

WEST VIRGINIA UNIVERSITY - MAIN CAMPUS AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF NET ASSETS

AS OF JUNE 30, 2007 AND 2006

(Dollars in Thousands)

	2007	2006
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 123,663	\$ 132,685
Accounts receivable - Regionals	3,620	-
Accounts receivable, net of allowances for doubtful accounts of \$3,224 and \$2,219	38,559	36,372
Due from the Commission	4,004	554
Loans receivable, current portion	3,192	3,229
Inventories	1,313	1,338
Prepaid expenses	1,654	1,244
Notes receivable, current portion	96	96
Bond issuance cost, current portion	132	132
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Total current assets	176,233	175,650
Noncurrent Assets:		
Restricted cash and cash equivalents	4,117	6,692
Investments	89,949	89,087
Loans receivable, net of allowances for doubtful accounts of \$4,215 and \$4,372	31,395	30,233
Notes receivable, net	770	866
Bond issuance cost	1,519	1,651
Other assets, net	14,015	24
Capital assets, net	816,326	710,531
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Total noncurrent assets	958,091	839,084
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TOTAL ASSETS	1,134,324	1,014,734

(continued)

WEST VIRGINIA UNIVERSITY - MAIN CAMPUS AND SUBSIDIARY

**CONSOLIDATED STATEMENTS OF NET ASSETS (CONTINUED)
AS OF JUNE 30, 2007 AND 2006**

(Dollars in Thousands)

	2007	2006
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 36,377	\$ 27,532
Accounts payable - Regionals	-	87
Accrued liabilities	3,503	3,391
Accrued payroll	11,232	9,469
Deposits	2,427	2,418
Deferred revenue	36,025	28,842
Due to the Commission	225	301
Compensated absences, current portion	21,226	18,164
Debt service assessment payable to the Commission, current portion	4,482	4,286
Leases payable, current portion	3,452	3,414
Bonds payable, current portion	3,139	2,964
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Total current liabilities	122,088	100,868
Noncurrent Liabilities:		
Compensated absences	30,392	35,746
Advances from federal government	25,552	25,641
Debt service assessment payable to the Commission	97,275	101,757
Leases payable	10,497	5,635
Bonds payable	210,005	213,144
Notes payable	3,880	-
Other noncurrent liabilities	13,805	7,935
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Total noncurrent liabilities	391,406	389,858
TOTAL LIABILITIES	<hr/> <hr/>	<hr/> <hr/>
	513,494	490,726
NET ASSETS		
Invested in capital assets, net of related debt	522,545	444,721
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	85	85
Loans	1,557	1,305
Other	475	475
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Total nonexpendable	2,117	1,865
Expendable:		
Scholarships and fellowships	163	109
Sponsored programs	13,995	-
Loans	17,215	16,919
Capital projects	1,409	12,490
Debt service	824	1,254
Other	1,198	820
	<hr/>	<hr/>
Total expendable	34,804	31,592
Unrestricted	<hr/>	<hr/>
	61,364	45,830
TOTAL NET ASSETS	<hr/> <hr/>	<hr/> <hr/>
	\$ 620,830	\$ 524,008

WEST VIRGINIA UNIVERSITY - MAIN CAMPUS AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2007 AND 2006

(Dollars in Thousands)

	2007	2006
OPERATING REVENUES		
Student tuition and fees, net of scholarship allowances of \$18,919 and \$18,247	\$ 225,856	\$ 196,400
Federal land grants	7,940	7,205
Local land grants	885	942
Federal grants and contracts	84,840	88,644
State grants and contracts	31,369	28,530
Local grants and contracts	325	232
Nongovernmental grants and contracts	34,664	35,716
Sales and services of educational departments	14,180	12,134
Auxiliary enterprises, net of scholarship allowances of \$4,208 and \$3,742	88,422	79,334
Interest on student loans receivable	580	519
Other operating revenues (including revenue from outsourced enterprise of \$1,104 and \$1,472)	6,189	6,468
Total operating revenues	<u>495,250</u>	<u>456,124</u>
OPERATING EXPENSES		
Salaries and wages	327,747	305,036
Benefits	98,486	99,707
Scholarships and fellowships	23,807	19,158
Utilities	23,102	24,607
Supplies and other services	149,864	143,240
Depreciation	39,241	37,968
Operating expenses to the Regionals	1,389	2,185
Loan cancellations and write-offs	222	25
Assessments by the Commission for operations	2,199	2,065
Waivers in support of other State institutions	434	332
Other operating expenses	7,702	75
Total operating expenses	<u>674,193</u>	<u>634,398</u>
OPERATING LOSS	<u>(178,943)</u>	<u>(178,274)</u>

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WEST VIRGINIA UNIVERSITY - MAIN CAMPUS AND SUBSIDIARY**CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS (CONTINUED)
YEARS ENDED JUNE 30, 2007 AND 2006****(Dollars in Thousands)**

	2007	2006
NONOPERATING REVENUES (EXPENSES)		
State appropriations	\$ 183,577	\$ 178,423
Gifts	14,029	15,313
Investment income	11,233	7,924
Interest on capital asset-related debt	(8,872)	(10,686)
Assessments by the Commission for debt service	(5,794)	(6,198)
Other nonoperating expenses - net	(1,271)	(1,615)
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Net nonoperating revenues	192,902	183,161
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	13,959	4,887
Capital grants and gifts	56,246	17,819
Bond/capital projects proceeds from the Commission	26,617	18,969
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INCREASE IN NET ASSETS BEFORE TRANSFERS	96,822	41,675
TRANSFER OF ASSETS TO WVU INSTITUTE OF TECHNOLOGY	-	(185)
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INCREASE IN NET ASSETS	96,822	41,490
NET ASSETS--BEGINNING OF YEAR	524,008	482,518
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NET ASSETS--END OF YEAR	\$ 620,830	\$ 524,008
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WEST VIRGINIA UNIVERSITY MAIN CAMPUS AND SUBSIDIARY

**CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2007 AND 2006**

(Dollars in Thousands)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 229,813	\$ 195,162
Federal and local land grants	8,825	8,148
Grants and contracts	148,111	149,270
Payments to suppliers	(142,543)	(146,750)
Payments to employees	(325,934)	(302,411)
Payments for benefits	(100,687)	(95,359)
Payments to utilities	(22,214)	(24,194)
Payments for scholarships and fellowships	(25,145)	(18,712)
Loan advances returned to federal government	(92)	(54)
Disbursements of loans to students	(1,348)	(919)
Interest earned on loans to students	580	519
Auxiliary enterprise charges	89,424	82,910
Sales and service of educational departments	13,985	12,033
Payments of operating expenses to the Regionals	(5,096)	(2,098)
Other receipts	5,370	12,387
Net cash used in operating activities	<u>(126,951)</u>	<u>(130,068)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	188,513	174,387
Gifts	14,029	15,313
Assessments by the Commission for debt service	(5,794)	(6,198)
William D. Ford direct lending receipts	136,713	124,896
William D. Ford direct lending payments	(136,718)	(124,932)
Other nonoperating receipts (payments)	267	(966)
Net cash provided by noncapital financing activities	<u>197,010</u>	<u>182,500</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Payments on Commission debt assessment payable	(4,286)	(4,111)
Bond/capital projects proceeds from the Commission	23,183	18,969
Capital gifts and grants received	55,203	15,662
Purchases of capital assets	(158,910)	(82,989)
Capital projects proceeds from trustees	7,798	-
Principal paid on capital debt and leases	(7,524)	(7,228)
Interest paid on capital debt and leases	(11,371)	(10,792)
Proceeds from loan	3,880	-
Proceeds from insurance recovery	-	149
Net cash used in capital financing activities	<u>(92,027)</u>	<u>(70,340)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	31,654	25,962
Investment income	9,911	5,271
Purchase of investments	(31,194)	(5,728)
Net cash provided by investing activities	<u>10,371</u>	<u>25,505</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(11,597)</u>	<u>7,597</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>139,377</u>	<u>131,780</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 127,780</u>	<u>\$ 139,377</u>

(continued)

WEST VIRGINIA UNIVERSITY MAIN CAMPUS AND SUBSIDIARY

**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2007 AND 2006**

(Dollars in Thousands)

	2007	2006
Reconciliation of net operating loss to net cash used in operating activities:		
Operating loss	\$ (178,943)	\$ (178,274)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	41,373	37,968
Changes in assets and liabilities:		
Accounts receivable, net	(11,584)	(3,849)
Due from the Commission	(14)	884
Loans receivable, net	(1,126)	(895)
Prepaid expenses	(411)	795
Inventories	25	(198)
Accounts payable	11,247	(4,962)
Accrued liabilities	7,747	8,990
Deposits	9	79
Deferred revenue	7,184	4,319
Due to the Commission	(76)	216
Compensated absences	(2,293)	4,927
Advances from federal government	(89)	(68)
Net cash used in operating activities	<u>\$ (126,951)</u>	<u>\$ (130,068)</u>
Noncash Transactions:		
Equipment additions in accounts payable	<u>\$ 10,255</u>	<u>\$ 7,628</u>
Equipment purchased on capital lease	<u>\$ 1,151</u>	<u>\$ 1,815</u>
Donated capital assets	<u>\$ 1,044</u>	<u>\$ 2,157</u>
Unrealized gain on investments	<u>\$ 1,321</u>	<u>\$ 2,653</u>
Bond discount amortization	<u>\$ 642</u>	<u>\$ 642</u>
Loss on dispositions	<u>\$ 683</u>	<u>\$ 1,564</u>
Assets transferred from Research Corporation	<u>\$ -</u>	<u>\$ 87</u>
Land swap	<u>\$ 1,115</u>	<u>\$ 705</u>
Reconciliation of cash and cash equivalents to the statements of net assets:		
Cash and cash equivalents classified as current assets	\$ 123,663	\$ 132,685
Cash and cash equivalents classified as noncurrent assets	4,117	6,692
	<u>\$ 127,780</u>	<u>\$ 139,377</u>

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

Year Ended June 30, 2007
Natural Classification

Functional Classification	Salaries & Wages	Benefits	Scholarships & Fellowships	Utilities	Supplies & Other Services	Depreciation	Loan Canc & Write Offs	Assessments by the Commission	Waivers in Support	Operating Expenses to Regionals	Other Operating Expenses	Total
Instruction	\$ 126,302	\$ 37,802	\$ -	\$ 216	\$ 20,181	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,710	\$ 187,211
Research	57,126	22,552	-	568	25,316	-	-	-	-	-	4,263	109,825
Public Service	29,571	7,441	-	45	11,706	-	-	-	-	-	24	48,787
Academic Support	18,222	4,286	-	83	11,779	-	-	-	-	-	-	34,370
Student Services	13,934	4,193	-	12	5,679	-	-	-	-	-	-	23,818
Operation and Maintenance of Plant	16,823	5,251	-	16,102	14,064	-	-	-	-	-	-	52,240
General Institutional Support	34,057	8,784	-	47	26,946	-	-	-	-	-	651	70,485
Student Financial Aid	-	-	23,807	-	-	-	-	-	-	-	-	23,807
Auxiliary Enterprises	31,712	8,177	-	6,029	34,193	-	-	-	-	-	54	80,165
Depreciation	-	-	-	-	-	39,241	-	-	-	-	-	39,241
Assessments by Commission for Operations	-	-	-	-	-	-	-	2,199	-	-	-	2,199
Waivers in Support of Other State Institutions	-	-	-	-	-	-	-	-	434	-	-	434
Loan Cancellations and Write Offs	-	-	-	-	-	-	222	-	-	-	-	222
Operating Expenses to Regionals	-	-	-	-	-	-	-	-	-	1,389	-	1,389
Total Expenses	\$ 327,747	\$ 98,486	\$ 23,807	\$ 23,102	\$ 149,864	\$ 39,241	\$ 222	\$ 2,199	\$ 434	\$ 7,702	\$ 1,389	\$ 674,193

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

Year Ended June 30, 2006
Natural Classification

Functional Classification	Salaries & Wages	Benefits	Scholarships & Fellowships	Utilities	Supplies & Other Services	Depreciation	Loan Canc & Write Offs	Assessments by the Commission	Waivers in Support	Operating Expenses to Regionals	Other Operating Expenses	Total
Instruction	\$ 117,213	\$ 38,555	\$ -	\$ 196	\$ 17,565	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 173,529
Research	52,878	20,456	-	510	26,949	-	-	-	-	-	-	100,793
Public Service	29,179	8,491	-	41	11,853	-	-	-	-	-	-	49,564
Academic Support	17,562	4,823	-	83	7,509	-	-	-	-	-	-	29,977
Student Services	12,346	4,179	-	13	4,322	-	-	-	-	-	-	20,860
Operation and Maintenance of Plant	15,809	6,330	-	17,505	14,392	-	-	-	-	-	-	54,036
General Institutional Support	30,311	8,806	-	38	28,130	-	-	-	-	-	75	67,360
Student Financial Aid	-	-	19,158	-	-	-	-	-	-	-	-	19,158
Auxiliary Enterprises	29,738	8,067	-	6,221	32,520	-	-	-	-	-	-	76,546
Depreciation	-	-	-	-	-	37,968	-	-	-	-	-	37,968
Assessments by Commission for Operations	-	-	-	-	-	-	-	2,065	-	-	-	2,065
Waivers in Support of Other State Institutions	-	-	-	-	-	-	-	-	332	-	-	332
Loan Cancellations and Write Offs	-	-	-	-	-	-	-	-	-	-	-	-
Operating Expenses to Regionals	-	-	-	-	-	-	-	-	-	2,185	-	2,185
Total Expenses	\$ 305,036	\$ 99,707	\$ 19,158	\$ 24,607	\$ 143,240	\$ 37,968	\$ 25	\$ 2,065	\$ 332	\$ 2,185	\$ 75	\$ 634,398