,144,817	$408,294	$2,559,342	$1,378,850

	2025				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued Compensated Absences	$1,467,901	$ -	$ 81,449	$1,386,452	$1,053,704
OPEB Liability (Asset)	(263,017)	230,421	-	(32,596)	-
Net Pension Liability	187,228	-	20,873	166,355	-
Subscription Liability	313,859	126,684	137,935	302,608	136,087
Lease Liability	-	-	-	-	-
Loan Payable	-	-	-	-	-
Total Noncurrent Liabilities	$1,705,971	$357,105	$240,257	$1,822,819	$1,189,791

With the adoption of GASB 101, Compensated Absences, only the net change in the compensated absences liability is required to be disclosed.

In September 2025, the University entered into a loan agreement with the Foundation for $400,000. The Foundation agreed to pay bills and other approved institutional obligations on behalf of the University. The loan has an interest rate of 3.00%. The University shall repay the loan in forty equal installments of $8,854, due monthly, for ten months of each year over a four-year term.

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

The following is a schedule of future minimum loan payments as of June 30, 2026:

Year Ending June 30:	Principal	Interest	Total
2027	$ 106,000	$ 8,277	$ 114,277
2028	100,946	5,298	106,244
2029	104,018	2,227	106,245
2030	17,641	66	17,707
	$ 328,605	$ 15,868	$ 344,473

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS

The following are the University's net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, revenues, and the OPEB expense and expenditures for the fiscal years ended June 30:

	2026	2025
Net OPEB Liability (Asset)	$ 119,239	$ (32,596)
Deferred Outflows of Resources - OPEB	447,992	223,488
Deferred Inflows of Resources	226,997	128,637
Revenues (payments on behalf)	135,979	55,186
OPEB Expense	215,595	55,772
Contributions Made by the University	53,925	85,744

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Description

The West Virginia Other Postemployment Benefit (OPEB) Plan (Plan) is a cost-sharing, multiemployer, defined benefit other postemployment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code. Financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State established July 1, 2006 as an irrevocable trust. The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with the approval of the PEIA Finance Board. The Plan provides medical and prescription drug insurance, as well as life insurance, benefits to certain retirees of State agencies, colleges and universities, county boards of education, and other government entities who receive pension benefits under the PERS, STRS, TDCRS, TIAA-CREF, Plan G, Troopers Plan A, or Troopers Plan B pension systems, as administered by the West Virginia Consolidated Public Retirement Board (CPRB). The Plan is closed to new entrants.

The Plan's fiduciary net position has been determined on the same basis used by the Plan. The RHBT is accounted for as a fiduciary fund, and its financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America for fiduciary funds as prescribed or permitted by the GASB. The primary sources of revenue are Plan members and employer contributions. Members' contributions are recognized in the period in which the contributions are due. Employer contributions and related receivables to the trust are recognized pursuant to a formal commitment from the employer or statutory or contractual requirement, when there is a reasonable expectation of collection. Benefits and refunds are recognized when due and payable.

RHBT 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. RHBT issues publicly available financial statements and required supplementary information for the OPEB plan. Details regarding this plan and a copy of the RHBT financial report may be obtained at www.peia.wv.gov.

Benefits Provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

The medical and prescription drug insurance is provided through two options:

- Self-Insured Preferred Provider Benefit Plan – primarily for non-Medicare-eligible retirees and spouses
- External Managed Care Organizations – primarily for Medicare-eligible retirees and spouses

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Contributions

Employer contributions from the RHBT billing system represent what the employer was billed during the respective year for its portion of the pay-as-you-go (paygo) premiums, retiree leave conversion billings, and other matters, including billing adjustments.

Paygo premiums are established by the PEIA 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. During the measurement period, there was no stabilization of the retirees' healthcare from paygo premiums due to savings with the Humana contract renewal resulting in favorable investment returns and an excess premium stabilization reserve.

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 after July 1, 1997 or hired before 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 annual leave days into 100% of the required retiree healthcare contribution.
- Members hired from July 1, 1988 to June 30, 2001 may convert accrued sick or annual leave days into 50% of the required retiree healthcare contribution.

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

The University's contributions to the OPEB plan for the years ended June 30, 2026, 2025, and 2024, were $53,925, $85,744, and $30,964, respectively.

Special Funding

The State is a non-employer contributing entity that provides funding through SB 419, effective July 1, 2012, amended by West Virginia Code §11-21-96. The State provides a supplemental pre-funding source dedicating $30 million annually to the RHBT Fund from annual collections of the Personal Income Tax Fund and dedicated for payment of the unfunded liability of the RHBT. The $30 million transferred pursuant to this Code shall be transferred until the Governor certifies to the Legislature that an independent actuarial study has determined that the unfunded liability of RHBT has been provided for in its entirety or July 1, 2037, whichever date is later. This funding is to the advantage of all RHBT contributing employers.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions

The June 30, 2026 OPEB liability (asset) for financial reporting purposes was determined by an actuarial valuation as of June 30, 2024, and rolled forward to a measurement date of June 30, 2025. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Actuarial Cost Method: Entry age normal.
- Asset Valuation Method: Investments are reported at market value.
- Amortization Method: Level percentage of payroll, closed.
- Remaining Amortization Period: 20 years closed as of June 30, 2017.
- Investment Rate of Return: 7.40%, net of OPEB plan investment expense, including inflation.
- Trend rate for pre-Medicare and 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 five years until ultimate trend rate of 4.50% is reached in plan year end 2034.
- Projected Salary Increases: Dependent upon pension system ranging from 2.75-5.18%, including inflation.
- Inflation Rate: 2.50%.
- Postretirement: Pub-2010 General Healthy Retiree Mortality Tables (100% males, 108% females) projected with MP-2021 for TRS. Pub-2010 General Below Median Healthy Retiree Tables (106% males, 113% females) projected with MP-2021 for PERS. Pub-2010 Public Safety Healthy Retiree Mortality Tables (100% males, 100% females) projected with Scale MP-2021 for Troopers A and B. Pre-Retirement: Pub-2010 General Employee Mortality Tables (100% males, 100% females) projected with Scale MP-2021 for TRS. Pub-2010 Below-Median Income General Employee Mortality Tables projected with Scale MP-2021 for PERS. Pub-2010 Public Safety Employee Mortality Tables projected with Scale MP-2021 for Troopers A & B.

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 RHBT adopts revised assumptions.

The actuarial valuation as of June 30, 2024, reflects changes to healthcare-related assumptions which include per capital claims costs, healthcare trend rate, coverage and continuance and participation rates.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The projections of the net OPEB liability (asset) are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of the net OPEB liability (asset) does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial estimated liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. However, the preparation and any estimate of future postemployment costs requires consideration of a broad array of complex social and economic events. Future changes in the healthcare reform, changes in reimbursement methodology, the emergence of new and expensive medical procedures and prescription drugs options, changes in the investment rate of return, and other matters increase the level of uncertainty in such estimates. As such, the estimate of postemployment program costs contains considerable uncertainty and variability, and actual experience may vary significantly from the current estimated net OPEB liability (asset).

The long-term expected 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 WV Investment Management Board and an expected short-term rate of return of 2.75% for assets invested with the BTI.

The long-term rates of return on OPEB plan investments are determined using a building block method in which best estimate ranges of expected future rates of return 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 rates of return by the target asset allocation percentage. Target asset allocations, capital market assumptions (CMA), and forecast returns were provided by the Plan's investment advisors, including West Virginia Investment Management Board (WVIMB). The projected return for the Money Market Pool held with the West Virginia Board of Treasury Investments (WVBTI) was estimated based on WVIMB assumed inflation of 2.50% plus a 25- basis point spread. Best estimates of the long-term geometric rates of return for each major asset class included in RHBT's target asset allocation as of June 30, 2026 is summarized below.

Asset Class	Long-term Expected Real Return	Target Allocation
Equity	7.4%	45.0%
Fixed income	3.9%	15.0%
Private credit and income	7.4%	6.0%
Private equity	10.0%	12.0%
Real estate	7.7%	12.0%
Hedge funds	4.5%	10.0%

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Discount Rate. A single discount rate of 7.40% was used to measure the total OPEB liability. 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 the prefunding and investment policies. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate. The following presents the University's proportionate share of the net OPEB liability as of June 30, 2026 and 2025 calculated using the current discount rates, as well as what the University's net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease (6.40%)	Discount Rate (7.40%)	1% Increase (8.40%)
2026			
Net OPEB liability (asset)	$ 455,440	$ 119,239	$ (167,754)

	1% Decrease (6.40%)	Discount Rate (7.40%)	1% Increase (8.40%)
2025			
Net OPEB liability (asset)	$ 142,512	$ (32,596)	$ (178,429)

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate. The following presents the University's proportionate share of the net OPEB liability (asset) as of June 30, 2026 and 2025 calculated using the healthcare cost trend rate, as well as what the University's net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
2026			
Net OPEB liability (asset)	$ (302,439)	$ 119,239	$ 620,115

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
2025			
Net OPEB liability (asset)	$ (256,286)	$ (32,596)	$ 239,044

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The June 30, 2026 net OPEB liability (asset) was measured as of June 30, 2025, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2024, rolled forward to the measurement date as of June, 30, 2025. The June 30, 2025 net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to the measurement date as of June, 30, 2024.

At June 30, 2026, the University's proportionate share of the net OPEB liability (asset) was $213,840. Of this amount, the University recognized $119,239 as its proportionate share on the statements of net position. The remainder of $94,601 denotes the University's proportionate share of net OPEB liability (asset) attributable to the special funding.

At June 30, 2025, the University's proportionate share of the net OPEB liability (asset) was $(134,976). Of this amount, the University recognized $(32,596) as its proportionate share on the statements of net position. The remainder of $(102,380) denotes the University's proportionate share of net OPEB liability (asset) attributable to the special funding.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The allocation percentage assigned to each participating employer and nonemployer contributing entity is based on its proportionate share of employer and nonemployer contributions to OPEB for each of the fiscal years ended June 30, 2025 and 2024. Employer contributions are recognized when due. At the June 30, 2025 measurement date, the University's proportion was 0.126441559%, an increase of 0.0481532% from its proportion of 0.078288359% calculated as of June 30, 2024. At the June 30, 2024 measurement date, the University's proportion was 0.078288359%, a decrease of 0.087916176% from its proportion of 0.166204535% calculated as of June 30, 2023.

For the year ended June 30, 2026, the University recognized OPEB expense of $215,595. Of this amount, $79,615 was recognized as the University's proportionate share of OPEB expense and $135,979 as the amount of OPEB expense attributable to special funding from a nonemployer contributing entity. The University also recognized revenue of $135,979 for support provided by the State.

For the year ended June 30, 2025, the University recognized OPEB expense of $55,772. Of this amount, $586 was recognized as the University's proportionate share of OPEB expense and $55,186 as the amount of OPEB expense attributable to special funding from a nonemployer contributing entity. The University also recognized revenue of $55,186 for support provided by the State.

At June 30, 2026, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual investment earnings	$ -	$ 87,124
Differences between expected and actual non-investment experience	108,521	87,796
Changes in assumptions	278,586	24,573
Changes in proportion and differences between the University's contributions and proportionate share of contributions	6,960	27,504
Reallocation of opt-out employer change in proportionate share	-	-
The University's contributions made subsequent to the measurement date of June 30, 2025	53,925	-
	$ 447,992	$ 226,997

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

At June 30, 2025, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual investment earnings	$ -	$ 37,137
Differences between expected and actual non-investment experience	113,539	32,777
Changes in assumptions	12,444	38,545
Changes in proportion and differences between the University's contributions and proportionate share of contributions	11,761	20,178
Reallocation of opt-out employer change in proportionate share	-	-
The University's contributions made subsequent to the measurement date of June 30, 2024	85,744	-
	$ 223,488	$ 128,637

The University will recognize the $53,925 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
2027	$ 141,659
2028	79,466
2029	(28,516)
2030	(25,539)
	$ 167,070

Payables to the OPEB Plan

The University did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2026 and 2025.

NOTE 11 STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

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.

NOTE 11 STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS (CONTINUED)

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 the former Board of Regents or the former Boards of the College and College Systems (Boards). These obligations administered by the Commission are the direct and total responsibility of the Municipal Bond 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. The tuition and registration fees of the members of the former State College 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. Although the bonds remain as a capital obligation of the Commission, an estimate of the obligation of each institution is reported as a long-term payable by each institution and as a receivable by the Commission. Amounts due to Commission at June 30, 2026 and 2025 is $-0-. Institutional assessments to cover system bond debt are allocated annually. The University paid the Commission for institutional assessments in the amounts of $10,985 and $10,899 for the years ended June 30, 2026 and 2025, respectively.

NOTE 12 UNRESTRICTED DEFICIT

The University's deficit unrestricted net position at June 30, 2026 relates primarily to its investment in capital assets. The net position related to capital assets is reported as net investment in capital assets.

Also included in unrestricted net position are amounts designated for repair and replacement resulting from unspent capital fees. These amounts totaled $0 and $0 for the years ended June 30, 2026, and 2025, respectively.

NOTE 13 RETIREMENT PLANS

Substantially all full-time employees of the University participate in either the West Virginia Teachers' Retirement System (TRS) or the Teachers' Insurance and Annuities Association – College Retirement Equities Fund (TIAA-CREF). Previously, upon full-time employment, all employees were required to make an irrevocable selection between the TRS and TIAA-CREF. Effective July 1, 1991, the TRS was closed to new participants. Current participants in the TRS are permitted to make a one-time election to cease their participation in that plan and commence contributions to the West Virginia Teachers' Defined Contribution Plan. Contributions to and participation in the West Virginia Teachers' Defined Contribution Plan by University employees have not been significant to date.

Defined Contribution Benefit Plans

The TIAA-CREF is a cost-sharing defined contribution plan in which benefits are based solely upon amounts contributed plus investment earnings. Employees who elect to participate in this plan are required to make a contribution equal to 6% of total annual compensation. The University matches the employees' 6% contribution. Contributions are immediately and fully vested. In addition, employees may elect to make additional contributions to TIAA-CREF which are not matched by the University.

Total contributions to the TIAA-CREF for the years ended June 30, 2026, 2025, and 2024, were $1,403,965, $1,384,671, and $1,356,324, which consisted of equal contributions of $701,983, $692,336, and $678,162, respectively, from both the University and covered employees.

Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have an option to switch to the Educators Money 401(a) basic retirement plan (Educators Money). New hires have the choice of either plan. As of June 30, 2023, no employees were enrolled in the Educators Money 401(a) basic retirement plan.

The Great West benefit program is also available to new employees. There were no contributions to Great West for the years ended June 30, 2026, 2025, and 2024.

The University's total payroll for the years ended June 30, 2026, 2025, and 2024 was $13,654,920, $13,232,723, and $13,257,833, respectively. Total covered employees' salaries in the TIAA-CREF and Great West were $10,768,856 and $0, respectively, in 2026, $10,917,288 and $0, respectively, in 2025; and $10,727,794 and $0, respectively, in 2024.

Defined Benefit Pension Plan

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

NOTE 13 RETIREMENT PLANS (CONTINUED)

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, 2026, and 2025:

	2026	2025
Net Pension Liability	$ 117,192	$ 166,355
Deferred Outflows of Resources	70,892	73,572
Deferred Inflow of Resources	36,104	54,997
Revenues (payments on behalf)	3,914	26,652
Pension Expense (Offset)	(66,790)	(25,977)
Contributions Made by the University	35,127	34,983

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 of West Virginia (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.

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. The plan schedules of TRS are prepared using the accrual basis of accounting and economic resources measurement focus in accordance with accounting principles generally accepted in the United States of America 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.

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 www.wvretirement.com.

NOTE 13 RETIREMENT PLANS (CONTINUED)

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 SAF-covered payroll of members of the TDCRS;
4. A certain percentage of fire insurance premiums paid by State residents; and
5. Under WV State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the TRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2026 and 2025, the University's proportionate share attributable to this special funding subsidy was ($1,414) and $20,709, respectively.

The University's contributions to TRS for the years ended June 30, 2026, 2025, and 2024, were $35,127, $34,983, and $33,434, respectively.

Special Funding

The State is a non-employer contributing entity that provides funding through the School Aid Formula (SAF) to subsidize employer contributions of county boards of education and to fund the unfunded liability of STRS for all participating employers. These amounts qualify as a special funding situation in accordance with GASB Statement No. 68. The State assumes a share of the net pension liability on behalf of the various county boards of education for contributions related to the SAF. The State also assumes a share of the net pension liability on behalf of all participating employers, including the University, for contributions related to funding of the non-employer contributing entity unfunded liability.

NOTE 13 RETIREMENT PLANS (CONTINUED)

Assumptions

For the year ended June 30, 2026, the total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2024 and rolled forward to June 30, 2025. 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. The following actuarial assumptions were used in the July 1, 2024 measurement:

- Actuarial cost method: Entry age normal cost with level percentage of payroll.
- Asset valuation method: Investments are reported at market.
- Amortization method and period: Level dollar, fixed period over 40 years, 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 nonteachers 2.75-6.50%, based on age.
- Inflation rate of 2.75%.
- Discount rate of 7.25%.
- Mortality rates based on Pub-2016 Mortality Tables.
- Withdrawal rates: Teachers 1.9-31.5% and nonteachers 2.5-18%.
- Disability rates: 0.00-0.507%.
- 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 State 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 2019-2024. These assumptions will remain in effect for valuation purposes until such time as the CPRB adopts revised assumptions.

NOTE 13 RETIREMENT PLANS (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term geometric real rates of return for each major asset class included in TRS' target asset allocation as of June 30, 2026 are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.5%	5.6%
International equity	22.5%	6.7%
Fixed income	15.0%	4.3%
Real estate	12.0%	7.2%
Private equity	12.0%	8.0%
Private credit	6.0%	8.2%
Hedge funds	10.0%	5.0%
	100.0%	

Discount Rate. The discount rate used to measure the total TRS pension liability 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 policy. Based on those assumptions, TRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on TRS' investments was applied to all periods of projected benefit payments to determine the total pension liability. Although discount rates are subject to change between measurement dates, there were no changes in the discount rate in the current period.

NOTE 13 RETIREMENT PLANS (CONTINUED)

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, 2026 and 2025 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.

	1% Decrease (6.25)%	Current Discount Rate (7.25)%	1% Increase (8.25%)
2026			
Net Pension Liability	$ 234,252	$ 117,192	$ 17,983

	1% Decrease (6.25)%	Current Discount Rate (7.25)%	1% Increase (8.25%)
2025			
Net Pension Liability	$ 279,063	$ 166,355	$ 70,876

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

At June 30, 2026, the University's proportionate share of the TRS net pension liability was $305,412. Of this amount, the University recognized $117,192 as its proportionate share on the statements of net position. The remainder of $188,220 denotes the State's proportionate share of the net pension liability associated with the University.

At June 30, 2025, the University's proportionate share of the TRS net pension liability was $441,465. Of this amount, the University recognized $166,355 as its proportionate share on the statements of net position. The remainder of $275,110 denotes the State's proportionate share of the net pension liability associated with the University.

The allocation percentage assigned to each participating employer and nonemployer contributing entity is based on its proportionate share of employer and nonemployer contributions to TRS for each of the fiscal years ended June 30, 2025 and 2024. Employer contributions are recognized when due. At the June 30, 2025 measurement date, the University's proportion was 0.009018%, an increase of 0.000202% from its proportion of 0.008816% calculated as of June 30, 2024. At the June 30, 2024 measurement date, the University's proportion was 0.008816%, an increase of 0.000638% from its proportion of 0.008178% calculated as of June 30, 2023.

For the year ended June 30, 2026, the University recognized TRS pension expense of $(66,790). Of this amount, $(65,376) was recognized as the University's proportionate share of the TRS expense and ($1,414) as the amount of pension expense attributable to special funding from a nonemployer contributing entity. The University also recognized revenue of ($1,414) for support provided by the State.

NOTE 13 RETIREMENT PLANS (CONTINUED)

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

For the year ended June 30, 2025, the University recognized TRS pension expense of $(25,977). Of this amount, $(46,686) was recognized as the University's proportionate share of the TRS expense and $20,709 as the amount of pension expense attributable to special funding from a nonemployer contributing entity. The University also recognized revenue of $20,709 for support provided by the State.

At June 30, 2026, deferred outflows of resources and deferred inflows of resources related to the TRS pension are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual investment earnings	$ -	$ 25,435
Differences between expected and actual non-investment experience	20,208	-
Changes in assumptions	245	6,482
Changes in proportion and differences between the University's contributions and proportionate share of contributions	15,312	4,187
The University's contributions made subsequent to the measurement date of June 30, 2025	35,127	-
	$ 70,892	$ 36,104

At June 30, 2025, deferred outflows of resources and deferred inflows of resources related to the TRS pension are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual investment earnings	$ -	$ 17,176
Differences between expected and actual non-investment experience	17,220	-
Changes in assumptions	4,225	-
Changes in proportion and differences between the University's contributions and proportionate share of contributions	17,144	37,821
The University's contributions made subsequent to the measurement date of June 30, 2024	34,983	-
	$ 73,572	$ 54,997

NOTE 13 RETIREMENT PLANS (CONTINUED)

The University will recognize the $35,127 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 subsequent year. 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.

Year Ending June 30,	
2027	$ 14,166
2028	(3,677)
2029	(5,156)
2030	(5,673)
	$ (340)

Payables to the Pension Plan

The University did not report any amounts payable for normal contributions to the TRS as of June 30, 2026 and 2025.

NOTE 14 CONTINGENCIES

The nature of the education industry is such that, from time to time, claims will be presented against the University 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 seriously impact 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's management believes disallowances, if any, will not have a significant financial impact on the University's financial position.

NOTE 14 CONTINGENCIES (CONTINUED)

The University owns various buildings which 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.

The University entered into a Memorandum of Understanding with the Foundation, which was effective May 2023, in which the University commits to reimburse the Foundation for the Service Fee and Total Reimbursable Costs (which includes the General and Administrative Expense Allowance) incurred under the dining service contract between the Foundation and Aramark. For the years ended June 30, 2026 and 2025, the University reimbursed the Foundation $1,633,026 and $1,420,154, respectively related to expenses incurred during the fiscal year, reported as Auxiliary Enterprises expense.

NOTE 15 NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

These tables represent operating expenses within both natural and functional classifications for the years ended June 30:

2026	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Amortization	Total
Instruction	$ 7,115,725	$1,830,484	$ 1,027,435	$ -	$ -	$ -	$ -	$ 9,973,644
Research	601,275	-	-	-	-	-	-	601,275
Academic Support	618,749	167,565	450,270	128	-	-	-	1,236,712
Student Services	1,398,590	419,561	463,882	412	-	-	-	2,282,445
General Institutional Support	1,757,875	542,856	956,569	117,892	-	-	-	3,375,192
Operations and Maintenance of	386,248	145,338	1,463,934	1,428,712	-	-	-	3,424,232
Student Financial Aid	-	-	-	-	1,949,854	-	-	1,949,854
Auxiliary Enterprises	1,776,458	419,338	3,572,615	589,578	-	-	-	6,357,989
Depreciation	-	-	-	-	-	2,543,115	-	2,543,115
Amortization	-	-	-	-	-	-	265,430	265,430
Total	$13,654,920	$3,525,142	$ 7,934,705	$2,136,722	$ 1,949,854	$2,543,115	$265,430	$32,009,888

2025	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Amortization	Total
Instruction	$ 6,872,043	$1,695,043	$ 1,214,820	$ -	$ -	$ -	$ -	$ 9,781,906
Research	358,000	-	-	-	-	-	-	358,000
Academic Support	487,192	125,109	154,545	-	-	-	-	766,846
Student Services	1,509,234	377,307	287,658	-	-	-	-	2,174,199
General Institutional Support	1,914,740	523,749	986,886	1,410	-	-	-	3,426,785
Operations and Maintenance of Plant	397,576	133,788	228,470	1,052,448	-	-	-	1,812,282
Student Financial Aid	-	-	-	-	2,596,285	-	-	2,596,285
Auxiliary Enterprises	1,693,938	371,272	4,953,750	836,385	-	-	-	7,855,345
Depreciation	-	-	-	-	-	2,468,554	-	2,468,554
Amortization	-	-	-	-	-	-	141,407	141,407
Total	$13,232,723	$3,226,268	$ 7,826,129	$1,890,243	$ 2,596,285	$2,468,554	$ 141,407	$31,381,609

NOTE 16 RELATED PARTIES

The University has a construction contract with a company in which a member of the University's Board has an ownership interest. The total amount expended under this contract during the years ended June 30, 2026 and 2025 was approximately $0 and $4 million, respectively. The terms of the contract were reviewed and approved by the Board in accordance with the University's conflict of interest policy. Management believes that the transaction was conducted at arm's length and on terms comparable to those available from unrelated third parties.

NOTE 17 FOUNDATION - COMPONENT UNIT DISCLOSURES

The discretely presented component unit, the Foundation, is an organization that is legally separate from the University but is considered part of the reporting entity. In accordance with generally accepted accounting standards as prescribed by the Financial Accounting Standards Board (FASB), the Foundation has certain revenue recognition criteria and presentation features that are different from GASB revenue recognition criteria and presentation features. The Foundation is required to report information regarding its financial position and activities according to two classes of net assets (report as net position in these financial statements): net assets without donor restrictions and net assets with donor restrictions. Minimal modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences.

The following are the notes taken directly from the Foundation's financial statements.

FOUNDATION - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Foundation

Bluefield State University Foundation, Inc. (the Foundation) is incorporated as a nonprofit corporation under the laws of the State of West Virginia. The purpose of the Foundation is to provide for student scholarships and faculty and staff development at Bluefield State University (the University).

The Foundation is managed by an independently elected Board of Directors not otherwise affiliated with the University. All contributions generally are for the benefit of the University and are administered by the Foundation.

Basis of Financial Statement Presentation and Accounting

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America.

The accompanying financial statements present information regarding the Foundation's financial position and activities according to two classes of net assets, differentiated based on the existence or absence of donor-imposed restrictions which are described below:

FOUNDATION - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net assets without donor restrictions are net assets available for use in general operations and not subject to donor stipulations. These net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Board-designated endowment funds are not subject to donor restrictions and are included in net assets without donor restrictions.

Revenues, gains, and losses that are not net assets with donor restrictions are included in this classification. Expenses are reported as decreases in this classification.

Net assets with donor restrictions are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or that can be fulfilled by action of the Foundation pursuant to those stipulations. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

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 certain reported amounts and disclosures. Accordingly, actual results could vary from those estimates.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with maturities of three months or fewer when purchased to be cash and cash equivalents.

Cash held for long term investment is classified as cash restricted for long-term investment and by agency relationships on the statements of financial position.

Fund Descriptions

General Administrative Account – Funds that were released from Title III restrictions and internally restricted by the Foundation's Board for the purpose of ensuring funds be available for future administrative costs. Most donors elect to endow funds to be permanently restricted for scholarships and, following the market's downturns, the Board felt it necessary to set aside funds to cover needed future administrative costs.

Endowed Account – Funds permanently set aside by donors for specific uses with the majority designated for scholarships; however, the Robertson endowment is for use by the library.

Peters Engineering Chair – Account endowed for use as directed by the Head of the Engineering Division.

FOUNDATION - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summit Title III and FCBT Title III – Restrictions have been satisfied and the funds have now been released for the Foundation to use in any manner it feels is beneficial to Bluefield State University. The Board has determined to use ninety percent (90%) of the income for disbursements and has internally restricted the use of the remaining funds for future needs.

BSC General Foundation Account – Unrestricted funds and property held by the Foundation. Monies are used for administrative costs, discretionary funds for use by the President and Executive Director of the Foundation as approved by the Board and any other day-to-day costs of maintaining the Foundation.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. The fair value of investments in equities, bonds, U.S. securities, exchange traded mutual funds, and short-term assets is determined by reference to quoted market prices. Net unrealized and realized gains or losses are reflected in the statements of activities. Certain land and other investments, which are not readily marketable, are carried at cost.

Gifts of investments are recorded at their fair value (based on quotations or appraisals) at date of gift. Purchases and sales of investments are recorded on the trade date.

Investment securities are exposed to several risks, such as interest rate, currency, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the Foundation's financial statements.

Income and realized and unrealized net gains on investments of endowment and similar net asset classes are reported as follows:

- As changes in net assets with donor restrictions if the terms of the gift require that they be added to the principal of an endowment fund to be held in perpetuity or if the terms of the gift impose restrictions on the use of the income, including income earned on donor-restricted endowment funds;
- As changes in net assets without donor restrictions in all other cases.

Assets Whose Use is Limited

Assets whose use is limited consist of assets internally designated by the Foundation for specific use. The Foundation retains control over these assets and may, at its discretion, subsequently use the assets for other purposes. These assets consist of cash and cash equivalents, investments, and other property. Cash and cash equivalents and investments within this category follow the same policies noted earlier for regular cash and cash equivalents, whose use is not limited.

FOUNDATION - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amounts Held on Behalf of Others

Amounts held on behalf of others are used to account for assets held by the Foundation as an agent for other organizations. These funds are custodial by nature (assets equal liabilities) and do not involve measurement of operations therefore, the related assets are included in “investments” and “cash restricted for long-term investments and by agency relationships” and related obligations are included in “amounts held on behalf of others” in the accompanying financial statements.

Deferred Revenue

Deferred revenue primarily consists of an unamortized investment received from a food service provider. In accordance with the food service provider contract, their investment in dining facility renovations and equipment is repayable if the contract is terminated prior to the end of the contract period. The investment received is amortized into income on a straight-line basis over a period of 15 years. This liability was assumed as part of the Asset Purchase Agreement with Collegiate Housing.

Revenue Recognition, Contributions

Contributions of cash and other assets, including unconditional promises to give or contributions receivable, are recognized as contribution revenue without donor restrictions or with donor restrictions depending on the existence or nature of donor stipulations. Contributions designated for future periods or restricted by the donor for a specific purpose are reported as contributions with donor restrictions.

Contributions of long-lived assets with no donor-imposed time restrictions are reported as contributions without donor restrictions. Contributions of cash and other assets restricted to the acquisition of long-lived assets are reported as revenues in net assets with donor restrictions. Those restrictions are considered to be released when the long-lived assets are placed in service.

Unconditional promises to give that are expected to be collected in future years are recorded at fair value (pursuant to the fair value option included in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurement*), which is determined by discounting the estimated future cash flows at rates that reflect, among other things, market interest rates and the contributors’ overall credit standing. The discounts on those amounts are computed using estimated discount rates at the measurement date applicable to the years in which the promises to give are expected to be received.

Conditional promises to give are not recognized until the conditions are substantially met.

FOUNDATION - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services

The Foundation occasionally uses office space located in a University-owned building and receives assistance in development and administration of the Foundation by an employee of the University.

The value of these services as well as other donated volunteer services are not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services.

Income Tax Status

The Foundation is a nonprofit organization exempt from federal income taxes under *Internal Revenue Code* Section 501(c)(3) based upon its determination letter dated October 16, 1969. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation within the meaning of Section 509(a).

Credit Risk Concentration

Financial instruments, which potentially subject the Foundation to concentrations of credit risk, consist principally of cash and cash equivalents and investments. The Foundation places its temporary cash investments with high credit quality financial institutions and does not believe it is exposed to any significant credit risk on cash and cash equivalents. Concentration of credit risk for investments is limited by the Foundation's policy of diversification of investments.

Functional Reporting

Expenses are reported on a functional basis that discloses the purposes for which the expenses have been incurred. A brief description of each of the functional classifications follows:

- **University Support** – Funds expended primarily to provide support services for Bluefield State University. Includes scholarships awarded to the students and the provision of services that directly assist the academic functions, such as faculty development, as well as capital projects.
- **Fundraising Expenses** – Expenses related to community and alumni relations, including development and fundraising.
- **Management Expenses** – Expenses incurred principally for (1) central executive-level activities concerned with management of day-to-day operations and long-range planning, (2) legal and fiscal operations, and (3) administrative data processing.

Fair Value Hierarchy

ASC Topic 820 establishes a three-tier fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy gives the highest priority to

FOUNDATION - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3).

Level 1 – Fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair value of investments of government obligations, corporate equities, mutual funds, and real estate securities that are publicly traded is determined based upon quoted market prices. The fair value of cash and cash equivalents approximates cost due to their short-term nature. Funds held in trust by others are recognized based on quoted market prices of the assets in the trust. The fair value of mineral rights and other is determined by obtaining an appraisal at the date of receipt of the gift and is evaluated for impairment in subsequent periods.

Net Asset Classifications of Institutional Funds

The Foundation holds institutional funds, principally endowment funds, subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted in the state of West Virginia. “Endowment” is a commonly used term to refer to the resources that have been restricted by the donor or designated by the Board that will be invested to provide future revenue to support the Foundation’s activities. The Foundation’s endowment consists of individual funds established for a variety of purposes. As titled, UPMIFA provides guidance and applicable regulations relative to the management of applicable funds.

In response to UPMIFA, the Foundation adopted the provisions of authoritative accounting guidance for the net asset classification of donor restricted endowment funds for an organization that is subject to UPMIFA and including the required related financial statement disclosures.

Interpretation of UPMIFA

The Board has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Foundation classifies as net assets with donor restrictions the historical value of donor-restricted “true” endowment funds, which include (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of investment returns to the permanent endowment made in accordance with the direction of the applicable donor gift instrument, when applicable, at the time the accumulation is added to the fund.

FOUNDATION - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Also included in net assets with donor restrictions is accumulated appreciation on donor-restricted "true" endowment funds which are available for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Foundation and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the investment policies of the Foundation.

Return Objectives and Risk Parameters
The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those of donor-restricted funds that organizations must hold in perpetuity or for a donor-specified period as well as Board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in accordance with insurance companies' regulations as set forth in the *West Virginia State Code*. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives
To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation recognizes that unsupervised assets will probably be subjected to an inflationary loss of purchasing power; therefore the funds should be managed in a way that will minimize the effect of inflation. Fixed income-like investments will be used to reduce volatility of the overall portfolio while providing a predictable stream of income.

Spending Policy and How the Investment Objectives Relate to Spending Policy
The Foundation employs a total return endowment spending policy that establishes the amount of endowment investment return that is available to support current needs and restricted purposes. This policy is designed to insulate program spending from capital market fluctuations and to increase the amount of return that is reinvested in the corpus of the fund in order to enhance its long-term value. Except for the Title III funds, the Foundation's annual target spending rate is currently 5% of the average market value of the funds, calculated as of February 28 of the year immediately preceding the beginning of the Foundation's fiscal year. The annual spending rate for Title III funds is 90% of the income. If cash yield (interest and dividends) is less than the spending rate, realized gains can be used to make up the deficiency. Any income in excess of the spending rate is to be reinvested in the endowment.

FOUNDATION - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Funds with Deficiencies (Underwater Funds)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. As of June 30, 2026 and 2025, there were no underwater funds.

A summary of the activity in endowment funds for the years ended June 30, 2026 and 2025 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - June 30, 2024	$ 1,713,455	$ 4,583,708	$ 6,297,163
Investment return:			
Investment income, net of fees	48,179	98,212	146,391
Net realized and unrealized losses	81,602	259,090	340,692
Total investment return, net	129,781	357,302	487,083
Contributions and other additions	-	15,664	15,664
Reclassifications	-	(189,008)	(189,008)
Appropriated for expenditure	(175,373)	(200,662)	(376,035)
Endowment net assets - June 30, 2025	1,667,863	4,567,004	6,234,867
Investment return:			
Investment income, net of fees	42,946	132,383	175,329
Net realized and unrealized gains	170,672	644,929	815,601
Total investment return, net	213,618	777,312	990,930
Contributions and other additions	10,000	694,860	704,860
Reclassifications	-	-	-
Appropriated for expenditure	(332,737)	(88,967)	(421,704)
Endowment net assets - June 30, 2026	$ 1,558,744	$ 5,950,209	$ 7,508,953

Investment income is shown net of fiduciary expenses of $15,583 and $15,697 for 2026 and 2025, respectively.

FOUNDATION - INVESTMENTS

Investments were comprised of the following:

	2026		2025	
Measured at fair value:				
Corporate and municipal bonds and notes	$ 652,637	8.54%	$1,084,761	15.69%
Equity investments	2,387,075	31.22%	1,914,792	27.70%
Mutual funds	4,529,127	59.24%	3,836,942	55.50%
Measured at cost:				
Real estate	76,600	1.00%	76,600	1.11%
Total	$7,645,439	100.00%	$6,913,095	100.00%

Corporate notes are concentrated in the financial services sector. Municipal bonds consist principally of obligations to the U.S. Treasury and agencies. Equity investments and mutual funds are diversified, with no significant industry concentrations.

FOUNDATION - FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following represents the Foundation's financial assets at June 30:

	2026	2025
Financial assets:		
Cash and cash equivalents	$ 442,451	$ 597,974
Dividends and interest receivable	16,190	16,873
Contribution receivable	1,000	110,970
Other receivable	1,294,940	297,202
Cash restricted for long-term investment and by agency relationships	522,802	113,573
Investments	7,645,439	6,913,095
Other assets net of allowance	8,728	75,841
Total financial assets	9,931,550	8,125,528
Less: amounts not available to be used within one year:		
Endowments and accumulated earnings subject to appropriation beyond one year	5,950,209	4,567,004
Board-designated endowment	1,558,744	1,667,863
Due from the University	230,882	-
Cash restricted for long-term investment and by agency relationships	522,802	113,573
Total	$ 1,668,913	$ 1,777,088

FOUNDATION - FINANCIAL ASSETS AND LIQUIDITY RESOURCES (CONTINUED)

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

FOUNDATION - NET ASSETS

Net assets as of June 30, consisted of the following:

	2026	2025
Without donor restrictions:		
Board-designated endowment funds	$ 1,558,744	$ 1,667,863
Investment in property and equipment, net of debt	76,600	76,600
Undesignated	238,125	61,949
Total without donor restrictions	1,873,469	1,806,412
With donor restrictions:		
Subject to expenditure for specific purpose and time:		
Engineering technology department	501,479	422,672
Dormitory project	87,887	39,890
Student support	2,948,492	2,289,763
	3,537,858	2,752,325
Permanent endowment funds:		
Engineering technology department	135,806	135,806
Student financial support	3,014,349	2,320,209
	3,150,155	2,456,015
Total with donor restrictions	6,688,013	5,208,340
Total net assets	$ 8,561,482	$ 7,014,752

FOUNDATION - OPERATING EXPENSES

The table below presents expenses by both their nature and function.

	Program								
	Student Support	Institutional Support	Conferences, Meetings and Travel	Dining Service Contract Expenses	Other Expenses	Financial Management and Other	Fundraising	2026 Total	2025 Total
Compensation	$ -	$ -	$ -	$ -	$ 72,778	$ -	$ -	$ 72,778	$ 30,817
Scholarships	288,062	-	-	-	-	-	-	288,062	461,524
President's discretionary	-	-	-	-	-	-	-	-	2,862
Awards	-	3,656	-	-	-	-	-	3,656	1,609
Athletic equipment and athletic facility improvements	-	137,470	-	-	(2,343)	-	-	135,127	27,955
Grant expenses	-	3,299	-	-	-	-	-	3,299	64,238
Miscellaneous	-	1,926	-	-	54,257	18,833	-	75,016	73,813
Professional services	-	-	-	-	87,453	-	-	87,453	65,230
Travel and conferences	-	-	2,855	-	-	-	-	2,855	3,035
Dining service contract	-	-	-	1,704,747	-	-	-	1,704,747	1,469,201
Fundraising	-	-	-	-	-	-	19,605	19,605	16,027
Total	$288,062	$ 146,351	$ 2,855	$1,704,747	$212,145	$ 18,833	$19,605	$2,392,598	$2,216,311

FOUNDATION - FAIR VALUE MEASUREMENTS

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2026				
Corporate and municipal bonds and notes	$ 652,637	$ 652,637	$ -	$ -
Equity investments	2,387,075	2,387,075	-	-
Mutual funds	4,529,127	4,529,127	-	-
Total	$ 7,568,839	$ 7,568,839	$ -	$ -
June 30, 2025				
Corporate and municipal bonds and notes	$ 1,084,761	$ 1,084,761	$ -	$ -
Equity investments	1,914,792	1,914,792	-	-
Mutual funds	3,836,942	3,836,942	-	-
Total	$ 6,836,495	$ 6,836,495	$ -	$ -

FOUNDATION – COMMITMENTS AND CONTINGENCIES

As part of the Asset Purchase Agreement with Collegiate Housing, the Foundation assumed a long-term contract with a food service provider to provide dining services. The contract term is for a period of 10 years ending July 31, 2031 and may be renewed for an additional five year term. The agreement has the following future commitments, which are not reflected as a liability on the financial statements:

- General and Administrative Expense Allowance is the greater of (i) Three-and-one-half percent (3.5%) of Reimbursable Costs, or (ii) an annual amount of forty-eight thousand dollars ($48,000), increasing by two-and-one-half percent (2.5%) annually, for the financial reporting, legal, tax and audit services, operational accountability and management oversight provided to clients locations by Aramark at the district, regional and corporate levels.
- Service Fee equal to the greater of (i) Five percent (5%) of Total Reimbursable Costs or (ii) an annual amount of sixty-eight thousand dollars ($68,000), increasing by two-and-one-half percent (2.5%) annually.

The food service provider invested $1,075,793 in dining facility renovations and equipment. If the contract is terminated prior to the end of a 15-year term, the unamortized balances must be repaid to the food service provider. The Foundation is solely responsible for this obligation should the contract terminate with no commitment from the University to reimburse such costs. The Foundation recorded this investment as deferred revenue and is amortizing the amounts to income over periods through 2038. The unamortized deferred

revenue as of June 30, 2026 and 2025 was $842,703 and $914,423, respectively, and is included in deferred revenue on the statements of financial position.

FOUNDATION – RELATED PARTIES

The Foundation receives reimbursements from the University for the Service Fee and Total Reimbursable Costs (which includes the General and Administrative Expense Allowance) incurred under the dining services contract. For the years ended June 30, 2026 and 2025, the Foundation received $1,633,026 and $1,420,154, respectively, of reimbursements from the University related to expenses incurred during the fiscal year. At June 30, 2026 and 2025, the receivables from the University were $914,702 and $297,202, respectively.

During 2026, the Foundation advanced $24,222 and $27,411 to pay the University expenses for a water service upgrade and van purchases. The combined receivable was $51,633 at June 30, 2026.

Amounts due from the University included in the statement of financial position at June 30, 2026 consist of dining services contract receivable, note receivable, and water service upgrade and van purchases receivables in the amounts of $914,702, $328,605, and $51,633, respectively, totaling $1,294,940.

FOUNDATION – CONDITIONAL PROMISE TO GIVE

On June 18, 2026, the Foundation received a conditional promise to give totaling $1,000,000, payable over four years. The promise is conditioned upon the University securing a $1,000,000 commitment. Because the specified condition had not been met as of June 30, 2026, the contribution and corresponding receivable have not been recognized in the accompanying statements of financial position and statement of activities. Upon satisfaction of the condition, the contribution will be subject to donor-imposed restrictions requiring that the funds be used for renovations to Building I of the Medical Education Center at the University.

FOUNDATION – SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events for potential recognition and/or disclosure in the June 30, 2026 financial statements through October 14, 2026, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

BLUEFIELD STATE UNIVERSITY

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - STRS

YEAR ENDED JUNE 30, 2026

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
University's proportionate (percentage) of the net pension liability	0.0090%	0.0088%	0.0082%	0.0077%	0.0081%	0.0135%	0.0132%	0.0121%	0.0144%	0.0192%
University's proportionate share of the net pension liability	$ 117,192	$ 166,355	$ 187,228	$ 197,843	$ 126,663	$ 433,990	$ 392,693	$ 379,167	$ 498,691	$ 790,228
State's proportionate share of the net pension liability associated with the University	188,220	275,110	382,370	440,767	283,203	942,988	948,006	982,451	1,102,827	1,505,173
Total	$ 305,412	$ 441,465	$ 569,598	$ 638,610	$ 409,866	$ 1,376,978	$ 1,340,699	$ 1,361,618	$ 1,601,518	$ 2,295,401
University's covered employee payroll	$ 233,220	$ 222,893	$ 216,260	$ 175,033	$ 225,507	$ 371,633	$ 376,253	$ 381,180	$ 398,360	$ 500,367
University's proportionate share of the net pension liability as a percentage of its covered employee payroll	50.25%	74.63%	86.58%	113.03%	56.17%	116.78%	104.37%	99.47%	125.19%	157.93%
Plan fiduciary net position as a percentage of the total pension liability*	89.27%	84.24%	80.42%	77.78%	86.38%	70.89%	72.64%	71.20%	67.85%	65.95%

* This is the same percentage for all participant employers in the STRS plan.

All amounts are presented as of the measurement date, which is one year prior to fiscal year-end date.

BLUEFIELD STATE UNIVERSITY

SCHEDULE OF CONTRIBUTIONS - STRS

YEAR ENDED JUNE 30, 2026

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 35,127	$ 34,983	$ 33,434	$ 32,439	$ 26,255	$ 33,826	$ 55,745	$ 56,438	$ 57,177	$ 59,754
Contributions in relation to the contractually required contribution	(35,127)	(34,983)	(33,434)	(32,439)	(26,255)	(33,826)	(55,745)	(56,438)	(57,177)	(65,163)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (5,409)
University's covered employee payroll	$ 234,180	$ 233,220	$ 222,893	$ 216,260	$ 175,033	$ 225,507	$ 371,633	$ 376,253	$ 381,180	$ 398,360
Contributions as a percentage of covered employee payroll	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	16.36%

BLUEFIELD STATE UNIVERSITY

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - RHBT

YEAR ENDED JUNE 30, 2026

	2026	2025	2024	2023	2022	2021	2020	2019	2018
University's proportionate (percentage) of the net OPEB liability (asset)	0.1264%	0.0783%	0.1662%	0.1747%	0.1748%	0.1717%	0.1822%	0.1865%	0.1862%
University's proportionate share of the net OPEB liability (asset)	$ 119,239	$ (32,596)	$ (263,017)	$ 194,454	$ (51,963)	$ 756,061	$ 4,480,843	$ 4,001,084	$ 3,088,898
State's proportionate share of the net OPEB liability (asset) associated with the University	94,601	(102,380)	(112,264)	66,612	(10,232)	167,177	920,370	826,917	632,126
Total	$ 213,840	$ (134,976)	$ (375,281)	$ 261,066	$ (62,195)	$ 923,238	$ 5,401,213	$ 4,828,001	$ 3,721,024
University's covered employee payroll	$ 11,133,570	$ 10,927,531	$ 8,701,331	$ 8,469,040	$ 7,319,943	$ 7,755,577	$ 8,031,862	$ 7,828,110	$ 7,872,512
University's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	1.07%	-0.30%	-3.02%	2.30%	-0.71%	9.75%	55.79%	51.11%	39.24%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)*	95.76%	102.19%	109.66%	93.59%	101.81%	70.89%	25.10%	30.98%	39.69%

* This is the same percentage for all participant employers in the plan.

Trend Information Presented

The accompanying schedule of the University's proportionate share of the net OPEB liability is required supplementary information to be presented for 10 years. However, until a full 10-year trend is compiled, information is presented in the schedules for those years for which information is available.

All amounts are presented as of the measurement date, which is one year prior to fiscal year-end date.

BLUEFIELD STATE UNIVERSITY

SCHEDULE OF CONTRIBUTIONS - RHBT

YEAR ENDED JUNE 30, 2026

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Required contribution	$ 53,925	$ 85,744	$ 30,964	$ 166,679	$ 205,420	$ 318,682	$ 330,859	$ 374,283	$ 381,097	$ 327,294
Contributions in relation to the contractually required contribution	(53,925)	(85,744)	(30,964)	(166,679)	(205,420)	(318,682)	(330,859)	(381,097)	(327,294)	(330,967)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (6,814)	$ 53,803	$ (3,673)
University's covered employee payroll	$ 10,979,465	$ 11,133,570	$ 10,927,531	$8,701,331	$8,469,040	$7,319,943	$7,755,577	$8,031,862	$7,828,110	$7,828,512
Contributions as a percentage of covered employee payroll	0.49%	0.77%	0.28%	1.92%	2.43%	4.35%	4.27%	4.74%	4.18%	4.23%

Changes in Assumptions

The actuarial assumptions used in the total OPEB liability calculation can change from year to year. Please see table below which summarizes the actuarial assumptions used for the respective measurement dates.

	Projected Salary Increases				Investment	Discount
	State	Nonstate	Inflation rate	Mortality Rates	Rate of Return	Rate
2025	2.75% - 5.90%	2.75% - 6.50%	2.75%	Pub-2016 for both males and females, adjusted to reflect experience and projected using the MP-2021 Mortality Improvement Scale.	7.25%, net of pension plan investment expenses	7.25%
2024	2.75% - 5.90%	2.75% - 6.50%	2.75%	Pub-2010 for both males and females, adjusted to reflect experience and projected using the MP-2019 Mortality Improvement Scale.	7.25%, net of pension plan investment expenses	7.25%
2023	2.75% - 5.90%	2.75% - 6.50%	2.75%	Pub-2010 for both males and females, adjusted to reflect experience and projected using the MP-2019 Mortality Improvement Scale.	7.25%, net of pension plan investment expenses	7.25%
2022	2.75% - 5.90%	2.75% - 6.50%	2.75%	Pub-2010 for both males and females, adjusted to reflect experience and projected using the MP-2019 Mortality Improvement Scale.	7.25%, net of pension plan investment expenses	7.25%
2021	2.75% - 5.90%	2.75% - 6.50%	2.75%	Pub-2010 for both males and females, adjusted to reflect experience and projected using the MP-2019 Mortality Improvement Scale.	7.25%, net of pension plan investment expenses	7.25%
2020	3.00% - 6.00%	3.00% - 6.50%	3.00%	Pub-2010 for both males and females, adjusted to reflect experience and projected using the MP-2019 Mortality Improvement Scale.	7.5%, net of pension plan investment expenses	7.50%
2019	3.00% - 6.00%	3.00% - 6.50%	3.00%	RP-2000 for both males and females, adjusted to reflect experience and projected using Scale AA.	7.5%, net of pension plan investment expenses	7.50%
2018	3.00% - 6.00%	3.00% - 6.50%	3.00%	RP-2000 for both males and females, adjusted to reflect experience and projected using Scale AA.	7.5%, net of pension plan investment expenses	7.50%
2017	3.00% - 6.00%	3.00% - 6.50%	3.00%	RP-2000 for both males and females, adjusted to reflect experience and projected using Scale AA.	7.5%, net of pension plan investment expenses	7.50%
2016	3.75% - 5.25%	3.40% - 6.50%	1.90%	RP-2000 for both males and females, adjusted to reflect experience and projected using Scale AA.	7.5%, net of pension plan investment expenses	7.50%

BLUEFIELD STATE UNIVERSITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2026

Actuarial Changes Other Postemployment Benefits Plan

The actuarial assumptions used in the total OPEB liability calculation can change from year to year. Please see table below which summarizes the actuarial assumptions used for the respective measurement dates.

	Inflation Rate	Salary Increases	Wage Inflation Rate	Investment Rate of Return & Discount Rate	Mortality	Retirement Age	Aging Factors	Healthcare Cost Trend Rates
2025	2.50%	2.75% - 5.18%, including inflation	2.75%	7.40%, net of OPEB plan investment expense	Pub-2010 for both males and females, adjusted to reflect experience and projected using the MP-2021 Mortality Improvement Scale.	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Trend rate for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. These trends increase over four years to 7.0% and 9.5%, respectivley. The trends then decrease linearly for five years until ultimate trend rate of 4.50% is reached in plan year end 2034.
2024	2.50%	2.75% - 5.18%, including inflation	2.75%	7.40%, net of OPEB plan investment expense	Pub-2010 for both males and females, adjusted to reflect experience and projected using the MP-2021 Mortality Improvement Scale.	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Trend rate for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. These trends increase over four years to 7.0% and 9.5%, respectivley. The trends then decrease linearly for five years until ultimate trend rate of 4.50% is reached in plan year end 2033.
2023	2.50%	2.75% - 5.18%, including inflation	2.75%	7.40%, net of OPEB plan investment expense	Pub-2010 for both males and females, adjusted to reflect experience and projected using the MP-2021 Mortality Improvement Scale.	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Trend rate for pre-Medicare and Medicare per capita costs of 7.0% medical and 8.0% drug. These trends increase over four years to 9.0% and 9.5%, respectivley. The trends then decrease linearly for five years until ultimate trend rate of 4.50% is reached in plan year end 2032.
2022	2.25%	2.75% - 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense	Pub-2010 for both males and females, adjusted to reflect experience and projected using the MP-2021 Mortality Improvement Scale.	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Pre-Medicare per capita costs of 7.0% for plan year end 2023, 6.5% for plan year ends 2024 and 2025, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached. Medicare per capita costs of 8.33% for plan year end 2023, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached.
2021	2.25%	2.75% - 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense	Pub-2010 for both males and females, adjusted to reflect experience and projected using the MP-2019 Mortality Improvement Scale.	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Pre-Medicare per capita costs of 7.0% for plan year end 2022, 6.5% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached. Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached.
2020	2.25%	2.75% - 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense	Pub-2010 for both males and females, adjusted to reflect experience and projected using the MP-2019 Mortality Improvement Scale.	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Pre-Medicare per capita costs of 7.0% for plan year end 2022, 6.5% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached. Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached.
2019	2.75%	3.0% - 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense	RP-2000 for both males and females, adjusted to reflect experience and projected using Scale AA.	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached. Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached.
2018	2.75%	3.0% - 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense	RP-2000 for both males and females, adjusted to reflect experience and projected using Scale AA.	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.0% and 10.0% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.
2017	2.75%	3.0% - 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense	RP-2000 for both males and females, adjusted to reflect experience and projected using Scale AA.	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.

BLUEFIELD STATE UNIVERSITY

Independent Auditor's Report in Accordance with *Government Auditing Standards*

Year Ended June 30, 2026

CliftonLarsonAllen LLP
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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
Bluefield State University
Bluefield, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, and the discretely presented component unit of Bluefield State University (The University), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Bluefield State University's basic financial statements, and have issued our report thereon dated October 14, 2026. Our report includes a reference to other auditors who audited the financial statements of Bluefield State College Foundation, Inc. as well as the auditors who audited the financial statements of Applied Research Foundation of West Virginia as described in our report on Bluefield State University's financial statements. The financial statements of the Bluefield State College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bluefield State 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 Bluefield State University's internal control. Accordingly, we do not express an opinion on the effectiveness of Bluefield State University's internal control.

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

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

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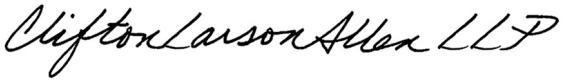
Board of Governors
Bluefield State University

Report on Compliance and Other Matters

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

Purpose of This Report

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



CliftonLarsonAllen LLP

Pittsburgh, Pennsylvania
October 14, 2026