West Virginia University

Audit Presentation
Year Ended June 30, 2023

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Overview

Audit Results

State of Higher Education
West Virginia University Audit Results Summary

Opinion
- Unmodified Opinion – highest level of assurance

Adjustments and Results
- No material audit adjustments
Research Corporation Audit Results Summary

Opinion
- Unmodified Opinion – highest level of assurance
- Unmodified Opinion – compliance with Uniform Guidance

Adjustments and Results
- No material audit adjustments
- No Findings relating to compliance issues causing material financial impact
Internal Control Reporting- Definitions and Results

Material Weaknesses – deficiencies in internal control such that there is a reasonable possibility that a material misstatement would not be prevented or detected and corrected on a timely basis.

Significant Deficiencies – deficiencies in internal control that are less severe than material weaknesses, yet important enough to merit attention by those charged with governance.
State of Higher Education

West Virginia University
Current Financial Influences in Higher Education

- Enrollment pressures
- HEERF Hangover
- Turnover and employee retention
- Increasing costs – student experience
- Negative perception of higher education
- Financial Sustainability
The Financial Story
Revenue Sources in Public Higher Ed

- Net Tuition
- Auxiliary Revenue
- Grants and Contracts
- State Appropriations
Trends: Net Tuition & Auxiliary Revenue Sources

Student Revenue Sources

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (in USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>553,386,000</td>
</tr>
<tr>
<td>2018</td>
<td>564,475,000</td>
</tr>
<tr>
<td>2019</td>
<td>554,636,000</td>
</tr>
<tr>
<td>2020</td>
<td>542,092,000</td>
</tr>
<tr>
<td>2021</td>
<td>496,387,000</td>
</tr>
<tr>
<td>2022</td>
<td>542,188,000</td>
</tr>
<tr>
<td>2023</td>
<td>530,685,000</td>
</tr>
</tbody>
</table>
Trends: WVU % Tuition Increases and Inflation %

* Inflation Source: BLS.gov
Trend: WVU % Increase and U.S. Food Price Increases
Trends: Operating Bottom Line

Operating Bottom Line

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>(244,889,000)</td>
</tr>
<tr>
<td>2019</td>
<td>(265,550,000)</td>
</tr>
<tr>
<td>2020</td>
<td>(309,528,000)</td>
</tr>
<tr>
<td>2021</td>
<td>(315,871,000)</td>
</tr>
<tr>
<td>2022</td>
<td>(314,849,000)</td>
</tr>
<tr>
<td>2023</td>
<td>(357,948,000)</td>
</tr>
</tbody>
</table>
Trends: Total Bottom Line
High School Graduation Projections

Graduating Class


2.69M 2.46M 3.50M 3.77M 3.93M 3.52M

Strong production of high school graduates for two decades
Graduation rate increases mitigate contracting youth population
Birth declines still predict long-term graduate declines

Class of 1988 to 2019 (reported)  Class of 2020 to 2025 (projected: increase)  Class of 2026 to 2037 (projected: decrease)

There are opportunities!
Opportunities based on Environment

- Transfer of Wealth
- The Culling of institutions
- Acceptance and investing in online classes
- Acquisitions and mergers
- Greater collaboration within the system
Questions?
## Governance Communication Letter

<table>
<thead>
<tr>
<th>Overall</th>
<th>Estimates</th>
<th>Difficulties</th>
<th>Other</th>
</tr>
</thead>
</table>
| • Provides an update on the audit since the  | • Depreciable lives  
• Allowance for doubtful  | • No difficulties encountered  
• No disagreements encountered  
• No other findings to report  | • No material adjustments recorded  
• No passed adjustments  
• Audit reports have been issued |
| planning meeting                             | accounts  
• Compensated absences  
• Scholarship allowance  
• Other postemployment benefits liability  
• Unearned revenue  
• Fair value of Investments  
• Net pension items  
• Functional Expenses (Innovation Corporation)  
• We are comfortable with management’s estimate |                                                                                                           |                                                                                            |
| • Subscription Arrangement implemented      |                                                                                                           |                                                                                                           |                                                                                            |
| • No changes in scope of audit              |                                                                                                           |                                                                                                           |                                                                                            |
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