WEST VIRGINIA UNIVERSITY

Financial Statements
for the Years Ended June 30, 2021 and 2020
and Independent Auditors' Reports

WEST VIRGINIA UNIVERSITY

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of West Virginia University (the University), a component unit of the West Virginia Higher Education Policy Commission as of and for the years ended June 30, 2021 and 2020, and the related statements of revenue, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University as of June 30, 2021 and 2020, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 1, the financial statements present only the University and do not purport to, and do not present fairly the financial position of the West Virginia Higher Education Policy Commission as of June 30, 2021 and 2020, the changes in its financial position, or cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 15, 2021, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 15, 2021

Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2021

Overview

The Management's Discussion and Analysis is required supplementary information and has been prepared in accordance with the requirements of Governmental Accounting Standards Board ("GASB"). This section of West Virginia University's (the "University" or "WVU") annual financial report provides an overview of the University's financial performance during the fiscal year ended June 30, 2021 as compared to the previous fiscal year. Comparative analysis is also presented for fiscal year 2020 compared to fiscal year 2019.

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

Financial Highlights

At June 30, 2021, the University's total net position increased from the previous year-end by $127.8 million. The increase in net position is primarily attributable to increases in noncurrent restricted cash, appropriations due from primary government, current investments, and capital assets, net as well as a decrease in the net OPEB liability and accounts payable. This increase in net position was partially offset by decreases in noncurrent investments and increases in bonds payable and deferred inflows related to OPEB.

Total revenues in fiscal year 2021 were $1.3 billion, a 6.5% increase over prior year. Total revenues increased by 5.8% from fiscal year 2019 to fiscal year 2020. This increase was primarily due to increases in grants and contracts revenue (including capital gifts and grants), state appropriations and investment income. Additionally, the University recognized revenue of $30.7 million from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the remaining $9.9 million from the Coronavirus, Aid, Relief, and Economic Security ("CARES") Act. This increase in revenue was partially offset by decreases in net revenue from tuition and fees and auxiliary enterprises and decreases in sales and services of educational activities, payments on behalf of the University and gifts.

Total expenses decreased by .5% from fiscal year 2020 to fiscal year 2021 primarily due to decreases in benefits and other operating expenses. These decreases were offset by increases in salaries and wages, scholarships and fellowships, supplies and other services, depreciation and amortization, interest on capital asset-related debt and other nonoperating expenses. During fiscal year 2021, the University incurred expenses of $12.7 million related to the CARES and CRRSAA Acts. The first installment of the CRRSAA funds was used by the University to disburse $10.1 million in emergency aid to students with financial need stemming from the COVID-19 related disruption of campus operations in accordance with guidance from the U.S. Department of Education ("DOE"). The second installment (the institutional aid portion) of $20.6 million was used by the University as reimbursement of expenses and forgone revenue related to the disruption of campus operations due to COVID-19. Total expenses increased by 2.2% from fiscal year 2019 to fiscal year 2020.

Net Position

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

Net Position is displayed in three components:

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

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

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

Condensed Schedule of Net Position (in thousands)

	As of June 30		
	2021	**2020**	**2019**
Assets			
Current Assets	$ 344,331	$ 306,800	$ 299,211
Capital Assets, Net	1,935,060	1,836,319	1,809,035
Other Noncurrent Assets	242,429	229,918	126,513
Total Assets	2,521,820	2,373,037	2,234,759
Deferred Outflows of Resources	35,347	35,361	34,091
TOTAL	$ 2,557,167	$ 2,408,398	$ 2,268,850
Liabilities			
Current Liabilities	$ 230,775	$ 237,804	$ 207,762
Noncurrent Liabilities	945,814	958,576	907,986
Total Liabilities	1,176,589	1,196,380	1,115,748
Deferred Inflows of Resources	140,815	100,052	87,100
TOTAL	$ 1,317,404	$ 1,296,432	$ 1,202,848
Net Position			
Net Investment in Capital Assets	$ 1,120,471	$ 1,095,413	$ 1,096,718
Restricted for:			
Nonexpendable	16,975	17,615	19,031
Expendable	71,555	49,558	11,040
Unrestricted Deficit	30,762	(50,620)	(60,787)
TOTAL NET POSITION	$ 1,239,763	$ 1,111,966	$ 1,066,002

Total assets of the University increased by about $148.8 million, or 6.3%, to a total of $2.5 billion as of June 30, 2021. This increase was primarily due to increases in noncurrent restricted cash, appropriations due from primary government, current investments, and capital assets, net. These increases were partially offset by decreases in noncurrent investments.

- Noncurrent restricted cash increased by $31.7 million primarily due to the issuance of bonds to finance various capital projects. Noncurrent restricted cash increased by $41.3 million from fiscal year 2019 to fiscal year 2020.

- Appropriations due from primary government increased by $18.6 million from fiscal year 2020 to fiscal year 2021 due to supplemental appropriations granted in fiscal year 2021 as a result of House Bill 217. These funds will be re-appropriated for expenditure in fiscal year 2022. There were no such supplemental appropriations in fiscal year 2020.

- Current investments increased by $19.8 million from fiscal year 2020 to fiscal year 2021 due to an increase in unrealized gains on investments. These investments increased by $3.0 million from fiscal year 2019 to fiscal year 2020.

- Noncurrent investments decreased by $14.2 million primarily due to the redemption of bond investments. Noncurrent investments increased by $66.6 million from fiscal year 2019 to fiscal year 2020.

- Capital assets, net increased by $98.7 million primarily due to an increase in construction-in process and the completion of improvements to buildings and infrastructure.

  - The University completed improvements to the following during the fiscal year: completion of seating at the Coliseum and renovations to Hodges Hall, the Milan Puskar Center, food and dining services facilities across campus by Sodexo, the Jackson's Mill STEM building, and the morgue at the HSC.
  - Major construction-in-process projects included: construction of Reynolds Hall and the Athletics Performance Center at the Coliseum Sports Complex, renovations at the Mountainlair, and various projects at the HSC.
  - Other assets increased due to the donation of software to the Petroleum and Natural Gas Engineering department at the Benjamin M. Statler College of Engineering and Mineral Resources.
  - These increases were partially offset by the transfer and sale of property at the former WVU Tech campus in Montgomery.

  Capital assets, net increased by $27.3 million from fiscal year 2019 to fiscal year 2020.

In accordance with the provisions of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*," and Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*", the University reported deferred outflows related to pensions, in the amount of $969,000, at June 30, 2021. This is an increase of $125,000 from the deferred outflows related to pensions of $844,000 at June 30, 2020. During fiscal year 2021, these deferred outflows represent the University's proportionate share of the difference between expected and actual experience, the change in proportion and difference between employer contributions and proportionate share of contributions, the net difference between projected and actual investment earnings, changes in assumptions, and employer contributions made by the University during fiscal year 2021 (after the measurement date of June 30, 2020) to the pension plan.

In accordance with the provisions of GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions",* the University reported deferred outflows related to other postemployment benefits ("OPEB") in the amount of $19.9 million at June 30, 2021. This is an increase of $544,000 from the deferred outflows related to OPEB of $19.3 million at June 30, 2020. These deferred outflows represent the change in proportion and the difference between employer contributions and proportionate share of contributions, the net difference between projected and actual investment earnings, and employer contributions made by the University during fiscal year 2021 (after the measurement date of June 30, 2020) to a postemployment benefit plan – the West Virginia Postemployment Benefit Plan – which is administered by the West Virginia Public Employees Insurance Agency ("PEIA") and the West Virginia Retiree Health Benefit Trust Fund (the "RHBT").

The University also reported deferred loss on refunding of $14.5 million at June 30, 2021. This represents the unamortized balance of a deferred loss on refunding related to the defeasance of the 2004 Bonds. The deferred loss on refunding is the difference between the reacquisition price and the net carrying amount of the refunded bonds and will be recognized as a component of interest expense over the remaining life of the refunded debt. The reduction in the amount from fiscal year 2020 to 2021 denotes the annual amount amortized to interest expense.

Total liabilities for the year decreased by $20.2 million (or 1.7%). This decrease in total liabilities was primarily due to decreases in the net OPEB liability and accounts payable. These increases were partially offset by an increase in bonds payable. The decrease in total liabilities was partially offset by an increase in deferred inflows related to OPEB.

- Accounts payable decreased by $17.1 million primarily due to a decrease in unpaid invoices at year-end. Additionally, the employer's share of the Social Security tax for fiscal year 2020 that was deferred as allowed under the CARES Act was paid in full in June 2021. Accounts payable increased by $18.2 million from fiscal year 2019 to fiscal year 2020.

- Noncurrent bonds payable increased by $77.3 million primarily due to the issuance of the 2020 Series B revenue bonds to finance the costs of improvements to Milan Puskar Stadium and the Coliseum, the 2021 Series A bonds to finance improvements to Hodges Hall and the HSC Infrastructure Phase II projects, and the 2021 Series B bonds to finance projects related to Athletics and Reynolds Hall.

- Net OPEB liability decreased by $82.8 million due to a decrease in the University's proportionate share of the State's net OPEB liability at June 30, 2021. The OPEB plan is a cost-sharing, multiple-employer, defined benefit other postemployment benefit plan that covers the retirees of State agencies, colleges and universities, county boards of education and other government entities administered by PEIA and the RHBT. As a participant in the OPEB plan, the University is required to recognize its proportionate share of the collective net OPEB liability provided through the plan. The proportionate share is calculated based on employer and non-employer contributions to the OPEB plan. Based on the most recent actuarial study, an experience study review, and available information on the capped subsidy and premium, the total OPEB liability was reduced as a result of changes in demographic and OPEB valuation assumptions and healthcare-related assumptions in addition to demographic experience. These changes were offset by a decrease in the discount rate. The net OPEB liability decreased by $32.4 million from fiscal year 2019 to fiscal year 2020.

In accordance with the provisions of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*," and Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*," during fiscal year 2021 the University recorded deferred inflows related to pensions in the amount of $2.8 million. For fiscal year 2020, these deferred inflows represent the University's proportionate share of the difference between employer contributions and proportionate share of contributions and the difference between expected and actual experience.

The University recorded deferred inflows related to OPEB of $95.0 million and $51.6 million at June 30, 2021 and June 30, 2020, respectively, in accordance with the provisions of GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". For fiscal year 2021, these deferred inflows represent the University's proportionate share of the net difference between projected and actual investment earnings on plan investments, the difference between employer contributions and the University's proportionate share of contributions, the difference between expected and actual experience, changes in assumptions, and the opt-out proportionate share.

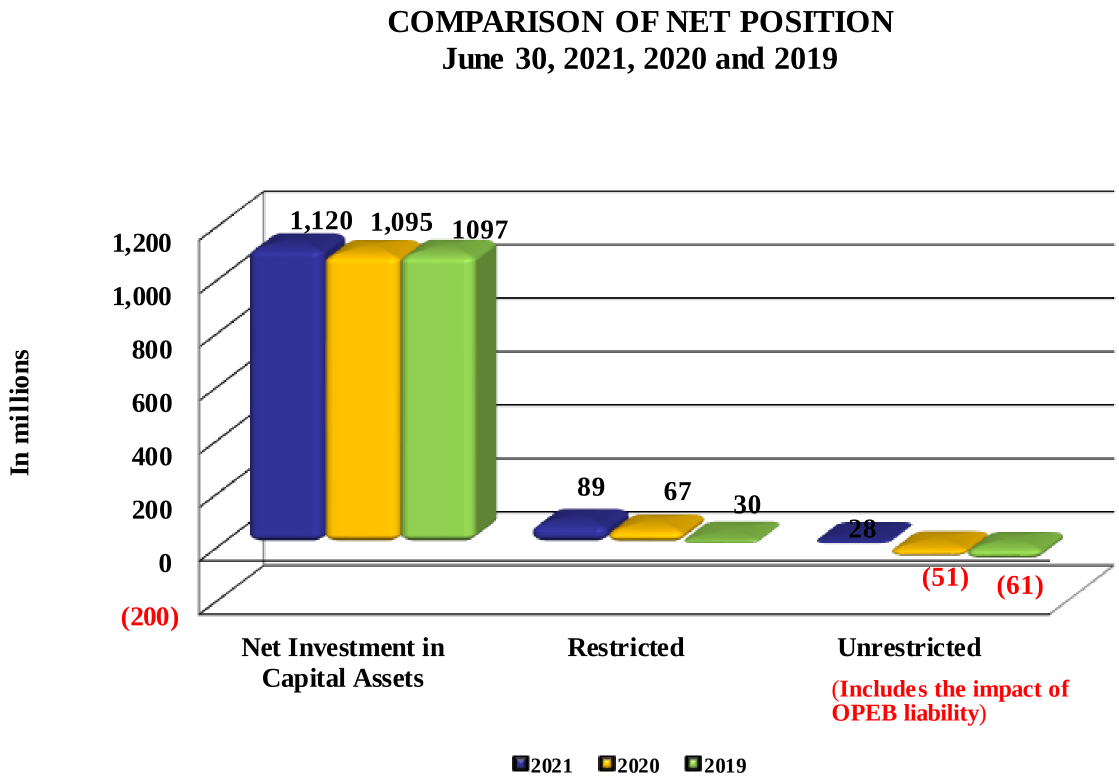
During fiscal year 2015, the University entered into an agreement with ACC OP (College Park, WV) LLC to operate College Park, a multi-use facility including student housing, owned by WVU. The agreement met the definition of a service concession arrangement ("SCA") under the provisions of GASB Statement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

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

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

The University's current assets of $344.3 million were sufficient to cover current liabilities of $230.8 million indicating that the University maintained sufficient available resources to meet its current obligations as of June 30, 2021.

The following is a comparative illustration of net position.



Net investment in capital assets increased by $25.1 million mainly due to an increase in capital assets, net which was partially offset by an increase in bonds payable. Net investment in capital assets decreased by $1.3 million from fiscal year 2019 to fiscal year 2020.

During fiscal year 2021, the restricted component of the net position experienced an increase of $21.4 million. This increase was primarily due to an increase in restricted sponsored programs and restricted debt service. This component of net position increased by $37.1 million from fiscal year 2019 to fiscal year 2020.

The unrestricted component of net position increased by $81.4 million during fiscal year 2021. This was primarily due to a decrease in the net OPEB liability. There was an increase in this component of net position from fiscal year 2019 to fiscal year 2020 of $10.2 million.

	2021	2020
Total unrestricted net position before OPEB liability, net pension liability, deferred inflows and deferred outflows	$ 143,114	$ 102,732
Plus: Deferred outflows of resources related to OPEB	19,872	19,328
Plus: Deferred outflows of resources related to pensions	969	844
Less: Net OPEB liability	30,616	113,459
Less: Net pension liability	4,751	4,821
Less: Deferred inflows of resources related to OPEB	94,998	51,644
Less: Deferred inflows of resources related to pensions	2,828	3,600
Total unrestricted net position (deficit)	$ 30,762	$ (50,620)

Revenues, Expenses and Changes in Net Position

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

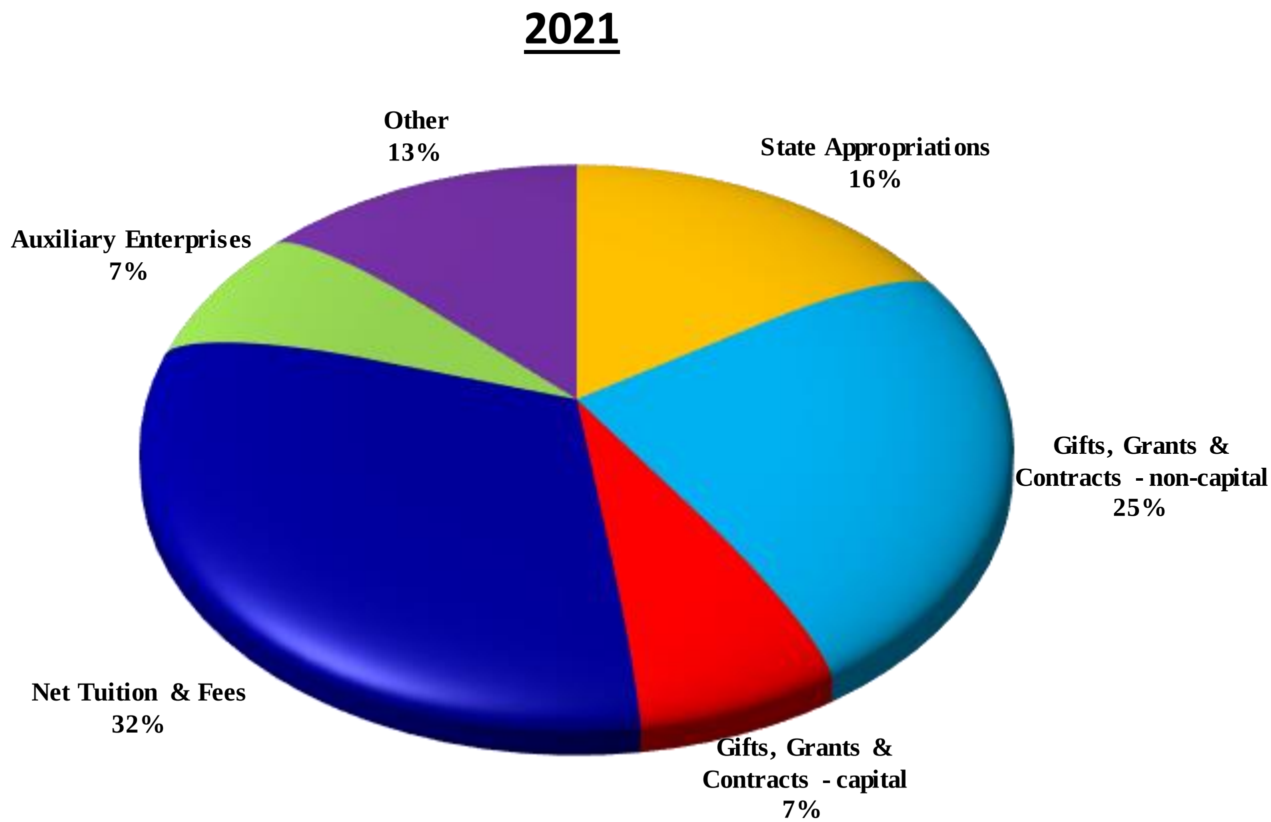
State appropriations, while budgeted for operations, are considered and reported as non-operating revenues. This is because State appropriations are provided by the West Virginia Legislature (the "Legislature") to the University without the Legislature directly receiving commensurate goods and services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

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

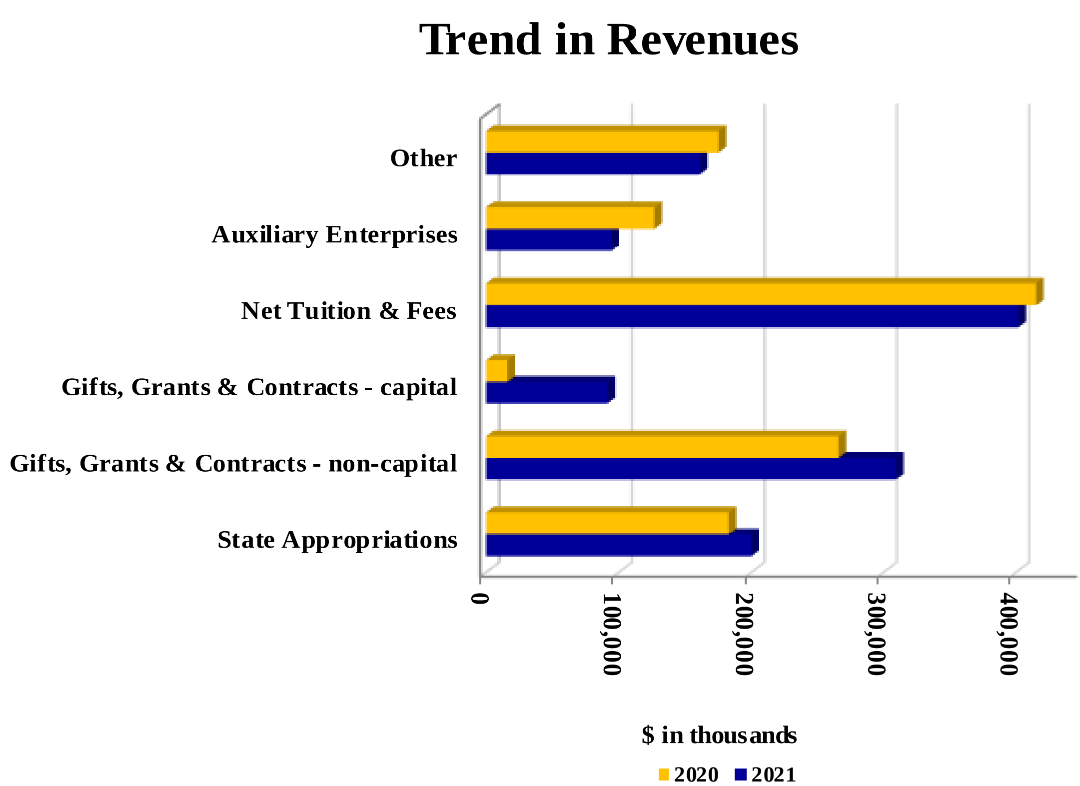
	Years Ended June 30		
	2021	**2020**	**2019**
Operating Revenues	$ 775,157	$ 797,193	$ 809,827
Operating Expenses	1,091,028	1,106,721	1,075,377
Operating Loss	(315,871)	(309,528)	(265,550)
Net Nonoperating Revenues	351,353	338,984	254,890
(Loss) Income before Other Revenues, Expenses, Gains or Losses	35,482	29,456	(10,660)
Capital grants and gifts	91,667	16,088	17,107
Bond/capital projects proceeds from the Commission	648	420	-
Capital payments on behalf of the University	-	-	-
Increase in Net Position	127,797	45,964	6,447
Net Position - Beginning of Year	1,111,966	1,066,002	1,059,555
Net Position - End of Year	$ 1,239,763	$ 1,111,966	$ 1,066,002

Revenues:

The following graph shows the composition of total revenues by source for fiscal year 2021.



The following chart provides a comparison of revenues by significant category between fiscal years 2021 and 2020.



Total fiscal year 2021 revenues were $1.3 billion, an increase of $76.3 million or 6.5%, from fiscal year 2020. Some highlights of the information presented on the statement of revenues, expenses, and changes in net position are as follows:

- Tuition and fees, net decreased by $13.3 million from fiscal year 2020 to fiscal year 2021. This was mainly due to an increase in scholarship discounts and allowances and a decline in enrollment. This revenue increased from fiscal year 2019 to fiscal year 2020 by $3.9 million.

- Gifts decreased by $44.1 million from fiscal year 2020 to fiscal year 2021 primarily due to the transfer of the Research Trust Fund investments from the Foundation in July 2019. This revenue category increased by $63.4 million from fiscal year 2019 to fiscal year 2020.

- The University recognized total revenue of $30.7 million from the Higher Education Emergency Relief Fund II ("HEERF II") of the CRRSAA Act. These funds were received in two installments; the first installment of $10.1 million was used for the disbursement of direct cash grants to students with financial need stemming from the COVID-19 related disruption of campus operations in accordance with guidance from the DOE. The second installment of $20.6 million was used to reimburse the University for foregone revenue and expenses related to the disruption of campus operations due to COVID-19.

- The University also recognized revenue of $5.1 million from the CARES Act. During fiscal year 2021, the remaining $2.6 million in student aid funding provided by the CARES Act was disbursed to students. Due to this institutional aid portion being contingent upon the disbursement of student aid, only $15.0 million was recognized as revenue in fiscal year 2020 in accordance with the accounting guidance.

- Grants and contracts revenue (non-capital related), excluding Federal Pell grants, increased by $24.4 million from fiscal year 2020 to fiscal year 2021 primarily due to an increase in federal, state and nongovernmental grants and contracts. This revenue increased by $11.4 million from fiscal year 2019 to fiscal year 2020.

- Capital gifts and grants increased by $75.8 million from fiscal year 2020 to fiscal year 2021. This increase was primarily due to the donation of right-to-use software to the Petroleum and Natural Gas Engineering department at the Benjamin M. Statler College of Engineering and Mineral Resources. There was also an increase in Foundation funding for the construction of Reynolds Hall, the new home of the John Chambers College of Business and Economics. These revenues increased by $16.5 million from fiscal year 2019 to fiscal year 2020.

- Auxiliary revenue, net decreased by $32.4 million primarily due to a decrease in revenue generated by Athletics as a result of the COVID-19 pandemic. There was a decrease in season and single game ticket sales due to the delay of the 2020 football season and reduced capacity at the Milan Puskar Stadium and the Coliseum. There were also decreases in Big 12 conference revenue, concession receipts, rights fees, parking receipts and other revenues. Revenues from other auxiliary operations such as Jackson's Mill, the Student Recreation Center and Parking also declined due to the disruption of campus operations as a result of the pandemic. Auxiliary revenue, net decreased by 16.5 million from fiscal year 2019 to fiscal year 2020.

- Sales and services of educational activities decreased by $3.9 million from fiscal year 2020 to fiscal year 2021 due to a decrease in conference revenues, ticket sales and gate receipts as a result of cancellations of conferences and events due to the pandemic including programs offered by the Extension Service and the University Arts Series. These revenues decreased by $8.8 million from fiscal year 2019 to fiscal year 2020.

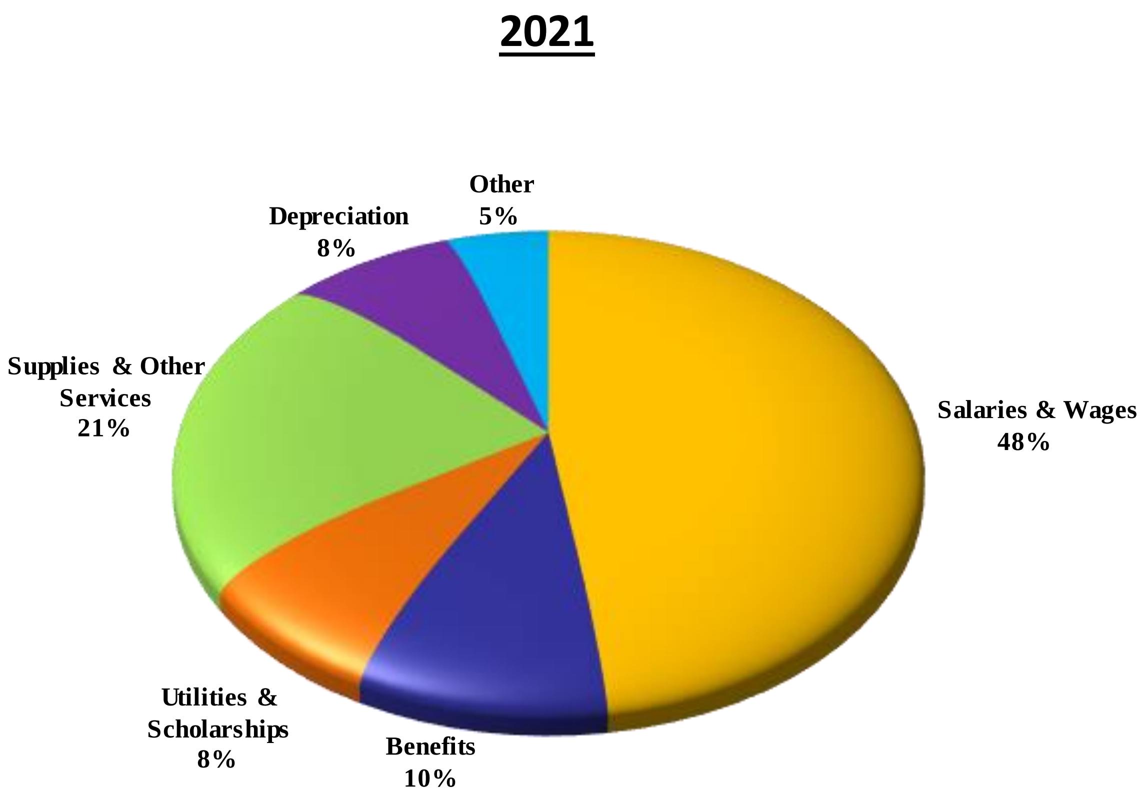
- State appropriations increased by $17.2 million from fiscal year 2020 to fiscal year 2021 primarily as a result of supplemental appropriations granted in fiscal year 2021 as a result of House Bill 217. These funds will be re-appropriated for expenditure in fiscal year 2022. State appropriations increased by $2.8 million from fiscal year 2019 to fiscal year 2020.

- Payments on behalf of the University decreased by $3.7 million from fiscal year 2020 to fiscal year 2021. This was primarily due to a decrease in the University's share of allocated special funding of the net OPEB liability. These payments decreased by $2.4 million from fiscal year 2019 to fiscal year 2020.

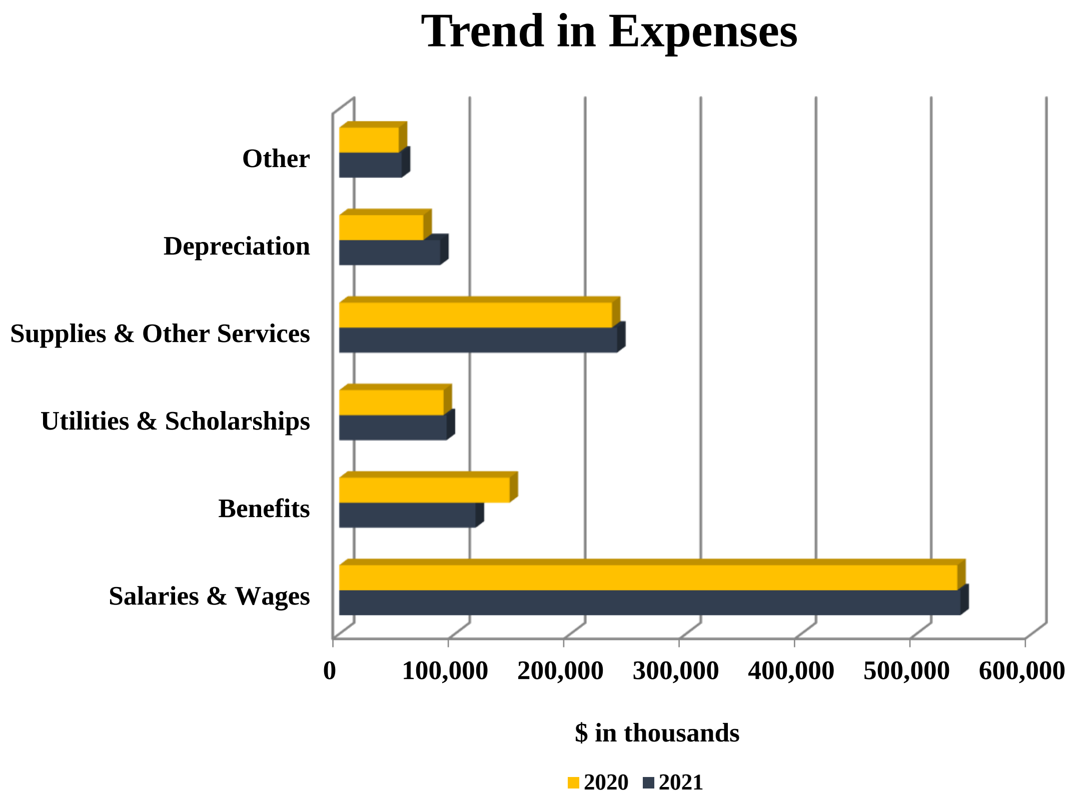
- Investment income increased by $34.2 million from fiscal year 2020 to fiscal year 2021 primarily due to an increase in realized and unrealized gains on investments. Income from investments increased by $480,000 from fiscal year 2019 to fiscal year 2020.

Expenses:

The following graph shows the composition of total expenses by category for fiscal year 2021.



The following chart provides a comparison of expenses by significant category between fiscal years 2021 and 2020.



Total fiscal year 2021 expenses decreased by $4.8 million, or .4%. Changes in expense amounts from the prior year are primarily attributed to the following:

- Salaries and wages increased by $2.7 million from fiscal year 2020 to fiscal year 2021. Salaries for non-classified staff increased but this was offset by decreased student wages due to a reduction in student employees as a result of the pandemic. This expense category increased by $5.9 million from fiscal year 2019 to fiscal year 2020.

- Benefits decreased by $29.4 million from fiscal year 2020 to fiscal year 2021 primarily due to a significant decrease in the University's proportionate share of the net OPEB liability. Based on the most recent actuarial study, an experience study review, and available information on the capped subsidy and premium, the total OPEB liability was reduced as a result of changes in demographic and OPEB valuation assumptions and healthcare-related assumptions in addition to demographic experience. These changes were offset by a decrease in the discount rate. These expenses decreased by $4.5 million from fiscal year 2020 to fiscal year 2021.

- Scholarships and fellowships increased by $2.3 million primarily due to an increase in institutional awards. There was an increase of $11.4 million in this expense category from fiscal year 2019 to fiscal year 2020.

- Supplies and other services increased by $4.4 million from fiscal year 2020 to fiscal year 2021. This increase was primarily due to the donation of non-capitalizable software through the Foundation and additional expenses incurred as a result of the pandemic including transportation, COVID-19 testing, PPE, and disinfecting supplies and services. These increases were offset by decreases in expenses such as hospitality, student activities, travel, printing and routine repairs and maintenance due to the pandemic and University-wide budget reductions. This category of expenses decreased by $800,000 from fiscal year 2019 to fiscal year 2020.

- Depreciation and amortization increased by $14.6 million from fiscal year 2020 to fiscal year 2021. This increase was primarily due to an increase in amortization expense as a result of donations of software through the Foundation. These expenses decreased by $1.2 million from fiscal year 2019 to fiscal year 2020.

- Other operating expenses decreased by $9.4 million from fiscal year 2020 to fiscal year 2021. This decrease was primarily due to a decrease in expenses related to the Voluntary Separation Incentive Program. The increase in other operating expenses from fiscal year 2019 to fiscal year 2020 was $8.5 million.

- During fiscal year 2021, the University incurred expenses of $2.6 million related to the disbursement of the remaining funding provided by the CARES Act to students with financial need stemming from the COVID-19 pandemic.

- The University incurred expenses of $10.1 million related to the CRRSAA Act. In fiscal year 2021, the University disbursed the entire amount allocated for emergency aid to students with financial need stemming from the pandemic.

- Interest on capital asset-related debt increased by $4.8 million in fiscal year 2021 primarily due to debt service payments on the 2019 Series A and Series B bonds and the 2020 Series A and Series B bonds. These increases were offset by decreases due to the refunding of the 2011 Series B, 2013 Series A and 2014 Series A bonds. These bonds were refunded with the issuance of the 2020 Series A bonds. Additionally, the University did not capitalize interest in fiscal year 2021 in accordance with GASB Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*". Interest expense decreased by $8.0 million from fiscal year 2019 to fiscal year 2020.

- Other net nonoperating expenses increased by $6.9 million from fiscal year 2020 to fiscal year 2021. This was primarily due to a loss on the sale and transfer of property on the former WVU Tech campus in Montgomery. This category of expenses decreased by $600,000 from fiscal year 2019 to fiscal year 2020.

Cash Flows

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

The statement of cash flows is divided into five sections:

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

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

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

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

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

Condensed Schedule of Cash Flows (in thousands)

	Years Ended June 30		
	2021	**2020**	**2019**
Cash Provided By (Used In):			
Operating Activities	$ (227,980)	$ (204,663)	$ (192,040)
Noncapital Financing Activities	291,790	287,491	268,430
Capital Financing Activities	(80,188)	(23,361)	(100,866)
Investing Activities	39,952	(18,395)	(2,819)
Increase (Decrease) in Cash and Cash Equivalents	23,574	41,072	(27,295)
Cash and Cash Equivalents, Beginning of Year	181,886	140,814	133,733
Cash and Cash Equivalents, End of Year	$ 205,460	$ 181,886	$ 106,438

Total cash and cash equivalents increased by $23.6 million during fiscal year 2021 to $205.5 million.

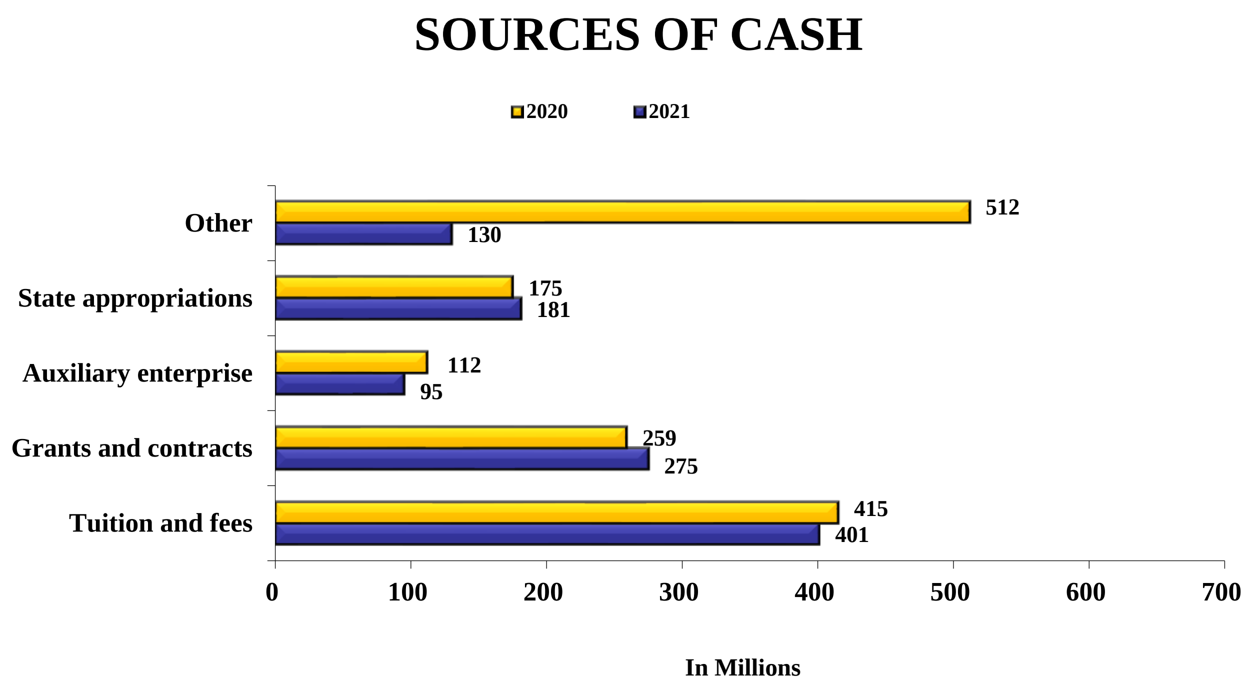
- Net cash used in operating activities increased by $23.3 million primarily due to expenses related to the CRRSAA Act and decreased cash inflows from tuition and fees, auxiliary enterprises, sales and services of educational activities, and other receipts. Cash used in operating activities increased by $53.5 million from fiscal year 2019 to fiscal year 2020.

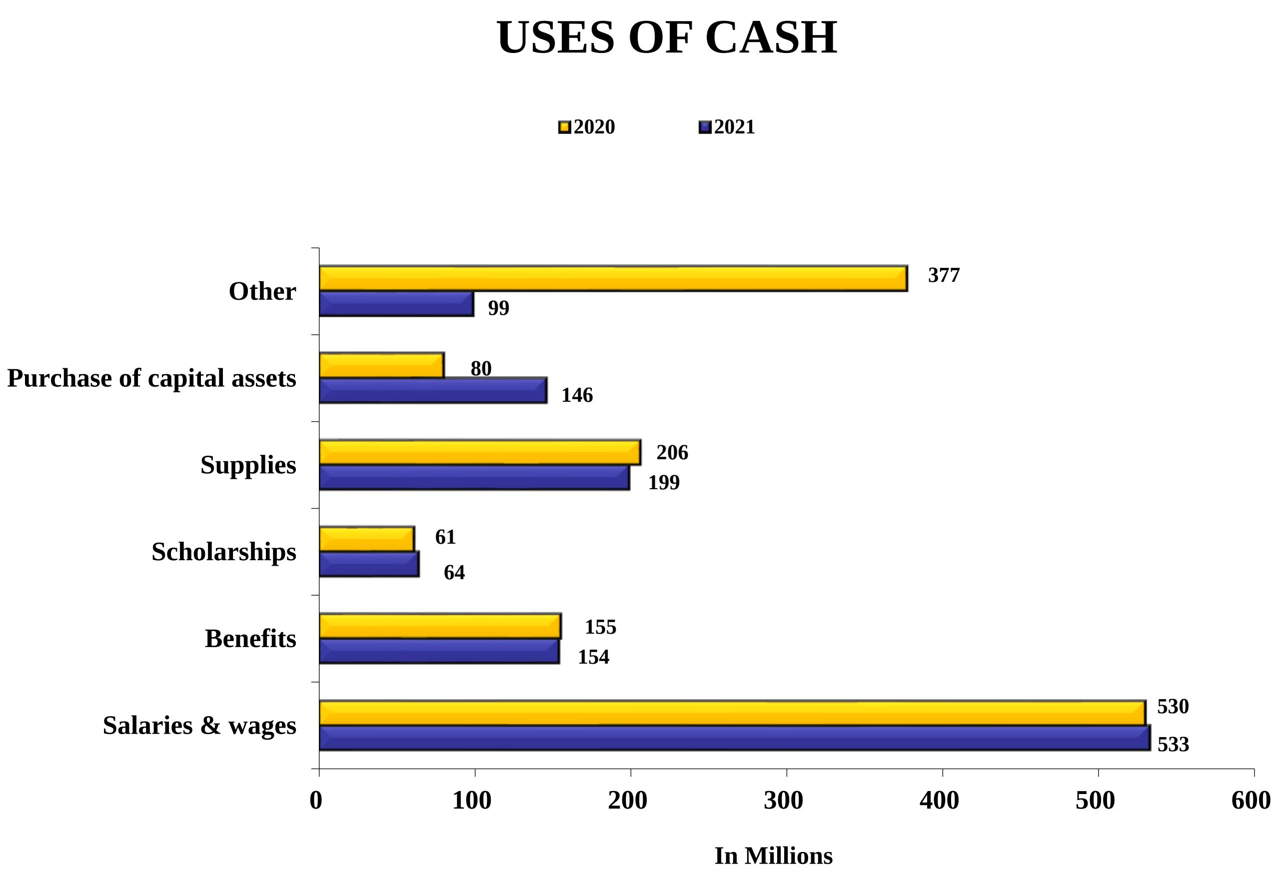
- Net cash provided by noncapital financing activities increased by $4.3 million primarily due to cash received from the CRRSAA Act and an increase in cash inflows from state appropriations. This increase was partially offset by decreased cash inflows from gifts and other nonoperating receipts. This category had experienced an increase of $20.8 million from fiscal year 2019 to fiscal year 2020.

- Net cash used in capital financing activities increased by $56.8 million primarily due to an increase in the purchase of capital assets and a decrease in cash inflows from bond proceeds. These changes were offset by an increase in cash inflows from capital gifts and grants and a decrease in principal paid on capital debt and leases. Capital financing activities increased by $68.5 million from fiscal year 2019 to fiscal year 2020.

- Net cash provided by investing activities increased by approximately $58.3 million primarily due to a decrease in the purchase of investments and an increase in investment income. This was offset by a decrease in cash inflows from the redemption of matured bond investments. Investing activities decreased by $29.1 million from fiscal year 2019 to fiscal year 2020.

The following graphs illustrate the sources and uses of cash –





Capital Asset and Long Term Debt Activity

The University, including the Health Sciences Center and its regional campuses, continued work on major capital projects with planned expenditures of approximately $183.0 million. These projects include the Athletics Performance Center renovation, Reynolds Hall construction, Hodges Hall renovation, HSC first floor dental clinic renovation, HSC Human Gift Registry, Health and Education building, Milan Puskar Stadium press box suites renovation, and the Milan Puskar Center renovation (phases 3 and 4). These capital projects are being financed through bond proceeds, grants, and other sources of revenues available to the University including operational revenue and gifts.

Significant construction, capital and debt activity in fiscal year 2021 was as follows:

- The University completed improvements to the following during the fiscal year: completion of seating at the Coliseum and renovations to Hodges Hall, the Milan Puskar Center, food and dining services facilities across campus by Sodexo, the Jackson's Mill STEM building, and the morgue at the HSC.
- Major construction-in-process projects included: construction of Reynolds Hall and the Athletics Performance Center at the Coliseum Sports Complex, renovations at the Mountainlair, and various projects at the HSC.

The Commission assesses each public institution of higher education for funds to meet the payment of debt service on various revenue bonds that were issued for the financing of academic and other facilities of the State's universities and colleges, including certain facilities of the University. The bonds remain as a capital obligation of the Commission; however, $35.6 million is reported as debt service assessment payable to the Commission by the University as of June 30, 2021.

The University issued $12.5 million of taxable revenue bonds to finance improvements to the Milan Puskar Stadium and the Coliseum. The University also issued $25.7 million of tax-exempt bonds to finance improvements to Hodges Hall and Phase II infrastructure projects at the HSC. Additionally, the University issued $45.0 million of taxable bonds to finance projects related to Athletics and Reynolds Hall. At June 30, 2021, the University's bonds were rated as Aa3, AA-, and A/Stable by Moody's, Fitch and Standard and Poor's respectively.

Under the West Virginia Code, the University is required to develop a campus development plan at least once every ten years, with an update at least every five years. The last campus development plan was undertaken in 2012; with an update in 2017. Management is now in the initial stages of planning to develop a new university campus development or facilities plan including capital project priorities and deferred maintenance needs of the University.

Economic Outlook

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

Due to the significant risk to the public's health and safety that the COVID-19 pandemic continues to present, the national emergency concerning COVID-19 was continued on February 24, 2021. With vaccines readily available and proven preventative measures in place, all campuses fully re-opened for the fall 2021 semester. Most restrictions put into place due to the COVID-19 pandemic have been lifted with safety measures in place and some format changes until the vaccination rate reaches 70%. The University continues to follow protocols recommended by the Centers for Disease Control and Prevention ("CDC"). Vaccinations are not required but are strongly recommended.

The University issued revised campus-wide spend guidelines for fiscal year 2022. This includes approval of certain purchases, including hospitality and travel. Study abroad programs are being evaluated a case-by-case basis. Non-human research activities resumed at full capacity in June.

The University received a total of $30.7 million from the HEERF II fund of the CRRSAA Act, which was received in two installments. The first installment of $10.1 million was used to provide emergency assistance to students with financial need stemming from the COVID-19 pandemic. The second installment of $20.6 million was used to reimburse the University for foregone revenue and expenses (housing and dining refunds, cancellation of study abroad and fee reductions) related to the disruption of campus operations. During fiscal year 2021, the University also disbursed the remaining $2.6 million of student aid from the HEERF fund of the CARES Act.

Home football games at Milan Puskar Stadium for the 2021 season returned to full capacity with additional health and safety measures, in accordance with CDC and Monongalia County Health Department guidelines, due to the Delta variant. The men's basketball team has announced a full schedule for the 2021-22 season.

As a public institution, the University's financial position is also closely tied to that of the State of West Virginia and is always at the risk of funding reductions due to deteriorating economic conditions or changes in funding priorities. During fiscal year 2021, the State experienced a budget surplus of $5.6 million in its general revenue funds as a result of increases in consumer sales tax and corporate net income tax collections. While the State achieved a healthy balance of $995.1 million in its Revenue Shortfall Reserve Fund (Rainy Day Fund), the State's budget continues to face economic pressures brought on by the COVID-19 pandemic along with a continuing decline in coal production.

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

The Foundation continues to report strong fund-raising numbers. In fiscal year 2021, donors contributed $270.1 million in new gifts and pledges despite the challenges posed by the COVID-19 pandemic. The "We Are Stronger Together" initiative brought in more than $23 million to provide scholarships to students in need due to the challenges of the pandemic. Also, as part of this initiative, the University's Division of Diversity, Equity and Inclusion is enhancing support for students from under-represented groups with a targeted fundraising effort.

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

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

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

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

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

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

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

In November 2020, as part of an additional contribution through the Chambers Family Foundation, the Chambers Fellows program was established. Beginning in fall 2021, up to four students majoring in entrepreneurship, management information systems or computer engineering (with a minor in entrepreneurship) will be selected each academic year as Chambers Fellows. Students from underrepresented groups will be given priority and will receive a scholarship for the cost of attendance. Funds will also be provided to support academic enrichment including internships and opportunities to study abroad. Additional funds will also be provided as part of this program to support programming designed to enhance the student learning experience. This program reflects the College's re-imagined approach to business education with an emphasis on experiential learning and cultivating an entrepreneurial mindset.

In October 2020, officials announced that the State would serve as the future home of the Virgin Hyperloop Certification Center. The center will serve as a research, development and testing site for the hyperloop concept and will be located in Grant and Tucker counties. The center is expected to create thousands of new jobs and have a significant economic impact on the Mountain State. The center will also help diversify the State's economy and demonstrate the State's potential. The John Chambers School of Business and Economics, Vantage Ventures, the Benjamin M. Statler College of Engineering and Mineral Resources and the Rockefeller Neuroscience Institute have initiated conversations with the Virgin Hyperloop leadership and other universities in the state and across the country to collaborate on the development of the center and explore opportunities for research.

A donation by Brad and Alys Smith will fund the Brad and Alys Smith Outdoor Economic Development Collaborative ("OEDC"), which will include innovative programs to ignite the State's economy, develop the State's recreational infrastructure and provide outdoor recreational opportunities. Through this program initial funding will be provided for a remote worker program, a groundbreaking enterprise designed to help individuals and families prosper amid the challenges of the COVID-19 pandemic. As more people work remotely, this program aims to leverage the State's outdoor assets to bring in fresh talent to fuel entrepreneurship and innovation. The OEDC has partnered with the WV Department of Tourism and the WV Department of Economic Development to design a remote workforce recruitment program, Ascend WV, which will provide a relocation package and free coworking space to motivate remote workers to move to the Mountain State.

- Growing Research:

Research is an integral part of the University's mission and the Corporation facilitates this mission through its role as fiscal agent for sponsored projects. The Corporation also uses its unique status to maximize the effectiveness of technology transfer in addition to its economic and business development functions. One important indication of this success is WVU's classification as an R1, Doctoral University – Highest Research Activity, by the Carnegie Foundation in fiscal year 2018 placing WVU among the 130 strongest research institutions in the US. By our calculation WVU moved from 109th to 90th in the classification. In fiscal year 2021, WVU secured $200 million in sponsored programs funding, a new high for the institution. At the same time, sponsored award expenditures came in at $189 million.

Federal funding for sponsored programs at the University increased in fiscal year 2021 to $109 million, whereas overall sponsored awards (federal and non-federal sources) reached a new high of $200 million as noted above. Investments in improving the competitiveness of the faculty through the implementation of programs by the Research Office is beginning to yield a noticeable return in terms of the dollar value of new awards. The most effective of these investments remain the Program to Stimulate Competitive Research, providing support to ensure that resubmitted proposals have a significantly enhanced probability of success, and an internal NIH style study section at HSC, providing scientific review of grant applications prior to external submission to increase competitiveness.

The University continues to see growth in the funding it receives from the NIH, with a new record of $38.7 million in awards for the year ending June 30, 2021.

As mentioned last year, a large grant from the USDA led to an increase in USDA funding to a record of $14.7 million in 2021. The reflects efforts in leading a collaboration focused on renewable energy sources.

The University in collaboration with the Research Corporation and the Innovation Corporation continues to expand US Department of Defense funding to WVU. DoD awards increased from $3.4 million to $3.8 million in this past year.

COVID impacted the Industry support for research in 2021, with funding down from $43 million in the previous year to $39.7 million in 2021.

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

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

The University implemented a University-wide Incentivized Phased Separation Program during fiscal year 2021. Through this program, the University offered an incentive payment upon exit to eligible faculty and staff who agreed to a gradual transition from employment. In general, regular benefits-eligible employees with fifteen or more years of service as of February 26, 2021 were eligible to express interest in the program. If the University determined that a phased separation was operationally and financially feasible, the University made a formal offer to the employee.

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

- Maintaining Student Demand:
  The University continues to focus on increasing its first-time freshmen as well as its total enrollment through recruitment and other strategies to improve retention and persistence across all student ranks within the University and across all campuses. Fall 2021 enrollment numbers indicate a 3% decrease in total enrollment compared to fall 2020, with a larger decline in in-state students. As a result, the residency mix has slightly shifted in favor of out-of-state students. The graduate and professional student population increased by about 3% compared to last year. To provide much needed help to our students during the pandemic, the University did not increase tuition at all last year and has increased tuition in fiscal year 2022 by a modest 2%.

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

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

- Solving Long Term Liabilities:
  The State legislature has addressed one of the most significant financial challenges facing state agencies with positive results. In fiscal year 2012 the legislature and Public Employees Insurance Agency (PEIA) implemented a series of actions to significantly reduce the OPEB Annual Required Contribution (from State agencies) and, in turn, the total OPEB liability. These actions included limiting the annual increase on the employer's share of the retiree's premium and allocating $30 million of annual funding to the OPEB Trust Fund beginning in fiscal year 2016 and a change in the applied discount rate. These steps will continue to have a significant positive impact on WVU's financial position and performance. Over time, as the State funds the OPEB trust, this accrual will become a credit and gradually reverse the current liability of $30.6 million to zero.

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

WEST VIRGINIA UNIVERSITY

STATEMENTS OF NET POSITION
AS OF JUNE 30, 2021 AND 2020
(Dollars in Thousands)

	2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash and cash equivalents	$ 107,993	$ 116,090
Appropriations due from primary government	18,597	-
Investments	101,159	81,313
Accounts receivable, net of allowances for doubtful accounts of $11,169 and $10,622	92,398	85,857
Account receivable - public private partnerships, current portion	10,818	9,741
Due from the Higher Education Policy Commission	308	452
Loans receivable, current portion	4,728	4,638
Inventories	1,840	1,923
Prepaid expenses	6,159	6,268
Notes receivable, current portion	331	518
Total current assets	344,331	306,800
Noncurrent Assets:		
Restricted cash and cash equivalents	97,467	65,796
Investments	115,297	129,541
Other accounts receivable	3,349	3,656
Account receivable - public private partnerships	3,614	4,902
Loans receivable, net of allowances for doubtful accounts of $3,204 and $3,375	21,591	24,782
Notes receivable	1,111	1,241
Capital assets, net	1,935,060	1,836,319
Total noncurrent assets	2,177,489	2,066,237
TOTAL ASSETS	2,521,820	2,373,037
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	14,506	15,189
Deferred outflows related to other post employment benefits	19,872	19,328
Deferred outflows related to pensions	969	844
TOTAL DEFERRED OUTFLOWS OF RESOURCES	35,347	35,361
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 2,557,167	$ 2,408,398

(continued)

WEST VIRGINIA UNIVERSITY

STATEMENTS OF NET POSITION (CONTINUED)
AS OF JUNE 30, 2021 AND 2020
(Dollars in Thousands)

	2021	2020
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities:		
Accounts payable	$ 49,685	$ 66,806
Accrued liabilities	19,173	19,476
Accrued payroll	41,180	36,043
Deposits	2,759	2,864
Unearned revenue	64,640	62,481
Due to the Commission	-	2
Compensated absences	31,963	31,610
Real estate purchase agreements payable, current portion	273	262
Debt service assessment payable to the Commission, current portion	4,467	4,449
Leases payable, current portion	2,386	1,977
Bonds payable, current portion	13,051	10,406
Notes payable, current portion	1,198	1,428
Total current liabilities	230,775	237,804
Noncurrent Liabilities:		
Real estate purchase agreement payable	10,922	11,225
Net other post employment benefits liability	30,616	113,459
Net pension liability	4,751	4,821
Advances from federal government	22,048	22,398
Debt service assessment payable to the Commission	31,168	35,635
Leases payable	8,929	10,279
Bonds payable	752,250	674,953
Notes payable	56,661	60,190
Other noncurrent liabilities	28,469	25,616
Total noncurrent liabilities	945,814	958,576
TOTAL LIABILITIES	1,176,589	1,196,380
DEFERRED INFLOWS OF RESOURCES		
Deferred federal Pell grants	604	696
Deferred gain on refunding	206	251
Deferred service concession arrangements	34,089	35,097
Deferred inflows related to other post employment benefits	94,998	51,644
Deferred inflows related to pensions	2,828	3,600
Deferred inflows related to dining services contract	8,090	8,764
TOTAL DEFERRED INFLOWS OF RESOURCES	140,815	100,052
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	$ 1,317,404	$ 1,296,432
NET POSITION		
Net investment in capital assets	$ 1,120,471	$ 1,095,413
Restricted for:		
Nonexpendable:		
Loans	16,500	17,140
Other	475	475
Total nonexpendable	16,975	17,615
Expendable:		
Scholarships and fellowships	4,508	1,491
Sponsored programs	51,221	38,711
Loans	9,059	8,523
Capital projects	103	-
Debt service	5,738	-
Other	926	833
Total expendable	71,555	49,558
Unrestricted net position (deficit)	30,762	(50,620)
TOTAL NET POSITION	$ 1,239,763	$ 1,111,966

See notes to financial statements.

WEST VIRGINIA UNIVERSITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
(Dollars in Thousands)

	2021	2020
OPERATING REVENUES		
Student tuition and fees, net of scholarship allowances of $90,991 and $85,147	$ 401,854	$ 415,201
Federal land grants	8,390	7,457
Local land grants	895	1,182
Federal grants and contracts	93,813	86,731
State grants and contracts	55,514	47,794
Local grants and contracts	312	422
Nongovernmental grants and contracts	97,346	87,595
Sales and services of educational departments	9,899	13,749
Auxiliary enterprises, net of scholarship allowances of $7,655 and $7,414	94,533	126,891
Interest on student loans receivable	608	816
Net service agreement revenue from BridgeValley and Parkersburg CTC's	250	250
Other operating revenues	11,743	9,105
Total operating revenues	775,157	797,193
OPERATING EXPENSES		
Salaries and wages	538,308	535,606
Benefits	118,034	147,440
Scholarships and fellowships	63,248	60,959
Utilities	29,737	29,323
Supplies and other services	240,487	236,081
Depreciation and amortization	87,384	72,815
Loan cancellations and write-offs	2	323
CARES Act Higher Education Relief Fund expense	2,566	13,644
CRRSAA Higher Education Emergency Relief Fund expenses	10,087	-
Other operating expenses	1,175	10,530
Total operating expenses	1,091,028	1,106,721
OPERATING LOSS	$ (315,871)	$ (309,528)

(continued)

WEST VIRGINIA UNIVERSITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
(Dollars in Thousands)

	2021	2020
NONOPERATING REVENUES (EXPENSES)		
State appropriations	$ 196,571	$ 179,397
State Lottery appropriations	3,647	3,647
Payments on behalf of the University	5,398	9,051
Gifts	77,899	121,980
Federal Pell grants	26,722	28,573
CARES Act revenues	5,132	15,042
CRRSAA Act revenues	30,727	-
Investment income (including unrealized gain of $34,295 and $7,063)	45,545	11,377
Interest on capital asset-related debt	(23,368)	(18,562)
Assessments by the Commission for debt service	(6,384)	(6,386)
Debt issuance costs	(643)	(2,097)
Other nonoperating expenses - net	(9,893)	(3,038)
Net nonoperating revenues	351,353	338,984
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	35,482	29,456
Capital grants and gifts	91,667	16,088
Bond/capital projects proceeds from the Higher Education Policy Commission	648	420
INCREASE IN NET POSITION	127,797	45,964
NET POSTION - BEGINNING OF YEAR	1,111,966	1,066,002
NET POSITION - END OF YEAR	$ 1,239,763	$ 1,111,966

See notes to financial statements.

WEST VIRGINIA UNIVERSITY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
(Dollars in Thousands)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 400,916	$ 415,170
Federal and local land grants	9,284	8,639
Grants and contracts	248,227	229,748
CARES Act Higher Education Relief Fund expense	(2,566)	(13,644)
CRRSAA Higher Education Emergency Relief Fund expenses	(10,087)	-
Payments to suppliers	(199,333)	(205,847)
Payments to employees	(533,211)	(529,696)
Payments for benefits	(153,585)	(155,134)
Payments for utilities	(29,403)	(29,021)
Payments for scholarships and fellowships	(63,664)	(61,409)
Loan advances provided by (returned to) federal government	(4,324)	(5,551)
Collections of loans to students	3,279	3,019
Interest earned on loans to students	608	816
Auxiliary enterprise charges	95,270	112,108
Sales and service of educational departments	9,816	13,372
Receipt of service agreement revenue from Parkersburg CTC	250	250
Net receipts for public private partnerships	1,049	3,550
Other receipts (payments)	(506)	8,967
Net cash used in operating activities	(227,980)	(204,663)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	177,704	171,512
State lottery appropriations	3,647	3,647
Gifts	53,781	59,452
Federal Pell grants	26,630	28,612
CARES Act revenue	-	20,174
CRRSAA Act revenues	30,727	-
William D. Ford direct lending receipts	169,507	186,364
William D. Ford direct lending payments	(168,534)	(186,106)
Other nonoperating receipts (payments)	(1,672)	3,836
Net cash provided by noncapital financing activities	291,790	287,491
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Payments on Commission debt assessment payable	(4,449)	(4,446)
Bond/capital projects proceeds from the Higher Education Policy Commission	648	420
Assessments by the Commission for debt service	(6,384)	(6,386)
Proceeds from issuance of University bonds	90,936	152,236
Bond issuance costs	(459)	(1,141)
Capital gifts and grants received	22,389	6,159
Purchases of capital assets	(146,307)	(79,723)
Principal paid on capital debt and leases	(12,389)	(68,860)
Interest paid on capital debt and leases	(24,173)	(21,620)
Net cash used in capital financing activities	(80,188)	(23,361)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	11,174	4,153
Purchase of investments	(15,995)	(89,333)
Redemption of matured bond investments	38,009	66,796
Redemption of matured investments	7,463	-
Purchase of Research Corporation investments	(699)	(11)
Net cash provided by (used in) investing activities	39,952	(18,395)
INCREASE IN CASH AND CASH EQUIVALENTS	23,574	41,072
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	181,886	140,814
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 205,460	$ 181,886

(continued)

WEST VIRGINIA UNIVERSITY

STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
(Dollars in Thousands)

	2021	2020
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (315,871)	$ (309,528)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	87,384	72,815
Donated/noncapitalized expense	23,271	22,820
Expenses paid on behalf of the University	5,394	8,888
Changes in assets, deferred outflows, liabilities and deferred inflows:		
Accounts receivable, net	(8,965)	5,553
Due from the Commission	144	(7)
Loans receivable, net	3,100	1,916
Prepaid expenses	122	(6)
Inventories	82	(197)
Accounts payable	5,251	451
Accrued liabilities	(76,926)	(28,479)
Deposits	(104)	(461)
Unearned revenue	7,293	7,059
Due to the Commission	(2)	2
Compensated absences	353	3,336
Defined benefit pension plan	(966)	(1,377)
Deferred other post employment benefits	42,810	16,991
Advances from federal government	(350)	(4,439)
Net cash used in operating activities	$ (227,980)	$ (204,663)
Noncash Transactions:		
Construction in progress additions in accounts payable	$ 5,586	$ 13,157
Donated capital assets	$ 69,277	$ 9,302
Unrealized gain on investments	$ 34,295	$ 7,063
Capitalization of interest	$ -	$ 737
Donated noncapitalized assets	$ 24,117	$ -
Noncash purchase of capital asset	$ (1,086)	$ (485)
Loss on dispositions	$ (9,822)	$ (5,919)
Expenses paid on behalf of the University	$ 5,398	$ 9,051
Deferred gain on refunding	$ 45	$ 45
Reconciliation of cash and cash equivalents to the statements of net assets:		
Cash and cash equivalents classified as current assets	$ 107,993	$ 116,090
Cash and cash equivalents classified as noncurrent assets	97,467	65,796
	$ 205,460	$ 181,886

See notes to financial statements.

1. ORGANIZATION

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

   Cash and cash equivalents also include cash on hand.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

q. *Voluntary Separation Incentives Plan* – Effective November 4, 2011, the University adopted the Voluntary Separation Incentives Plan (the "VSIP"), which was approved by the West Virginia Legislative Joint Committee on Pensions and Retirement on July 23, 2012. The approval of the VSIP expired on July 23, 2017 and was re-approved by the West Virginia Legislative Joint Committee on Pensions and Retirement on December 3, 2017. The VSIP provides incentives for the voluntary separation of employees from the University when a review of programmatic needs or organizational development indicates that the University and the employee would benefit from such an offer. Eligibility to participate in the plan is limited to employees who have received a voluntary separation incentive offer. Continued eligibility to participate in the VSIP is conditioned upon the employee's fulfillment of all employment obligations. To participate, the employee must agree to separate from employment with the Board, but there is not a requirement that an employee commence his pension or otherwise retire from active employment. An employee granted incentives under this plan will be ineligible for reemployment with any State of West Virginia institution of higher education during or after his plan benefit period concludes, including contract employment in excess of $5,000 per fiscal year. One or more of the following voluntary separation incentives could be offered by the University to participants: 1) payment of a lump sum, 2) continuation of full salary for a predetermined period of time prior to the employee's separation and a reduction in the employee's hours of employment during the predetermined period of time, or 3) continuation of insurance coverage, pursuant to the provisions of West Virginia Code 5-16-1, for a predetermined period of time. The University's total liability as of June 30, 2021 and June 30, 2020 was $0 and $1,408,000, respectively, which is recorded as a component of accrued liabilities on the statement of net position. This includes approximately $0 and $28,000, respectively, for employee benefits as of June 30, 2021 and June 30, 2020.

r. *Incentivized Phased Separation Program* - The incentivized phased separation program ("IPS") is a voluntary program that provides eligible faculty and staff a gradual transition from employment by offering reduced work and reduced pay for a designated period of time. Upon exit, the employee will receive an incentive payment for participating in the program. The program is open to all faculty and staff who meet the following eligibility requirements: 1) the employee currently holds a regular benefits-eligible position at the University; 2) the employee has fifteen or more years of benefits-eligible service as of February 26, 2021; and 3) the employee must remain benefits-eligible during the phasing period. The employee's eligibility to retire upon exit is not required. The program is not open to employees who participate in the WV Teachers Retirement System or employees of the Corporation or WVUIC. The University's total liability as of June 30, 2021 was $115,000 which is recorded as a component of accrued liabilities on the statement of net position. This includes approximately $14,000 for employee benefits as of June 30, 2021.

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

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

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

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

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

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

The University's total liability as of June 30, 2021 and 2020 was $63,000 and $35,000, respectively, which is recorded as a component of accrued liabilities on the statement of net position. This includes approximately $8,000 and $4,000 for employee benefits as of June 30, 2021 and 2020.

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

u. *Net Pension Liability* – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Teachers' Retirement System (TRS), administered by the West Virginia Consolidated Public Retirement Board (CPRB), and additions to/reductions from the TRS fiduciary net position have been determined on the same basis as they are reported in the TRS financial statements, which can be found at https://www.wvretirement.com/Publications .html#CAFR. The plan schedules of TRS are prepared using the accrual basis of accounting and economic resources measurement focus in accordance with U.S. GAAP as prescribed by GASB. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Investments are reported at fair value. Detailed information on investment valuation can be found in the TRS financial statements. Management of TRS has made certain estimates and assumptions relating to employer allocation schedules, and actual results could differ. (See Note 10.)

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

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

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

The West Virginia State Legislature (the "Legislature"), as a regulatory body outside the reporting entity, has restricted the use of certain funds by Article 10, "Fees and Other Money Collected at State Institutions of Higher Education" of the West Virginia Code. House Bill 101, passed in March 2004, simplified the tuition and fee restrictions to auxiliary and capital items. These activities are fundamental to the normal ongoing operations of the institution. These restrictions are subject to change by future actions of the Legislature. At June 30, 2021 and 2020, the University had no restricted balances remaining in these funds.

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

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

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

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

Nonoperating Revenues: Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB, such as state appropriations, Federal Pell grants, investment income and sale of capital assets (including natural resources). This category also includes revenue from the Coronavirus Aid, Relief, and Economic Security Act/Higher Education Emergency Relief Fund and the Coronavirus Response and Relief Supplemental Appropriations Act/Higher Education Emergency Relief Fund II.

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

x. *Use of Restricted Net Position* – The University has adopted a formal policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available. The University attempts to utilize restricted components of net position first when practicable. The University did not have any designated components of net position as of June 30, 2021 or 2020.

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

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

z. *Federal Financial Assistance Programs* – The University makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through universities. Direct student loan receivables are not included in the University's statement of net position, as the loans are repayable directly to the U.S. Department of Education. The University received and disbursed approximately $169.5 million in fiscal year 2021 and approximately $186.4 million in fiscal year 2020 under the Direct Loan Program on behalf of the U.S. Department of Education; these amounts are not included as revenues and expenses on the statement of revenues, expenses, and changes in net position.

The University also distributes other student financial assistance funds on behalf of the federal government to students under the Pell Grant, Supplemental Educational Opportunity Grant and Federal Work Study Programs. The activity of these programs is recorded in the accompanying financial statements. In fiscal years 2021 and 2020, the University received and disbursed $29.3 million and $32.5 million, respectively, under these other federal student aid programs.

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

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

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

dd. Deferred Outflows of Resources – Consumption of net position by the University that is applicable to a future fiscal year is reported as a deferred outflow of resources on the statement of net position. As of June 30, 2021 and 2020, the University had a deferred loss on refunding of $14,506,000 and $15,189,000, respectively. Deferred outflows are accreted over the periods of the refinancing bond issue related to the deferred loss on refunding. As of June 30, 2021 and 2020, the University had deferred outflows of resources related to pensions of $969,000 and $844,000, respectively (see Note 10). As of June 30, 2021 and 2020, the University had deferred outflows of resources of $19,872,000 and $19,328,000, respectively, related to OPEB (see Note 9).

ee. Deferred Inflows of Resources – Acquisition of net position by the University that is applicable to a future fiscal year is reported as a deferred inflow of resources on the statement of net position. As of June 30, 2021 and 2020, the University had deferred Federal Pell grants of $604,000 and $696,000, respectively, and a deferred gain on refunding of $206,000 and $251,000, respectively. As of June 30, 2021 and 2020, the University also had deferred service concession arrangements of $34,089,000 and $35,097,000, (see Note 20) and deferred inflows related to pensions of $2,828,000 and $3,600,000, respectively (see Note 10). As of June 30, 2021 and 2020, the University had deferred inflows of resources of $94,998,000 and $51,644,000, respectively, related to OPEB (see Note 9). Additionally, the University had deferred inflows of $8,090,000 and $8,764,000 at June 30, 2021 and 2020, respectively, related to the contract with Sodexo America, LLC to manage and operate the University's food, catering and dining services.

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

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

The University's Health Sciences Center (HSC) established a $250,000 deductible program under BRIM's professional liability coverage for the University effective July 1, 2005. Starting July 1, 2005, HSC assumed the risk and responsibility for any and all indemnity amounts up to $250,000 per occurrence and all loss expenses associated with medical malpractice claims and/or suits in exchange for a reduction in its premium for medical malpractice insurance. For fiscal year 2021, BRIM will provide coverage for indemnity amounts between $250,000 and $1,641,000 per occurrence. For fiscal year 2020, BRIM will provide coverage for indemnity amounts between $250,000 and $1,605,000 per occurrence. After June 30, 2016, BRIM coverage may increase annually based on the Consumer Price Index until it reaches a maximum of $2,000,000 per occurrence. Prior to July 1, 2005, the HSC was totally covered by BRIM at a limit of $1,000,000 per occurrence.

Under the program, the HSC entered into an agreement with BRIM whereby the HSC has on deposit $3.0 million as of both June 30, 2021 and 2020, in an escrow account created in the state treasury from which BRIM may withdraw amounts to pay indemnity costs and allocated expenses in connection with medical malpractice claims against the HSC. The HSC also has on deposit $51.1 million and $38.9 million as of June 30, 2021 and 2020, respectively, in an investment earnings account with the West Virginia University Foundation, Incorporated (the "Foundation") that is used to cover the liabilities under this program by replenishing the escrow account after BRIM withdraws indemnity and expense payments.

Based on an actuarial valuation of this self-insurance program and premium levels determined by BRIM, the University has recorded a liability of $27.4 million and $24.2 million to reflect projected claim payments at June 30, 2021 and 2020, respectively.

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

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

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

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

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

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

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

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

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. A national emergency was declared in the U.S. concerning the COVID-19 outbreak on March 13, 2020. Due to the significant risk to the public health and safety that the COVID-19 pandemic continues to present, this national emergency was continued on February 24, 2021. As a result, there continue to be economic uncertainties which may materially affect the amounts reported in the financial statements and in the footnotes. The financial impact of these uncertainties cannot be determined at this time.

ii. *Newly Adopted Statements Issued by the GASB* – The University has implemented GASB Statement No. 84, *"Fiduciary Activities"*. This statement establishes standards of accounting and financial reporting for fiduciary activities. This statement did not have a material impact on the financial statements.

The University has also implemented GASB Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period"*. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. According to this statement, interest cost incurred before the end of a construction period should be recognized as an expense in the period in which the cost is incurred. Such interest cost should not be capitalized as part of the historical cost of a capital asset. This statement did not have a material impact on the financial statements.

The University has also implemented GASB Statement No. 93, *"Replacement of Interbank Offered Rates"*. This statement establishes accounting and financial reporting requirements related to the replacement of interbank offered rates in hedging derivative instruments. This statement did not have a material impact on the financial statements.

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

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

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

The requirements related to leases, risk financing and insurance-related activities of public entity risk pools and derivative instruments are effective upon issuance. The requirements for intra-entity transfers of assets and the requirements related to reporting assets accumulated for defined benefit postemployment benefits provided through plans that are not administered through trusts that meet specified criteria are effective for fiscal years beginning after June 15, 2021, as amended by GASB Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance"*, which was effective immediately. The requirements related to the applicability of certain requirements of Statement No. 84, *"Fiduciary Activities"*, to postemployment benefit arrangements and the requirements related to fair value measurements are effective for reporting periods beginning after June 15, 2021, as amended by GASB Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance"*, which was effective immediately. The requirements for government acquisitions are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021, as amended by GASB Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance"*, which was effective immediately. The University has not yet determined the effect that the adoption of GASB Statement No. 92 may have on its financial statements.

The requirements of Statement No. 93 regarding appropriate benchmark interest rates for derivative instruments that hedge the interest rate risk of taxable debt are effective for reporting periods beginning after December 31, 2021. The University has not yet determined the effect that the adoption of GASB Statement No. 93 may have on its financial statements.

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

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

The GASB has also issued Statement No. 97, *"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans"*. This statement establishes accounting and financial reporting requirements for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans and modifies the investment valuation requirements for all Section 457 plans.

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

3. CASH AND CASH EQUIVALENTS

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

2021

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

2020

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

Cash on Deposit with the Treasurer. Cash on deposit with the Treasurer includes deposits in the State Treasury bank account and the WV Money Market Pool. Deposits in the bank account are insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by securities held by the bank in the name of the State. Deposits in the WV Money Market Pool are pooled by the Treasurer with other available funds of the State for investment purposes by the West Virginia Board of Treasury Investments (the BTI). These funds are transferred to the BTI, and the BTI invests in the WV Money Market Pool as directed by the University and then the BTI invests in accordance with West Virginia Code, policies set by the BTI, provisions of bond indentures and trust agreements when applicable. Fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. Balances in the investment pools are recorded at fair value or amortized cost which approximates fair value. Fair value is determined by a third-party pricing service based on asset portfolio pricing models and other sources in accordance with GASB. The BTI was established by the Legislature and is subject to oversight by the Legislature. The amounts on deposit are available for immediate withdrawal and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements. There was $36,255,693 and $36,767,978 in cash held for investment in the WV Money Market Pool at June 30, 2021 and 2020. The remainder of the cash held with the Treasurer was not invested.

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

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

	2021		2020	
External Pool	**Carrying Value (In Thousands)**	**S & P Rating**	**Carrying Value (In Thousands)**	**S & P Rating**
WV Money Market Pool	$ 36,257	AAAm	$ 36,768	AAAm

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

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

	2021		2020	
External Pool	**Carrying Value (In Thousands)**	**WAM (Days)**	**Carrying Value (In Thousands)**	**WAM (Days)**
WV Money Market Pool	$ 36,257	52	$ 36,768	42

Cash on Deposit with Trustee. Cash on deposit with Trustee represents funds available for various projects, repair and replacement and debt service held by the Trustee and related to the 2011, 2014, 2016, 2019, 2020 and 2021 University specific bond issues (see Note 12) and the Beckley loan (see Note 13). The bond funds are FDIC insured or invested in specific U.S. government securities or U.S. government backed Money Market funds.

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

Cash in bank. Cash in bank includes bank balances and may include deposits in the ICS or CDARS programs. The carrying amount of cash in bank at June 30, 2021 and 2020 was

$41.1 million and $39.7 million, respectively, as compared with bank balances of $40.3 million and $38.7 million, respectively. The difference was primarily caused by items in transit and outstanding checks. Bank accounts and ICS/CDARS deposits are FDIC insured up to $250,000 per Federal Employer Identification Number. In addition, bank balances are collateralized with the bank through a Repurchase Agreement in the name of the State or the Corporation.

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

4. ACCOUNTS RECEIVABLE

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

	2021	2020
Student tuition and fees, net of allowances for doubtful accounts of $5,718 and $7,578	$ 11,483	$ 13,053
Grants and contracts receivable, net of allowances for doubtful accounts of $620 and $437	44,495	38,420
Due from West Virginia University Hospitals, Incorporated	2,218	1,887
Auxiliary services, net of allowances for doubtful accounts of $1,795 and $2,281	3,465	3,884
Investment earnings receivable	2	11
Other, net of allowances for doubtful accounts of $3,036 and $326	26,501	26,309
Due from the Foundation	645	147
Due from other State agencies	3,589	2,146
Total accounts receivable	$ 92,398	$ 85,857

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

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

5. NOTES RECEIVABLE

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

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

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

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

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

6. INVESTMENTS

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

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

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

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

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

	Current	Noncurrent	Total
As of June 30, 2021	$ 101,159	$ 115,297	$ 216,456
As of June 30, 2020	81,313	129,541	210,854

Investments with the Foundation – As of June 30, 2021 and 2020, the University's investments held with the Foundation were $203.2 million and $162.2 million, respectively. Effective July 1, 2019, the University's investments with the Foundation were consolidated into one client portfolio. These investments include the unrestricted investments, the Corporation's investments, the BRIM investments, and the Research Trust Fund investments.

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

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

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

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

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

Investments with Trustees –The unspent bond proceeds from the series bonds are invested in U.S. government securities or U.S. government backed money market funds. Such restricted investments were $0 and $38.5 million at June 30, 2021 and 2020, respectively. These investments are classified as a noncurrent asset on the statement of net position.

West Virginia Growth Investment, LLC – The Corporation owns twelve units of membership interest in West Virginia Growth Investment, LLC ("WVGI"). This investment had a fair market value of $93,000 and $169,000 at June 30, 2021 and June 30, 2020, respectively. WVGI is a limited liability company formed to pool the capital resources and the business connections of accredited investors in and around the State of WV. Since the Corporation holds less than 20% of the ownership interest in WVGI, is not an officer of WVGI, cannot exercise significant influence over WVGI's operations and the fair value of the membership units cannot be readily determined, this investment was recorded using the cost basis of accounting.

Aspinity, Inc – In October 2018, the convertible promissory notes with Aspinity, Inc. were canceled and converted to shares of preferred stock (see Note 5). The Corporation acquired 411,706 shares at a price of $.7883 per share for a total of $325,000. These shares had a fair market value of $74,000 and $342,000 at June 30, 2021 and June 30, 2020, respectively.

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

Credit Risk

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

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

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

2021

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

2020

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

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

Interest Rate Risk

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

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

2021

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

2020

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

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

Concentration of Credit Risk

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

At June 30, 2021 and June 30, 2020, the University's investments were not subject to concentration of credit risk.

Custodial Credit Risk

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

No investments were subject to custodial credit risk at June 30, 2021 or 2020.

Foreign Currency Risk

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

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

Currency	2021	2020
Australian Dollar	$ 1,105	$ 788
Brazilian Real	639	574
British Pence	4,065	1,921
British Pound	-	506
British Pound Sterling	1,046	1,049
Canadian Dollar	1,535	1,026
Chilean Peso	-	207
China Renminbi	936	-
CNH	-	274
Czech Koruna	65	166
Danish Krone	1,188	670
Euro	13,598	8,856
Hong Kong Dollar	4,754	3,334
Indian Rupee	1,192	380
Indonesian Rupiah	93	134
Israeli Arorot	636	9
Japanese Yen	5,286	4,117
Kenyan Shilling	38	25
Korean Won	441	856
Malaysian Ringgit	-	241
Mexican Peso	183	602
New Taiwan Dollar	1,137	1,411
New Zealand Dollar	-	66
Norwegian Krone	100	-
Philippine Peso	97	68
Polish Zloty	28	157
Rand	130	-
Russian Ruble	1	-
Singapore Dollar	249	137
South African Rand	320	369
South Korean Dollar	-	243
South Korean Won	1,438	105
Swedish Krona	1,306	743
Swiss Franc	3,434	2,422
Taiwan Dollar	900	-
Thai Baht	175	171
Turkish Lira	41	56
Total Investments in Foreign Currency	$ 46,156	$ 31,683
US Dollar	170,300	179,170
Total Investments	$ 216,456	$ 210,853

7. CAPITAL ASSETS

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

2021	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated or amortized:				
Land	$ 87,199	$ -	$ (152)	$ 87,047
Construction in progress	76,142	103,037	(89,720)	89,459
Total capital assets not being depreciated or amortized	$ 163,341	$ 103,037	$ (89,872)	$ 176,506
Other capital assets:				
Land improvements	$ 61,974	$ 3,178	$ -	$ 65,152
Buildings	1,962,281	68,191	(20,666)	2,009,806
Equipment	241,088	34,292	(4,049)	271,331
Library books	170,449	3,807	(222)	174,034
Software	65,819	4,545	(17)	70,347
Infrastructure	380,254	2,205	-	382,459
Other assets	138,540	66,886	-	205,426
Intangible assets	150	-	-	150
Total other capital assets	3,020,555	183,104	(24,954)	3,178,705
Less accumulated depreciation and amortization for:				
Land improvements	(39,206)	(3,526)	-	(42,732)
Buildings	(525,171)	(37,368)	11,435	(551,104)
Equipment	(171,763)	(15,649)	3,214	(184,198)
Library books	(152,682)	(5,246)	144	(157,784)
Software	(61,707)	(2,735)	17	(64,425)
Infrastructure	(260,028)	(7,118)	-	(267,146)
Other assets	(136,998)	(15,742)	-	(152,740)
Intangible assets	(22)	-	-	(22)
Total accumulated depreciation and amortization	(1,347,577)	(87,384)	14,810	(1,420,151)
Other capital assets, net	$ 1,672,978	$ 95,720	$ (10,144)	$ 1,758,554
Capital Assets Summary:				
Capital assets not being depreciated or amortized	$ 163,341	$ 103,037	$ (89,872)	$ 176,506
Other capital assets	3,020,555	183,104	(24,954)	3,178,705
Total cost of capital assets	3,183,896	286,141	(114,826)	3,355,211
Less accumulated depreciation and amortization	(1,347,577)	(87,384)	14,810	(1,420,151)
Capital assets, net	$ 1,836,319	$ 198,757	$ (100,016)	$ 1,935,060

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

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

The University capitalized interest on borrowings, net of interest earned on related debt of approximately $737,000 during fiscal year 2020. The University did not capitalize interest during fiscal year 2021 due to the implementation of GASB Statement No. 89.

8. LONG-TERM LIABILITIES

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

2021	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Real estate purchase agreements payable	$ 11,487	$ -	$ (292)	$ 11,195	$ 273
Other post employment benefits liability	113,459	-	(82,843)	30,616	-
Net pension liability	4,821	-	(70)	4,751	-
Advances from federal government	22,398	-	(350)	22,048	-
Debt service assessment payable					
to the Commission	40,084	-	(4,449)	35,635	4,467
Leases payable	12,256	1,086	(2,027)	11,315	2,386
Bonds payable	685,359	91,121	(11,179)	765,301	13,051
Notes payable	61,618	-	(3,759)	57,859	1,198
Other noncurrent liabilities	25,616	7,740	(4,887)	28,469	-
Total long-term liabilities	$ 977,098	$ 99,947	$ (109,856)	$ 967,189	$ 21,375

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

9. OTHER POST EMPLOYMENT BENEFITS

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

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

		2021		2020
Net OPEB Liability	$	30,616	$	113,459
Deferred Outflows of Resources		19,872		19,328
Deferred Inflows of Resources		94,998		51,644
Revenues		2,867		6,842
OPEB Expense		(24,406)		4,578
Contributions made by the University		12,760		13,191

Plan Description

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

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

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

Benefits Provided

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

Contributions

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

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

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

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

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

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

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

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

Basis of Allocation

OPEB amounts have been allocated to each contributing employer based on their proportionate share of employer contributions to the RHBT for the fiscal year ended June 30, 2020. Effective July 1, 2017, certain employers that met the plan's opt out criteria and chose not to participate in the plan coverage were no longer required to make contributions to the plan. The amounts previously allocated to such employers for the net OPEB liability and related deferred inflows and deferred outflows are reallocated to the remaining employers participating in the cost sharing plan. The plan reallocates these balances to the remaining active employers based on their proportionate share of contributions made in the period of reallocation.

Assumptions

For the year ended June 30, 2021, the net OPEB liability for financial reporting purposes was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020. For the year ended June 30, 2020, the net OPEB liability for financial reporting purposes was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019. The following actuarial assumptions were used and applied to all periods included in the measurement:

- Actuarial cost method: Entry age normal cost method.

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

- Investment rate of return: 6.65%, net of OPEB plan investment expense, including inflation.

- Projected salary increases: dependent on pension system ranging from 2.75% to 5.18%, including inflation.

- Healthcare cost trend rates: Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, 6.50% for the plan year end 2023, decreasing by .25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022. 9.15% for plan year end 2023, 8.40% for the plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.

- Inflation rate: 2.25%.

- Discount rate: 6.65%

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

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

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

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

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

2021

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

2020

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

Discount rate. The discount rate used to measure the OPEB liability was 6.65%. This single discount rate was based on the expected rate of return on OPEB plan investments of 6.65% and a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date to the extent benefits are effectively financed on a pay-as-you-go basis. The long-term municipal bond rate used to develop the single discount rate was 3.13% as of the beginning of the year and 2.45% as of the end of the year. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Future pre-funding assumptions include a $30 million annual contribution from the State through 2037. Based on those assumptions, and that the Plan is expected to be fully funded by fiscal year ended June 30, 2025, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the University's proportionate share of the net OPEB liability as of June 30, 2021 and June 30, 2020 calculated using the discount rate of 6.65%, as well as what the University's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.65%) or one percentage point higher (7.65%) than the current rate (dollars in thousands):

2021

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

2020

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

Sensitivity of the net OPEB liability to changes in healthcare cost trend rates. The following presents the University's proportionate share of the net OPEB liability as of June 30, 2021 and June 30, 2020 calculated using the current healthcare cost trend rates, as well as what the University's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates (dollars in thousands):

2021

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

2020

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

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

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

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

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

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

The allocation percentage assigned to each contributing employer is based on the employer's proportionate share of employer contributions to the RHBT for the fiscal years ended June 30, 2020 and June 30, 2019. Employer contributions are recognized when due. At June 30, 2020, the University's proportion was 6.834451221%, an increase of .031788887% from its proportion of 6.802662334% calculated as of June 30, 2019.

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

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

For the year ended June 30, 2020, the University recognized OPEB expense of $4,575,000. Of this amount, $(2,264,000) was recognized as the University's proportionate share of the OPEB expense, and $6,843,000 as the amount of OPEB expense attributed to special funding. The University also recognized revenue of $6,843,000 for support provided by the State.

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

2021

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

2020

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

The University will recognize the $12,760,000 and $13,191,000 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability in the years ended June 30, 2021 and 2020, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (dollars in thousands):

Fiscal Year Ended	Amortization	
June 30, 2022	$	(35,754)
June 30, 2023		(29,656)
June 30, 2024		(22,179)
June 30, 2025		(297)
	$	(87,886)

10. DEFINED BENEFIT PENSION PLAN

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

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

	2021		2020	
Net Pension Liability	$	4,751	$	4,821
Deferred Outflows of Resources		969		844
Deferred Inflows of Resources		2,828		3,600
Revenues		1,157		1,482
Pension Expense		641		710
Contributions Made by the University		450		604

TRS

Plan Description

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

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

Benefits Provided

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

Contributions

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

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

Employer Contributions: Employers make the following contributions:

The State (including institutions of higher education) contributes:

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

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

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

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

5. under WV State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the TRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2020, the University's proportionate share attributable to this special funding subsidy was $1,083,000. As of June 30, 2019, the University's proportionate share attributable to this special funding subsidy was $1,404,000.

The University's contributions to TRS for the years ended June 30, 2021, 2020, and 2019, were approximately $450,000, $604,000, and $730,000, respectively.

Assumptions

For the year ended June 30, 2021, the total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2019 and rolled forward to June 30, 2020. For the year ended June 30, 2020, total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2018 and rolled forward to June 30, 2019. The following actuarial assumptions were used and applied to all periods included in the measurement:

- Actuarial cost method: Entry age normal cost with level percentage of payroll.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method and period: Level dollar, fixed period over 40 years, from July 1, 1995 through fiscal year 2034.
- Investment rate of return of 7.50%, net of pension plan administrative and investment expenses.
- Projected salary increases: Teachers 3.00–6.16% and non-teachers 3.00–6.75%, based on age.
- Inflation rate of 3.0%.
- Discount rate of 7.50%
- Mortality rates based on RP-2000 Mortality Tables.
- Withdrawal rates: Teachers 7.00%-35.00% and non-teachers 2.33%-18.00%.
- Disability rates: 0.004%-0.563%
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Retirement rates: 15%-100%
- Ad hoc cost-of-living increases in pensions are periodically granted by the Legislature. However, the retirement system makes no automatic provision for such increases.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2014 to June 30, 2015. These assumptions will remain in effect for valuation purposes until such time as the CPRB adopts revised assumptions.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term arithmetic real rates of return for each major asset class included in TRS' target asset allocation as of June 30, 2021 and June 30, 2020 are summarized below.

2021

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

2020

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

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

Sensitivity of the net pension liability to changes in the discount rate. The following presents the University's proportionate share of the TRS net pension liability as of June 30, 2021 and June 30, 2020 calculated using the discount rate of 7.50%, as well as what the University's TRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate (dollars in thousands).

2021

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

2020

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

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

The TRS net pension liability as of June 30, 2021 was measured as of June 30, 2019 rolled forward to June 30, 2020, which is the measurement date. The total pension liability at June 30, 2021 was determined by an actuarial valuation as of July 1, 2019 and rolled forward to the measurement date.

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

At June 30, 2021, the University's proportionate share of the TRS net pension liability was $15,075,000. Of this amount, the University recognized approximately $4,751,000 as its proportionate share on the statement of net position. The remainder of $10,324,000 denotes the University's proportionate share of net pension liability attributable to the special funding.

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

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

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

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on their proportionate share of employer and non-employer contributions to TRS for each of the fiscal years ended June 30, 2020 and 2019. Employer contributions are recognized when due. At June 30, 2020, the University's proportion was .147516%, a decrease of .014521% from its proportion of 0.162037% calculated as of June 30, 2018. At June 30, 2019, the University's proportion was 0.162037%, a decrease of .037049% from its proportion of 0.199086% calculated as of June 30, 2017.

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

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

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

2021

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

2020

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

The University will recognize the $450,000 and $604,000 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the TRS net pension liability in the years ended June 30, 2021 and 2020, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in TRS pension expense as follows:

Fiscal Year Ended	Amortization	
June 30, 2022	$	(998)
June 30, 2023		(864)
June 30, 2024		(400)
June 30, 2025		(47)
	$	(2,309)

Payables to the Pension Plan

The University did not report any amounts payable for normal contributions to the TRS as of June 30, 2021 or 2020.

11. LEASES PAYABLE

a. *Operating* – Future annual minimum rental payments on operating leases for years subsequent to June 30, 2021 are as follows (dollars in thousands):

Fiscal Year Ending June 30,		
2022	$	5,104
2023		4,187
2024		3,990
2025		3,493
2026		3,361
2027-2031		15,505
2032-2036		5,630
2037-2041		5,217
2042-2046		4,255
2047-2051		4,255
2052-2056		4,255
2057-2060		2,765
Total	$	62,017

Total rental expense for the years ended June 30, 2021 and 2020 was $6.3 million and $5.4 million, respectively. The University leases 6 floors of a seven floor office building from the Foundation. Rental expense under the operating lease is $1,975,000 per year through 2031. The University does not have any non-cancelable leases.

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

Fiscal Year Ending June 30,		
2022	$	2,731
2023		1,772
2024		1,748
2025		1,335
2026		1,334
2027-2031		2,744
2032-2036		1,230
2037-2041		125
2042-2044		75
Minimum lease payments		13,094
Less amount representing interest		(1,779)
Present value of minimum lease payments		11,315
Current Portion		2,386
Noncurrent Portion	$	8,929

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

	2021	**2020**
Buildings	$ 16,105	$ 16,106
Equipment	1,136	164
Land	-	-
Software	435	321
Infrastructure	6,004	6,004
Land Improvements	6	6
CIP	-	-
Less: Accumulated Depreciation	(3,960)	(3,168)
Net Book Value	$ 19,726	$ 19,432

12. BONDS PAYABLE

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

	Original Interest Rate	Annual Principal Installment Due	2021 Principal Amount Outstanding	2020 Principal Amount Outstanding
Revenue Improvement Bonds, 2011 Series A, due through 2026	3.87%	\$ 35 to \$ 62	\$ 7,698	\$ 8,299
Revenue Bonds (Taxable), 2012 Series A, due through 2042	4.50%	\$ 35 to \$ 62	10,993	11,302
Revenue Bonds (Taxable), 2012 Series B, due through 2032	variable rate	\$ 0 to \$ 50	3,049	3,281
Revenue Refunding and Improvement Bonds (Taxable), 2013 Series B, due through 2043	3.00%	\$ 995 to \$ 7,440	30,260	37,270
Improvement Revenue Bonds (Taxable), 2014 Series B, due through 2043	4.50%	\$ 10,075 to \$ 24,105	79,050	79,050
Improvement Revenue Bonds, 2016 Series A, due through 2046,	3.43%	\$ 0 to \$ 678	16,893	17,571
Revenue Bonds, 2019 Series A, due through 2050	3.11%	\$ 0 to \$ 5,095	85,840	85,840
Revenue Bonds, 2019 Series B, due through 2042	1.89%	\$ 0 to \$ 8,345	39,125	39,125
Revenue Bonds, 2020 Series A, due through 2045	2.46%	\$ 0 to \$ 30,565	377,785	377,785
Revenue Bonds, 2020 Series B, due through 2036	2.20%	\$ 595 to \$ 163	11,845	-
Revenue Bonds, 2021 Series A, due through 2045	3.11%	\$ 0 to \$ 3,715	25,670	-
Revenue Bonds, 2021 Series B, due through 2042	3.06%	\$ 0 to \$ 3,563	45,005	-
Unamortized Bond Discount			-	-
Unamortized Bond Premium			32,088	25,836
Net Bonds Payable			\$765,301	\$685,359
Current Portion			13,051	10,406
Noncurrent Portion			\$752,250	\$674,953

Bond Indenture, Pledged Revenues and Board Authorization

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

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

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

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

2011 Bonds

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

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

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

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

2012 Bonds

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

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

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

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

2013 Bonds

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

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

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

2014 Bonds

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

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

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

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

2016 Bonds

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

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

2019 Bonds

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

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

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

2020 Bonds

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

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

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

2021 Bonds

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

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

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

Bond Summary

For the years ended June 30, 2021 and June 30, 2020, the University recorded a deferred loss on refunding of $14,506,000 and $15,189,000, respectively, on the statement of net position.

Total principal and interest payments remaining to be paid at June 30, 2021 and 2020 were $1.092 million and $984.1 million, respectively. Total gross pledged revenue for fiscal year 2021 and 2020 was $111.9 million and $143.3 million, respectively.

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

Fiscal Year Ending June 30,	Principal	Interest	Total Payments
2022	$ 11,044	$ 22,514	$ 33,558
2023	21,922	22,577	44,499
2024	19,047	22,096	41,143
2025	25,610	21,627	47,237
2026	26,140	21,116	47,256
2027-2031	133,501	96,218	229,719
2032-2036	142,972	79,170	222,142
2037-2041	167,049	54,182	221,231
2042-2046	166,903	17,327	184,230
2047-2050	19,025	1,864	20,889
Bonds Payable	733,213	$ 358,691	$ 1,091,904
Unamortized Bond Discount	-		
Unamortized Bond Premium	32,088		
Net Bonds Payable	765,301		
Current Portion	13,051		
Noncurrent Portion	$ 752,250		

13. NOTES PAYABLE

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

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

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

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

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

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

Total principal to be paid at June 30, 2021 and June 30, 2020 was approximately $16.2 million and $16.9 million, respectively. Total interest paid through June 30, 2021 and June 30, 2020 was approximately $4,252,000 and $3,628,000, respectively. Total facilities and administrative revenues earned by HSC during fiscal year 2021 and 2020 were $17.6 and $13.5 million, respectively. Total pledged revenue as of June 30, 2021 and June 30, 2020 was $9.6 million and $6.7 million, respectively.

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

On December 15, 2016, the Corporation closed on a note with United Bank for $36,090,000. The proceeds of the loan were used to pay the 90 day note in full and to reimburse the University for the purchase of the Beckley campus as well as for capital improvements to the campus. Additionally, the proceeds include capital interest of $3,000,000 as the loan will have a capitalized interest period of three years. The amortization term was 30 years. The interest rate is set for 5-year increments beginning with a rate of 3.11% fixed for the first five years and a spread to the 5-year constant U.S. Treasury Maturity rate thereafter. The spread is based on the University's rating with Moody's.

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

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

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

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

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

WVUIC Loan – During fiscal year 2017, WVUIC negotiated a loan with United Bank in the amount of $3.0 million. This loan bears interest at a rate of 3.50% until June 28, 2021, at which time the loan will bear interest at a fixed rate equal to the five-year USD Libor Swap Rate plus 2.150 percentage points. Interest only will be payable on this note from July 28, 2017, to and including December 28, 2020. The amortization term is ten years. The proceeds of this loan were used to pay WVUIC's equipment lease/purchase agreement with United Bank in full. This loan is secured by certain property of WVUIC.

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

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

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

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

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

Fiscal Year Ending June 30,	Principal	Interest
2022	$ 1,198	$ 2,292
2023	1,293	2,395
2024	1,344	2,344
2025	1,401	2,287
2026	1,458	2,230
2027-2031	7,928	10,225
2032-2036	9,618	8,464
2037-2041	6,851	6,617
2042-2046	6,157	5,333
2047-2051	7,689	3,801
2052-2056	9,601	1,889
2057-2058	3,321	126
	57,859	48,003
Current Portion	1,198	
Noncurrent Portion	$ 56,661	

14. REAL ESTATE PURCHASE AGREEMENTS PAYABLE

Square at Falling Run/Loop Agreement - During fiscal year 2013, the University purchased several properties located at the Square at Falling Run/Loop. This purchase included a real estate purchase agreement payable to the City of Morgantown Building Commission in the amount of $4.2 million due in 2026 less the following credits: 1) all B&O taxes paid to the City of Morgantown prior to August 31, 2026 for construction expenditures on the Loop project in excess of $30 million, 2) all B&O taxes paid to the City of Morgantown prior to August 31, 2026 for construction expenses on the College Park project, and 3) all B&O taxes paid to the City of Morgantown prior to August 31, 2026 arising from and directly associated with any construction, retail, commercial, rental, and other development activities located in, or with respect to the completion of, the commercial space in the Square at Falling Run, College Park, and Sunnyside, 4) all Airport Grant Funds received or obtained prior to August 31, 2026 as a result of Transferee's direct solicitation efforts, or indirectly as a result of specifically identifiable efforts, contracts, or commitments. The above credits have reduced the liability to $0 and $4,000 as of June 30, 2021 and June 30, 2020, respectively. Also, the purchase included a Tax Increment Financing (TIF) District Guaranty to First United Bank & Trust for $120,000 annually through September 1, 2032. This has been recorded at a present value of $1,484,607 at the following interest rates: 2.5% through June 2014, 3.5% from June 2014 through June 2017, and 5.69% from June 2017 through June 2033.

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

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

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

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

Fiscal Year Ending June 30,	Principal	Interest
2022	$ 280	$ 416
2023	318	441
2024	330	430
2025	10,517	106
Real Estate Purchase Agreements Payable	11,445	1,393
Current Portion	280	
Noncurrent Portion	$ 11,165	

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

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

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

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

The Commission assesses each public institution of higher education for funds to meet the payment of debt service on these various bonds. Certain tuition and registration fees (referred to as system fees) of the members of the former State University System are generally pledged as collateral for the Commission's bond indebtedness. Student fees collected by the institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. The bonds remain as a capital obligation of the Commission; however, effective June 30, 2002, an amount of principal related to each institution was reported as debt service assessment payable to the Commission by each institution and as a receivable by the Commission.
The Commission issued 2004 Series B Higher Education Facilities Revenue Bonds (the "HEPC 2004 B Bonds") in August 2004 to provide funds for capital improvements at institutions of higher education throughout the State's universities and colleges, including the University. In June 2012, a portion of the HEPC 2004 Bonds were advance refunded by the State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A and Revenue Bonds (Higher Education Facilities) 2012 Series B Bonds (the "HEPC 2012 Bonds"). The HEPC 2004 B Bonds and the HEPC 2012 Bonds are secured by the pledge of higher education institutions' tuition and registration fees as well as excess lottery revenues. The HEPC 2004 B Bonds and the HEPC 2012 Bonds are considered an indirect obligation of the University and the principal amount of the bonds related to the University is not reported as a payable to the Commission.

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

Fiscal Year Ending June 30,	Principal	Interest
2022	$ 4,467	$ 6,152
2023	4,497	6,122
2024	4,538	6,078
2025	4,596	6,021
2026-2030	16,518	28,931
2031	1,019	5,781
Debt Service Assessment Payable to the Commission	$ 35,635	$ 59,085
Current Portion	4,467	
Noncurrent Position	$ 31,168	

16. DEFINED CONTRIBUTION PENSION PLANS

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

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

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

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

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

Fiscal Year Ending June 30,	WVU	Employees	Total
2021	$ 29,609	$ 29,609	$ 59,218
2020	29,090	29,090	58,180
2019	28,327	28,327	56,654

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

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

The University's total payroll for fiscal years 2021, 2020, and 2019 was $538.3 million, $535.6 million, and $529.7 million, respectively; total covered employees' salaries in TIAA-CREF and the Empower Retirement were $497.9 million and $0 in fiscal year 2021, $488.6 million and $917,000 in fiscal year 2020, and $476.2 million, and $4.9 million in fiscal year 2019, respectively.

17. COMMITMENTS

a. *Purchase Commitment* – The University has signed an agreement providing for the purchase of steam through the year 2027 from a nearby facility that commenced operations in late 1992. Under the agreement, the University has an annual minimum steam purchase requirement, purchased at an operating rate calculated in accordance with the agreement. This operating rate is adjusted monthly based on actual production costs and other cost indices. Management believes that the rate is comparable to market rates. At June 30, 2021, the University was committed to an additional purchase of $1.3 million to meet the minimum steam purchase requirement for the contract year ended September 30, 2021. The University anticipates substantially meeting the minimum steam purchase requirement for the remaining term of its commitment; however, payments in future years will be dependent on actual operating costs and other cost indices in those years.

b. *Construction Commitments* – The University has entered into contracts for the construction and improvement of various facilities. These outstanding contractual commitments totaled approximately $3.4 million at June 30, 2021.

c. *Other Commitments* – The University is involved in legal action in regards to normal business activities. Management does not feel that these actions are material and pose a financial threat to the University and, accordingly, no liability is accrued at June 30, 2021 and 2020.

18. AFFILIATED ORGANIZATIONS

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

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

Related Party Transactions

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

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

Total funds disbursed to the Morgantown practice plan and total funds collected from the Morgantown practice plan totaled $2.9 million and $49.2 million in fiscal year 2021 and $3.4 million and $43.5 million in fiscal year 2020, respectively. Accounts receivable at June 30, 2021 and 2020 includes $3.5 million and $1.5 million, respectively, due from the Morgantown practice plan for such items as mission support, reimbursement for medical malpractice insurance, facility rental fees, utility cost reimbursement, and faculty teaching support. There were no amounts due to the Morgantown practice plan at June 30, 2021 or 2020.

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

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

Total funds collected from the Charleston practice plan totaled $5.2 million in fiscal year 2021 and $4.2 million in fiscal year 2020, respectively. Accounts receivable at June 30, 2021 and 2020 includes $.8 million and $1.1 million, respectively, for such items as medical malpractice insurance and salary support. There were no amounts due to the Charleston practice plan at June 30, 2021 or 2020. There were no funds disbursed to the Charleston practice plan in fiscal year 2021 or 2020.

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

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

   Total funds collected from the Eastern practice plan totaled $3.6 million in fiscal year 2021 and $4.4 million in fiscal year 2020, respectively. Accounts receivable at June 30, 2021 and 2020 includes $.5 million and $.4 million for such items as medical malpractice insurance and salary support. There were no amounts due to the Eastern practice plan at June 30, 2021 or 2020. There were no funds disbursed to the Eastern practice plan in fiscal years 2021 or 2020.

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

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

   Total funds collected from the dental practice plan totaled $1.1 million in fiscal year 2021 and $1.5 million in fiscal year 2020, respectively. Accounts receivable at June 30, 2021 and 2020 includes $1.1 million and $.3 million, respectively, for such items as medical malpractice insurance, facility rental fees, clinic supplies and student expenses. There were no amounts due to the dental practice plan at June 30, 2021 or 2020. There were no funds disbursed to the dental practice plan in fiscal year 2021 or 2020.

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

During fiscal years 2021 and 2020, $45.1 million and $43.5 million, respectively, was received from WVUH for such items as residents' support, reimbursement for medical malpractice insurance for the residents, reimbursement of salaries and fringe benefits for hospital employees paid by the University, reimbursement for electricity and steam costs, and rent. Accounts receivable at June 30, 2021 and 2020 include $2.0 million and $1.5 million, respectively, due from WVUH for such items. During fiscal years 2021 and 2020, $.4 million and $3.4 million, respectively, was paid to WVUH for rent and other services. Accounts payable at both June 30, 2021 and 2020 were $0 for such items.

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

Employees of the Association are paid through the University. The University funds a portion of their salary and fringe benefits through State funds and graduate fees. The University funded $1,323,000 and $1,726,000 for the years ended June 30, 2021 and 2020, respectively. The remaining payroll is billed to the Association. The Association owed the University $2,685,000 and $1,576,000 related to payroll, postage and other expenses as of June 30, 2021 and 2020, respectively. The University does not expect to collect this receivable and has recorded an allowance for uncollectible accounts of $2.7 million.

The Alumni Center provides University departments with meeting rooms and catered events throughout the year. Catering and rental revenue received from the University was approximately $97,000 and $511,000 for the years ended June 30, 2021 and 2020, respectively.

In addition, the Association purchases football tickets and sky box and basketball tickets from the University. The Association paid the University $0 and $13,000 for the years ended June 30, 2021 and 2020, respectively. The Association owed the University $0 for both years ended June 30, 2021 and 2020.

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

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

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

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

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

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

The original amount of the notes related to Parkersburg and BridgeValley was $3,316,991 and $211,691, respectively, with an interest rate of 3.98%. The term of the notes were 16 years with the last payment due in January 2024. The new agreements between the University and Parkersburg and BridgeValley used the same terms. The outstanding notes receivable due from Parkersburg and BridgeValley at June 30, 2021 was $884,973 and $56,479, respectively. The outstanding notes receivable due from Parkersburg and BridgeValley at June 30, 2020 was $1,183,548 and $75,534, respectively. Interest earned during fiscal year 2021 for the notes related to Parkersburg and BridgeValley was $42,828 and $2,733, respectively. Interest earned during fiscal year 2020 for the notes related to Parkersburg and BridgeValley was $54,459 and $3,476, respectively. This interest is recorded as investment income on the statement of revenues, expenses, and changes in net position.

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

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

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

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

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

The parking facilities sublease agreement stipulates that the University will remit 100% of net revenues received from the operation of the parking facilities to DCPA as lease payments, not to exceed DCPA's scheduled principal and interest on the parking facilities financing for the current year plus its net operating margin (deficit) from the parking facilities project. If the University's net revenues from the operation of the parking facilities are insufficient to meet DCPA's debt-service and operating needs, the University will make additional lease payments in the amount of the shortfall, which will be owed back to the University from housing revenues of WVCH. Accordingly, the University recorded lease payments of $305,000 and $370,820 and additional lease payments of $520,000 and $402,298 to DCPA as of June 30, 2021 and 2020, respectively.

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

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

m. *HSC Fresh Kitchen, LLC* – In fiscal year 2017, the University entered into a public-private arrangement with HSC Fresh Kitchen for the lease and development of the cafeteria space at the Health Sciences Center (the Market at West Virginia University). According to this agreement, the University will lease the space to HSC Fresh Kitchen and HSC Fresh Kitchen will construct improvements on the property. The project was completed in August 2016.

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

19. WEST VIRGINIA UNIVERSITY FOUNDATION, INCORPORATED

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

The Foundation's assets totaled $2.5 billion and $2.0 billion at June 30, 2021 and 2020, respectively, with net assets of $1.2 billion and $952.6 million, respectively. Gifts, grants, pledges and bequests to the Foundation totaled $113.0 million and $103.0 million in fiscal years 2021 and 2020, respectively.

Total funds expended by the Foundation in support of University activities totaled $76.1 million and $74.7 million in fiscal years 2021 and 2020, respectively. This support is primarily recorded as gifts and capital grants and gifts and the related expenditures are primarily recorded as salaries and wages, benefits and capital assets in the University's financial statements.

20. SERVICE CONCESSION ARRANGEMENT

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

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

During fiscal year 2015, the University recorded a capital asset with a fair market value of $34,952,000 and a deferred inflow of resources. This deferred inflow is being amortized to auxiliary revenue over the term of the agreement (40 years). The University has recorded an accounts receivable of $78,000 and $44,000 at June 30, 2021 and 2020, respectively, for reimbursable project expenses. At June 30, 2021, the University recognized management fee revenue and its share of the net revenue of $83,000 and $130,000 respectively. At June 30, 2020, the University recognized management fee revenue and its share of the net revenue of $87,000 and $200,000, respectively. This revenue is included in revenue from auxiliary enterprises on the statement of revenues, expenses and changes in net position.

21. CONTINGENCIES

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

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

The Internal Revenue Code of 1986 establishes rules and regulations for arbitrage rebates. There are no arbitrage rebate liabilities that have been recorded in the financial statements as of June 30, 2021 or 2020.

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

At June 30, 2021 and 2020, the University has recorded a liability of $114,000 and $34,000, respectively, for asbestos removal in accordance with the provisions of GASB.

22. BLENDED COMPONENT UNIT

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

2021
Statement of Net Position

	WVU Excluding Component Unit	WVU Research Corporation	WVU Innovation Corporation	Eliminations	WVU Combined
Assets					
Current Assets	$ 267,001	$ 76,531	$ 799	$ -	$ 344,331
Accounts Receivable - Corporation	13,537	-	-	(13,537)	-
Accounts Receivable - WVUIC, Current Portion	-	2,709	-	(2,709)	-
Total Noncurrent Assets	280,538	79,240	799	(16,246)	344,331
Capital Assets, net	1,868,814	64,139	2,107	-	1,935,060
Accounts Receivable - WVUIC	-	4,600	-	(4,600)	-
Other Noncurrent Assets	241,308	1,121	-	-	242,429
Total Noncurrent Assets	2,110,122	69,860	2,107	(4,600)	2,177,489
Total Assets	2,390,660	149,100	2,906	(20,846)	2,521,820
Deferred Outflows of Resources	35,347	-	-	-	35,347
Total Assets and Deferred Outflows of Resources	$ 2,426,007	$ 149,100	$ 2,906	$ (20,846)	$ 2,557,167
Liabilities and Deferred Inflows of Resources					
Current Liabilities	$ 194,042	$ 35,927	$ 806	$ -	$ 230,775
Accounts Payable - WVU	-	13,537	-	(13,537)	-
Accounts Payable - WVUIC, Current Portion	(609)	-	3,318	(2,709)	-
Total Current Liabilities	193,433	49,464	4,124	(16,246)	230,775
Noncurrent Liabilities	889,117	56,334	363	-	945,814
Accounts Payable - WVUIC	-	-	4,600	(4,600)	-
Total Noncurrent Liabilities	889,117	56,334	4,963	(4,600)	945,814
Total Liabilities	1,082,550	105,798	9,087	(20,846)	1,176,589
Deferred Inflows of Resources	140,609	206	-	-	140,815
Total Liabilities and Deferred Inflows of Resources	$ 1,223,159	$ 106,004	$ 9,087	$ (20,846)	$ 1,317,404
Net Position					
Net Investment in Capital Assets	$ 1,106,422	$ 14,049	$ -	$ -	$ 1,120,471
Restricted Nonexpendable	16,975	-	-	-	16,975
Restricted Expendable	71,453	102	-	-	71,555
Unrestricted Net (Deficit) Position	7,998	28,945	(6,181)	-	30,762
Total Net Position	$ 1,202,848	$ 43,096	$ (6,181)	$ -	$ 1,239,763

2021
Statement of Revenues, Expenses and Changes in Net Position

	WVU Excluding Component Unit	WVU Research Corporation	WVU Innovation Corporation	Eliminations	WVU Combined
Operating Revenues					
Student Tuition and Fees, net	$ 401,854	$ -	$ -	$ -	$ 401,854
Federal Land Grants	8,390	-	-	-	8,390
Local Land Grants	895	-	-	-	895
Federal Grants and Contracts	12,040	80,531	1,242	-	93,813
State Grants and Contracts	30,735	24,779	-	-	55,514
Local Grants and Contracts	100	212	-	-	312
Nongovernmental Grants and Contracts	75,659	19,618	2,069	-	97,346
Sales and Services of Educational Departments	9,816	83	-	-	9,899
Auxiliary Enterprises, net	94,533	-	-	-	94,533
Interest on Student Loans Receivable	608	-	-	-	608
Net Operating Revenue from the Corporation	-	31	-	(31)	-
Net Operating Revenue from WVUIC	(535)	-	2,625	(2,090)	-
Net Service Agreement Revenue from BridgeValley and Parkersburg CTC's	250	-	-	-	250
Other Operating Revenues	11,509	228	6	-	11,743
Total Operating Revenues	645,854	125,482	5,942	(2,121)	775,157
Operating Expenses					
Depreciation and Amortization	84,825	2,024	535	-	87,384
Net Operating Expenses to WVU	-	-	-	-	-
Net Operating Expenses to the Corporation	31	-	-	(31)	-
Net Operating Expenses to WVUIC	(498)	2,090	498	(2,090)	-
Other Operating Expenses	875,458	124,856	3,330	-	1,003,644
Total Operating Expenses	959,816	128,970	4,363	(2,121)	1,091,028
Operating (Loss) Income	(313,962)	(3,488)	1,579	-	(315,871)
Nonoperating Revenues (Expenses)					
State Appropriations	196,571	-	-	-	196,571
State Lottery Appropriations	3,647	-	-	-	3,647
Payments on Behalf of the University	5,365	33	-	-	5,398
Gifts	66,235	11,664	-	-	77,899
Federal Pell Grants	26,722	-	-	-	26,722
CARES Act Revenues	5,132	-	-	-	5,132
CRRSAA Act Revenues	30,727	-	-	-	30,727
Investment Income	42,467	3,078	-	-	45,545
Interest on Capital Asset-Related Debt	(20,808)	(2,428)	(132)	-	(23,368)
Assessments by Commission for Debt Service	(6,384)	-	-	-	(6,384)
Debt Issuance Costs	(643)	-	-	-	(643)
Other Nonoperating Expenses - Net	(9,888)	(5)	-	-	(9,893)
Net Nonoperating Revenues	339,143	12,342	(132)	-	351,353
(Loss) Income before Other Revenues, Expenses, Gains, or Losses	25,181	8,854	1,447	-	35,482
Capital Grants and Gifts	91,479	188	-	-	91,667
Bond/Capital Projects Proceeds from the Higher Education Policy Commission	648	-	-	-	- 648
Transfer of Assets to the University	5,858	(5,858)	-	-	-
Transfer of Assets from the University	(783)	783	-	-	-
Increase in Net Position	122,383	3,967	1,447	-	127,797
Net Position at Beginning of Year	1,080,465	39,129	(7,628)	-	1,111,966
Net Position at End of Year	$ 1,202,848	$ 43,096	$ (6,181)	$ -	$ 1,239,763

2021
Statement of Cash Flows

	WVU Excluding Component Unit	WVU Research Corporation	WVU Innovation Corporation	WVU Combined
Cash Provided By (Used In):				
Operating Activities	$ (227,890)	$ (653)	$ 563	$ (227,980)
Noncapital Financing Activities	280,132	11,658	-	291,790
Capital Financing Activities	(69,401)	(9,629)	(1,158)	(80,188)
Investing Activities	39,338	131	483	39,952
Increase (Decrease) in Cash and Cash Equivalents	$ 22,179	$ 1,507	$ (112)	$ 23,574
Cash and Cash Equivalents, Beginning of Year	$ 151,252	$ 30,421	$ 213	$ 181,886
Cash and Cash Equivalents, End of Year	$ 173,431	$ 31,928	$ 101	$ 205,460

2020
Statement of Net Position

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

2020
Statement of Revenues, Expenses and Changes in Net Position

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

2020
Statement of Cash Flows

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

23. SEGMENT INFORMATION

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

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

(Dollars in Thousands)

	AUXILIARIES As of/Year Ended 2021	AUXILIARIES As of/Year Ended 2020
CONDENSED SCHEDULES OF NET POSITION		
Assets and Deferred Outflows of Resources:		
Current Assets	$ 81,464	$ 87,957
Noncurrent and Capital Assets *	1,286,379	1,232,589
Total Assets	1,367,843	1,320,546
Deferred Outflows of Resources:		
Deferred Loss on Refunding	14,506	15,189
Deferred Outflows Related to Pensions	94	91
Deferred Outflows Related to Other Post Employment Benefits	1,205	1,204
Total Assets and Deferred Outflows of Resources	$ 1,383,648	$ 1,337,030
Liabilities, Deferred Inflows, and Net Position:		
Current Liabilities	$ 49,222	$ 68,009
Long-Term Liabilities	786,630	710,553
Total Liabilities	835,852	778,562
Deferred Inflows of Resources:		
Deferred service concession arrangements	34,089	35,097
Deferred inflows related to Dining Services Contract	8,090	8,764
Deferred inflows related to pensions	141	162
Deferred inflows related to Other Post Employment Benefits	6,521	4,003
Total Liabilities and Deferred Inflows of Resources	$ 884,693	$ 826,588
Net Position:		
Net investment in capital assets	$ 534,088	$ 560,525
Restricted	93,800	100,081
Unrestricted net deficit	(128,933)	(150,164)
Total Net Position	$ 498,955	$ 510,442
CONDENSED SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
Auxiliary and Capital Fees	$ 25,410	$ 26,368
Operating Revenues	69,913	108,856
Operating Expenses	(118,558)	(136,218)
Operating Loss	(23,235)	(994)
Nonoperating Revenues/Expenses:		
Investment Income	236	1,832
Net Transfers from Other Funds	15,738	4,991
Other Nonoperating Income	8,804	9,531
Gifts	9,260	11,764
Other Nonoperating Expenses	(2,005)	(3,810)
Interest Expense *	(20,285)	(15,953)
(Decrease) Increase in Net Position	(11,487)	7,361
Net Position - Beginning of Year	510,442	503,081
Net Position - End of Year	$ 498,955	$ 510,442

(continued)

CONDENSED SCHEDULES OF CASH FLOWS

Net Cash (Used in) Provided by Operating Activities	$	(38,178)	$	7,956
Net Cash Flows Provided by				
Noncapital Financing Activities		9,260		11,764
Net Cash Flows Provided by				
Capital and Related Financing Activities		53,702		36,044
Net Cash Flows Provided by				
Investing Activities		764		1,609
Increase in Cash		25,548		57,373
Cash - Beginning of Year		133,664		76,291
Cash - End of Year	$	159,212	$	133,664
Reconciliation of cash				
Cash classified as current assets	$	65,412	$	72,035
Cash classified as noncurrent assets		93,800		61,629
	$	159,212	$	133,664

* Interest of $0 and $541,136 was capitalized for fiscal year 2021 and 2020, respectively.

26. FUNCTIONAL CLASSIFICATION OF EXPENSES

(Dollars in Thousands)

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

Year Ended June 30, 2021
Natural Classification

Functional Classification	Salaries & Wages	Benefits	Scholarships & Fellowships	Utilities	Supplies & Other Services	Depreciation and Amortization	Loan Cancellations & Write Offs	CARES Act Higher Education Relief Fund Expense	CRRSAA Higher Education Relief Fund Expense	Other Operating Expenses	Total
Instruction	$ 249,852	$ 51,258	$ -	$ 238	$ 32,859	$ -	$ -	$ -	$ -	$ 449	$ 334,656
Research	68,098	29,468	-	293	50,917	-	-	-	-	71	148,847
Public Service	39,431	6,242	-	242	14,577	-	-	-	-	14	60,506
Academic Support	33,568	5,286	-	87	11,779	-	-	-	-	204	50,924
Student Services	20,675	6,613	-	12	7,639	-	-	-	-	23	34,962
Operation and Maintenance of Plant	17,864	3,220	-	21,741	13,636	-	-	-	-	1	56,462
General Institutional Support	72,627	12,005	-	152	61,823	-	-	-	-	77	146,684
Student Financial Aid	-	-	63,248	-	-	-	-	-	-	-	63,248
Auxiliary Enterprises	36,193	3,942	-	6,972	47,257	-	-	-	-	336	94,700
Depreciation and Amortization	-	-	-	-	-	87,384	-	-	-	-	87,384
CARES Act Higher Education Relief Fund Expense	-	-	-	-	-	-	-	2,566	-	-	2,566
CRRSAA Higher Education Relief Fund Expense	-	-	-	-	-	-	-	-	10,087	-	10,087
Loan Cancellations and Write Offs	-	-	-	-	-	-	2	-	-	-	2
Total Expenses	$ 538,308	$ 118,034	$ 63,248	$ 29,737	$ 240,487	$ 87,384	$ 2	$ 2,566	$ 10,087	$ 1,175	$ 1,091,028

Year Ended June 30, 2020
Natural Classification

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

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

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

Measurement Date	University's Proportionate Share as a Percentage of Net OPEB Liability	University's Proportionate Share	State's Proportionate Share	Total Proportionate Share	University's Covered Employee Payroll	University's Proportionate Share as a Percentage of Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
June 30, 2020	6.834451221%	$ 30,616	$ 6,675	$ 37,291	$ 117,035	26.16%	73.49%
June 30, 2019	6.802662334%	113,459	23,097	136,556	130,967	86.63%	39.69%
June 30, 2018	6.786307714%	145,905	30,091	175,996	139,162	104.85%	30.98%
June 30, 2017	6.435215970%	158,433	32,345	190,778	141,514	111.96%	25.10%

Schedule of Employer Contributions (dollars in thousands):

Fiscal Year End	Actuarily Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as a percentage of Covered Employee Payroll
June 30, 2021	$ 13,210	$ 12,760	$ 450	$ 117,035	10.90%
June 30, 2020	14,016	13,191	825	130,967	10.07%
June 30, 2019	13,867	14,043	(176)	139,162	10.09%
June 30, 2018	13,218	13,850	(632)	141,514	9.79%

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

Notes to Required Supplementary Information
For the Year Ended June 30, 2021 and 2020

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

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

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

Measurement Date	University's Proportionate Share as a Percentage of Net Pension Liability	University's Proportionate Share	State's Proportionate Share	Total Proportionate Share	University's Covered Payroll	University's Proportionate Share as a Percentage of Covered Employee Payroll	University's Plan Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2020	0.147516%	$ 4,751	$ 10,324	$ 15,075	$ 2,225	213.57%	70.89%
June 30, 2019	0.162037%	4,821	11,638	16,459	2,276	211.82%	72.64%
June 30, 2018	0.199086%	6,216	16,106	22,322	2,901	214.27%	71.20%
June 30, 2017	0.265661%	9,179	20,298	29,477	3,998	229.55%	61.42%
June 30, 2016	0.308824%	12,692	24,175	36,867	4,667	271.95%	61.42%
June 30, 2015	0.299518%	10,379	23,682	34,061	4,438	233.86%	66.25%
June 30, 2014	0.326562%	11,267	25,456	36,723	4,877	231.00%	65.95%

Schedule of Employer Contributions (dollars in thousands):

Fiscal Year End	Actuarily Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a percentage of Covered Employee Payroll
June 30, 2021	$ 610	$ 450	$ 160	$ 2,225	20.23%
June 30, 2020	780	604	176	2,276	26.54%
June 30, 2019	939	730	209	2,901	25.16%
June 30, 2018	1,199	856	343	3,998	21.41%
June 30, 2017	1,307	1,197	110	4,667	25.65%
June 30, 2016	1,470	1,362	108	4,438	30.69%
June 30, 2015	1,486	1,504	(18)	4,877	30.84%

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

Notes to Required Supplementary Information
For the Years Ended June 30, 2021 and 2020

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

CliftonLarsonAllen LLP
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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
West Virginia University & Divisions
Morgantown, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of West Virginia University (the University), a campus of West Virginia Higher Education Policy Commission as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 15, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 15, 2021