

WEST VIRGINIA UNIVERSITY - MAIN CAMPUS AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF NET ASSETS AS OF JUNE 30, 2004 AND 2003

(Dollars in Thousands)

	2004	2003
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 82,453	\$ 68,000
Accounts Receivable - Regionals	94	-
Accounts receivable, net of allowances for doubtful accounts of \$2,831 and \$2,516	33,073	35,669
Loans receivable, current portion	3,361	4,632
Inventories	978	1,014
Prepaid expenses	1,133	-
Notes receivable, current portion	237	167
Total current assets	<u>121,329</u>	<u>109,482</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	6,374	8,530
Investments	8,392	7,515
Loans receivable, net of allowances for doubtful accounts of \$4,968 and \$4,644	28,560	26,617
Notes receivable, net	190	427
Bond issuance cost	682	721
Capital assets, net	598,441	583,351
Total noncurrent assets	<u>642,639</u>	<u>627,161</u>
TOTAL ASSETS	<u>\$ 763,968</u>	<u>\$ 736,643</u>

(continued)

WEST VIRGINIA UNIVERSITY - MAIN CAMPUS AND SUBSIDIARY

**CONSOLIDATED STATEMENTS OF NET ASSETS (CONTINUED)
AS OF JUNE 30, 2004 AND 2003**

(Dollars in Thousands)

	2004	2003
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 23,261	\$ 17,389
Accounts payable - Regionals	-	113
Accrued liabilities	1,405	2,113
Accrued payroll	5,661	4,261
Deposits	2,027	1,635
Deferred revenue	21,099	20,868
Compensated absences, current portion	17,356	16,423
Debt service assessment payable to the Commission, current portion	3,878	3,631
Leases payable, current portion	3,294	3,175
Bonds payable, current portion	1,391	1,126
Total current liabilities	<u>79,372</u>	<u>70,734</u>
Noncurrent Liabilities:		
Compensated absences	30,676	31,414
Advances from federal government	25,256	24,656
Debt service assessment payable to the Commission	109,698	114,447
Leases payable	10,782	6,369
Bonds payable	63,573	64,964
Other noncurrent liabilities	1,905	2,584
Total noncurrent liabilities	<u>241,890</u>	<u>244,434</u>
TOTAL LIABILITIES	<u>\$ 321,262</u>	<u>\$ 315,168</u>
NET ASSETS		
Invested in capital assets, net of related debt	\$ 388,841	\$ 370,829
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	1,569	1,415
Loans	1,126	994
Other	475	475
Total nonexpendable	<u>3,170</u>	<u>2,884</u>
Expendable:		
Scholarships and fellowships	23	118
Loans	13,708	12,820
Capital projects	13,897	16,337
Debt service	8	8
Total expendable	<u>27,636</u>	<u>29,283</u>
Unrestricted	<u>23,059</u>	<u>18,479</u>
TOTAL NET ASSETS	<u>\$ 442,706</u>	<u>\$ 421,475</u>

WEST VIRGINIA UNIVERSITY - MAIN CAMPUS AND SUBSIDIARY**CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2004 AND 2003****(Dollars in Thousands)**

	2004	2003
OPERATING REVENUES		
Student tuition and fees, net of scholarship allowances of \$14,756 and \$12,800	\$ 145,181	\$ 123,259
Federal appropriations	7,218	7,795
Local appropriations	661	631
Federal grants and contracts	80,281	85,946
State grants and contracts	27,591	27,567
Local grants and contracts	401	462
Nongovernmental grants and contracts	25,959	15,771
Sales and services of educational department	8,242	8,396
Auxiliary enterprises, net of scholarship allowances of \$1,570 and \$1,432	73,225	63,593
Interest on student loans receivable	609	635
Operating revenue from the Regionals	32	-
Other operating revenues (including revenue from outsourced enterprise of \$1,442 and \$1,603)	7,294	7,259
Total operating revenues	<u>376,694</u>	<u>341,314</u>
OPERATING EXPENSES		
Salaries and wages	271,067	263,857
Benefits	82,303	82,480
Scholarships and fellowships	14,639	13,970
Utilities	18,991	19,065
Supplies and other services	105,413	112,333
Depreciation	43,823	43,868
Operating expenses to the Regionals	-	5
Loan cancellations and write-offs	618	689
Assessments by the Commission for operations	1,978	1,978
Waivers in support of other State institutions	367	386
Other operating expenses	172	3,121
Total operating expenses	<u>539,371</u>	<u>541,752</u>
OPERATING LOSS	<u>(162,677)</u>	<u>(200,438)</u>

(continued)

WEST VIRGINIA UNIVERSITY - MAIN CAMPUS AND SUBSIDIARY**CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS (CONTINUED)
YEARS ENDED JUNE 30, 2004 AND 2003****(Dollars in Thousands)**

	2004	2003
NONOPERATING REVENUES (EXPENSES)		
State appropriations	\$ 178,863	\$ 189,986
Gifts	7,365	9,321
Investment income	1,077	1,357
Interest on capital asset-related debt	(3,976)	(4,044)
Assessments by the Commission for debt service	(5,821)	(7,608)
Other nonoperating income (expenses) - net	(542)	936
Net nonoperating revenues	176,966	189,948
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	14,289	(10,490)
Capital grants and gifts	6,942	3,658
Bond/capital projects proceeds from the Commission	-	98
INCREASE (DECREASE) IN NET ASSETS BEFORE TRANSFERS	21,231	(6,734)
INCREASE (DECREASE) IN NET ASSETS	21,231	(6,734)
NET ASSETS--BEGINNING OF YEAR	421,475	428,209
NET ASSETS--END OF YEAR	\$ 442,706	\$ 421,475

WEST VIRGINIA UNIVERSITY MAIN CAMPUS AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2004 AND 2003

(Dollars in Thousands)

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 144,498	\$ 122,425
Federal and local appropriations	7,879	8,426
Grants and contracts	138,308	122,952
Payments to suppliers	(105,930)	(105,787)
Payments to employees	(269,328)	(262,816)
Payments for benefits	(82,268)	(75,807)
Payments to utilities	(19,040)	(20,073)
Payments for scholarships and fellowships	(14,775)	(14,016)
Loan advances from federal government	623	646
Collection (disbursements) of loans to students	(1,290)	(1,885)
Interest earned on loans to students	608	635
Auxiliary enterprise charges	73,931	64,795
Sales and service of educational departments	8,185	8,336
Payments of operating expenses to (from) the Regionals	(176)	109
Other receipts (payments) - net	6,415	6,343
	<u>(112,360)</u>	<u>(145,717)</u>
Net cash used in operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	175,863	189,986
Supplemental State Support	-	-
Gifts	7,365	9,321
Assessments by the Commission for operations	(6,101)	(7,608)
William D. Ford direct lending receipts	105,435	89,491
William D. Ford direct lending payments	(105,201)	(89,756)
Other agencies receipts	-	-
Other agencies payments	-	-
Other nonoperating receipts (payments) - net	650	(1,028)
	<u>178,011</u>	<u>190,406</u>
Net cash provided by noncapital financing activities		
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Proceeds from (payments on) Commission debt assessment payable	(4,222)	15,479
Capital appropriations	-	-
Bond issuance costs	-	-
Capital gifts and grants received	6,935	3,369
Purchases of capital assets	(46,179)	(50,515)
Principal paid on capital debt and leases	(5,331)	(4,468)
Interest paid on capital debt and leases	(4,757)	(3,326)
	<u>(53,554)</u>	<u>(39,461)</u>
Net cash used in capital financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	-	-
Investment income	1,077	1,357
Purchase of investments	(877)	(60)
	<u>200</u>	<u>1,297</u>
Net cash provided by investing activities		
INCREASE IN CASH AND CASH EQUIVALENTS	12,297	6,525
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>76,530</u>	<u>70,005</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 88,827</u>	<u>\$ 76,530</u>

(continued)

WEST VIRGINIA UNIVERSITY MAIN CAMPUS AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED) YEARS ENDED JUNE 30, 2004 AND 2003

(Dollars in Thousands)

	2004	2003
Reconciliation of net operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (162,677)	\$ (200,438)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation expense	43,823	43,868
Changes in assets and liabilities:		
Accounts receivable, net	2,519	(2,198)
Loans receivable, net	(672)	(1,188)
Notes receivable, net	-	-
Prepaid expenses	(1,133)	70
Inventories	36	(60)
Accounts payable	3,396	5,107
Accrued liabilities	793	3,320
Accrued payroll	-	-
Deposits	391	468
Deferred revenue	231	(4,062)
Due to the Commission	138	2,414
Compensated absences	195	6,335
Advances from federal government	600	647
Net cash used in operating activities	<u>\$ (112,360)</u>	<u>\$ (145,717)</u>
Noncash Transactions:		
Equipment purchased on capital lease	<u>\$ 8,665</u>	<u>\$ 3,393</u>
Donated capital assets	<u>\$ 5,297</u>	<u>\$ 2,995</u>
Gain (loss) on investments	<u>\$ 301</u>	<u>\$ 105</u>
Parking facility improvement in lieu of cash	<u>\$ -</u>	<u>\$ -</u>
Transfer of liability from the Commission	<u>\$ -</u>	<u>\$ -</u>
Bond discount amortization	<u>\$ 108</u>	<u>\$ 108</u>
Loss on dispositions	<u>\$ 1,053</u>	<u>\$ 974</u>
Assets acquired with system bond proceeds	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of cash and cash equivalents to the statements of net assets:		
Cash and cash equivalents classified as current assets	\$ 82,453	\$ 68,000
Cash and cash equivalents classified as noncurrent assets	6,374	8,530
	<u>\$ 88,827</u>	<u>\$ 76,530</u>

West Virginia University - Main Campus and Subsidiary
NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATION
(Dollars in Thousands)

Year Ended June 30, 2004
Natural Classification

Functional Classification	Salaries & Wages	Benefits	Scholarships & Fellowships	Utilities	Other Services	Depreciation	Loan Canc & Write Offs	Assessments by the Commission	Waivers in Support	Other Operating Expenses	Total
Instruction	\$ 98,342	\$ 31,618	\$ -	\$ 77	\$ 11,820	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,857
Research	46,676	16,918	-	180	21,042	-	-	-	-	-	84,816
Public Service	32,677	8,390	-	40	11,200	-	-	-	-	-	52,307
Academic Support	16,637	4,441	-	6	4,039	-	-	-	-	-	25,123
Student Services	10,573	2,740	-	3	3,225	-	-	-	-	-	16,541
Operation and Maintenance of Plant	14,357	4,146	-	14,312	12,001	-	-	-	-	-	44,816
General Institutional Support	26,960	7,461	-	20	14,152	-	-	-	-	172	48,765
Student Financial Aid	-	-	14,639	-	-	-	-	-	-	-	14,639
Auxiliary Enterprises	24,845	6,589	-	4,353	27,934	-	-	-	-	-	63,721
Depreciation	-	-	-	-	-	43,823	-	-	-	-	43,823
Assessments by Commission for Operations	-	-	-	-	-	-	-	1,978	-	-	1,978
Waivers in Support of Other State Institutions	-	-	-	-	-	-	-	-	367	-	367
Loan Cancellations and Write Offs	-	-	-	-	-	-	618	-	-	-	618
Operating Expenses to the University	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	\$ 271,067	\$ 82,303	\$ 14,639	\$ 18,991	\$ 105,413	\$ 43,823	\$ 618	\$ 1,978	\$ 367	\$ 172	\$ 539,371

West Virginia University - Main Campus and Subsidiar
 NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATION
 (Dollars in Thousands)

Year Ended June 30, 2003
 Natural Classification

Functional Classification	Salaries & Wages	Benefits	Scholarships & Fellowships	Utilities	Supplies & Other Services	Depreciation	Loan Cance & Write Offs	Assessments by the Commissioner	Waivers in Support	Operating Expenditure to Regionals	Other Operating Expenses	Total
Instruction	\$ 96,460	\$ 29,565	\$ -	\$ -	\$ 35	\$ 11,462	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,522
Research	41,737	14,871	-	-	394	24,087	-	-	-	-	-	81,089
Public Service	32,781	9,373	-	-	268	12,424	-	-	-	-	-	54,846
Academic Support	17,766	5,319	-	-	10	4,169	-	-	-	-	-	27,264
Student Services	11,516	3,794	-	-	8	3,568	-	-	-	-	-	18,886
Operation and Maintenance of Plant	14,302	5,322	-	11,754	17,303	-	-	-	-	-	-	48,681
General Institutional Support	27,084	6,994	-	2,391	14,637	-	-	-	-	-	3,121	54,227
Student Financial Aid	-	-	13,970	-	-	-	-	-	-	-	-	13,970
Auxiliary Enterprises	22,211	7,242	-	4,205	24,683	-	-	-	-	-	-	58,341
Depreciation	-	-	-	-	-	43,868	-	-	-	-	-	43,868
Assessments by Commission for Operation	-	-	-	-	-	-	-	1,978	-	-	-	1,978
Waivers in Support of Other State Institutions	-	-	-	-	-	-	-	-	386	-	-	386
Loan Cancellations and Write Offs	-	-	-	-	-	-	689	-	-	-	-	689
Operating Expenditures to the University	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	\$ 263,857	\$ 82,480	\$ 13,970	\$ 19,065	\$ 112,333	\$ 43,868	\$ 689	\$ 1,978	\$ 386	\$ 5	\$ 3,121	\$ 541,752