WEST VIRIGINIA
STATE UNIVERSITY

Financial Statements as of and for the
Years Ended June 30, 2024 and 2023,
and Independent Auditors' Report

WEST VIRGINIA STATE UNIVERSITY

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INDEPENDENT AUDITORS' REPORT

Board of Governors
West Virginia State University
Institute, West Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, and the discretely presented component unit of West Virginia State University (the University) (a component unit of the West Virginia Higher Education Fund), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the discretely presented component unit of the University, as of June 30, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of West Virginia State University Foundation, Inc. and Subsidiary (the Foundation), which represents 100% and 100%, respectively, of the assets and revenues of the discretely presented component unit as of and for the years ended, June 30, 2024 and 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Proportionate Share of Net OPEB liability and Contributions, and the Schedule of Proportionate Share of Net Pension Liability and Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2024, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
October 14, 2024

West Virginia State University

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2024

HISTORY OF WEST VIRGINIA STATE UNIVERSITY

West Virginia State University was founded under the provisions of the Second Morrill Act of 1890 as the West Virginia Colored Institute, one of 17 land-grant institutions authorized by Congress and designated by the states to provide for the education of black citizens in agriculture and the mechanical arts. West Virginia was one of the states that maintained segregated educational systems at that time.

From 1891 to 1915, the original Institute offered the equivalent of a high school education, vocational training and teacher preparation. In 1915 the West Virginia Collegiate Institute began to offer college degrees. Under the leadership of President John W. Davis, the academic program was expanded and new buildings were constructed, and in 1927 the institution was accredited by the North Central Association. In 1929, it became West Virginia State College ("WVSC"). Over the next decades, WVSC became recognized as one of the leading public institutions of higher education for blacks in the country.

In 1954 the United States Supreme Court gave its historic decision in Brown vs. Board of Education outlawing school segregation. The consequence of this decision for West Virginia State College was a rapid transition to an integrated institution serving a multiracial, multi-generational commuting student population. This shift in student population and mission occurred in part due to demographics and in part due to efforts made by the college administration to reverse a decline in enrollment during the early 1950's. Enrollment quadrupled during the following decades.

Meanwhile, by a decision of the West Virginia Board of Education, WVSC was compelled to surrender its land-grant status, the only one of the 1890 institutions to do so. Only after a 12-year quest was the college's land-grant status fully restored, in 2001 by act of Congress signed by President Bill Clinton.

In 2004, WVSC was granted university status by the West Virginia Legislature along with three other public four-year colleges and renamed West Virginia State University. The same piece of legislation (SB 448) also called for re-organization of community and technical colleges throughout the state which eventually led to WVSC's community and technical college component becoming a separate institution, Kanawha Valley Community and Technical College, now BridgeValley Community and Technical College.

The first half-century of the history of WVSU epitomizes the long struggle of African-Americans for educational opportunity and political, social and economic equality. While desegregation changed the racial proportions of the student body, faculty and staff, WVSU still emphasizes the diversity of its people and derives important values and elements of its mission from its tradition as a historically black college. The motto "A Living Laboratory of Human Relations" is still a relevant depiction of West Virginia State University.

OVERVIEW OF THE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

West Virginia State University (the "University") is pleased to present the financial statements for the year ended June 30, 2024. The information also includes the West Virginia State University Research and Development Corporation (the "Corporation"). The West Virginia State University Foundation is included as a discretely presented component unit.

There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows.

The required, supplementary information in the form of a narrative analysis or management discussion and analysis offers an overview of the financial activities for the fiscal year ended June 30, 2024.

The Governmental Accounting Standards Board ("GASB") has issued directives for the presentation of financial statements for colleges and universities in the United States. Previously, the reporting had presented financial information in the format of fund groups. The revised GASB format focuses on reporting the overall economic resources of the University.

STATEMENTS OF NET POSITION

The purpose of the University's Statements of Net Position is to take a snapshot of the financial statements at a point in time. This statement shows the assets, deferred outflows, liabilities, deferred inflows, and net position of the University as of June 30, 2024 and 2023.

The year-end data regarding assets (current and noncurrent) and deferred outflows of resources, liabilities (current and noncurrent) and deferred inflows of resources and net position (assets and deferred outflows minus liabilities and deferred inflows) is also presented in the financial statements. The difference between current and noncurrent assets, deferred outflows, liabilities, and deferred inflows of resources are discussed in the note section of the financial statements.

By reviewing the Statement of Net Position, the reader is able to ascertain the assets available to continue the operations of the University. Also, readers can see data presented in a way to discern how much the institution owes vendors, employees and lending institutions. In addition, the Statement of Net Position offers an overview picture of the net position and the availability of the assets to utilize for future expenditure by the University.

Net position is divided into four major types:

- Net Investment in Capital Assets: net book value of the University's capital assets less any related debt.
- Restricted Net Position — The restricted component of net position consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets. This includes amounts restricted for use in capital projects and for loans to students by various agreements, as well as amounts required to be held for use in debt service on outstanding bonds as outlined in Bond Trust Indenture.
    a. Nonexpendable — The nonexpendable component of net position is permanently restricted, and only the income from such resources can be used. The University does not have such assets as of June 30, 2024 or 2023.
    b. Expendable — The expendable component of net position is available for expenditures as determined by donors and/or external entities in regard to time or purpose.
- Unrestricted: The unrestricted component of net position is the net amount of assets available to this institution to utilize for any lawful purpose.

Condensed Schedules of Net Position

Assets	2024	2023	Difference	2022
Total Current Assets	$15,672,974	$15,241,477	$ 431,497	$ 12,583,746
Total Noncurrent Assets	74,398,344	74,506,330	(107,986)	76,144,010
Total Assets	90,071,318	89,747,807	323,511	88,727,756
Deferred Outflows	6,541,785	7,446,530	(904,745)	7,561,982
Total Assets and Deferred Outflows	96,613,103	97,194,337	(581,234)	96,289,738
Liabilities				
Total Current Liabilities	13,703,061	10,521,942	3,181,119	14,330,546
Total Noncurrent Liabilities	35,358,030	37,058,651	(1,700,621)	38,324,398
Total Liabilities	49,061,091	47,580,593	1,480,498	52,654,944
Deferred Inflows	999,212	2,012,033	(1,012,821)	4,207,096
Total Liabilities and Deferred Inflows	50,060,303	49,592,626	467,677	56,862,040
Net Position				
Net Investment in Capital Assets	36,368,236	35,435,728	932,508	35,236,839
Restricted Expendable Debt Service	1,150,529	1,148,851	1,678	1,133,969
Restricted Expendable OPEB	427,451	-	427,451	98,757
Restricted Expendable Other	-	-	-	-
Unrestricted (Deficit)	8,606,584	11,017,132	(2,410,548)	2,958,133
Total Net Position	46,552,800	47,601,711	(1,048,911)	39,427,698
Total Liabilities and Net Position	$96,613,103	$97,194,337	$ (581,234)	$ 96,289,738

Assets:

Total assets for fiscal year 2024 increased from fiscal year 2023 by $324 thousand. This was caused by the increase in accounts receivable and the other post employment benefit asset. Total current assets of $15.7 million exceeded total current liabilities of $13.7 million, for a net working capital of $2.0 million. Total assets for fiscal year 2023 increased from fiscal year 2022 by $2.7 million. This was caused by the increase in cash and accounts receivable. Total current assets of $15.2 million exceeded total current liabilities of $10.5 million, for a net working capital of $4.7 million.

Liabilities:

Total liabilities for fiscal year 2024 increased by $1.5 million over fiscal year 2023. The difference is a increase in unearned revenue. Total liabilities for fiscal year 2023 decreased by $5.1 million over fiscal year 2022. The difference is a decrease in notes payable, unearned revenue, and bonds payable.

Net Position:

The largest difference in net position for fiscal year 2024 is the Unrestricted Net Position category as a result of a net decrease in net positon and increases in the other net position categories compared to 2023. The largest difference in net position for fiscal year 2023 is the Unrestricted Net Position category as a result of an increase in income compared to 2022.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The purpose of the Statements of Revenues, Expenses and Changes in Net Position is to present the operating and non-operating revenues earned and expenses incurred by the University and any other revenues, expenses, gains and losses of the University.

Operating revenues are earned by providing goods and services to the various customers and constituencies of the University. Operating expenses are those incurred to acquire or produce the goods and services provided in return for the operating revenues and to fulfill the mission of the University.

Revenues for which goods and services are not provided are reported as non-operating revenues. For example, State of West Virginia (the "State") appropriations are non-operating revenues because they are provided by the Legislature to the University without the Legislature directly receiving commensurate goods and services for those revenues.

Condensed Schedules of Revenues, Expenses and Changes in Net Position

	2024	2023	Difference	2022
Operating Revenues	$ 36,154,249	$ 31,024,521	$ 5,129,728	$ 28,991,882
Operating Expenses	56,339,434	52,111,682	4,227,752	47,182,416
Operating Loss	(20,185,185)	(21,087,161)	901,976	(18,190,534)
Nonoperating Revenues Net	19,409,361	29,355,218	(9,945,857)	21,606,053
Income (loss) Before Other Revenue, Expenses, Gains or Losses	(775,824)	8,268,057	(9,043,881)	3,415,519
Capital Gifts and Grants	1,200	125,000	(123,800)	1,284,843
Capital Payment on Behalf	(274,287)	(219,044)	(55,243)	175,787
Increase (Decrease) in Net Position	(1,048,911)	8,174,013	(9,222,924)	4,876,149
Net Position, Beginning of Year	47,601,711	39,427,698	8,174,013	34,551,549
Net Position, End of Year	**$ 46,552,800**	**$ 47,601,711**	**$ (1,048,911)**	**$ 39,427,698**

Operating Revenues:

Operating revenues increased by $5.1 million for fiscal year 2024 as a result of an increase in student tuition and fees, auxiliary enterprise revenue and state grants. Operating revenues increased by $2.0 million for fiscal year 2023 as a result of an increase in federal grants (recognized as operating revenue) and state grants.

Operating Expenses:

Operating expenses increased in 2024 by approximately $4.2 million. The increase in fiscal year 2024 in salaries and wages of $0.8 million, an increase in benefits of $0.9 million, an increase in scholarship expense of $1.9 million, were the significant changes for operating expenses.

Operating revenues in fiscal year 2024 of $36.2 million compared to operating expenses of $56.3 million resulted in an operating loss of $20.1 million. Although State Appropriations of $16.9 million and Pell Grants of $3.7 million are counted as non-operating revenues, we should point out that they should be added to the operating revenues when comparing operating revenues against operating expenses.

Operating expenses increased in 2023 by approximately $4.9 million. The increase in fiscal year 2023 in salaries and wages of $2.1 million, an increase in benefits of $1.1 million, an increase in supplies and other services of $2.3 million and a decrease in scholarship expense of $1.1 million, were the significant changes for operating expenses.

Operating revenues in fiscal year 2023 of $31.0 million compared to operating expenses of $52.1 million resulted in an operating loss of $21.1 million. Although State Appropriations of $15.8 million, Pell Grants of $3.4 million and HEERF revenues of $11.5 million are counted as non-operating revenues, we should point out that they should be added to the operating revenues when comparing operating revenues against operating expenses.

STATEMENTS OF CASH FLOWS

The final statement presented by the University is the Statements of Cash Flows. The statement of cash flows presents detailed information about the cash activity of the University during the year. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the University. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and noncapital financing purposes. The third section reflects the cash flows from investing activities and shows the purchases, proceeds and interest received from investing activities. The fourth section deals with the cash used for the acquisition and construction of capital and related items. The fifth section reconciles the net cash used to the operating (loss) income reflected on the Statement of Revenues, Expenses and Changes in Net Position.

Condensed Schedules of Cash Flows

	FY2024	**FY2023**	**Difference**	**FY2022**
Cash provided by (used in):				
Operating activities	$ (15,257,083)	$ (23,454,659)	$8,197,576	$ (17,573,004)
Noncapital financing activities	20,542,503	30,681,457	(10,138,954)	24,157,997
Capital financing activities	(5,966,611)	(4,618,416)	(1,348,195)	(2,878,009)
Interest on investments	438,167	130,682	307,485	9,042
Increase (decrease) in cash and cash equivalents	**(243,024)**	**2,739,064**	**(2,982,088)**	**3,716,026**
Cash - beginning of the year	12,221,157	9,482,093		5,766,067
Cash - end of the year	**$ 11,978,133**	**$ 12,221,157**		**$ 9,482,093**

The major difference between fiscal year 2024 and fiscal year 2023 included in operating activities consists of an increase in cash receipts from contracts and grants of $8.2 million, an increase in payments to and on behalf of employees of $0.9 million and an increase in receipts from student tuition and fees of $2.4 million.

The major difference between fiscal year 2023 and fiscal year 2022 included in operating activities consists of a decrease in cash receipts from contracts and grants of $3.1 million, an increase in payments to and on behalf of employees of $2.6 million and a decrease in payments to suppliers of $1.0 million.

Major difference between fiscal year 2024 and fiscal year 2023 in funding included is noncapital financing is primarily a decrease in HEERF revenues of $11.5 million

Major difference between fiscal year 2023 and fiscal year 2022 in funding included is noncapital financing is primarily an increase in HEERF revenues of $4.8 million.

Major differences between fiscal year 2024 and fiscal year 2023 in capital financing activities included, the purchase of capital assets and the payments on the direct placement bonds in fiscal year 2024.

Major differences between fiscal year 2023 and fiscal year 2022 in capital financing activities included, the payments of notes payable and payments on the direct placement bonds in fiscal year 2023.

CAPITAL ASSETS

In FY2024, West Virginia State University continued to exercise fiscal discipline in regard to capital improvements. In this Fiscal Year the University focused on updating office space and classrooms on campus. The renovation and restoration of capital assets, such as land and/or buildings, educational and scientific equipment, renovation of classroom and research facilities remain essential for the forward movement of the University.

In anticipation of Deferred Maintenance Grant funding, some of the capital projects for FY 2025 include the following:

- Roof replacement
- HVAC replacement
- Elevator upgrades
- Electrical upgrade
- Sprinkler upgrade and repair
- Window repair and replacement
- Classroom upgrade and repair

ECONOMIC OUTLOOK

Under the visionary leadership of its 13th President, Ericke S. Cage, West Virginia State University (WVSU) continues as a doctoral, land-grant institution, proudly embracing its HBCU heritage of inclusivity while striving to build nationally recognized programs. These programs are designed to inspire student success and drive innovative research that contributes to the advancement of West Virginia.

While WVSU is not immune to the current economic challenges affecting higher education at large, the University remains resilient and committed to its mission. In FY2024, WVSU navigated fiscal pressures while continuing to provide accessible, high-quality education and serve as a vital community resource.

Despite these headwinds, WVSU has made progress in implementing its strategic plan, *Future State*. This plan outlines goals for creating a student-centric experience, enhancing academic offerings, and modernizing campus infrastructure. A key achievement in FY2024 was securing an $11.8 million grant from the State of West Virginia, earmarked for addressing long-overdue deferred maintenance needs. These funds will enable the University to make crucial improvements to aging facilities and infrastructure. By investing in the modernization of its campus, WVSU aims to enrich the student experience and strengthen its appeal to both current and prospective students, faculty, and staff.

Enrollment remains a key driver of financial sustainability for WVSU. Like many institutions, the University is facing demographic shifts and the questioned value of higher education that have led to a declining enrollment. To mitigate this trend, WVSU has prioritized enhanced recruitment strategies and robust retention efforts. While tuition and fees are a vital revenue stream, WVSU remains committed to keeping education affordable while managing rising operational costs. The Tuition and Fees Committee plays a pivotal role in ensuring that tuition adjustments maintain the University's competitiveness, while balancing the need for financial sustainability. Historically, WVSU has adopted a measured approach to tuition increases, placing a strong emphasis on minimizing the financial burden on students while addressing institutional priorities.

Federal funding continues to serve as a crucial pillar of support for WVSU, particularly through research grants and financial aid programs. While the CARES Act funding, which provided relief during the COVID-19 pandemic, has expired, WVSU remains proactive in seeking alternative funding sources and maintaining federal grant compliance to sustain its strategic initiatives.

WVSU is also focused on aligning its academic offerings with market demands. This strategy is central to increasing both enrollment and retention, while supporting the University's research and public service missions. President Cage has been actively advocating for the establishment of a School of Agriculture, Food, and Natural Resources at WVSU and the University is embarking on one of its most ambitious capital projects to date—the construction of a $50 million Agricultural and Environmental Research Facility (Ag Lab Building). This cutting-edge facility, funded by the West Virginia State Legislature, will significantly elevate WVSU's research capabilities in agriculture, food science, environmental sustainability, and related fields. The new Ag Lab will offer state-of-the-art research and instructional spaces, fostering innovation, supporting faculty-led research, and providing students with valuable hands-on experience in the growing field of agricultural research.

This bold project signals a transformative investment in WVSU's future, with the potential to attract new research funding, cultivate industry partnerships, and strengthen the University's land-grant mission of serving the community through agriculture and education.

The West Virginia State University Research and Development Corporation will continue to play a vital role as the fiscal manager of external resources that support research, teaching, and public service initiatives. As a Historically Black and 1890 Land-Grant Institution, WVSU benefits from federal and state appropriations, competitive grants, and private contributions. Although securing these external resources has become increasingly competitive due to declining investments from government sources, WVSU and its Research and Development Corporation have maintained a strong financial position.

Looking forward, West Virginia State University is well-positioned for success. With strong leadership, prudent fiscal management, strategic investments in recruitment and retention, and the development of innovative, high-demand academic programs, WVSU is poised for a bright future in FY2025 and beyond.

WEST VIRGINIA STATE UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 10,827,604	$ 11,072,306
Accounts receivable, net	4,248,054	3,707,911
Inventories	234,504	280,229
Prepaid expenses	362,812	181,031
Total current assets	15,672,974	15,241,477
NONCURRENT ASSETS:		
Restricted cash and cash equivalents	1,150,529	1,148,851
Other receivables	38,459	38,459
Net other post employment benefits asset	427,451	-
Capital assets, net	72,781,905	73,319,020
Total noncurrent assets	74,398,344	74,506,330
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows related to bond refinancing	6,120,548	6,579,584
Deferred outflows of resources related to OPEB	385,117	820,376
Deferred outflows of resources related to pensions	36,120	46,570
Total deferred outflows of resources	6,541,785	7,446,530
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 96,613,103	$ 97,194,337
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 1,380,708	$ 1,125,011
Amount due to Other State Agencies	17,500	378,755
Accrued liabilities	3,714,369	3,653,088
Compensated absences — current portion	985,232	872,456
Lease liability - current portion	173,771	138,724
SBITA liability - current portion	117,886	220,884
Unearned revenue	5,903,090	2,749,374
Bonds payable - current portion	1,279,505	1,260,650
Notes payable - current portion	131,000	123,000
Total current liabilities	13,703,061	10,521,942
NONCURRENT LIABILITIES:		
Deposits	106,000	106,000
Compensated absences	407,362	333,015
Lease liability	490,912	584,388
SBITA liability	146,886	71,433
Bonds payable	32,475,709	33,755,213
Notes payable	1,598,000	1,729,000
Advances from federal sponsors	4,130	3,059
Net pension liability	129,031	168,779
Net other post employment benefits liability	-	307,764
Total noncurrent liabilities	35,358,030	37,058,651
Total liabilities	49,061,091	47,580,593
DEFERRED INFLOWS OF RESOURCES:		
Total deferred inflows of resources related to OPEB	847,812	1,764,987
Total deferred inflows of resources related to pensions	151,400	247,046
Total deferred inflows of resources	999,212	2,012,033
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	50,060,303	49,592,626
NET POSITION:		
Net investment in capital assets	36,368,236	35,435,728
Restricted - other post employment benefits	427,451	-
Restricted - expendable debt service	1,150,529	1,148,851
Total restricted	1,577,980	1,148,851
Unrestricted	8,606,584	11,017,132
TOTAL NET POSITION	46,552,800	47,601,711
TOTAL	$ 96,613,103	$ 97,194,337

WEST VIRGINIA STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
OPERATING REVENUES:		
Student tuition and fees — net of scholarship allowance of $5,874,461 and $5,705,939	$ 10,866,217	$ 8,435,973
Contracts and grants:		
Federal	12,598,651	12,118,542
State	8,252,541	6,711,002
Private	208,943	316,371
Auxiliary enterprise revenue - net of scholarship allowance of $1,820,129 and $2,815,950	3,779,204	2,987,366
Miscellaneous - net	448,693	455,267
Total operating revenues	36,154,249	31,024,521
OPERATING EXPENSES:		
Salaries and wages	21,684,264	20,847,788
Benefits	4,218,764	3,358,633
Supplies and other services	20,347,340	19,941,614
Utilities	2,477,119	2,390,289
Student financial aid — scholarships	3,806,085	1,937,535
Depreciation and amortization	3,805,862	3,635,823
Total operating expenses	56,339,434	52,111,682
OPERATING LOSS	(20,185,185)	(21,087,161)
NONOPERATING REVENUES:		
State appropriations	16,919,207	15,832,709
Federal Pell grants	3,740,464	3,370,990
HEERF revenues	-	11,477,758
Investment income	438,167	130,682
Interest on indebtedness	(1,289,004)	(1,388,026)
Loss on fixed asset disposal	(399,473)	(68,895)
Total nonoperating revenues	19,409,361	29,355,218
(DECREASE)/INCREASE IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(775,824)	8,268,057
PAYMENTS MADE ON BEHALF (RECOVERIES) OF WV STATE UNIVERSITY	(274,287)	(219,044)
CAPITAL GRANTS	1,200	125,000
(DECREASE) INCREASE IN NET POSITION	(1,048,911)	8,174,013
NET POSITION - Beginning of the year	47,601,711	39,427,698
NET POSITION - End of the year	$ 46,552,800	$ 47,601,711

WEST VIRGINIA STATE UNIVERSITY
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 10,736,218	$ 8,326,434
Contracts and grants	23,920,875	15,688,789
Payments to and on behalf of employees	(27,332,267)	(26,409,868)
Payments to suppliers	(20,527,673)	(20,046,588)
Payments to utilities	(2,477,119)	(2,390,289)
Payments for scholarships and fellowships	(3,806,085)	(1,937,535)
Loans to students, net	-	214,976
Auxiliary enterprise charges	3,779,204	2,987,366
William D. Ford direct lending receipts	5,842,613	5,545,621
William D. Ford direct lending payments	(5,842,613)	(5,545,621)
Other (payments) receipts, net	449,764	112,056
Net cash used in operating activities	(15,257,083)	(23,454,659)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	16,802,039	15,832,709
Federal HEERF Grants	-	11,477,758
Federal Pell grants	3,740,464	3,370,990
Net cash provided by noncapital financing activities	20,542,503	30,681,457
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Capital grants and gifts received	1,200	125,000
Payments on leases	(144,890)	(32,760)
Payments on SBITAs	(220,884)	(221,990)
Purchases of capital assets	(3,388,420)	(1,540,411)
Principal paid on notes and bonds	(1,383,649)	(2,019,265)
Interest paid on notes, bonds, leases, and SBITAs	(829,968)	(928,990)
Net cash used in capital financing activities	(5,966,611)	(4,618,416)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	438,167	130,682
Net cash provided by investing activities	438,167	130,682
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(243,024)	2,739,064
CASH AND CASH EQUIVALENTS - Beginning of the year	12,221,157	9,482,093
CASH AND CASH EQUIVALENTS - End of the year	$ 11,978,133	$ 12,221,157
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (20,185,185)	$ (21,087,161)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	3,805,862	3,635,823
Changes in assets and liabilities:		
Receivables - net	(422,975)	151,022
Loans to students - net	-	214,976
Prepaid expenses	(181,781)	22,896
Inventories	45,725	(128,046)
Accounts payable and accrued liabilities	(44,277)	176
Net other postemployment benefits liability	(1,525,714)	(2,327,524)
Compensated absences	187,123	243,344
Unearned revenue	3,153,716	(3,718,378)
Defined benefit pension plan	(90,648)	(119,267)
Advances from federal sponsors	1,071	(305,120)
Deposits	-	(37,400)
Net cash used in operating activities	$ (15,257,083)	$ (23,454,659)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:		
Cash and cash equivalents classified as current	$ 10,827,604	$ 11,072,306
Cash and cash equivalents classified as noncurrent	1,150,529	1,148,851
	$ 11,978,133	$ 12,221,157
Noncash transactions:		
Gain/loss on disposal of capital assets	$ (399,473)	$ (68,895)
Right-to-use assets acquired through outstanding leases	$ 88,961	$ 163,562
Right-to-use assets acquired through outstanding SBITAs	$ 277,955	$ 756,471

WEST VIRGINIA STATE UNIVERSITY

WEST VIRGINIA STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY,
A COMPONENT UNIT OF WEST VIRGINIA STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
ASSETS		
Cash and cash equivalents	$ 387,268	$ 722,884
Cash and cash equivalents - restricted funds	2,163,778	1,963,324
Unconditional promises to give (less allowance for doubtful accounts of $37,500 and $358,750)	1,205,908	1,318,318
Other receivables	5,769	918
Investments	15,152,582	13,386,759
Beneficial interest in trusts	264,165	247,464
Operating lease right-of-use assets	784,368	-
Property and equipment, net	1,819,531	1,947,252
TOTAL ASSETS	$ 21,783,369	$ 19,586,919
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 31,147	$ 37,726
Operating lease liabilities	784,368	-
Notes payable	261,283	334,135
TOTAL LIABILITIES	1,076,798	371,861
NET ASSETS		
Without donor restrictions	683,326	982,702
With donor restrictions	20,023,245	18,232,356
TOTAL NET ASSETS	20,706,571	19,215,058
TOTAL LIABILITIES AND NET ASSETS	$ 21,783,369	$ 19,586,919

The Accompanying Notes Are An Integral Part of These Financial Statements

WEST VIRGINIA STATE UNIVERSITY

WEST VIRGINIA STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY,
A COMPONENT UNIT OF WEST VIRGINIA STATE UNIVERSITY
CONSOLIDATED STATEMENT OF ACTIVITIES
AS OF JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions and gifts	$ 299,724	$ 2,591,595	$ 2,891,319
Administrative fees (expenses)	168,781	(168,781)	-
Rental income	142,063	38,940	181,003
Investment income (loss), net	23,216	1,592,620	1,615,836
Change in value of perpetual trusts	-	16,701	16,701
Other income	22,045	391,114	413,159
Net assets released from restrictions	2,567,990	(2,567,990)	-
	3,223,819	1,894,199	5,118,018
Expenses			
Program services			
Scholarships	994,064	-	994,064
University support	1,573,926	-	1,573,926
Total program services	2,567,990	-	2,567,990
Supporting Services			
Management and general	942,029	-	942,029
Fundraising	116,486	-	116,486
Total supporting services	1,058,515	-	1,058,515
Total Expenses	3,626,505	-	3,626,505
Net Increase (Decrease)	(402,686)	1,894,199	1,491,513
Reclassification	103,310	(103,310)	-
Change in Net Assets	(299,376)	1,790,889	1,491,513
Net Assets Beginning of Year	982,702	18,232,356	19,215,058
Net Assets End of Year	$ 683,326	$ 20,023,245	$ 20,706,571

The Accompanying Notes Are An Integral Part Of These Financial Statements.

WEST VIRGINIA STATE UNIVERSITY

WEST VIRGINIA STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY,
A COMPONENT UNIT OF WEST VIRGINIA STATE UNIVERSITY
CONSOLIDATED STATEMENT OF ACTIVITIES
AS OF JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions and gifts	$ 611,415	$ 2,158,338	$ 2,769,753
Administrative fees (expenses)	149,501	(149,501)	-
Rental income	1,073	33,783	34,856
Investment income (loss), net	6,261	1,066,815	1,073,076
Change in value of perpetual trusts	-	6,412	6,412
Other income	17,574	511,927	529,501
Net assets released from restricitons	2,857,768	(2,857,768)	-
	3,643,592	770,006	4,413,598
Expenses			
Program services			
Scholarships	822,466	-	822,466
Unversity support	2,035,302	-	2,035,302
Total program services	2,857,768	-	2,857,768
Supporting Services			
Management and general	428,917	-	428,917
Fundraising	125,816	-	125,816
Total supporting services	554,733	-	554,733
Total Expenses	3,412,501	-	3,412,501
Net Increase (Decrease)	231,091	770,006	1,001,097
Reclassification	(117,294)	117,294	-
Change in Net Assets	113,797	887,300	1,001,097
Net Assets Beginning of Year	868,905	17,345,056	18,213,961
Net Assets End of Year	$ 982,702	$ 18,232,356	$ 19,215,058

The Accompanying Notes Are An Integral Part Of These Financial Statements

1. ORGANIZATION

West Virginia State University (the "University") is governed by the West Virginia State 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 University under its jurisdiction, the duty to develop a master plan for the University, the power to prescribe the specific functions and the University's budget request, the duty to review, at least every five years, all academic programs offered at the University, and the power to fix tuition and other fees for the different classes or categories of students enrolled at the University.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity — The University is a component unit of the West Virginia Higher Education Fund and represents separate funds of the State of West Virginia (the "State") that are not included in the State's general fund. The University is a separate entity which, along with all the State institutions of higher education, the Commission (which includes West Virginia Network for Educational Telecomputing), and the West Virginia Council of 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 annual comprehensive financial report.

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

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

In accordance with GASB, the audited financial statements of the West Virginia State University Foundation, Inc. ("Foundation") are discretely presented here with the University's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Foundation is a private nonprofit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's audited financial information, as it is presented herein (see also Note 18).

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

- *Net Investment in Capital Assets* — This represents the University's total investment in capital assets, net of depreciation and amortization, 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.

  Restricted Net Position— This includes amounts restricted for use in capital projects and for loans to students by various agreements, as well as amounts required to be held for use in debt service on outstanding bonds as outlined in Bond Trust Indenture.

  - *Restricted — Expendable* — This includes resources in 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 "State Legislature"), as a regulatory body outside the reporting entity, has restricted the use of certain funds by Article 10, *Fees and Other Money Collected at State Institutions of Higher Education* of the West Virginia State Code. House Bill No. 101 passed in March 2004 simplified the tuition and fee restrictions to auxiliaries and capital items. These activities are fundamental to the normal ongoing operations of the institution. These restrictions are subject to change by future actions of the State Legislature.

  - *Restricted — Nonexpendable* —This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The University does not have any nonexpendable funds or components of net position of this type as of June 30, 2024 and 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Unrestricted* — This represents resources derived from student tuition and fees, state appropriations, and sales and services of educational activities. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the Board to meet current expenses for any purpose. These resources also include resources of auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

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

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

Cash on deposit with the West Virginia Treasurer's Office (the "Treasurer") is deposited into the WV Money Market Pool, the WV Government Money Market Pool and the WV Short Term Bond Pool with the West Virginia Board of Treasury Investments (BTI). The amounts on deposit are available for immediate withdrawal and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

Cash and cash equivalents also include cash in bank accounts and cash on hand.

Any cash and cash equivalents escrowed, restricted, or in funded reserves are included in cash and cash equivalents for purposes of the cash flow statement.

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

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

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

Noncurrent Cash, Cash Equivalents, and Investments — Cash, cash equivalents, and investments that are (1) externally restricted to make debt service payments, long-term loans to students or to maintain

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

sinking or reserve funds, (2) to purchase capital or other noncurrent assets, or (3) permanently restricted components of net position, are classified as noncurrent assets in the statements of net position.

Capital Assets — Capital assets include property, plant, equipment, books and materials that are part of a catalogued library, and infrastructure assets. Capital assets are stated at cost at the date of acquisition or construction, or acquisition value at the date of donation in the case of gifts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 20 to 50 years for buildings and infrastructure, 20 years for land improvements and library books, and 3 to 10 years for furniture and equipment. Land is not depreciated as it is considered to have an indefinite useful life. The University's threshold for capitalizing capital assets is $5,000.

Capital assets also include intangible right-to-use lease assets, initially measured at the present value of payments expected to be made during the lease term, plus certain other costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the estimated useful life of the underlying assets, unless the lease contains a purchase option. The University's agreements meeting the definition of a lease do not contain purchaser options.

Additionally, capital assets include intangible right-to-use subscription-based information technology arrangement ("SBITA") assets, initially measured at the present value of payments expected to be made during the term of the agreement. SBITA assets are amortized on a straight-line basis over the term of the agreement.

Impairment of Capital Assets – Management reviews capital assists for impairment whenever events or changes in circumstances indicate that the service utility of an asset has declined significantly and unexpectedly. Any write-downs due to impairment are charged to operations at the time of the impairment is identified. No write-down of capital assets was required for the years ended June 30, 2024 or 2023.

Unearned Revenue — Revenues received for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenue, including items such as tuition and fees, football ticket sales, grant funding and room and board. Financial aid and other deposits are separately classified as deposits.

Compensated Absences and Other Postemployment Benefits — GASB provides standards for the measurement, recognition, and display of other postemployment benefit ("OPEB") expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State. Effective July 1, 2007, the University was required to participate in this multiple employer cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State of West Virginia. Details regarding this plan and its stand-alone financial statements can be obtained by contacting West Virginia Public Employees Insurance Agency ("PEIA"), 601 57th Street Southeast Suite 2, Charleston, WV 25304 or www.peia.wv.gov.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

These statements require entities to accrue for employees' rights to receive compensation for vacation leave or payments in lieu of accrued vacation or sick leave as such benefits are earned and payment becomes 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. Full-time employees also earn 1-1/2 sick leave days for each month of service and are entitled to extend their health or life insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. Generally, two days of accrued sick leave extend health insurance for one month of single coverage and three days extend health insurance for one month of family coverage. For employees hired after 1988, the employee shares in the cost of the extended benefit coverage to the extent of 50% of the premium required for the extended coverage. Employees hired July 1, 2001, or later, will no longer receive sick leave credit toward insurance premiums when they retire. This liability is now provided for under the multiple employer cost-sharing plans sponsored by the State.

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

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

Other Postemployment Benefits – For purposes of measuring the net other postemployment benefits ("OPEB") liability (asset), 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 Plan (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.wv.gov. The OPEB plan schedules are prepared using the accrual basis of accounting in accordance with U.S. GAAP as prescribed by GASB.

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 STRS fiduciary net position have been determined on the same basis as they are reported in the STRS financial statements, which can be found at http://www.wvretirement.com/publications.html. The plan schedules of STRS are prepared using the accrual basis of accounting and economic resources

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 STRS financial statements. Management of STRS has made certain estimates and assumptions relating to employer allocation schedules, and actual results could differ (see Note 14).

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, 2024 and 2023 the University had deferred outflows of resources related to pensions, OPEB, and bond refinancing.

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, 2024 and 2023, the University had deferred inflows related to pensions and OPEB.

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

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

In addition, through its participation in the West Virginia PEIA and third-party insurers, 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.

Classification of Revenues — The University has classified its revenues as either operating or nonoperating revenues according to the following criteria:

- *Operating Revenues* — Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most federal, state, local, and nongovernmental grants and contracts, and (4) sales and services of educational activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Nonoperating Revenues* — Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB, such as state appropriations, Federal Pell Grants, HEERF Grants, investment income, and sale of capital assets (including natural resources). Nonoperating revenues also exclude student fees which were billed for capital improvements.

- *Other Revenues* — Other revenues consist primarily of capital grants and gifts.

Use of Restricted Component of Net Position — The University has not 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 resources are available. Generally, the University attempts to utilize restricted resources first when practical.

Alternative Loans — Students apply for Alternative Loans through lenders who participate in the Alternative Loan Program when they have exhausted their Federal Loan Eligibility or need extra money to fill the gap of their cost of attendance. The University will certify these loans and, if approved by the lender, will receive the funds to disburse to the student accounts. Under this program, banks and loan companies make loans directly to students, via a guarantor. The University uses Sallie Mae as its guarantor. Student loan receivables are not included in the University's statements of net position, as the loans are repayable directly to the bank or loan company. For the years ended June 30, 2024 and 2023, the University received and disbursed approximately $592,834 and $250,627, respectively, which is not included as revenue and expense in the statement of revenues, expenses, and changes in net position.

Direct Lending — The University facilitates loans to students under the Direct Lending Program ("DL"). Under this program, the U.S. Department of Education makes interest-subsidized and nonsubsidized loans directly to students, via a guarantor. Direct Lending student loan receivables are not included in the University's statements of net position, as the loans are repayable directly to the U.S. Department of Education. In the years ended June 30, 2024 and 2023, the University received and disbursed approximately $5.8 million and $5.5 million, respectively, on behalf of the U.S. Department of Education, which is not included as revenue and expense in 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 federal Pell Grant, Supplemental Educational Opportunity Grant, and College Work Study programs. The activity of these programs is recorded in the accompanying financial statements.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Certain aid such as loans, funds provided to students as awarded by third parties and Federal Direct Lending are 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.

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

Income Taxes — The University is exempt from income taxes as a governmental entity. The component units are exempt from income taxes, except for unrelated business income, as nonprofit organizations under federal income tax laws and regulations of the Internal Revenue Service.

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.

Risk and Uncertainties — Investment securities are exposed to various 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 risk and values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Reclassifications – Certain amounts have been reclassified from the prior year presentation. These changes had no impact on the University's change in net position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The University implemented GASB Statement No. 99, *Omnibus 2022*, with varying effective dates based upon each provision ranging from being effective immediately to fiscal years beginning after June 15, 2023. The requirements of this Statement address a variety of items, including specific provisions regarding the following topics: (1) guidance and terminology updates on reporting derivative instruments that do not meet the definition of either an investment derivative or hedging derivative, but are within the scope of GASB Statement No. 53; (2) clarification of provisions of GASB Statement Nos. 87, 94, and 96; (3) extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate; (4) accounting for Supplemental Nutrition Assistance Program (SNAP) benefits; (5) non-monetary transactions; (6) clarification related to the focus of government-wide financial statements under GASB Statement No. 34; and (7) terminology updates related to GASB Statement No. 63. The adoption of GASB Statement No. 99 did not have an impact on the financial statements.

The University implemented GASB Statement No. 100, *Accounting Changes and Error Corrections- an Amendment of GASB Statement No. 62*, which is effective for fiscal years beginning after June 15, 2023. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. Those changes include things like: certain changes in accounting principles, certain changes in estimates that result from a justified or preferable change in measurement or new methodology. This statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods; changes to or within the reporting entity be reported by adjusting beginning balances of the current period; and changes in accounting estimates be reported prospectively by recognizing the change in the current period. If the change in accounting principle is the result of a new pronouncement the requirements only apply absent specific transition guidance in the pronouncement. Under this standard it is also necessary to display the total adjustment to beginning net position, fund balance, or fund net position on the face of the financial statements, by reporting unit. This statement also specifies both qualitative and quantitative disclosure requirements. Lastly, this statement provides guidance for if and how these changes should be reflected in required supplementary information and supplementary information. The adoption of GASB Statement No. 100 did not have an impact on the financial statements.

3. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents at June 30, 2024 and 2023, was held as follows:

	2024		
	Current	Noncurrent	Total
State Treasurer	$ 9,392,408	$ -	$ 9,392,408
Trustee	-	1,150,529	1,150,529
In Bank	1,435,196	-	1,435,196
	$ 10,827,604	$ 1,150,529	$ 11,978,133

	2023		
	Current	Noncurrent	Total
State Treasurer	$ 9,243,195	$ -	$ 9,243,195
Trustee	-	1,148,851	1,148,851
In Bank	1,829,111	-	1,829,111
	$ 11,072,306	$ 1,148,851	$ 12,221,157

Cash on deposit with trustee escrow consists of funds for principal and interest payments on the 2021-1 Bonds as described in Note 7. The deposits with trustee escrows were covered by federal depository insurance as noted below. Regarding federal depository insurance, interest-bearing accounts are insured by the Federal Deposit Insurance Corporation up to $250,000.

Custodial credit risk for deposits 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 deposits that are in the possession of an outside party. The combined carrying amount of cash in bank at June 30, 2024 and 2023 was $1,435,196 and $1,829,111, as compared with the combined bank balance of $1,876,844 and $2,823,053, respectively. The difference is primarily caused by outstanding checks and items in transit. The bank balances were covered by federal depository insurance as noted below or were collateralized by securities held by the State's agent. Regarding federal depository insurance, interest-bearing accounts are insured by the Federal Deposit Insurance Corporation up to $250,000.

Amounts with the State Treasurer as of June 30, 2024 and 2023, are comprised of three investment pools, the WV Money Market Pool, the WV Government Money Market Pool and the WV Short Term Bond Pool.

3. CASH AND CASH EQUIVALENTS (CONTINUED)

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 Standard & Poor's rating of the investment pools as of June 30:

External Pool	2024 Carrying Value	S & P Rating	2023 Carrying Value	S & P Rating
WV Money Market Pool	$ 6,546,357	AAAm	$ 7,768,894	AAAm
WV Govt. Money Market Pool	788,941	AAAm	-	AAAm
WV Short Term Bond Pool	151,798	Not Rated	180,273	Not Rated
	$ 7,487,096		$ 7,949,167	

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 amounts with the State Treasurer are subject to interest rate risk. The following table provides information on the weighted-average maturities for the WV Money Market Pool:

External Pool	2024 Carrying Value	WAM (Days)	2023 Carrying Value	WAM (Days)
WV Money Market Pool	$ 6,546,357	36	$ 7,768,894	29

The following table provides information on the weighted-average maturities for the WV Government Money Market Pool:

External Pool	2024 Carrying Value	WAM (Days)	2023 Carrying Value	WAM (Days)
WV Money Market Pool	$ 788,941	44	$ -	17

3. CASH AND CASH EQUIVALENTS (CONTINUED)

The following table provides information on the effective duration for the WV Short Term Bond Pool:

	2024		2023	
External Pool	Carrying Value	Effective Duration (Days)	Carrying Value	Effective Duration (Days)
WV Short Term Bond Pool	$ 151,798	645	$ 180,273	609

Other Investment Risks — Other investment risks include concentration of credit risk, custodial credit risk, and foreign currency risk. None of the BTI's Consolidated Fund's investment pools or accounts is exposed to these risks as described below.

Custodial Credit Risk – 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.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a Consolidated Fund poll or account's investment in a single corporate issuer. The BTI investment policy prohibits those pools and accounts permitted to hold corporate securities from investing more than 5% of their assets in any one corporate name or one corporate issue.

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. The University has no securities with foreign currency risk.

4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2023 and 2022, are as follows:

	2024	**2023**
Student tuition and fees — net of allowance for doubtful accounts of $779,707 and $863,574 in 2024 and 2023, respectively	$ 506,640	$ 359,572
Grants and contracts receivable	3,525,317	3,294,891
State appropriations	117,168	-
Due from the Commission	30,390	47,459
Other accounts receivable	68,539	5,989
	$ 4,248,054	$ 3,707,911

5. CAPITAL ASSETS

Summary of capital asset transactions for the University for the years ended June 30, 2024 and 2023 are as follows:

	2024			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 8,628,563	$ -	$ -	$ 8,628,563
Construction in progress	922,925	907,558	(552,657)	1,277,826
Total capital assets not being depreciated	$ 9,551,488	$ 907,558	$ (552,657)	$ 9,906,389
Capital assets being depreciated:				
Land improvements	$ 2,283,327	$ 82,665	$ -	$ 2,365,992
Infrastructure	4,691,094	132,195	-	4,823,289
Buildings	99,808,868	981,574	(458,726)	100,331,716
Equipment	10,354,892	1,471,977	(63,864)	11,763,005
Motor vehicles	791,908	281,987	-	1,073,895
Software	192,180	-	-	192,180
Library books	6,319,046	21,274	-	6,340,320
Total capital assets being depreciated	124,441,315	2,971,672	(522,590)	126,890,397
Right-to-use assets to be amortized:				
Leased Office Space	756,471	88,961	-	845,432
Subscription based technology agreements	797,840	277,955	(216,144)	859,651
Total right-to-use assets	1,554,311	366,916	(216,144)	1,705,083
Less accumulated depreciation for:				
Land improvements	1,354,705	82,694	-	1,437,399
Infrastructure	3,688,003	116,208	-	3,804,211
Buildings	42,227,295	2,192,616	(59,252)	44,360,659
Equipment	8,051,911	590,933	(58,629)	8,584,215
Motor vehicles	585,946	203,983	-	789,929
Software	192,180	-	-	192,180
Library books	5,713,481	182,316	-	5,895,797
Total accumulated depreciation	61,813,521	3,368,750	(117,881)	65,064,390
Less accumulated amortization for right-to-use assets:				
Lease office space	38,854	164,539	-	203,393
Subscription based information technology agreements	375,719	272,573	(196,111)	452,181
Total accumulated amortization	414,573	437,112	(196,111)	655,574
Capital assets being depreciated and amortized — net	$ 63,767,532	$ 467,274	$ (424,742)	62,875,516
Capital asset summary:				
Capital assets not being depreciated or amortized	$ 9,551,488	$ 907,558	$ (552,657)	$ 9,906,389
Capital assets being depreciated and amortized	125,995,626	3,338,588	(738,734)	128,595,480
Total cost of capital assets	135,547,114	4,246,146	(1,291,391)	138,501,869
Less accumulated depreciation and amortization	62,228,094	3,805,862	(313,992)	65,719,964
Capital assets - net	$ 73,319,020	$ 440,284	$ (977,399)	$ 72,781,905

5. CAPITAL ASSETS (CONTINUED)

	2023			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 8,628,563	$ -	$ -	$ 8,628,563
Construction in progress	901,821	53,959	(32,855)	922,925
Total capital assets not being depreciated	$ 9,530,384	$ 53,959	$ (32,855)	$ 9,551,488
Capital assets being depreciated:				
Land improvements	$ 2,228,072	$ 55,255	$ -	$ 2,283,327
Infrastructure	5,591,704	124,890	(1,025,500)	4,691,094
Buildings	99,670,913	137,955	-	99,808,868
Equipment	10,049,899	864,671	(559,678)	10,354,892
Motor vehicles	718,248	124,510	(50,850)	791,908
Software	192,180	-	-	192,180
License	18,750	-	(18,750)	-
Library books	6,192,852	126,194	-	6,319,046
Total capital assets being depreciated	124,662,618	1,433,475	(1,654,778)	124,441,315
Right-to-use assets to be amortized:				
Leased Office Space	-	756,471	-	756,471
Subscription based technology agreements	634,278	163,562	-	797,840
Total right-to-use assets	634,278	920,033	-	1,554,311
Less accumulated depreciation for:				
Land improvements	1,275,934	78,771	-	1,354,705
Infrastructure	4,504,436	153,067	(969,500)	3,688,003
Buildings	40,079,735	2,147,560	-	42,227,295
Equipment	7,903,579	665,927	(517,481)	8,052,025
Motor vehicles	543,796	92,886	(50,850)	585,832
Software	192,180	-	-	192,180
License	18,750	-	(18,750)	-
Library books	5,508,700	204,781	-	5,713,481
Total accumulated depreciation	60,027,110	3,342,992	(1,556,581)	61,813,521
Less accumulated amortization for right-to-use assets:				
Lease office space	-	38,854	-	38,854
Subscription based information technology agreements	121,742	253,977	-	375,719
Total accumulated amortization	121,742	292,831	-	414,573
Capital assets being depreciated and amortized — net	$ 65,148,044	$ (1,282,315)	$ (98,197)	63,767,532
Capital asset summary:				
Capital assets not being depreciated or amortized	$ 9,530,384	$ 53,959	$ (32,855)	$ 9,551,488
Capital assets being depreciated and amortized	125,296,896	2,353,508	(1,654,778)	125,995,626
Total cost of capital assets	134,827,280	2,407,467	(1,687,633)	135,547,114
Less accumulated depreciation and amortization	60,148,852	3,635,823	(1,5566,581)	62,228,094
Capital assets - net	$ 74,678,428	$ 1,228,356	$ (131,052)	$ 73,319,020

5. CAPITAL ASSETS (CONTINUED)

The University maintains various collections of inexhaustible assets to which no value can be 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 or recognized for financial statement purposes.

6. NONCURRENT LIABILITIES

Summaries of noncurrent obligation transactions for the University for the years ended June 30, 2024 and 2023 are as follows:

	2024				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Note payable	$ 1,852,000	$ -	$ 123,000	$ 1,729,000	$ 131,000
Direct placement	35,015,863	-	1,260,649	33,755,214	1,279,505
Other noncurrent liabilities:					
Deposits held in custody for others	106,000	-	-	106,000	-
Accrued compensated absences	1,205,471	500,763	313,640	1,392,594	985,232
Advances from Federal Sponsors	3,059	1,071	-	4,130	-
SBITA liability	292,317	277,955	305,500	264,772	117,886
Lease liability	723,112	88,961	147,390	664,683	173,771
Net pension liability	168,779	95,646	135,394	129,031	-
Other post employment benefits liability (asset)	307,764	932,614	1,667,829	(427,451)	-
Total noncurrent liabilities	$ 39,674,365	$ 1,809,894	$ 3,866,286	$ 37,616,902	$ 2,687,394

	2023				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Note payable	$ 2,723,586	$ -	$ 871,586	$ 1,852,000	$ 123,000
Direct placement	36,252,723	-	1,236,860	35,015,863	1,260,650
Other noncurrent liabilities:					
Deposits held in custody for others	143,400	-	37,400	106,000	-
Accrued compensated absences	962,127	560,152	316,808	1,205,471	872,456
Advances from Federal Sponsors	308,179	-	305,120	3,059	-
SBITA liability	465,280	49,027	221,990	292,317	220,884
Lease liability	-	755,872	32,760	723,112	138,724
Net pension liability	175,219	175,832	182,272	168,779	-
Other post employment benefits liability (asset)	(98,757)	2,557,972	2,151,451	307,764	-
Total noncurrent liabilities	$ 40,931,757	$ 4,098,855	$ 5,356,247	$ 39,674,365	$ 2,615,714

6. NONCURRENT LIABILITIES (CONTINUED)

Additional information regarding noncurrent debt is included in Notes 7 and 8.

7. BONDS PAYABLE

In May 2021, the Board entered into a Capital Project Loan Agreement with Rice Capital Access Program, LLC for up to $40,500,000 for the purpose of financing or refinancing the costs of capital projects. The proceeds from the direct placement were used to repay the outstanding balances of the 2012 Bonds, the 2013 Bonds, and the capital lease. The direct placement matures on August 1, 2045 with debt service payments due starting February 1, 2022. Interest on the direct placement will be equal to and payable at the same time as interest due on the Series A 2021-1 Bonds. The University will need to make monthly deposits for principal and interest as well as pro rate fees starting in July 2021. The full amount of the principal and interest due for each payment must be on hand with the Trustee two months before the payment is due. The direct placement requires the University to expend not less than the annual Replacement Fund Reserve Requirement on capital improvements. The initial Replacement Fund Reserve Requirement is $550,000 and will increase on July 1st each year by 3%. The University has a rate covenant that pledged revenues (auxiliary capital fees and gross operating revenues) will be equal to 120% of the maximum annual debt service on the 2021 loan and any additional long-term debt. Failure to meet this rate covenant during any fiscal year, will cause the University to immediately fund a separate and dedicated West Virginia State University Liquidity Reserve Account maintained and held by the Trustee. As of June 30, 2024, the University was in compliance with the rate covenants. A loss on refinancing was recorded as a deferred outflow in the amount of $6,120,548 and $6,579,584 at June 30, 2024 and 2023, respectively. The amortization of the deferred outflow is recorded as interest expense in the statement of revenues, expenses, and changes in net position. The principal on the direct placement that was outstanding at June 30, 2024 and 2023 was $33,755,214 and $35,015,863, respectively.

Principal and interest maturities for the years ending after June 30, 2024, are as follows:

Years Ending June 30	Direct Placement Principal	Direct Placement Interest	Total
2025	1,279,505	640,759	1,920,264
2026	1,310,926	609,338	1,920,264
2027	1,335,746	584,519	1,920,265
2028	1,359,670	560,594	1,920,264
2029	1,384,194	536,070	1,920,264
2030-2034	7,334,142	2,267,179	9,601,321
2035-2039	8,062,153	1,539,167	9,601,320
2040-2044	8,862,384	738,936	9,601,320
2045-2046	2,826,494	53,901	2,880,395
Future payments	$ 33,755,214	$ 7,530,464	$ 41,285,677

8. NOTES PAYABLE

During February 2014, the University signed a promissory note with Capital One Equipment Finance Corp borrowing $2,700,000 at an interest rate of 6.65% to be used to partially finance the construction of a new athletic complex. The note matures in 2033, with principal payments due annually on October 1 starting in 2014. Interest payments are due annually on April 1 and October 1 starting April 2014. In February 2016, the Board of the Foundation voted to submit $55,000 for an extra payment of principal.

Principal and interest maturities for the years ending after June 30, 2024, are as follows:

Years Ending June 30	Principal	Interest	Total
2025	131,000	110,623	241,623
2026	140,000	101,612	241,612
2027	150,000	91,970	241,970
2028	159,000	81,695	240,695
2029	170,000	70,756	240,756
2030-2034	979,000	164,288	1,143,288
Future payments	$ 1,729,000	$ 620,945	$ 2,349,945

On December 10, 2020, the University signed a promissory note with the WVSU Foundation borrowing $1,000,000 at an interest rate of 1.50% calculated annually. The note matures on April 10, 2025, with principal and interest payments due quarterly beginning on July 10, 2021. On August 12, 2022 the University paid the note in full.

9. OTHER POST EMPLOYMENT BENEFITS

Following are the University's net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, revenues, and the OPEB expense and expenditures for the fiscal years ended June 30, 2024 and 2023:

	2024	2023
Net OPEB Liability/(Asset)	$ (427,451)	$ 307,764
Deferred Outflows of Resources	385,117	820,376
Deferred Inflows of Resources	847,812	1,764,987
Revenues	(308,583)	(339,333)
OPEB Expense/(Revenues)	(2,535,302)	(1,790,073)
Contributions made by the University	256,888	537,359

Plan Description

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

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

RHBT is considered a component unit of the State of West Virginia for financial reporting purposes, and, as such, its financial report is also included in the State of West Virginia's Annual Comprehensive Financial Report. RHBT issues publicly available financial statements and required supplementary information for the OPEB plan. Details regarding this plan and a copy of the RHBT financial report may be obtained by contacting PEIA at 601 57th Street SE, Suite 2, Charleston, West Virginia 25304-2345, or by calling (888) 680-7342.

9. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

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

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

Contributions

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

Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The paygo rates related to the measurement date of June 30, 2023 and 2022 were:

	July 2022-June 2023 2023	February 2022-June 2022 2022	July 2021-January 2022 2022
Paygo premium	$ 70	$ 48	$ 116

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

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

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

9. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

The University's contributions to the OPEB plan for the years ended June 30, 2024, 2023, and 2022, were $256,888, $537,359, and $325,121, respectively.

Assumptions

The June 30, 2024 OPEB liability (asset) for financial reporting purposes was determined by an actuarial valuation as of June 30, 2022 and a measurement date of June 30, 2023. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Inflation rate: 2.50%.
- Salary increase: Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation.
- Investment rate of return: 7.40%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates: Trend rate for pre-Medicare and Medicare per capita costs of 7.0% medical and 8.0% drug. The trends increase over four years to 9.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2032.
- Actuarial cost method: Entry age normal cost method.
- Amortization method: Level percentage of payroll over a 20-year closed period as of June 30, 2017.
- Wage inflation: 2.75%.
- Retirement age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2020 actuarial valuation.
- Aging factors: Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
- Expenses: Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.
- Mortality post retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females.
- Mortality pre-retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 100% for females.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

9. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

The actuarial valuation as of June 30, 2022, reflects updates to the following healthcare related assumptions, which include:

- Per capita claim costs;
- Healthcare trend rates;
- Aging factors;
- Participation rates

The long-term expected rate of return of 7.40% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.60% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 2.75% for assets invested with the BTI.

The long-term 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 percentage. Target asset allocations, capital market assumptions (CMA), and forecast returns were provided by the Plan's investment advisors, including the West Virginia Investment Management Board (WV-IMB). The projected nominal return for the Money Market Pool held with the BTI was estimated based on the WV-IMB assumed inflation of 2.50% plus a 25 basis point spread.

The target allocation and estimates of annualized long-term expected returns assuming a 10-year horizon as of June 30, 2023 and 2022 are summarized below:

June 30, 2023		
Asset Class	Target Allocation	Long-term Expected Real Return
Equity	45.0%	7.4%
Fixed income	15.0%	3.9%
Private credit and income	6.0%	7.4%
Private equity	12.0%	10.0%
Real estate	12.0%	7.2%
Hedge funds	10.0%	4.5%

9. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

June 30, 2022		
Asset Class	Target Allocation	Long-term Expected Real Return
Global equity	55.0%	4.8%
Core plus fixed income	15.0%	2.1%
Core real estate	10.0%	4.1%
Hedge funds	10.0%	2.4%
Private equity	10.0%	6.8%

Single discount rate. The discount rate used to measure the total OPEB liability (asset) was 7.40% and 6.65% for fiscal years 2024 and 2023, respectively. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.40% and 6.65% for those fiscal years. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

Sensitivity of the net OPEB liability (asset) to changes in the discount rate. The following presents the University's proportionate share of the net OPEB liability (asset) as of June 30, 2024 and 2023 calculated using a discount rate that is one percentage point lower (6.40% in 2024; 5.65% in 2023) or one percentage point higher (8.40% in 2024; 7.65% in 2023) than the current rate (7.40% in 2024; 6.65% in 2023).

Net OPEB liability (asset)	1% Decrease	Current Discount Rate	1% Increase
2024	$ (72,328)	$ (427,451)	$ (816,939)
2023	791,072	307,764	(106,859)

Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rate. The following presents the University's proportionate share of the net OPEB liability (asset) as of June 30, 2024 and 2023 calculated using the healthcare cost trend rate, as well as what the University's net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate.

Net OPEB liability (asset)	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
2024	$ (1,088,894)	$ (427,451)	$ 359,131
2023	(174,971)	307,764	878,967

9. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

The June 30, 2024 net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date of June 30, 2023. The June 30, 2023 net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

At June 30, 2024, the University's proportionate share of the net OPEB liability (asset) was $(609,901). Of this amount, the University recognized $(427,451) as its proportionate share on the statement of net position. The remainder of $(182,450) denotes the University's proportionate share of net OPEB liability (asset) attributable to the special funding situation.

At June 30, 2023, the College's proportionate share of the net OPEB liability (asset) was $413,192. Of this amount, the College recognized $307,764 as its proportionate share on the statement of net position. The remainder of $105,428 denotes the College's proportionate share of net OPEB liability (asset) attributable to the special funding situation.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to OPEB for each of the fiscal years ended June 30, 2023 and 2022. Employer contributions are recognized when due. At the June 30, 2023 measurement date, the University's proportion was 0.270081104%, a decrease of 0.006439778% from its proportion of 0.276520882% calculated as of June 30, 2022. At the June 30, 2022 measurement date, the University's proportion was 0.2765220882%, a decrease of 0.0.055606361% from its proportion of 0.33127243% calculated as of June 30, 2021.

For the year ended June 30, 2024, the University recognized OPEB expense of $(2,535,302). Of this amount, $(2,226,719) was recognized as the University's proportionate share of OPEB expense and $(308,583) as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The University also recognized revenue of $(308,583) for support provided by the State.

For the year ended June 30, 2023, the University recognized OPEB expense of $(1,790,073). Of this amount, $(1,450,740) was recognized as the University's proportionate share of OPEB expense and $(339,333) as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The University also recognized revenue of $(339,333) for support provided by the State.

9. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

At June 30, 2024 and 2023, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

June 30, 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	$ 10,363	$ 353,379
Net difference between projected and actual investment earnings	-	7,128
Changes in assumptions	117,866	238,483
Differences between expected and actual non-investment experience	-	248,822
Reallocation of opt-out employer change in proportionate share	-	-
Contributions after the measurement date	256,888	-
Total	$ 385,117	$ 847,812

June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	$ 37,874	$ 588,207
Net difference between projected and actual investment earnings	47,772	-
Changes in assumptions	197,371	781,976
Differences between expected and actual non-investment experience	-	392,614
Reallocation of opt-out employer change in proportionate share	-	2,190
Contributions after the measurement date	537,359	-
	$ 820,376	$ 1,764,987

9. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

The University will recognize the $256,888 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction (increase) of the net OPEB liability (asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30,	Amortization
2025	$ (370,804)
2026	(311,216)
2027	(20,486)
2028	(17,077)
	$ (719,583)

Payables to the OPEB Plan

The University did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2024 and 2023.

10. STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

The University is a State institution of higher education, and the University receives a State appropriation to finance its operations. In addition, it is subject to the legislative and administrative mandates of the 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 the former Board of Regents or the former Boards of the University and College Systems (the "Boards").

Students of the State's universities and colleges, including students of the University, are assessed certain tuition charges and fees, which must be remitted by the universities and the colleges to the Commission for use in repayment of the bonds so issued. Any shortfalls between such tuition and fees remitted and actual debt service obligations are the responsibility of the Boards. To the extent that tuition charges and fees so collected by the Commission exceed debt service obligations, the Commission may remit funds back to the universities and colleges for renewal and replacement or maintenance and repair of the facilities so financed. These obligations administered by the Commission are the direct and total responsibility of the Commission, as successor to the former Boards.

The Commission has the authority to assess each public institution of higher education for payment of debt service on these system bonds. The tuition and registration fees of the members of the former State University System are generally pledged as collateral for the Commission's bond indebtedness. Student

10. STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS (CONTINUED)

fees collected by the institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. Although the bonds remain as capital obligations of the Commission, an estimate of the obligation of each institution is reported as a long-term payable by each institution and as a receivable by the Commission. During 2024, the University paid $0, to the Commission against the debt obligation. The amount due to the Commission at June 30, 2024 and 2023 is $0 and $0, respectively.

During December 2010, the Commission issued $76,865,000 of the State of West Virginia Higher Education Policy Commission Revenue Series 2010 Bonds to fund Bond projects approved by the Commission. The University has been authorized to receive $1,135,000 of these proceeds to be specifically used for upgrades to Wallace Hall roof, windows and HVAC system. As of June 30, 2015, $892,887 of such proceeds have been received. The University began drawing the bond proceeds for this project in FY 2012; eighty-five percent of these bond proceeds must be spent by December 2013. The West Virginia Higher Education Policy Commission is responsible for repayment of this debt.

11. LEASES

The University leases office space for various terms under long-term, noncancelable lease agreements. The leases have monthly installments ranging from $600 to $14,832 plus interest at 6.5% with due dates ranging from February 2024 to March 2028.

Future annual minimum lease payments on leases for years subsequent to June 30, 2024, are as follows:

	Principal	Interest	Total Payments
2025	173,771	38,089	211,860
2026	183,662	26,456	210,118
2027	179,931	14,458	194,389
2028	127,319	3,473	130,792
	$ 664,683	$ 82,476	$ 747,159

12. SBITAS

The University has agreements for various terms under long-term, noncancelable subscription-based information technology agreements (SBITAs). The SBITAs have annual payments ranging from $3,500 to $70,155 plus interest at 6.5% with due dates ranging from October 2024 to May 2029.

Future annual minimum lease payments on leases for years subsequent to June 30, 2024, are as follows:

	Principal	Interest	Total Payments
2025	117,886	17,732	135,618
2026	48,238	9,837	58,075
2027	46,443	6,607	53,050
2028	52,205	3,496	55,701
	$ 264,772	$ 37,672	$ 302,444

13. UNRESTRICTED COMPONENTS OF NET POSITION

At June 30, 2024 and 2023 the University has no designated components of net position.

	2024	2023
Total unrestricted net position before OPEB liability and pension items	$ 8,886,139	$ 12,638,762
Less: OPEB (Asset) Liability	(427,451)	307,764
Less: Net Pension Liability	129,031	168,779
Less: Deferred Inflows of Resources	999,212	2,012,033
Add: Deferred Outflows of Resources	421,237	866,946
Total unrestricted net position	$ 8,606,584	$ 11,017,132

14. RETIREMENT PLANS

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

Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have an option to switch to the Educators Money 401(a) basic retirement plan. New hires have the choice of either plan. As of June 30, 2024 and 2023, respectively, zero employees were enrolled in the Educator's Money 401(a) basic retirement plan.

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

Total contributions to the TIAA-CREF for the years ended June 30, 2024, 2023 and 2022 were $2,402,862, $1,800,288, and $1,596,334, respectively, which consisted of contributions of $1,158,784, $900,144, and $798,167, respectively, from the University and $1,158,784, $900,144, and $798,167, respectively, from the covered employees in 2024, 2023 and 2022. Employees contributed nonmatched amounts of $85,294 in 2024.

The University's total payroll for the years ended June 30, 2024, 2023, and 2022, was $21,684,264, $20,847,788, and $18,731,076, respectively; total covered employees' salaries in the STRS and TIAA-CREF were $157,949 and $19,313,405; $154,540, and $20,098,126; and $237,301 and $14,981,583; respectively, in 2024, 2023 and 2022.

14. RETIREMENT PLANS (CONTINUED)

DEFINED BENEFIT PENSION PLAN

Some employees of the University are enrolled in a defined benefit pension plan, the West Virginia Teachers' Retirement System ("STRS"), 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 year ended June 30:

	2024	2023
Net Pension Liability	$ 129,031	$ 168,779
Deferred Outflows of Resources	36,120	46,570
Deferred Inflow of Resources	151,400	247,046
Revenues	34,296	31,108
Pension Expense(Revenue)	(64,633)	(99,986)
Contributions made by the University	23,692	23,181

STRS

Plan Description

STRS is a multiple employer defined benefit cost sharing public employee retirement system providing retirement benefits as well as death and disability benefits. It covers all full-time employees of the 55 county public school systems in the State of West Virginia (the "State") and certain personnel of the 13 State-supported institutions of higher education, State Department of Education and the Higher Education Policy Commission hired prior to July 1, 1991. Employees of the State-supported institutions of higher education and the Higher Education Policy Commission hired after June 30, 1991, are required to participate in the Higher Education Retirement System. STRS closed membership to new hires effective July 1, 1991. However, effective July 1, 2005, all new employees hired for the first time are required to participate in STRS.

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

14. RETIREMENT PLANS (CONTINUED)

Benefits Provided

STRS 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 30 years of credited service at any age with the pension reduced actuarially if the member retires before age 55. 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. Retirement benefits are equivalent to 2% of average annual salary multiplied by years of service. Average salary is the average of the five 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 State 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: STRS 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:

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. 7.5% of the gross salary of their STRS covered employees hired for the first time after July 1, 2005 and for those TDCRS members who elected to transfer to STRS effective July 1, 2008;
3. a certain percentage of fire insurance premiums paid by State residents; and
4. under WV State code section 18-9-A-6a, an amount determined by the State Actuary as being needed to eliminate the STRS unfunded liability within 40 years of June 30, 1994.

As of June 30, 2024 and 2023, the University's proportionate share attributable to this special funding subsidy was $289,900 and $375,975 respectively.

The University's contributions to STRS for the years ended June 30, 2024, 2023, and 2022 were approximately $23,692, $23,181 and $35,595, respectively.

14. RETIREMENT PLANS (CONTINUED)

Assumptions

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2022 and 2021, respectively, and rolled forward to June 30, 2023 and 2022, respectively. The following actuarial assumptions were used and applied to all periods included in the current period measurement:

- Actuarial cost method: Entry age normal cost with level percentage of payroll.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method and period: Level dollar, fixed period over 40 years, from July 1, 1994 through fiscal year 2034.
- Investment rate of return of 7.25%, net of investment expense.
- Projected salary increases: Teachers 2.75-5.90% and non-teachers 2.75-6.50%, based on age.
- Inflation rate of 2.75%.
- Discount rate of 7.25%.
- Mortality rates based on Pub-2010 Mortality Tables.
- Withdrawal rates: Teachers 7.00-35.00% and Non-Teachers 2.30-18.00%.
- Disability rates: 0.004-0.563%.
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Retirement rates: 15-100%.
- *Ad hoc* cost-of-living increases in pensions are periodically granted by the State Legislature. However, the retirement system makes no automatic provision for such increases.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2015 to June 30, 2020.

14. RETIREMENT PLANS (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term geometric real rates of return for each major asset class included in STRS' target asset allocation as of June 30, 2023 and 2022, are summarized below.

June 30, 2023		
Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	6.5%	27.5%
International equity	9.1%	27.5%
Fixed income	4.3%	15.0%
Real estate	5.8%	10.0%
Private equity	9.2%	10.0%
Hedge funds	4.6%	10.0%

June 30, 2022		
Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	5.3%	27.5%
International equity	6.1%	27.5%
Fixed income	2.2%	15.0%
Real estate	6.5%	10.0%
Private equity	9.5%	10.0%
Hedge funds	3.8%	10.0%

Discount rate. The discount rate used to measure the total STRS pension liability was 7.25% for fiscal years 2024 and 2023, respectively. The projection of cash flows used to determine the discount rate assumed that State contributions will continue to follow the current funding policy. Based on those assumptions, STRS' 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 STRS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

14. RETIREMENT PLANS (CONTINUED)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the University's proportionate share of the STRS net pension liability as of June 30, 2024 and 2023 calculated using the discount rate of 7.25%, as well as what the University's STRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net Pension Liability 2024	$ 198,159	$ 129,031	$ 70,360
Net Pension Liability 2023	$ 248,253	$ 168,779	$ 101,282

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

The June 30, 2024 STRS net pension liability was measured as of June 30, 2023, and the total pension liability was determined by an actuarial valuation as of July 1, 2022, rolled forward to the measurement date of June 30, 2023. The June 30, 2023 STRS net pension liability was measured as of June 30, 2022, and the total pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

At June 30, 2024, the University's proportionate share of the STRS net pension liability was $418,931. Of this amount, the University recognized $129,031 as its proportionate share on the statement of net position. The remainder of $289,900 denotes the University's proportionate share of net pension asset attributable to the special funding.

At June 30, 2023, the University's proportionate share of the STRS net pension liability was $544,754. Of this amount, the University recognized $168,779 as its proportionate share on the statement of net position. The remainder of $375,975 denotes the University's proportionate share of net pension asset attributable to the special funding.

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 STRS for each of the fiscal years ended June 30, 2023 and 2022. Employer contributions are recognized when due. At the June 30, 2023 measurement date, the University's proportion was 0.005636%, a decrease of 0.000926% from its proportion of 0.006562% calculated as of June 30, 2022. At June 30, 2022, the University's proportion was 0.006562%, a decrease of 0.004650% from its proportion of 0.011212% calculated as of June 30, 2021.

For the year ended June 30, 2024, the University recognized STRS pension expense of $(64,633). Of this amount, $(98,929) was recognized as the University's proportionate share of the STRS expense and $34,296 as the amount of pension expense attributable to special funding from nonemployer contributing entity. The University also recognized revenue of $34,296 for support provided by the State

14. RETIREMENT PLANS (CONTINUED)

For the year ended June 30, 2023, the University recognized STRS pension expense of $(99,986). Of this amount, $(131,094) was recognized as the University's proportionate share of the STRS expense and $31,108 as the amount of pension expense attributable to special funding from nonemployer contributing entity. The University also recognized revenue of $31,108 for support provided by the State.

At June 30, 2024 and 2023, deferred outflows of resources and deferred inflows of resources related to the STRS pension are as follows:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference between Employer Contributions and Proportionate Share of Contributions	$ -	$ 151,076
Differences between Expected and Actual Experience	4,710	324
Net Difference between Projected and Actual Investment Earnings	2,273	-
Changes in Assumptions	5,445	-
Contributions after the Measurement Date	23,692	-
Total	$ 36,120	$ 151,400

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference between Employer Contributions and Proportionate Share of Contributions	$ -	$ 245,670
Differences between Expected and Actual Experience	7,008	1,376
Net Difference between Projected and Actual Investment Earnings	6,846	-
Changes in Assumptions	9,535	-
Contributions after the Measurement Date	23,181	-
Total	$ 46,570	$ 247,046

14. RETIREMENT PLANS (CONTINUED)

The University will recognize the $23,692 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the STRS net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in STRS pension expense as follows:

Fiscal Year Ended June 30:	Amortization
2025	$ (60,707)
2026	(61,941)
2027	(7,885)
2028	(8,439)
2029	-
	$ (138,972)

Payables to the Pension Plan

The University did not report any amounts payable for normal contributions to the STRS as of June 30, 2024 and 2023.

15. FOUNDATION

The Foundation is a separate nonprofit organization incorporated in the State and has as its purpose "…to aid, strengthen, and further in every proper and useful way, the work and services of the University and its affiliated nonprofit organizations…" Oversight of the Foundation is the responsibility of a separate and independently elected board of directors, not otherwise affiliated with the University. In carrying out its responsibilities, the board of directors of the Foundation employs management, forms policy, and maintains fiscal accountability over funds administered by the Foundation. Although the University does not control the timing or the amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests, are restricted to the activities by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the University, the Foundation is considered a component unit of the University and is therefore discretely presented with the University's financial statements in accordance with GASB. Based on the Foundation's audited financial statements as of June 30, 2024 and 2023, the Foundation's net position (including unrealized gains) totaled $20,706,571 and $19,215,058, respectively, on the accrual basis of accounting.

During the years ended June 30, 2024 and 2023, the Foundation contributed $994,064 and $822,466, respectively, to the University for scholarships. Program expenses of the Foundation are used to provide support to students of the University, for projects that benefit the University and for other activities that support the Foundations mission.

16. AFFILIATED ORGANIZATION

The University has a separately incorporated affiliated organization, the Alumni Association. Oversight responsibility for this entity rests with an independent board and management not otherwise affiliated with the University. Accordingly, the financial statements of this organization are not included in the University's accompanying financial statements under the blended component unit requirements. They are not included in the University's accompanying financial statements under the discretely presented component unit requirements as they are not significant to the University.

17. CONTINGENCIES

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

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

During August 2022, the University received a proposed penalty letter from the IRS regarding the late filing of certain 2020 information returns. The returns were due March 31, 2021. The University filed the returns in September 2021 at the time the oversight was noted. A letter of abatement has been sent to the IRS and the University has contacted its attorney and contracted with a third party to handle the filing of these returns going forward. The University does not anticipate having to pay any penalty for the oversight.

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

18. COMPONENT UNIT DISCLOSURES

The following are the notes taken directly from the Foundation's financial statements as follows:

1. Organization and nature of activities:

West Virginia State University Foundation, Inc. and Subsidiary (the "Foundation") was established to provide support for the private fundraising efforts of the West Virginia State University (the "University") and to manage privately donated funds on behalf of the University. The Foundation is a nonprofit corporation organized in accordance with the laws of the State of West Virginia and managed by a volunteer Board of Directors.

The private fundraising efforts of the University result in the Foundation receiving gifts and pledges for the benefit of the University. Such gifts and pledges include endowment gifts to be invested in perpetuity, remainder interests in charitable remainder trusts, gift annuities, and other gifts for the benefit of the University and its affiliates. The Foundation also receives gifts and pledges to be used to fund current Foundation activities.

2. Summary of significant accounting policies:

A. Basis of accounting:

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

B. Consolidation policy:

The accompanying consolidated financial statements include the accounts of the Foundation and its wholly owned subsidiary, West Virginia State University Foundation Properties, Inc. Intercompany transactions and balances have been eliminated in the consolidation.

C. Cash equivalents:

For purposes of the Consolidated Statements of Cash Flows, the Foundation considers all liquid investments having initial maturities of three (3) months or less to be cash equivalents.

D. Investments:

Investments are reported at fair value based on quoted prices in active markets. Investment income consists of interest income, dividend income, realized gains (losses), and unrealized gains (losses) less any related fees, and is included in the Consolidated Statements of Activities.

18. COMPONENT UNIT DISCLOSURES (CONTINUED)

E. Property and equipment:

The Foundation capitalizes all expenditures in excess of $500 for property and equipment at cost. All donated assets are stated at the fair market value at the time of donation. Depreciation is provided on the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	31.5 - 39 years
Furniture and equipment	3 - 7 years

F. Leases:

The Foundation leases building space in downtown Charleston. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The provisions of ASC 842 will be applied using the modified retrospective approach with January 1, 2022 as the date of initial adoption. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use ("ROU") assets, and operating lease liabilities in the Statements of Financial Position.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Foundation uses the implicit rate when it is readily determinable. Since the Foundation's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the Foundation's incremental borrowing rate based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Foundation's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise the option.

18. COMPONENT UNIT DISCLOSURES (CONTINUED)

G. Net assets:

The Foundation presents its net assets and all balances and transactions based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Foundation. These net assets may be used at the discretion of the Foundation's management and Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

H. Contributions:

Contributions are recognized as revenues in the period received. Unconditional promises to give (pledges) are recognized as revenues when the commitment is communicated to the Foundation. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Pledges for the support of future operations, programs, and activities are recorded at the present value of the estimated future cash flows. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity.

I. Outstanding legacies:

The Foundation is the beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. The Foundation's share of such bequests is recorded when the probate court has declared the testamentary instrument valid and the proceeds are measurable.

J. Beneficial interest in trusts:

The Foundation receives contributions of property in which the donor or donor-designated beneficiary may retain a life interest. The assets are invested and administered by a trustee and distributions are made to the beneficiaries during the term of the agreement. These funds are invested in debt and equity securities or property, and the Foundation records its

18. COMPONENT UNIT DISCLOSURES (CONTINUED)

interest in these trusts at fair value based on estimated future cash receipts. Initial recognition and subsequent adjustments to the assets' carrying values are reported as a change in the value of perpetual trusts in the accompanying consolidated financial statements and are classified as without donor restrictions or with donor restrictions depending on the existence of donor-imposed purpose or time restrictions, if any.

K. Functional expense and cost allocation:

The costs of providing program and other activities have been listed on a function basis in the Consolidated Statements of Functional Expenses. Accordingly, certain costs have been allocated among program, management and general, and fundraising expenses. The expenses that are allocated include the following:

Expense	Method of Allocation
Meeting expense	Time and effort
Office expense	Time and effort
Printing	Time and effort
Salaries and benefits	Time and effort
Supplies	Time and effort
Travel	Time and effort

L. In-kind contributions:

The Foundation receives contributed services from a large number of volunteers who assist in fundraising efforts through their participation in a range of activities. The value of such services, which the Foundation considers not practicable to estimate, has not been recognized in the Consolidated Statements of Activities.

M. Spending policy:

Effective July 2004, the Foundation's Board of Trustees implemented a revised spending policy with the dual objectives of preserving the real value of its current and subsequently acquired assets and providing the maximum flow of funds for current Foundation activities.

The revised spending policy provides that the amount which the Foundation makes available for scholarships, operating expenses, and fees will be calculated by multiplying a Percentage by a Base. This computation will be made at the beginning of each fiscal year.

The Base for scholarship distributions will be an average of the market value of the Foundation's investments. The Foundation recognizes that certain circumstances may call for a different Base

18. COMPONENT UNIT DISCLOSURES (CONTINUED)

to be used. In such instances, the President of the Foundation, after consultation with the Investment Committee, may adjust the period of time used for the Base.

The determination of the Percentage factor for scholarship distributions will be reviewed periodically in the light of evolving trends with respect to investment returns and the rate of inflation, and adjustment will be made when it is considered appropriate. Should the total market value of any fund fall below the initial corpus plus additional contributions to the corpus, no distributions will be made unless authorized by the fund agreement or the Board of Trustees.

The Foundation recognizes that extremely unusual circumstances with respect either to financial markets or the needs of the communities it serves may, in rare instances, require temporary departures from the strict application of these investment and/or spending policies.

N. Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. In the opinion of the Foundation's management, such differences would not be significant.

O. Advertising and promotional expenses:

Advertising and promotional costs are charged to expense as they are incurred.

P. Accounting for uncertain tax positions:

The Foundation has adopted the provisions of Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, relating to unrecognized tax benefits. This standard requires an entity to recognize a liability for tax positions when there is a 50% or greater likelihood

that the position will not be sustained upon examination. The Foundation is liable for taxes to the extent of any unrelated business income as defined by IRS regulations. The Foundation believes that it has not engaged in any unrelated business income as defined by IRS regulations and that it is more likely than not that this position would be sustained upon examination. As such, there were no liabilities recorded for uncertain tax positions as of June 30, 2024 and 2023.

18. COMPONENT UNIT DISCLOSURES (CONTINUED)

3. Liquidity and availability:

Financial assets available for general expenditure, that is, without donor restrictions limiting their use within one year of the Statements of Financial Position date, consist of the following at June 30, 2024 and 2023:

	2024	2023
Cash and cash equivalents	$ 387,268	$ 722,884
Unconditional promises to give (current portion)	9,950	267,333
	$ 397,218	$ 990,217

The Foundation's endowment funds consist of donor-restricted endowments. Donor-restricted endowment funds are not available for general expenditure.

As part of the Foundation's liquidity management plan, cash in excess of daily requirements is invested in money market funds, short-term investments, and long-term investments.

4. Concentrations of credit risk:

The Foundation's investments consist primarily of financial instruments including cash equivalents, equity securities, fixed income securities, certificates of deposit, and money market funds. These financial instruments may subject the Foundation to concentrations of credit risk as, from time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation. In addition, the market value of securities is dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values. Certain receivables also subject the Foundation to concentrations of credit risk. Management believes that risk with respect to these balances is minimal, due to the high credit quality of the institutions used.

The Foundation maintains cash balances at a local financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation and an Irrevocable Standby Letter of Credit. Operating cash exceeding insured limits totaled $193,304 at June 30, 2024.

18. COMPONENT UNIT DISCLOSURES (CONTINUED)

5. Unconditional promises to give:

Unconditional promises to give at June 30, 2024 and 2023 consist of the following:

	2024	2023
Pledge receivables – without donor restrictions		
Receivable in less than one year	$ 9,950	$ 267,333
Receivable in one to five years	-	10,000
Receivable in six to ten years	-	-
Pledge receivables – with donor restrictions		
Receivable in less than one year	682,562	621,415
Receivable in one to five years	583,310	777,428
Receivable in six to ten years	10,965	104,154
Total unconditional promises to give	1,286,787	1,780,330
Less discounts to net present value	(43,379)	(103,262)
Less allowance for uncollectible contributions	(37,500)	(358,750)
Net unconditional promises to give	$ 1,205,908	$ 1,318,318

Unconditional promises to give are measured in the aggregate using present value techniques that consider historical trends of collection, the type of donor, general economic conditions in the geographic area in which the majority of the Foundation's donors live, the Foundation's policies concerning enforcement of promises to give, and market interest rate assumptions. The average discount rates used on promises to give that are expected to be collected in more than one year were 4.49% and 4.16% at June 30, 2024 and 2023, respectively. The interest element resulting from amortization of the discount for the time value of money, computed using the effective interest rate method, is reported as contribution revenue.

18. COMPONENT UNIT DISCLOSURES (CONTINUED)

6. Investments:

Investments are carried at market value at June 30, 2024 as follows:

	Cost	Fair Value	Unrealized Gain (Loss)
Mutual funds	$ 6,835,402	$ 9,279,474	$ 2,444,072
Corporate obligations	3,087,549	3,037,473	(50,076)
Bonds	1,430,926	1,404,391	(26,535)
Exchange traded products	1,013,733	1,049,445	35,712
Cash equivalents	381,799	381,799	-
	$ 12,749,409	$ 15,152,582	$ 2,403,173

Investments are carried at market value at June 30, 2023 as follows:

	Cost	Fair Value	Unrealized Gain (Loss)
Mutual funds	$ 7,503,451	$ 9,085,983	$ 1,582,532
Corporate obligations	2,805,862	2,692,426	(113,426)
Bonds	1,181,406	1,135,958	(45,448)
Cash equivalents	472,392	472,392	-
	$ 11,963,111	$ 13,386,759	$ 1,423,648

Investment return and fees for the years ended June 30, 2024 and 2023 are summarized as follows:

	2024	2023
Interest and dividends	$ 553,202	$ 286,499
Realized gains	151,495	235,922
Unrealized gains	979,525	607,810
Investment management fees	(68,386)	(57,155)
Investment income, net	$ 1,615,836	$ 1,073,076

FASB ASC 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FASB ASC 958-205 also requires additional

18. COMPONENT UNIT DISCLOSURES (CONTINUED)

6. Investments (Continued):

disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of West Virginia enacted UPMIFA effective March 5, 2008, the provisions of which apply to endowment funds existing on or established after that date. The Board of Directors determined that the Foundation’s net assets with donor restrictions met the definition of endowment funds under UPMIFA.

The Foundation’s endowment consists of funds established for a variety of purposes. Its endowment includes donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation’s Board of Directors has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is held until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation’s investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4%, while growing the funds if possible. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. The Foundation has a policy of appropriating for distribution each year 4% of its endowment fund’s fair value. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds,

18. COMPONENT UNIT DISCLOSURES (CONTINUED)

6. Investments (Continued):

many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to grow at a nominal rate, which is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets, as well as to provide additional real growth through investment return.

7. Beneficial interest in charitable trusts:

The Foundation was the beneficiary of certain charitable trusts. The value of such trusts at June 30, 2024 and 2023 are as follows:

	2024	2023
Beneficial interest in charitable trusts	$ 264,165	$ 247,464

8. Fair value measurements:

Fair values of assets measured on a recurring basis at June 30, 2024 and 2023 are as follows:

		Fair Value Measurements at Reporting Date Using:		
June 30, 2024	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	$ 9,279,474	$ 9,279,474	$ -	$ -
Corporate obligations	3,037,473	3,037,473	-	-
Bonds	1,404,391	1,404,391	-	-
Exchange traded products	1,049,445	1,049,445	-	-
Beneficial interest in charitable trusts	264,165	-	-	264,165
Total	$ 15,034,948	$ 14,770,783	$ -	$ 264,165

18. COMPONENT UNIT DISCLOSURES (CONTINUED)

8. Fair value measurements (Continued):

June 30, 2023		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	$ 9,085,983	$ 9,085,983	-	-
Corporate obligations	2,692,426	2,692,426	-	-
Bonds	1,135,958	1,135,958	-	-
Beneficial interest in charitable trusts	247,464	-	-	247,464
Total	$ 13,161,831	$ 12,914,367	$ -	$ 247,464

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs are based on unobservable inputs. There were no Level 2 inputs for the years ended June 30, 2024 and 2023.

Changes in the fair value of Level 3 assets are as follows:

	2024	2023
Balance, beginning of year	$ 247,464	$ 241,052
Change in fair value of assets	77,786	17,746
Distributions from charitable trust	(61,085)	(11,334)
Balance, end of year	$ 264, 165	$247,464

9. Property and equipment, net:

A summary of property and equipment at June 30, 2024 and 2023 is as follows:

	2024	2023
Buildings and improvements	$ 2,877,149	$ 2,877,149
Furniture and equipment	17,015	17,015
	2,894,164	2,894,164
Less accumulated depreciation	(1,074,633)	(946,912)
	$ 1,819,531	$ 1,947,252

18. COMPONENT UNIT DISCLOSURES (CONTINUED)

10. Leasing activities:

The Foundation has operating leases for property with remaining lease terms of 5 years.

The following summarizes the weighted average remaining lease term and discount rate as of June 30:

	2024
Average Remaining Lease Term	
Operating leases	4.5 years
Average Discount Rate	
Operating leases	5.5%

The maturities of lease liabilities as of June 30, 2024 were as follows:

Year ending June 30:	
2025	$ 197,160
2026	197,160
2027	197,160
2028	197,160
2029	98,580
Thereafter	-
Total lease payments	887,220
Less interest	(102,852)
Present value of lease liabilities	$ 784,368

The following line item is included in rentals on the Statements of Functional Expenses which include the components of lease expense for the year ended June 30, 2024:

	2024
Rent expense	$ 98,580

18. COMPONENT UNIT DISCLOSURES (CONTINUED)

11. Notes payable:

The Foundation's outstanding notes payable indebtedness at June 30, 2024 and 2023 was as follows:

	2024	2023
Musco Finance, LLC – 4.50% note payable, due $27,772 per quarter, including interest until October 2026, secured by equipment.	$ 261,283	$ 334,135
Less current portion	(100,974)	(72,852)
Long-term debt	$ 160,309	$ 261,283

On September 21, 2021 the Foundation entered into a lease/purchase agreement in the amount of $549,900 to install lights on the football field. The lights themselves serve as collateral for this agreement. The Foundation, in partnership with Athletics, is committed to raising the funds to pay for the lights. Thus far, commitments of $400,000 have been received to fund this project.

Scheduled maturities of notes payable indebtedness in each of the next five years and thereafter are as follows:

2025	$ 100,973
2026	105,611
2027	54,699
2028	-
2029	-
Thereafter	-
Total	$ 261,283

12. Net assets:

Net assets without donor restrictions at June 30, 2024 and 2023 consist of the following:

	2024	2023
Without donor restrictions		
Undesignated	$ 683,326	$ 982,702

18. COMPONENT UNIT DISCLOSURES (CONTINUED)

12. Net assets (Continued):

Net assets with donor restrictions at June 30, 2024 and 2023 consist of the following:

	2024	2023
With donor restrictions		
Athletic participation	$ 258,476	$ 242,609
Students' special projects	-	148,330
Academic programs	1,052,672	1,027,990
WVSU Foundation programs	1,025,383	912,820
General scholarships	1,169,545	1,093,500
Investment income and net appreciation	3,196,371	2,119,061
Endowment principal	10,795,476	10,079,612
Other	2,525,322	2,608,434
	$ 20,023,245	$ 18,232,356

13. Net assets released from restrictions:

Net assets were released throughout the years ended June 30, 2024 and 2023 from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by the donors.

	2024	2023
Advertising	$ 2,356	$ 1,571
Athletic complex	10,464	123,805
Bad debt expense	52,883	344,873
Contracted services	483,943	263,317
Equipment and maintenance	27,933	122,836
Filing and license fees	60,333	6,719
Grants and awards	24,249	94,086
Insurance	-	13,284
Meeting expense	83,339	74,584
Other expenses	86,964	124,373
Printing	11,809	7,204
Rentals	50,006	28,042
Salaries and benefits	138,095	211,082
Scholarships	980,254	801,037
Supplies	417,244	559,276
Travel	138,118	81,679
	$ 2,567,990	$ 2,857,768

18. COMPONENT UNIT DISCLOSURES (CONTINUED)

14. Endowments:

Changes in endowment net assets for the years ended June 30, 2024 and 2023 are as follows:

	With Donor Restrictions	
	2024	2023
Endowment net assets, beginning of year	$ 12,034,181	$ 11,265,296
Contributions	715,864	391,453
Investment income	1,592,620	1,066,815
Amounts appropriated for expenditure	(946,294)	(689,383)
Endowment net assets, end of year	$ 13,396,371	$ 12,034,181

15. Compensated absences:

Compensated absences for sick pay and vacation time have not been accrued since they cannot be reasonably estimated; policy is to recognize these costs when actually paid.

16. Federal income taxes:

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The wholly owned subsidiary, West Virginia State University Foundation Properties, Inc., is exempt from Federal income taxes under Section 501(c)(2) of the Internal Revenue Code.

17. Retirement plan:

All eligible employees of the Foundation are included in the University’s retirement plan.

18. Advertising costs:

The Foundation uses advertising to promote the Foundation and the University. Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2024 and 2023 was $27,382 and $14,381, respectively.

18. COMPONENT UNIT DISCLOSURES (CONTINUED)

19. Conditional promise to give:

In the normal course of operations, the Foundation has been notified as being designated to receive various deferred gifts from alumni and friends in support of the University that are not recorded in the financial statements because of their contingent nature. However, the Foundation facilitates and does track deferred gifts through the use of pledge agreements detailing the donor's intent and stipulations for administration of gifts such as bequests. The amount of those gifts at June 30, 2024 and 2023 is $5,068,692 and $6,822,086, respectively. All of the gifts are to be received at the death of the donor.

20. Life insurance policies:

The Foundation has been named as the beneficiary of various life insurance policies. These policies had face amounts at June 30, 2024 and 2023 of $60,000 and $58,856, respectively.

21. Related parties:

Various investment advice and custodial services, insurance services, and other professional services are performed for the Foundation by entities that have close relationships with various members of the Board of Directors.

Although independently governed, the Foundation raised and managed funds that benefited the University for the fiscal years ended June 30, 2024 and 2023. The Foundation and the University are involved in various other activities with the intent of benefiting the University and its mission.

22. Reclassifications:

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

23. Subsequent events:

The Foundation has evaluated all subsequent events through September 23, 2024, the date the consolidated financial statements were available to be issued.

NOTE 19 - NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

The following tables represent operating expenses within both natural and functional classifications for the years ended June 30, 2024 and 2023:

2024

	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships	Depreciation	Total
Instruction	$ 7,211,599	$ 718,140	$ 875,235	$ 6,041			$ 8,811,015
Research	2,467,628	435,403	2,574,506	212,117			5,689,654
Public service	2,484,497	522,851	2,334,202	63,926			5,405,476
Academic support	988,239	92,221	325,278	348			1,406,086
Student services	1,561,248	382,699	174,898	2,171			2,121,016
General institutional support	4,508,106	1,370,119	3,227,877	102,238			9,208,340
Operations and maintenance of plant	525,794	153,860	2,885,169	1,574,304			5,139,127
Scholarship and fellowship					3,806,085		3,806,085
Auxiliary enterprises	1,937,153	543,471	7,950,175	515,974			10,946,773
Depreciation	-	-	-	-	-	3,805,862	3,805,862
Total	$ 21,684,264	$ 4,218,764	$ 20,347,340	$ 2,477,119	$ 3,806,085	$ 3,805,862	$ 56,339,434

2023

	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships	Depreciation	Total
Instruction	$ 8,580,260	$ 2,008,839	$ 1,306,634	$ 647	$ -	$ -	$ 11,896,380
Research	2,143,743	436,430	1,315,700	162,527	-	-	4,058,400
Public service	2,114,410	560,635	1,758,344	76,210	-	-	4,509,599
Academic support	605,691	142,438	72,593	-	-	-	820,722
Student services	1,339,957	300,591	1,234,158	3,775	-	-	2,878,481
General institutional support	4,189,323	(559,780)	9,182,811	278,772	-	-	13,091,126
Operations and maintenance of plant	640,002	167,905	1,874,262	1,252,802	-	-	3,934,971
Scholarship and fellowship	-	-	-	-	1,937,535	-	1,937,535
Auxiliary enterprises	1,234,402	301,575	3,197,112	615,556	-	-	5,348,645
Depreciation	-	-	-	-	-	3,635,823	3,635,823
Total	$ 20,847,788	$ 3,358,633	$ 19,941,614	$ 2,390,289	$ 1,937,535	$ 3,635,823	$ 52,111,682

WEST VIRGINIA STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2024

State Teachers' Retirement System
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
University's proportion of the net pension liability (percentage)	0.005636%	0.006562%	0.011212%	0.013766%	0.015763%	0.023024%	0.027162%	0.031345%	0.029790%	
University's proportionate share of the net pension liability	$ 129,031	$ 168,779	$ 175,219	$ 443,395	$ 468,976	$ 718,868	$ 936,039	$ 1,288,208	$ 1,032,299	
State's proportionate share of the net pension liability	289,900	375,975	391,758	963,406	1,132,229	1,862,585	2,075,280	2,453,693	2,355,461	
Total proportionate share of the net pension liability	$ 418,931	$ 544,754	$ 566,977	$ 1,406,801	$ 1,601,205	$ 2,581,453	$ 3,011,319	$ 3,741,901	$ 3,387,760	
University's covered payroll	$ 154,540	$ 237,301	$ 321,606	$ 379,988	$ 455,247	$ 686,888	$ 747,829	$ 810,120	$ 903,085	
University's proportionate share of the net pension liability as a percentage of its covered payroll	83.49%	71.12%	54.48%	116.69%	103.02%	104.66%	125.17%	159.01%	114.31%	
Plan fiduciary net position as a percentage of the total pension liability	80.42%	77.78%	86.38%	70.89%	72.64%	71.20%	67.85%	61.42%	66.25%	

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year. (measurement date)
This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the University should present information for those years for which information is available.

WEST VIRGINIA STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2024

State Teachers' Retirement System
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 23,692	$ 23,181	$ 35,595	$ 48,241	$ 56,998	$ 95,572	$ 238,645	$ 112,174	$ 121,518	$ 135,463
Contributions in relation to the contractually required contribution	(23,692)	(23,181)	(35,595)	(48,241)	(56,998)	(95,572)	(238,645)	(112,174)	(121,518)	(135,463)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 157,949	$ 154,540	$ 237,301	$ 321,606	$ 379,988	$ 455,247	$ 686,888	$ 747,829	$ 810,120	$ 903,085
Contributions as a percentage of covered payroll	15.00%	15.00%	15.00%	15.00%	15.00%	20.99%	34.74%	15.00%	15.00%	15.00%

WEST VIRGINIA STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
JUNE 30, 2024

Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
University's proportion of the net OPEB liability (asset) (percentage)	0.270081104%	0.276520882%	0.332127243%	0.353155870%	0.287413078%	0.348880398%	0.335916772%			
University's proportionate share of the net OPEB liability (asset)	$ (427,451)	$ 307,764	$ (98,757)	$ 1,559,859	$ 4,768,552	$ 7,485,005	$ 8,260,158			
State's proportionate share of the net OPEB liability (asset)	(182,450)	105,428	(19,446)	344,909	975,861	1,553,307	1,696,646			
Total proportionate share of the net OPEB liability (asset)	$ (609,901)	$ 413,192	$ (118,203)	$ 1,904,768	$ 5,744,413	$ 9,038,312	$ 9,956,804			
University's covered-employee payroll	$ 15,263,590	$ 8,808,238	$ 13,007,894	$ 12,038,919	$ 12,519,915	$ 11,918,745	$ 11,911,454			
University's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	2.80%	3.49%	0.76%	12.96%	38.09%	62.80%	69.35%			
Plan fiduciary net position as a percentage of the total OPEB liability	109.66%	93.59%	101.81%	73.49%	39.69%	30.98%	25.10%			

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year (measurement date)
This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the University should present information for those years for which information is available.

WEST VIRGINIA STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
JUNE 30, 2024

Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 256,888	$ 537,359	$ 325,121	$ 605,661	$ 682,609	$ 714,102	$ 590,940			
Contributions in relation to the statutorily required contributior	(256,888)	(537,359)	(325,121)	(605,661)	(682,609)	(714,102)	(590,940)			
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -			
University's covered-employee payroll	$ 17,021,245	$ 15,263,590	$ 8,808,238	$ 13,007,894	$ 12,038,919	$ 12,519,915	$ 11,918,745			
Contributions as a percentage of covered-employee payrol	1.51%	3.52%	3.69%	4.66%	5.67%	5.70%	4.96%			

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the University should present information for those years for which information is availabl

Amounts reported reflect changes in assumptions to more closely reflect actual experience. Significant changes in assumptions are related to projected salary increases, inflation rate, and mortality tables.

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
2023	2.75%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 5.90%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 6.50%.	7.25%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired: Healthy males – 100% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019; Beneficiary males-101% of Pub-2010 Contingent Survivor Male table, headcount weighted, projected generationally with Scale MP-2019; Beneficiary females-113% of Pub-2010 Contingent Survivor Female table, headcount weighted, projected generationally with Scale MP-2019	7.25%
2022	2.75%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 5.90%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 6.50%.	7.25%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired: Healthy males – 100% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019; Beneficiary males-101% of Pub-2010 Contingent Survivor Male table, headcount weighted, projected generationally with Scale MP-2019; Beneficiary females-113% of Pub-2010 Contingent Survivor Female table, headcount weighted, projected generationally with Scale MP-2019	7.25%

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
2021	2.75%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 5.90%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 6.50%.	7.25%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired: Healthy males – 100% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019.	7.25%
2020	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.16%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.75%.	7.5%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired healthy males – 108% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019.	7.5%
2019	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: Healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; Disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
2018	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%
2017	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%
2016	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%
2015	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.75 to 5.25%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.40 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant monthly mortality table. Retired: RP2000 healthy annuitant, scale AA; Disabled: RP2000 disabled annuitant mortality table, scale AA.	7.5%

WEST VIRGINIA STATE UNIVERSITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2024 AND 2023

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
2014	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.75 to 5.25%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.40 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant monthly mortality table; Retired: RP2000 healthy annuitant, scale AA; Disabled: RP2000 disabled annuitant mortality table, scale AA.	7.5%

There are no other significant factors that affect trends in the amounts reported, such as a change of benefit terms or other assumptions. Additional information, if necessary, can be obtained from the CPRB Annual Comprehensive Financial Report for the corresponding year.

Actuarial Changes Other Postemployment Benefits Plan

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

	Inflation Rate	Salary Increases	Wage Inflation Rate	Investment Rate of Return & Discount Rate	Mortality	Retirement Age	Aging Factors	Expenses	Healthcare Cost Trend Rates
2023	2.50%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	7.40%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare and Medicare per capita costs of 7.0% medical and 8.0% drug. The trends increase over four year to 9.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2032.
2022	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% for two years then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.
2021	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2020, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
2020	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, 6.5% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached 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 plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
2019	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
2018	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.0% and 10.0% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.
2017	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.

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 Directors
West Virginia State University
Institute, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and the discretely presented component unit, of West Virginia State University (a component of the West Virginia Higher Education Fund) , as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the West Virginia State University's basic financial statements, and have issued our report thereon dated October 14, 2024. Our report includes a reference to other auditors who audited the financial statements of West Virginia State University Foundation, Inc. and Subsidiary, as described in our report on West Virginia State University's financial statements. The financial statements of West Virginia State University Foundation, Inc. and Subsidiary were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with West Virginia State University Foundation, Inc. and Subsidiary.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

West Virginia State University's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the West Virginia State University's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. West Virginia State University's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 14, 2024

WEST VIRGINIA STATE UNIVERSITY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2024

Finding Number: 2024-001

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: During the audit, we proposed four audit adjustments which in the aggregate was needed to ensure that the financial statements were materially correct.

Criteria or specific requirement: Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements, including the notes to the financial statements, in conformity with accounting principles generally accepted in the United States of America. Their responsibilities include recording significant financial reporting processes, including controls over procedures used to enter transaction totals into the general ledger; initiate, authorize, record, and process journal entries into the general ledger; record recurring and nonrecurring adjustments to the financial statements and safeguarding University assets.

Effect: The lack of controls in place over the recording of financial activities, presentation of the financial statements, and the safeguarding of assets resulted in these errors.

Cause: The University experienced personnel transitions within the accounting department.

Repeat Finding: No

Recommendation: The University should evaluate their financial reporting processes and controls, accounting and recording of financial activity and the safeguarding of assets, including the expertise of its internal staff, to determine whether additional controls over the preparation of annual financial statements can be implemented to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. Management will implement a review process to ensure that reconciliations are done timely and reviewed by knowledgeable personnel. Additionally, they would implement processes to ensure that the University assets are properly safeguarded.