Fairmont State University

Financial Statements
Years Ended June 30, 2021 and 2020

and

Independent Auditor's Reports

Suttle & Stalnaker | Certified Public Accountants

A Professional Limited Liability Company

FAIRMONT STATE UNIVERSITY

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Suttle & Stalnaker
Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT

Board of Governors
Fairmont State University
Fairmont, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Fairmont State University (Fairmont State), a component unit of the West Virginia Higher Education Policy Commission, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise Fairmont State's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the Fairmont State Foundation, Inc. (the Foundation). 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. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

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 Fairmont State, as of June 30, 2021 and 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 20, the schedule of proportionate share of the net pension liability, the schedule of pension contributions, the schedule of proportionate share of the net OPEB liability, the schedule of OPEB contributions, and related footnotes on pages 113 through 120, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements. The additional information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements. This additional information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2021, on our consideration of Fairmont State'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 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 Fairmont State'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 Fairmont State's internal control over financial reporting and compliance.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
October 13, 2021

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

About Fairmont State University

Fairmont State University was founded in 1865 as the West Virginia Normal School at Fairmont, a private institution dedicated to educating teachers. The Normal School at Fairmont was eventually purchased by the State and, in 1917, moved to its hilltop location on Locust Avenue and the building we now call Hardway Hall. The name was changed to Fairmont State Teachers College in 1930 and to Fairmont State College in 1943-44. Fairmont State Community and Technical College was founded in 1974 and was renamed Pierpont Community & Technical College (Pierpont) effective July 1, 2006. Fairmont State College was recognized as a University and renamed Fairmont State University on April 7, 2004.

Fairmont State University (Fairmont State or the Institution) is governed by a 12-member Board of Governors that determines, controls, supervises, and manages the financial, business, and educational policies and affairs of the Institution.

Legislation became effective July, 1, 2008 that provided for a separate governing board for Pierpont. The Board of Governors of Pierpont and the Board of Governors of Fairmont State jointly agreed to a division of assets and liabilities. The agreement was executed on December 15, 2009 and was effective retroactively to July 1, 2009. The legislation requires a separate financial statement audit for Pierpont, which was effective beginning with fiscal year 2010.

Total enrollment of Fairmont State is approximately 3,200 students. The student to faculty ratio is 15:1. Approximately 90% of our students receive some form of scholarship and/or financial aid. Campus activities include more than 50 clubs, organizations, student publications, honoraries, sororities and fraternities, and intramural sports. Fairmont State is a member of the NCAA Division II and the Mountain East Conference.

Overview

This section of the annual financial report focuses on an overview of Fairmont State's financial performance during the fiscal year ended June 30, 2021, with comparisons to the previous year.

As the financial statements are reviewed, it is important to understand how the reporting structure changed beginning in fiscal year 2010 with the Separation of Assets and Liabilities Agreement effective July 1, 2009 (the Separation of Assets and Liabilities Agreement). As the separate entities were created by the Legislature, it was realized that due to the bond debt responsibilities, shared campus facilities and infrastructure, and shared administrative and technical support, a Separation of Assets and Liabilities Agreement would be required. The agreement was effective as of July 1, 2009. The agreement establishes general principles to apply to the division of assets and liabilities and allocation of revenues and expenses between Pierpont and Fairmont State. The Agreement also provides specific language in relation to outstanding bond indebtedness, including the responsibilities of both Pierpont and Fairmont State. Financial statement note 16, Separation of Assets and Liabilities Agreement, provides additional information about this Agreement and the defining legislation.

Fairmont State entered into a Final Separation Agreement signed April 1, 2021 (Final Separation Agreement) with Pierpont. The Final Separation Agreement ends the previous representation of the assets, liabilities, and net position that were previously shared. The Board of Governors Support (BOG Support) Fund shown in the additional information section of the financial statements reflects the assets, liabilities, and net position that are fully owned by Fairmont State as of June 30, 2021. Financial statement note 17, Final Separation Agreement, provides additional information about the impact the final separation had on the fiscal year 2021 financial statements. The fiscal year 2021 audited financial statements are presented in comparative format and reflect the reporting structure defined in the agreements.

Fairmont State's audited financial report includes additional information for Unrestricted, Restricted, and Other Funds, Auxiliary Funds, and the BOG Support Fund. The supplemental schedules were developed to show the component parts of Fairmont State and may be found in the additional information section of this report.

Due to a change in the reporting of assets held for the Pierpont Foundation, Inc., beginning in fiscal year 2021, the Fairmont State Foundation, Inc. (the Foundation) meets the criteria noted in GASB Statements No. 39 and 61 to be presented as a component unit of Fairmont State. As such, the Foundation's audited financial statements are discretely presented as part of Fairmont State's financial statements. The assets of the Foundation are controlled by an independent board.

Fairmont State's annual report consists of three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. These statements focus on Fairmont State's financial condition, results of operations, and cash flows as a whole. Each of these statements is discussed below.

Financial Highlights

Financial highlights of fiscal year 2021 included increases in cash, receivables, capital assets, and deferred inflows, decreases in bonds payable and the net other postemployment benefits (OPEB) liability, and changes in net position.

- Cash increased by $7,245,534 from $35,261,350 in fiscal year 2020 to $42,506,884 in fiscal year 2021.

- Fairmont State recorded a receivable from Pierpont as a result of the Final Separation Agreement totaling $16,300,000.

- Capital assets, net of accumulated depreciation, increased by $6,914,467 during fiscal year 2021, primarily related to the transfer of assets from Pierpont as a result of the Final Separation Agreement.

- Bonds payable (both current and noncurrent) decreased by $3,621,229 during fiscal year 2021.

- The net OPEB liability decreased by $4,554,819 during fiscal year 2021. However, deferred inflows of resources relating to the net OPEB liability increased by $4,704,214.

- Total net position increased by $33,114,116 or 39.47%.

Statement of Net Position

The Statement of Net Position presents the assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) of Fairmont State as of the fiscal year end. Assets denote the resources available to continue the operations of Fairmont State. Deferred outflows of resources represent the consumption of net position that is applicable to a future fiscal year. Liabilities indicate how much Fairmont State owes its vendors, employees, and lenders. Deferred inflows of resources represent an acquisition of net position that is applicable to a future fiscal year. Net position provides a way to measure the financial position of Fairmont State.

Net position is divided into three major categories:

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

2. ***Restricted net position****.* This category includes net position whose use is restricted either due to externally imposed constraints or restrictions imposed by law. It is further divided into two additional components -- expendable and nonexpendable. **Expendable restricted net position** includes resources for which Fairmont State is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. **Nonexpendable restricted net position** includes endowment and similar type funds for which donors or other outside sources have stipulated, as a condition of the gift instruments, 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. Fairmont State has no nonexpendable net position.

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

Condensed Schedules of Net Position		JUNE 30	
	2021	**2020**	**2019**
Assets			
Current Assets	$ 45,952,735	$ 37,424,363	$ 33,650,917
Noncurrent Assets	153,096,848	133,293,952	136,449,098
Total Assets	199,049,583	170,718,315	170,100,015
Deferred Outflows of Resources	1,997,324	1,963,868	2,173,236
Total	$ 201,046,907	$ 172,682,183	$ 172,273,251
Liabilities			
Current Liabilities	$ 13,408,292	$ 13,441,404	$ 13,153,296
Noncurrent Liabilities	62,742,896	72,017,394	77,911,684
Total Liabilities	76,151,188	85,458,798	91,064,980
Deferred Inflows of Resources	7,891,233	3,333,015	2,491,625
Net Position			
Net Investment in Capital Assets	74,725,308	65,372,657	64,908,054
Restricted for:			
Expendable:			
Scholarships	-	152,398	44,499
Capital Projects	4,946,739	4,370,551	4,458,022
Debt Service	16,308,816	35,535	14,141
Total Restricted	21,255,555	4,558,484	4,516,662
Unrestricted (After OPEB)	21,023,623	13,959,229	9,291,930
Total Net Position	117,004,486	83,890,370	78,716,646
Total	$ 201,046,907	$ 172,682,183	$ 172,273,251

- Total current assets increased by $8,528,372 or 22.79%, resulting primarily from an increase in current cash and cash equivalents of $7,246,516. The increase in cash was made up of increases in the BOG Support fund of $685,574, Unrestricted, Restricted, and Other fund cash of $6,091,176, and Auxiliary funds of $469,766. The other significant increase is due to an amount due from Pierpont under the Final Separation Agreement. The current portion due from Pierpont in fiscal year 2022 is $1,300,000.

- Total noncurrent assets, comprised primarily of capital assets including buildings and equipment, increased by $19,802,896 or 14.86%. Capital assets, net of depreciation, increased by $6,914,467, primarily related to the transfer of assets from Pierpont as a result of the Final Separation Agreement. The other significant increase is related to the amount due from Pierpont under the Final Separation Agreement. The noncurrent portion due from Pierpont is $15,000,000.

- Total deferred outflows of resources increased by $33,456 or 1.70%, primarily due to an increase in the deferred outflows relating to the net OPEB liability, which was offset by a decrease in the deferred loss on refunding.

- Total current liabilities decreased by $33,112 or 0.25%. This small change is due to various increases and decreases relating to the timing of payments. Changes to note are an increase to unearned revenue primarily due to a $500,000 receivable from the Council and a decrease in the current portion of the debt obligation to the Commission, which are both related to the execution of the Final Separation Agreement.

- Total noncurrent liabilities decreased by $9,274,498 or 12.88%. The decrease is due primarily to principal payments of $3,481,267 made on existing bond debt. The net OPEB liability decreased by $4,554,819. Additionally, the noncurrent portion of the debt obligation to the Commission decreased due to the execution of the Final Separation Agreement.

- Total deferred inflows of resources increased by $4,558,218 or 136.76%. This is attributed to an increase in deferred inflows relating to the net OPEB liability.

- The total assets and deferred outflows of resources of Fairmont State exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $117,004,486 (net position). Of this amount, $21,023,623 (unrestricted net position) may be used to meet the educational and general operations of Fairmont State. Unrestricted net position by component part was as follows at June 30, 2021:

▪ Auxiliary funds	$ 5,918,093	
▪ Unrestricted, Restricted, and Other funds	15,105,530	(After the net OPEB liability)
	$ 21,023,623	

The unrestricted, restricted, and other funds net position of $15,105,530 includes fund manager funds of $4,282,669. Also, Fairmont State's unrestricted President's control net position amount increased by $4,095,367 to $10,822,861 at June 30, 2021. The change in net position is after the decrease in the net OPEB liability for fiscal year 2021 in the amount of $4,554,819.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the operating results of Fairmont State for the fiscal year. The purpose of the statement is to present Fairmont State's revenues (operating and nonoperating), expenses (operating and nonoperating), and any other revenues, expenses, gains, losses, and transfers. State appropriations, while budgeted for operations, are considered and reported as nonoperating revenues. This is because State appropriations are provided by the Legislature to Fairmont State without providing specific services in exchange. Likewise, Pell grants are reported as nonoperating because of specific guidance in the AICPA industry audit guide. Student tuition and fees are reported net of scholarship discounts and allowances. Financial aid to students is reported using the alternative method. Under this method, certain aid, such as loans and Federal Direct Lending, is accounted for as third-party payment, while all other aid is reflected either as operating expenses or scholarship allowances, which reduce revenues. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

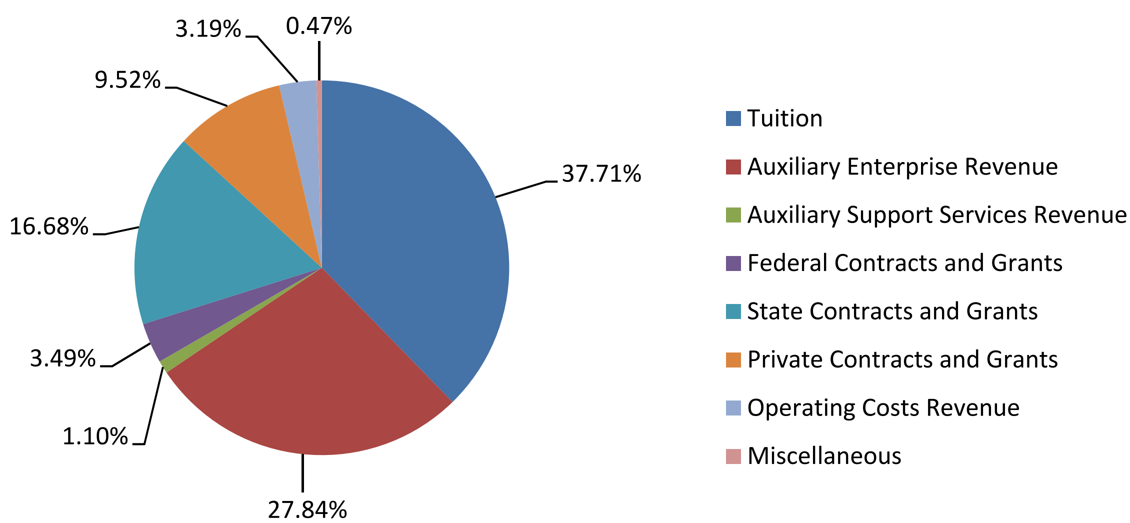
Condensed Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30:	2021	2020	2019
Operating Revenues	$ 36,840,785	$ 37,146,323	$ 40,849,265
Operating Expenses	58,233,838	57,685,618	57,435,571
Operating Loss	(21,393,053)	(20,539,295)	(16,586,306)
Total Net Nonoperating Revenues	25,882,520	24,713,209	20,523,003
Increase in Net Position before Other Revenues, Expenses, Gains, Losses, and Transfer	4,489,467	4,173,914	3,936,697
Payments Made and Expenses Incurred by the Commission on Behalf of Fairmont State	10,935	39,505	-
Payments Made and Expenses Incurred on Behalf of Fairmont State	470,482	702,323	865,685
Capital Bond Proceeds from the State	270,559	15,478	125,603
Gain on Final Separation from Pierpont	27,872,673	-	-
Increase in Net Position before Transfer	33,114,116	4,931,220	4,927,985
Transfer of Net Position from Pierpont	-	242,504	373,362
Increase in Net Position	33,114,116	5,173,724	5,301,347
Net Position – Beginning of Year	83,890,370	78,716,646	73,415,299
Net Position – End of Year	$ 117,004,486	$ 83,890,370	$ 78,716,646

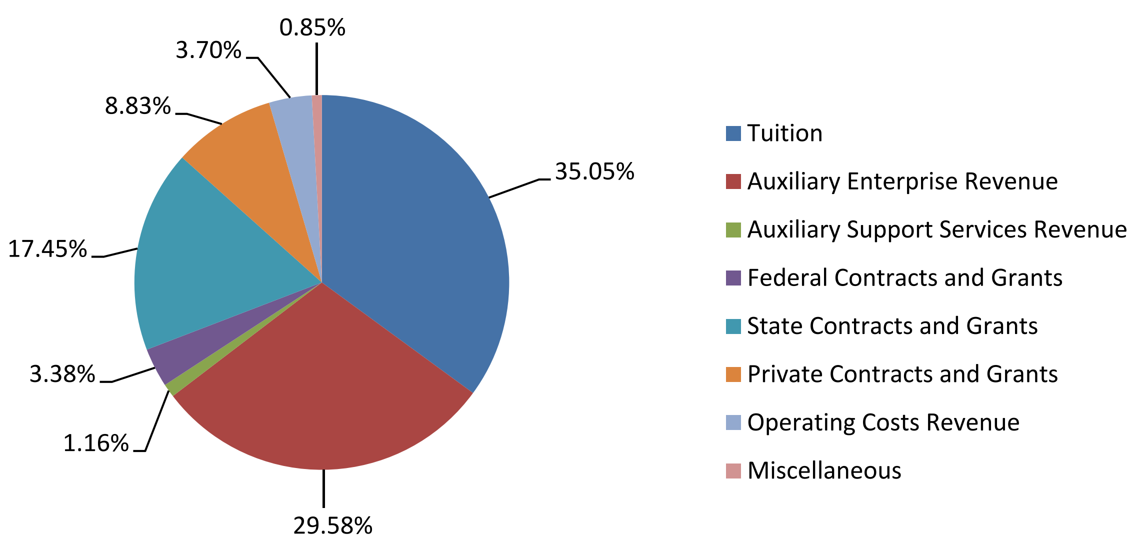
Operating Revenues:

The following are graphic illustrations of Fairmont State's operating revenues by source.

2021



2020



Highlights of the information presented on the Statements of Revenues, Expenses, and Changes in Net Position are as follows:

- Tuition and fees revenue, after adjustment for scholarship allowance of $14,580,808, increased by $876,075 or 6.73%. Scholarship allowance decreased by $528,224. The Board of Governors kept Tuition and Required E&G fees for fiscal year 2021 the same for resident students and non-resident students at both the undergraduate and graduate level. The Board of Governors also added a metro rate of $4,834, which is only offered to undergraduate students.

- Federal grant revenues increased by $28,294 or 2.25%. Federal grants active during fiscal year 2021 included the Department of Justice (WVICASV) grant, the NASA Educator Resource Center (ERC) grant, the National Science Foundation grant, the Appalachian Teaching Project through the Appalachian Regional Commission (ARC), and the HRSA Nursing Award.

- State contracts and grants decreased by $338,998 or 5.23%. State contracts and grants include institutional grants from other State agencies and state-funded student financial aid.

- Private contracts and grants increased by $227,648 or 6.94%. The increase was primarily in alternative student loans and Foundation endowed support, which increased by $102,218 and $193,653, respectively.

- Auxiliary enterprise revenue decreased by $731,232 or 6.66%. The significant decrease is attributed to the COVID-19 pandemic affecting auxiliary operations.

- State appropriations remained the same at $18,600,341.

- Pell grant revenues decreased by $524,703 or 8.07%.

- Fairmont State recognized revenue of $4,129,548 related to the Federal Higher Education Emergency Relief Funds (HEERF) program in response to the COVID-19 pandemic. This is an increase from the prior year of $3,003,048.

- Fairmont State recognized revenue of $449,680 related to the Federal Governor’s Emergency Education Relief Fund (GEER) program in response to the COVID-19 pandemic. These funds were awarded to Fairmont State in fiscal year 2021.

- Investment income decreased by $437,181 or 88.88%.

- Gift income decreased by $210,992 or 40.20%.

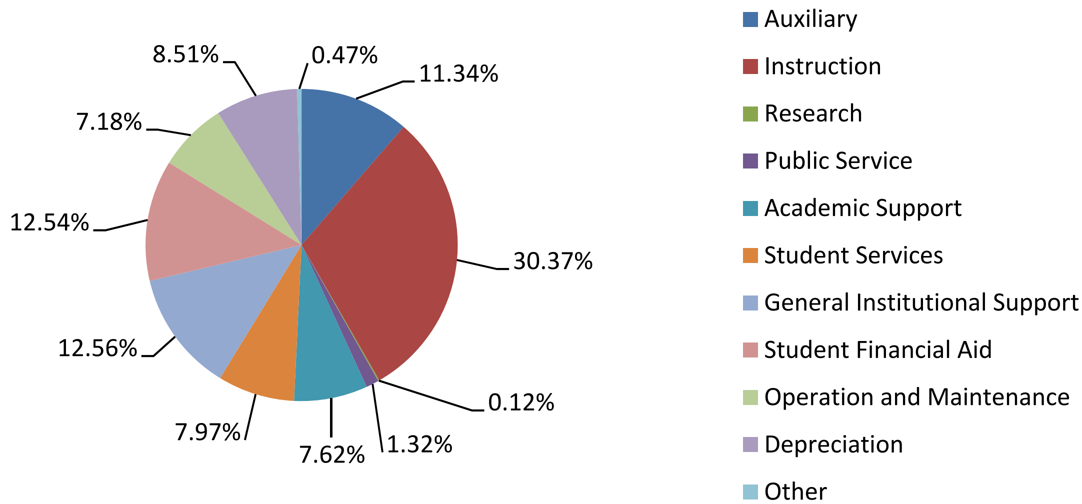
- Fairmont State recognized a loss on disposal of capital assets of $1,240,705, which is an increase from the prior year of $1,221,317.

FUNCTIONAL CLASSIFICATION CHART

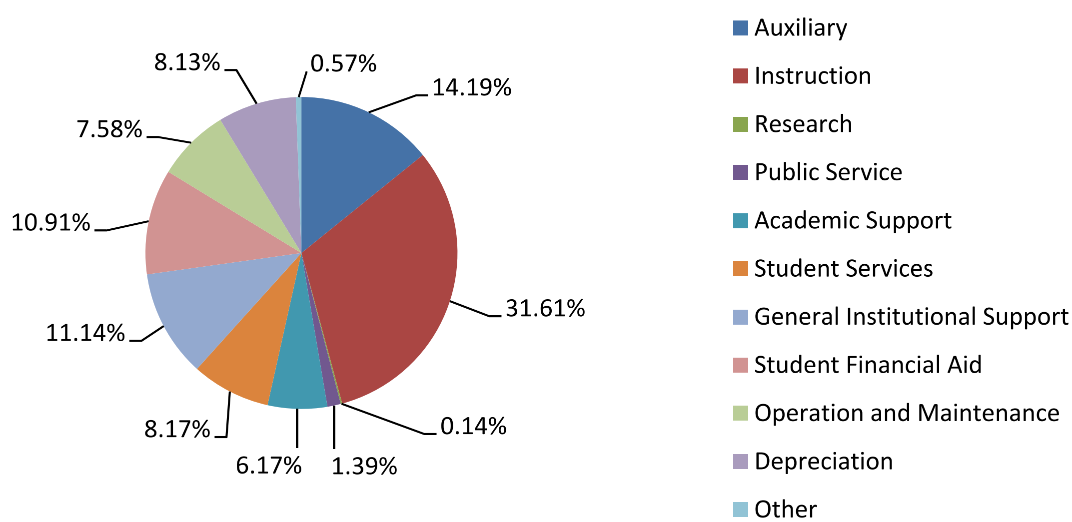
Operating Expenses:

The following is a graphic illustration of operating expenses by function.

2021



2020



Breakdown of Expense by Functional Classification:

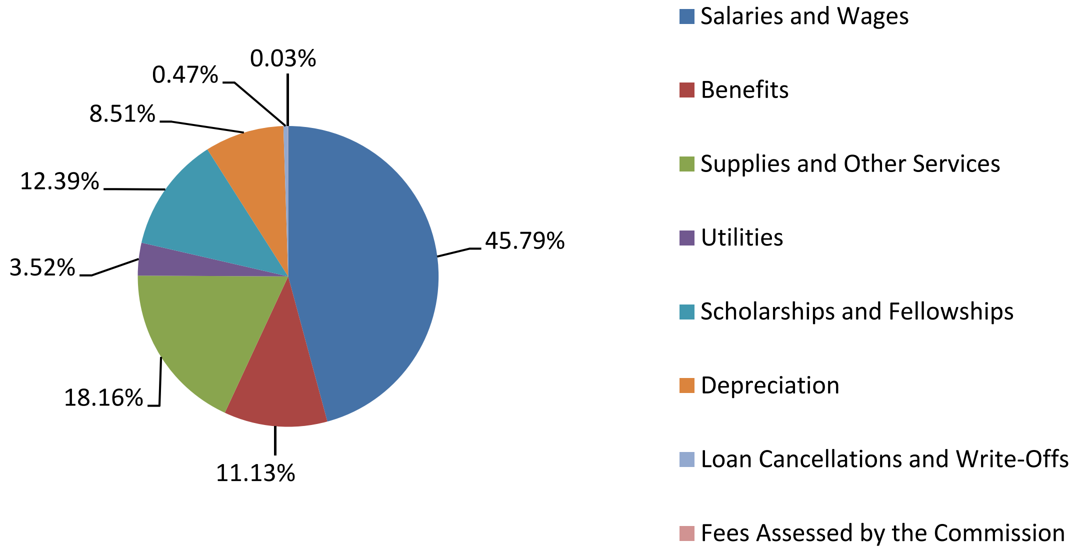
For fiscal year 2021, Fairmont State's total operating expenses were $58,233,838. Instruction expenses totaled $17,690,624 or 30.37% of the total operating budget. The following reflects the amounts and percentages for these expenses:

	2021	%	2020	%	2019	%
Auxiliary	$ 6,601,921	11.34%	$ 8,188,204	14.19%	$ 8,088,615	14.08%
Instruction	17,690,624	30.37%	18,235,145	31.61%	18,456,782	32.13%
Research	70,560	0.12%	77,610	0.14%	114,380	0.20%
Public service	767,271	1.32%	803,134	1.39%	905,724	1.58%
Academic support	4,439,329	7.62%	3,560,635	6.17%	3,600,451	6.27%
Student services	4,639,357	7.97%	4,710,265	8.17%	4,741,905	8.26%
General institutional support	7,313,088	12.56%	6,427,042	11.14%	5,962,639	10.38%
Student financial aid	7,299,750	12.54%	6,295,155	10.91%	5,613,099	9.77%
Operation and maintenance	4,181,681	7.18%	4,375,034	7.58%	4,915,935	8.56%
Depreciation	4,957,170	8.51%	4,692,517	8.13%	4,628,200	8.06%
Other	273,087	0.47%	320,877	0.57%	407,841	0.71%
Total	$ 58,233,838	100.00%	$ 57,685,618	100.00%	$ 57,435,571	100.00%

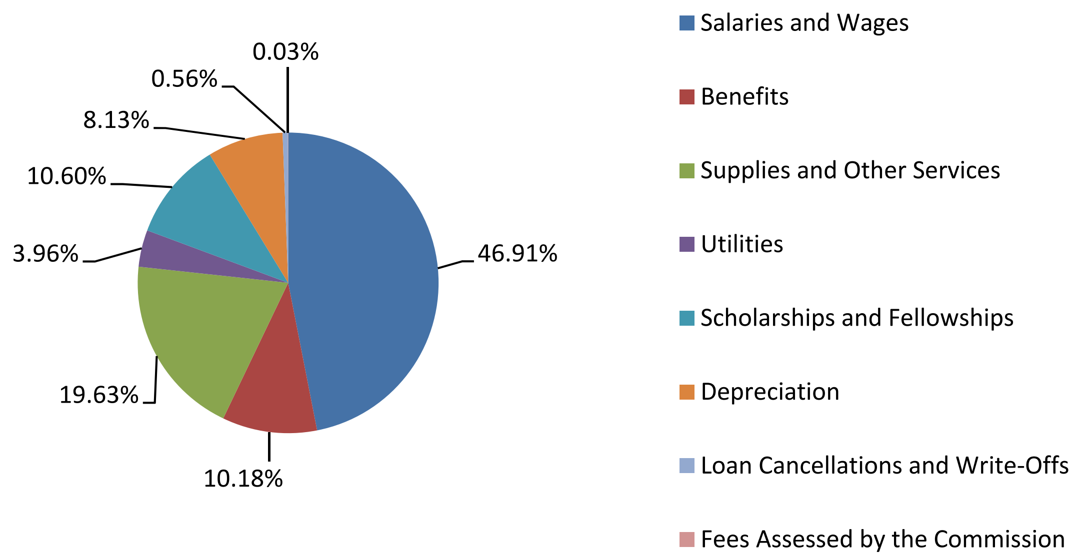
NATURAL CLASSIFICATION CHARTS

The following is a graphic illustration of operating expenses by natural classification:

2021



2020



Breakdown of Expenses by Natural Classification:

For fiscal year 2021, Fairmont State's total operating expenses were $58,233,838. A major portion of the total operating expenses is for salaries, wages, and benefits amounting to $33,143,870 or 56.92%. The following reflects the amounts and percentages for the expenses:

	2021	%	2020	%	2019	%
Salaries and wages	$ 26,664,667	45.79%	$ 27,059,364	46.91%	$ 26,568,639	46.26%
Benefits	6,479,203	11.13%	5,870,165	10.18%	6,180,188	10.76%
Supplies and other services	10,576,976	18.16%	11,325,034	19.63%	11,713,851	20.39%
Utilities	2,052,185	3.52%	2,286,286	3.96%	2,506,053	4.36%
Scholarships and fellowships	7,215,557	12.39%	6,115,813	10.60%	5,409,715	9.42%
Depreciation	4,957,170	8.51%	4,692,517	8.13%	4,628,200	8.06%
Assessment for faculty services	-	0.00%	-	0.00%	21,084	0.04%
Loan cancellations and write-offs	273,087	0.47%	320,877	0.56%	407,841	0.71%
Fees assessed by the Commission	14,993	0.03%	15,562	0.03%	-	0.00%
Total	$ 58,233,838	100.00%	$ 57,685,618	100.00%	$ 57,435,571	100.00%

- Salaries and wages decreased by $394,697 or 1.46%.
- Benefits increased by $609,038 or 10.38%.
- Supplies and other services expense decreased by $748,058 or 6.61%.
- Utilities decreased by $234,101 or 10.24%.
- Student financial aid expense increased by $1,099,744 or 17.98%. Gross scholarships and fellowships increased by $571,520.
- Depreciation expense increased by $264,653 or 5.64% and was 8.51% of total operating expenses.
- Loan cancellations and write-offs decreased by $47,790 or 14.89%.

Statements of Cash Flows

The Statement of Cash Flows provides information about the cash receipts, cash payments, and net change in cash resulting from the operating, investing, and financing activities during the year. This statement helps users assess Fairmont State's ability to generate net cash flows, its ability to meet obligations as they come due, and its need for external financing.

The Statement of Cash Flows is divided into five parts:

1. ***Cash flows from operating activities***. This section shows the net cash used by the operating activities.
2. ***Cash flows from noncapital financing activities***. This section reflects the cash received and paid for nonoperating, noninvesting, and noncapital financing purposes.
3. ***Cash flows from capital and related financing activities***. This section includes cash used for the acquisition and construction of capital and related items.
4. ***Cash flows from investing activities***. This section shows the purchases, proceeds, and interest received from investing activities.
5. ***Reconciliation of net cash provided by (used in) operating activities.*** This section provides a schedule that reconciles the accrual-based operating income (loss) and net cash used in operating activities.

Condensed Schedules of Cash Flows
For the Fiscal Year Ended June 30:

	2021	2020	2019
Cash Provided By (Used In)			
Operating Activities	$ (16,199,947)	$ (15,911,587)	$ (11,791,647)
Noncapital Financing Activities	30,644,254	26,739,213	22,525,937
Capital and Financing Related Activities	(7,253,188)	(7,441,883)	(7,951,585)
Investing Activities	54,415	482,315	616,155
Net Change in Cash and Cash Equivalents	7,245,534	3,868,058	3,398,860
Cash - Beginning of Year	35,261,350	31,393,292	27,994,432
Cash - End of Year	$ 42,506,884	$ 35,261,350	$ 31,393,292

Major sources of funds included in operating activities consist of tuition and fees of $13,511,857, contracts and grants of $11,424,855, and auxiliary enterprise charges of $10,222,043. Major uses of funds under this category were payments made to and on behalf of employees for salaries and benefits amounting to $32,731,535, payments to suppliers amounting to $11,154,303, and payments for scholarships and fellowships of $7,215,557.

Major sources of cash flow provided from noncapital financing activities consist of State appropriations amounting to $18,600,341, Federal Pell grant revenues of $5,979,081, Federal HEERF revenues of $4,129,548, Federal GEER revenues of $449,680, and transfers of cash from Pierpont of $1,171,693, which was a result of the final separation.

The major source of cash flow provided from capital financing activities was related to the proceeds from E&G capital and debt service support revenue in the amount of $1,086,201. The major uses of funds under this category were for the purchase of capital assets in the amount of $1,528,666 and for payment of principal and interest on bonds of $3,481,267 and $2,521,932, respectively.

The major noncash transaction was the gain on final separation from Pierpont of $26,700,980, exclusive of $1,171,693 in cash noted above.

Capital Asset and Long-Term Debt Activity

Fairmont State has significant outstanding debt from bond issuances. Four bond series were issued in fiscal year 2003. The bonds were issued to acquire an apartment complex and for the construction of a parking garage, 400-suite dormitory, student activity center, and infrastructure improvements. The four bond issues were refinanced in fiscal year 2012 into one bond issuance with two Series. During fiscal year 2015, Fairmont State issued Series 2015A revenue bonds for the construction of a new apartment complex.

The 2012 bond issues are supported by auxiliary and infrastructure fund student and user fees. The 2015 bond issue is supported by housing fund user fees only. The auxiliary fund budgets that support the bonds (which include interest and principal debt service payments) transferred excess revenues to plant reserves of approximately $485,000 in fiscal year 2021.

The refinanced bonds are payable over twenty years, and the 2006 bonds are payable over twenty years from the time of issuance. The total principal repayments made during fiscal year 2021 amounted to $3,481,267. The current portion of bonds payable due in fiscal year 2021 is $3,735,076 and the noncurrent portion of bonds payable is $59,739,942.

The 2012A, 2012B, and 2015A bond series do not require a separate audit on the modified cash basis of accounting as previously required. The audited financial statements of Fairmont State include bond segment reporting, which is used to calculate the debt service coverage ratio. Fairmont State complied with the debt service coverage ratio requirements of the Series 2012 Bonds, Series 2015 Bonds, and the 2006 Bonds.

During 2021, the Commission was paid for debt incurred from bonds sold in previous years for the State's colleges and universities. Under the Final Separation Agreement, Pierpont assumed the entire debt obligation to the Commission that was previously shared between Fairmont State and Pierpont. Therefore, the remaining debt obligation assigned to Fairmont State as of June 30, 2021 is $0.

Economic Outlook

Fiscal year 2022 continues to provide uncertainty to the higher education front, with the ongoing pandemic adding further woes to the already unfavorable enrollment outlook across the nation. Fairmont State continues to hold strong and weather the storm. Fall 2021 enrollment has declined slightly and Fairmont State intends to backfill the revenues lost with Federal HEERF revenues and is already deploying efforts to recover this loss. In fiscal year 2021, Fairmont State had a successful inaugural 5-week, fully virtual winter term, exceeding expected enrollments, and current plans are to add this as a permanent term. This new term not only allowed Fairmont State students more flexibility in their schedules, but allowed students at other institutions to enroll in additional electives or credit hours to maintain scholarships. Current projections indicate enrollment for this term in fiscal year 2022 is nearly double from the inaugural class.

Fairmont State bonded auxiliary facilities continue to struggle to maintain high revenue generation levels as the COVID-19 pandemic continues to affect our everyday lives. In spite of hurdles, Fairmont State maintained a healthy needed debt coverage ratio and finished the year with an increase in cash within the bond segments. Challenges continue to affect the auxiliaries in fiscal year 2022, but shifts in operations to reduce expenses will ensure the auxiliaries remain stable. Reserves provide the ability to support the continued repair and maintenance of facilities. The debt service coverage ratio for the 2012 bonds and 2015 bonds combined is required to be 100%. The debt service coverage ratio at the end of 2020 and 2021 and ending net position balances are listed below:

	Debt Coverage Ratios	Ending Balance
June 30, 2020	180%	$22,590,111
June 30, 2021	173%	$39,415,784

As a result of the Final Separation Agreement, Pierpont committed to pay Fairmont State a total of $16,300,000 through 2032 for a portion of the debt service on the 2012 Bonded Indebtedness. Additionally, Fairmont State agreed to refund the 2012 Series Bonds, removing Pierpont as a joint issuer of the debt. The issuance of the Revenue Refunding Bonds, 2021 Series A was completed on July 6, 2021 and resulted in a gain of $137,770 and an economic gain of $5,283,238 (see notes 17 and 22 for more information).

Fairmont State continues to focus its efforts on retention and success of returning students as well as continuing to find new and innovative ways to attract new students. Fairmont State strives to respond to the needs of today's job market by investing in relevant and desirable programs, such as national security and intelligence and a certified police academy. Through this new certification program, criminal justice students will be able to graduate fully certified and able to work as a full law enforcement officer.

Fairmont State will continue to monitor its 2022 budget to maintain a healthy E&G unrestricted net position reserve. The net position values before and after the net OPEB liability can be found on pages 58 - 59 of this report. It is important to recognize that the net OPEB liability, while recorded on Fairmont State's financial statements, is expected to be fully funded by the State and will not be a future payout of real dollars from the University funds. Therefore, the true Unrestricted Fund net position is before net OPEB liability of $1,827,622. This places Fairmont State with unrestricted reserves of $22,851,245 at the end of fiscal year 2021. The net position amount is broken down as follows:

Unrestricted Designated for Auxiliaries	$ 6,056,445
Unrestricted Designated for Fund Managers	4,282,669
Unrestricted Undesignated	12,512,131
Total Unrestricted	$ 22,851,245

STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 42,506,664	$ 35,260,148
Accounts receivable — net	1,924,283	1,691,344
Due from Pierpont — current portion	1,300,000	-
Due from Pierpont for debt service — current portion	-	248,124
Inventories	150,377	168,819
Other current assets	71,411	55,928
Total current assets	45,952,735	37,424,363
NONCURRENT ASSETS:		
Cash and cash equivalents	220	1,202
Due from Pierpont	15,000,000	-
Due from Pierpont for debt service	-	2,046,141
Other noncurrent assets	280,933	345,381
Capital assets — net	137,815,695	130,901,228
Total noncurrent assets	153,096,848	133,293,952
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows relating to net pension liability	81,007	68,778
Deferred outflows relating to net OPEB liability	1,145,745	1,054,290
Deferred loss on refunding	770,572	840,800
Total deferred outflows of resources	1,997,324	1,963,868
TOTAL	$ 201,046,907	$ 172,682,183

(Continued)

STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	2021	2020
CURRENT LIABILITIES:		
Accounts payable	$ 634,213	$ 886,454
Accrued liabilities — payroll	3,646,903	3,703,396
Accrued interest payable	199,949	209,734
Retainages payable	33,100	34,571
Unearned revenue and deposits	3,960,948	3,629,523
Compensated absences — current portion	1,105,767	1,131,948
Capital leases — current portion	92,336	90,415
Debt obligation to the Commission — current portion	-	134,134
Bonds payable — current portion	3,735,076	3,621,229
Total current liabilities	13,408,292	13,441,404
NONCURRENT LIABILITIES:		
Net other postemployment benefits liability	1,827,622	6,382,441
Compensated absences	470,595	424,164
Capital leases	260,505	352,840
Debt obligation due to the Commission	-	955,429
Bonds payable	59,739,942	63,475,018
Net pension liability	444,232	427,502
Total noncurrent liabilities	62,742,896	72,017,394
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows relating to net pension liability	244,040	390,036
Deferred inflows relating to net OPEB liability	7,647,193	2,942,979
Total deferred inflows of resources	7,891,233	3,333,015
NET POSITION:		
Net investment in capital assets	74,725,308	65,372,657
Restricted for — expendable:		
Scholarships	-	152,398
Capital projects	4,946,739	4,370,551
Debt service	16,308,816	35,535
Total restricted	21,255,555	4,558,484
Unrestricted	21,023,623	13,959,229
Total net position	117,004,486	83,890,370
TOTAL	$ 201,046,907	$ 172,682,183

(Concluded)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
OPERATING REVENUES:		
Student tuition and fees — net of scholarship allowance of $14,580,808 and $15,109,032 in 2021 and 2020, respectively	$ 13,895,313	$ 13,019,238
Student activity support revenue	-	1,627
Auxiliary enterprise revenue	10,255,147	10,986,379
Auxiliary support services revenue	405,549	429,868
Contracts and grants:		
Federal	1,285,160	1,256,866
State	6,144,580	6,483,578
Private	3,507,689	3,280,041
Operating costs revenue	1,173,778	1,373,901
Miscellaneous — net	173,569	314,825
Total operating revenues	36,840,785	37,146,323
OPERATING EXPENSES:		
Salaries and wages	26,664,667	27,059,364
Benefits	6,479,203	5,870,165
Supplies and other services	10,576,976	11,325,034
Utilities	2,052,185	2,286,286
Student financial aid — scholarships and fellowships	7,215,557	6,115,813
Depreciation	4,957,170	4,692,517
Loan cancellations and write-offs	273,087	320,877
Fees assessed by the Commission for operations	14,993	15,562
Total operating expenses	58,233,838	57,685,618
OPERATING LOSS	(21,393,053)	(20,539,295)

(Continued)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
NONOPERATING REVENUES (EXPENSES):		
State appropriations	18,600,341	18,600,341
Pell grant revenues	5,979,081	6,503,784
Federal HEERF revenue	4,129,548	1,126,500
Federal GEER revenue	449,680	-
E&G capital and debt service support revenue	319,081	332,889
Fees assessed to Pierpont for debt service	62,741	67,257
Investment income	54,684	491,865
Gifts	313,911	524,903
Interest on indebtedness	(2,388,344)	(2,477,843)
Loss on disposal of capital assets	(1,240,705)	(19,388)
Assessment for E&G capital and debt service costs	(349,177)	(382,089)
Fees assessed by the Commission for debt service	(48,321)	(55,010)
Net nonoperating revenues (expenses)	25,882,520	24,713,209
INCREASE IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFER	4,489,467	4,173,914
PAYMENTS MADE AND EXPENSES INCURRED BY THE COMMISSION ON BEHALF OF FAIRMONT STATE	10,935	39,505
PAYMENTS MADE AND EXPENSES INCURRED ON BEHALF OF FAIRMONT STATE	470,482	702,323
CAPITAL BOND PROCEEDS FROM THE STATE	270,559	15,478
GAIN ON FINAL SEPARATION FROM PIERPONT	27,872,673	-
INCREASE IN NET POSITION BEFORE TRANSFER	33,114,116	4,931,220
TRANSFER OF NET POSITION FROM PIERPONT	-	242,504
INCREASE IN NET POSITION	33,114,116	5,173,724
NET POSITION — Beginning of year	83,890,370	78,716,646
NET POSITION — End of year	$ 117,004,486	$ 83,890,370

(Concluded)

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 13,511,857	$ 12,639,976
Contracts and grants	11,424,855	11,223,030
Payments to and on behalf of employees	(32,731,535)	(33,031,238)
Payments to suppliers	(11,154,303)	(11,844,112)
Payments to utilities	(2,052,185)	(2,286,286)
Payments for scholarships and fellowships	(7,215,557)	(6,115,813)
Auxiliary enterprise charges	10,222,043	11,281,585
Fees assessed by the Commission	(14,993)	(15,562)
Other receipts — net	230,544	431,437
Student activity support revenue	-	1,627
Auxiliary fees and debt service support revenue	405,549	429,868
Operating support services revenue	1,173,778	1,373,901
Net cash used in operating activities	(16,199,947)	(15,911,587)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	18,600,341	18,600,341
Pell grant revenues	5,979,081	6,503,784
Federal HEERF revenue	4,129,548	1,126,500
Federal GEER revenue	449,680	-
Gift receipts	313,911	524,903
William D. Ford direct lending receipts	15,039,587	16,306,014
William D. Ford direct lending payments	(15,039,587)	(16,306,014)
Transfers from Pierpont	1,171,693	23,521
Transfers to Pierpont	-	(39,836)
Net cash provided by noncapital financing activities	30,644,254	26,739,213
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Capital bond proceeds from the State	270,559	15,478
E&G capital and debt service support revenue	1,086,201	1,172,313
Payments from Pierpont on debt obligation	246,149	272,064
Fees assessed to Pierpont for debt service	62,741	67,257
Fees assessed by the Commission	(48,321)	(55,010)
Purchases of capital assets	(1,528,666)	(1,471,019)
Proceeds from sale capital assets	8,296	-
Principal paid on leases	(90,414)	(88,536)
Interest paid on leases	(6,374)	(8,321)
Assessment for E&G capital and debt service costs	(1,116,297)	(1,221,513)
Payments to the Commission on debt obligation	(134,132)	(122,093)
Principal paid on bonds	(3,481,267)	(3,402,570)
Interest paid on bonds	(2,521,932)	(2,609,483)
Bond interest income	269	9,550
Net cash used in capital financing activities	(7,253,188)	(7,441,883)

(Continued)

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITY — Interest on investments	54,415	482,315
INCREASE IN CASH AND CASH EQUIVALENTS	7,245,534	3,868,058
CASH AND CASH EQUIVALENTS — Beginning of year	35,261,350	31,393,292
CASH AND CASH EQUIVALENTS — End of year	$ 42,506,884	$ 35,261,350
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (21,393,053)	$ (20,539,295)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation expense	4,957,170	4,692,517
Pension expense — special funding situation	101,255	115,380
OPEB expense — special funding situation	169,227	386,943
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable — net	(62,948)	84,832
Inventories	18,442	13,647
Deferred outflows of resources	(33,456)	209,368
Accounts payable	(442,947)	(390,907)
Accrued liabilities	(66,278)	119,150
Retainages payable	(19,163)	3,700
Unearned revenue and deposits	531,425	394,210
Compensated absences	20,250	279,480
Net other postemployment benefits liability	(4,554,819)	(1,936,730)
Net pension liability	16,730	(185,272)
Deferred inflows of resources	4,558,218	841,390
NET CASH USED IN OPERATING ACTIVITIES	$ (16,199,947)	$ (15,911,587)
NONCASH TRANSACTIONS:		
Construction in progress additions in retainages payable	$ 33,100	$ 34,571
Payments made and expenses incurred by the Commission on behalf of Fairmont State	$ 10,935	$ 39,505
Gain on final separation from Pierpont (exclusive of $1,171,693 and $0 of cash in 2021 and 2020, respectively)	$ 26,700,980	$ -
Transfer from Pierpont (exclusive of $0 and $16,315 of cash in 2021 and 2020, respectively)	$ -	$ 242,504
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION:		
Cash and cash equivalents classified as current	$ 42,506,664	$ 35,260,148
Cash and cash equivalents classified as noncurrent	220	1,202
	$ 42,506,884	$ 35,261,350

(Concluded)

FAIRMONT STATE FOUNDATION, INC.
A COMPONENT UNIT OF FAIRMONT STATE UNIVERSITY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS	2021	2020
Current Assets		
Cash and cash equivalents	$ 1,016,074	$ 1,104,953
Unconditional promises to give (current portion)	703,706	676,706
Other assets	49,398	14,454
Total Current Assets	1,769,178	1,796,113
Other Assets		
Investments	36,766,798	28,891,948
Unconditional promises to give (net of current portion)	1,209,503	981,509
Beneficial interest in perpetual trusts	3,573,219	3,040,270
Property and equipment, net	319,253	327,034
Total Other Assets	41,868,773	33,240,761
Total Assets	$ 43,637,951	$ 35,036,874
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 59,626	$ 3,727
Funds held in custody for others (Note 8)	1,283,260	-
Charitable gift annuities (current portion)	2,332	3,450
Current portion of long-term debt	-	20,649
Total Current Liabilities	1,345,218	27,826
Long-Term Liabilities		
Long-term debt	-	50,651
Charitable gift annuities (net of current portion)	3,299	5,949
Total Long-Term Liabilities	3,299	56,600
Total Liabilities	1,348,517	84,426
Net Assets		
Without donor restrictions	5,045,617	4,866,917
With donor restrictions	37,243,817	30,085,531
Total Net Assets	42,289,434	34,952,448
Total Liabilities and Net Assets	$ 43,637,951	$ 35,036,874

FAIRMONT STATE FOUNDATION, INC.
A COMPONENT UNIT OF FAIRMONT STATE UNIVERSITY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Revenue			
Support			
Gifts and donations	$ 48,617	$ 3,669,216	$ 3,717,833
Grant revenue	-	25,000	25,000
Fundraising activities	-	9,000	9,000
Total Support	48,617	3,703,216	3,751,833
Revenue			
Investment income, net	133,679	6,823,469	6,957,148
Change in beneficial interest in perpetual trusts	-	532,950	532,950
Other revenue	282,150	(29,526)	252,624
Total Revenue	415,829	7,326,893	7,742,722
Net assets released from restrictions	2,105,617	(2,105,617)	-
Total Support and Revenue	2,570,063	8,924,492	11,494,555
Expenses			
Program Services			
Scholarships	1,987,759	-	1,987,759
Educational services	31,215	-	31,215
Other	271,777	-	271,777
Total Program Services	2,290,751	-	2,290,751
Supporting Services			
Management and general	260,144	-	260,144
Fundraising	323,414	-	323,414
Total Supporting Services	583,558	-	583,558
Total Expenses	2,874,309	-	2,874,309
Reclassifications	482,946	(482,946)	-
Change in Net Assets	178,700	8,441,546	8,620,246
Transfer to funds held in custody for others	-	(1,283,260)	(1,283,260)
Net Assets at Beginning of Year	4,866,917	30,085,531	34,952,448
Net Assets at End of Year	$ 5,045,617	$ 37,243,817	$ 42,289,434

FAIRMONT STATE FOUNDATION, INC.
A COMPONENT UNIT OF FAIRMONT STATE UNIVERSITY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Revenue			
Support			
Gifts and donations	$ 42,894	$ 2,996,242	$ 3,039,136
Grant revenue	-	-	-
Fundraising activities	-	45,965	45,965
Total Support	42,894	3,042,207	3,085,101
Revenue			
Investment income, net	163,212	680,198	843,410
Change in beneficial interest in perpetual trusts	-	(22,847)	(22,847)
Other revenue	176,729	28,381	205,110
Total Revenue	339,941	685,732	1,025,673
Net assets released from restrictions	1,831,549	(1,831,549)	-
Total Support and Revenue	2,214,384	1,896,390	4,110,774
Expenses			
Program Services			
Scholarships	1,498,108	-	1,498,108
Educational services	34,234	-	34,234
Other	455,199	-	455,199
Total Program Services	1,987,541	-	1,987,541
Supporting Services			
Management and general	252,689	-	252,689
Fundraising	376,628	-	376,628
Total Supporting Services	629,317	-	629,317
Total Expenses	2,616,858	-	2,616,858
Reclassifications	519,751	(519,751)	-
Change in Net Assets	117,277	1,376,639	1,493,916
Transfer to funds held in custody for others	-	-	-
Net Assets at Beginning of Year	4,749,640	28,708,892	33,458,532
Net Assets at End of Year	$ 4,866,917	$ 30,085,531	$ 34,952,448

1. ORGANIZATION

Fairmont State University (Fairmont State) is governed by the Fairmont State University Board of Governors (the Board). The Board was established by Senate Bill (S.B.) 653, which was enacted by the West Virginia State Legislature (the Legislature) on March 19, 2000 and restructured higher education in West Virginia.

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

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.

As a requirement of Governmental Accounting Standards Board (GASB), Fairmont State has included information from the Fairmont State Foundation, Inc. (the Foundation).

Although Fairmont State benefits from the activities of the Foundation, the Foundation is independent of Fairmont State in all respects. The Foundation is not a subsidiary of Fairmont State and is not directly or indirectly controlled by Fairmont State. The Foundation has its own separate, independent Board of Directors. Moreover, the assets of the Foundation are the exclusive property of the Foundation and do not belong to Fairmont State. Fairmont State is not accountable for, and does not have ownership of, any of the financial and capital resources of the Foundation. Fairmont State does not have the power or authority to mortgage, pledge, or encumber the assets of the Foundation. The Board of Directors of the Foundation is entitled to make all decisions regarding the business and affairs of the Foundation, including, without limitation, distributions made to Fairmont State. Under State law, neither the principal nor income generated by the assets of the Foundation can be taken into consideration in determining the amount of State-appropriated funds allocated to Fairmont State. Third parties dealing with Fairmont State, the Board, and the State of West Virginia (the State) (or any agency thereof) should not rely upon the financial statements of the Foundation for any purpose without consideration of all the foregoing conditions and limitations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity - Fairmont State is a blended 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. Fairmont State is a separate entity that, along with all State institutions of higher education and the Commission (which includes the West Virginia Network for Educational Telecomputing), forms the Higher Education Fund of the State. The Higher Education Fund is considered a component unit of the State, and its financial statements are discretely presented in the State's comprehensive annual financial report.

The accompanying financial statements present all funds under the authority of Fairmont State. The basic criterion for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from Fairmont State's ability to significantly influence operations and accountability for fiscal matters of related entities.

The audited financial statements of the Foundation are presented here as a discrete component unit with Fairmont State's financial statements in accordance with GASB. The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (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 except that in accordance with governmental accounting standards, the Foundation's statements of cash flows and statements of functional expenses are not presented.

Financial Statement Presentation - GASB establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a combined basis to focus on Fairmont State as a whole. Net position is classified into four categories according to external donor restrictions or availability of assets for satisfaction of Fairmont State's obligations. Fairmont State's net position is classified as follows:

Net investment in capital assets - This represents Fairmont State's total investment in capital assets, net of depreciation and outstanding debt obligations related to those capital assets. To the extent that 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 - expendable - This includes assets for which Fairmont State is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

The Legislature, as a regulatory body outside the reporting entity, has restricted the use of certain funds by Article 10, *Fees and Other Money Collected at State Institutions of Higher Education of the West Virginia State Code.* House Bill 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 Legislature.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted net position - 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. Fairmont State does not have any restricted nonexpendable net position at June 30, 2021 and 2020.

Unrestricted net position - Unrestricted net position 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 Fairmont State and may be used at the discretion of the Board to meet current expenses for any purpose.

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

Cash and Cash Equivalents - For purposes of the statements of net position, Fairmont State considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Cash and cash equivalents balances on deposit with the State of West Virginia Treasurer's Office (the State Treasurer) are pooled by the State Treasurer with other available funds of the State for investment purposes by the West Virginia Board of Treasury Investments (BTI). These funds were transferred to the BTI, and the BTI is directed by the State Treasurer to invest the funds in specific external investment pools in accordance with West Virginia State Code, policies set by the BTI, provisions of bond indentures, and provisions of trust agreements, when applicable. Balances in the investment pools are recorded at fair value or amortized cost, which approximates fair value. Fair value is determined by a third-party pricing service based on asset portfolio pricing models and other sources in accordance with GASB. The BTI was established by the West Virginia State Legislature and is subject to oversight by the West Virginia State Legislature. Fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. The amounts on deposit are available for immediate withdrawal or on the first day of each month for the WV Short Term Bond Pool and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

The BTI maintains the Consolidated Fund investment fund, which consists of nine investment pools and participant-directed accounts, three of which Fairmont State may invest in. These pools have been structured as multiparticipant variable net asset funds to reduce risk and offer investment liquidity diversification to the fund participants. Funds not required to meet immediate disbursement needs are invested for longer periods. A more detailed discussion of the BTI's investment operations pool can be found in its annual audited financial report. A copy of that annual report can be obtained from the following address: 315 70th Street SE, Charleston, West Virginia 25304 or http://www.wvbti.org.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Permissible investments for all agencies include those guaranteed by the United States of America, its agencies, and its instrumentalities (U.S. government obligations); corporate debt obligations, including commercial paper, which meet certain ratings; certain money market funds; repurchase agreements; reverse repurchase agreements; asset-backed securities; certificates of deposit; state and local government securities; and other investments. Other investments consist primarily of investments in accordance with the Linked Deposit Program, a program using financial institutions in West Virginia to obtain certificates of deposit, loans approved by the Legislature, and any other program investments authorized by the Legislature.

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

Allowance for Doubtful Accounts - It is Fairmont State'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 Fairmont State on such balances; and such other factors that, in Fairmont State'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 and cash equivalents that are (1) externally restricted to make debt service payments and long-term loans to students or to maintain sinking or reserve funds; (2) to purchase capital or other noncurrent assets or settle long-term liabilities; and (3) permanently restricted net position are classified as noncurrent assets in the accompanying statements of net position.

Capital Assets - Capital assets include property, plant, and 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 at fair 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 15 to 50 years for buildings and infrastructure, 15 years for land improvements, 7 years for library books, and 3 to 10 years for furniture and equipment. During 2021, Fairmont State determined that the useful lives of certain capital assets should be modified. This change in accounting estimate is reflected in the 2021 financial statements.

Unearned Revenue and Deposits - Revenues 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, and room and board. Financial aid and other deposits are separately classified as deposits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, Fairmont State was required to participate in this multiple-employer cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State. 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 SE, Charleston, West Virginia 25304 or https://peia.wv.gov.

GASB requires 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. Fairmont State'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.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State OPEB Plan and additions to/reductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the West Virginia Retiree Health Benefit Trust Fund (RHBT). For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See note 9 for further discussion.

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

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 (STRS), 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 https://www.wvretirement.com/Publications.html #CAFR. The plan schedules of STRS are prepared using the accrual basis of accounting and economic resources measurement focus in accordance with U.S. GAAP as prescribed by GASB. Employer contributions are recognized when due and when 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 12 for further discussion.

Deferred Outflows of Resources - Consumption of net position by Fairmont State that is applicable to a future fiscal year is reported as a deferred outflow of resources on the statement of net position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources - An acquisition of net position by Fairmont State that is applicable to a future fiscal year is reported as a deferred inflow of resources on the statement of net position.

Risk Management - The State's Board of Risk and Insurance Management (BRIM) provides general, property, and casualty liability coverage to Fairmont State and its employees. Such coverage may be provided to Fairmont State 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 Fairmont State or other participants in BRIM's insurance programs. As a result, management does not expect significant differences between the premiums Fairmont State is currently charged by BRIM and the ultimate cost of that insurance based on Fairmont State's actual loss experience. In the event that such differences arise between estimated premiums currently charged by BRIM to Fairmont State and Fairmont State's ultimate actual loss experience, the difference will be recorded as the change in estimate becomes known.

In addition, through its participation in PEIA and a third-party insurer, Fairmont State has obtained health insurance, life insurance, 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, Fairmont State has transferred its risks related to health insurance, life insurance, prescription drug coverage, and job-related injuries coverage.

Classification of Revenues - Fairmont State has classified its revenues according to the following criteria:

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

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, investment income, and sale of capital assets (including natural resources).

Other revenues - Other revenues consist primarily of capital gifts and payments made on behalf of Fairmont State.

Use of Restricted Net Position - Fairmont State 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 net position are available. Generally, Fairmont State attempts to utilize restricted net position first when practicable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Financial Assistance Programs - Fairmont State makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest-subsidized and nonsubsidized loans directly to students through universities such as Fairmont State. Direct student loan receivables are not included in Fairmont State's statements of net position as the loans are repayable directly to the U.S. Department of Education. In 2021 and 2020, Fairmont State received and disbursed approximately $15.0 million and $16.3 million, respectively, under the Federal Direct Student Loan Program on behalf of the U.S. Department of Education, which is not included as revenue and expense in the statements of revenues, expenses, and changes in net position.

Fairmont State 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. In 2021 and 2020, Fairmont State received and disbursed $6.2 million and $6.8 million, respectively, under these federal student aid programs.

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

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers. Certain aid, such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending, is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a college 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 audit. Fairmont State 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 - Fairmont State is exempt from income taxes, except for unrelated business income, as a nonprofit organization under federal income tax laws and regulations of the Internal Revenue Service.

Cash Flows - Any cash and cash equivalents, including those escrowed, restricted for noncurrent assets, or in funded reserves, are included as cash and cash equivalents for the purpose of the statements of cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 - Investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain securities, it is reasonably possible that changes in risk and values will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Newly Adopted Statements Issued by GASB – Fairmont State implemented GASB Statement No. 84, *Fiduciary Activities*, effective for fiscal years beginning after December 15, 2019. This Statement (1) establishes specific criteria for identifying activities that should be reported as fiduciary activities; (2) clarifies whether and how business-type activities should report their fiduciary activities; (3) establishes a custodial fund classification to replace agency funds to eliminate confusion with agencies of the government; (4) provides for the recognition of liabilities only when the government is compelled to disburse the resources; and (5) requires a statement of changes in net position for all fiduciary fund classifications. The adoption of GASB Statement No. 84 did not have a significant impact on the June 30, 2021 financial statements.

Fairmont State also implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for fiscal years beginning after December 15, 2020. This Statement requires that interest cost incurred before the end of the construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of the construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The adoption of GASB Statement No. 89 did not have a significant impact on the June 30, 2021 financial statements.

Fairmont State also implemented GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. This Statement removes LIBOR as an appropriate benchmark to coincide with its cessation at the end of calendar year 2021. The new guidance also addresses accounting and financial reporting implications that result from a change or replacement of any interbank offered rate (IBOR) in both hedging derivative instruments and leases. The standard also identifies appropriate benchmark interest rates for hedging derivatives. The adoption of GASB Statement No. 93 did not have a significant impact on the June 30, 2021 financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Statements Issued by GASB - GASB has issued Statement No. 87, *Leases*, which is effective for fiscal years beginning after June 15, 2021. This Statement requires lessees and lessors to report leases under a single model. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources for each lease. This Statement also requires additional notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. Fairmont State has not yet determined the effect that the adoption of GASB Statement No. 87 may have on its financial statements.

GASB has also issued Statement No. 91, *Conduit Debt Obligations*, which is effective for fiscal years beginning after December 15, 2021. The requirements of this Statement eliminate the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity or inconsistency. This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. Fairmont State has not yet determined the effect that the adoption of GASB Statement No. 91 may have on its financial statements.

GASB has also issued Statement No. 92, *Omnibus 2020*, which is effective for fiscal years beginning after June 15, 2021. The requirements of this Statement address a variety of items, including specific provisions regarding the following topics: (1) GASB Statement No. 87 Implementation; (2) intra-entity transfers of assets; (3) postemployment benefits; (4) government acquisitions; (5) risk financing and insurance related activities of public entity risk pools; (6) fair value measurements and derivative instruments. Fairmont State has not yet determined the effect that the adoption of GASB Statement No. 92 may have on its financial statements.

GASB has also issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is effective for fiscal years beginning after June 15, 2022. The requirements of this Statement establish the definitions of Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions, but are outside of the scope of Lease or Service Concession Arrangement Guidance. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will require governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. Fairmont State has not yet determined the effect that the adoption of GASB Statement No. 94 may have on its financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB has also issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, which is effective for fiscal years beginning after June 15, 2022. The requirements of this Statement establish a definition for SBITA, which is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Generally, this Statement will require a government to recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The Statement also establishes guidance for the treatment of costs related to SBITA activities other than subscription payments. Those activities are: Preliminary Project Stage, Initial Implementation Stage, and Operation and Additional Implementation Stage. This Statement also requires a government to disclose essential information about the arrangement such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability. Fairmont State has not yet determined the effect that the adoption of GASB Statement No. 96 may have on its financial statements.

GASB has also issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*., parts of which were effective immediately, while other provisions are effective for reporting periods beginning after June 15, 2021. The provisions that were immediately effective required that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan that the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform and (2) limits the applicability of the financial burden criterion in GASB Statement No. 84 to defined benefit pension plans and defined OPEB plans administered through trusts. This Statement also requires that an IRC Section 457 Plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and clarifies that arrangements under IRC Section 457 should be assessed as a potential fiduciary activity under GASB Statement No. 84. As part of the supersession of GASB Statement No. 32, this Statement also requires that investments of all Section 457 plans should be measured as of the end of the plan’s reporting period in all circumstances. The portion of GASB Statement No. 97 that was effective immediately did not have a significant material impact on the financial statements. Fairmont State has not yet determined the effect that the adoption of the remaining portions of GASB Statement No. 97 may have on its financial statements.

Reclassification of Prior Year Statements - Certain items previously reported have been reclassified to conform to the current year’s classification. The reclassifications had no effect on the change in net position or total net position.

3. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents at June 30, 2021 and 2020, was held as follows:

	2021		
	Current	**Noncurrent**	**Total**
State Treasurer/BTI	$ 42,359,543	$ -	$ 42,359,543
Trustee	-	220	220
In bank	144,671	-	144,671
On hand	2,450	-	2,450
	$ 42,506,664	$ 220	$ 42,506,884

	2020		
	Current	**Noncurrent**	**Total**
State Treasurer/BTI	$ 34,883,900	$ -	$ 34,883,900
Trustee	-	1,202	1,202
In bank	373,883	-	373,883
On hand	2,365	-	2,365
	$ 35,260,148	$ 1,202	$ 35,261,350

Cash held by the Treasurer includes no restricted cash at June 30, 2021 and 2020.

The combined carrying amount of cash in the bank at June 30, 2021 and 2020 was $144,671 and $373,883, respectively, as compared with the combined bank balance of $141,483 and $718,630, respectively. The difference is primarily caused by outstanding checks and items in transit. The Federal Deposit Insurance Corporation (FDIC) coverage is $250,000 for interest and non-interest bearing deposits. From time to time, Fairmont State may carry deposit balances in individual financial institutions exceeding this limit.

Amounts with the State Treasurer were $42,359,543 and $34,883,900 as of June 30, 2021 and 2020, respectively. Of these amounts, $34,543,209 and $31,599,019 were invested in the WV Money Market Pool and the WV Short Term Bond Pool as of June 30, 2021 and 2020, respectively. The remainder of the cash held with the State Treasurer was not invested as of June 30, 2021 and 2020.

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:

	2021		2020	
External Pool	Carrying Value	S & P Rating	Carrying Value	S & P Rating
WV Money Market Pool	$ 33,712,718	AAAm	$ 30,849,893	AAAm
WV Short Term Bond Pool	830,491	Not Rated	749,126	Not Rated

3. CASH AND CASH EQUIVALENTS (CONTINUED)

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:

	2021		2020	
External Pool	Carrying Value	WAM (Days)	Carrying Value	WAM (Days)
WV Money Market Pool	$ 33,712,718	52	$ 30,849,893	44

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

	2021		2020	
External Pool	Carrying Value	Effective Duration (Days)	Carrying Value	Effective Duration (Days)
WV Short Term Bond Pool	$ 830,491	638	$ 749,126	620

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, Fairmont State 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 pool 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. Fairmont State has no securities with foreign currency risk.

4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2021 and 2020, are as follows:

	2021	2020
Student tuition and fees - net of allowance for doubtful accounts of $3,812,470 and $4,079,089, respectively	$ 1,077,859	$ 954,667
Grants and contracts receivable	209,307	362,680
Due from the Commission	8,157	104,999
Due from the Council	500,000	-
Due from other State agencies	5,359	15,478
Other accounts receivable	123,601	253,520
	$ 1,924,283	$ 1,691,344

5. CAPITAL ASSETS

Capital asset activities for the years ended June 30, 2021 and 2020 are as follows:

	2021				
	Beginning Balance	Transfers	Additions	Reductions	Ending Balance
Capital assets not being depreciated:					
Land	$ 7,932,173	$ (1,932,295)	$ -	$ -	$ 5,999,878
Construction in progress	1,408,996	292,181	1,163,973	(1,730,980)	1,134,170
Total capital assets not being depreciated	$ 9,341,169	$ (1,640,114)	$ 1,163,973	$ (1,730,980)	$ 7,134,048
Other capital assets:					
Land improvements	$ 5,615,283	$ 693,467	$ 891,431	$ (1,438,897)	$ 5,761,284
Infrastructure	10,942,762	5,019,505	176,590	-	16,138,857
Buildings	167,045,966	21,055,551	662,959	(1,760,585)	187,003,891
Equipment	7,500,120	351,712	400,750	(97,240)	8,155,342
Computer software	422,780	-	-	(206,749)	216,031
Library books	3,679,474	-	7,978	-	3,687,452
Total other capital assets	195,206,385	27,120,235	2,139,708	(3,503,471)	220,962,857
Less accumulated depreciation for:					
Land improvements	4,320,243	354,345	237,151	(1,188,693)	3,723,046
Infrastructure	10,143,376	4,758,365	394,384	-	15,296,125
Buildings	50,056,400	8,519,659	3,819,191	(761,789)	61,633,461
Equipment	5,093,790	299,816	469,727	(97,240)	5,766,093
Computer software	395,810	-	19,845	(206,749)	208,906
Library books	3,636,707	-	16,872	-	3,653,579
Total accumulated depreciation	73,646,326	13,932,185	4,957,170	(2,254,471)	90,281,210
Other capital assets - net	$ 121,560,059	$ 13,188,050	$ (2,817,462)	$ (1,249,000)	$130,681,647
Capital asset summary:					
Capital assets not being depreciated	$ 9,341,169	$ (1,640,114)	$ 1,163,973	$ (1,730,980)	$ 7,134,048
Other capital assets	195,206,385	27,120,235	2,139,708	(3,503,471)	220,962,857
Total cost of capital assets	204,547,554	25,480,121	3,303,681	(5,234,451)	228,096,905
Less accumulated depreciation	73,646,326	13,932,185	4,957,170	(2,254,471)	90,281,210
Capital assets - net	$ 130,901,228	$ 11,547,936	$ (1,653,489)	$ (2,979,980)	$137,815,695

5. CAPITAL ASSETS (CONTINUED)

	2020				
	Beginning Balance	Transfers	Additions	Reductions	Ending Balance
Capital assets not being depreciated:					
Land	$ 7,932,173	$ -	$ -	$ -	$ 7,932,173
Construction in progress	766,628	807	889,690	(248,129)	1,408,996
Total capital assets not being depreciated	$ 8,698,801	$ 807	$ 889,690	$ (248,129)	$ 9,341,169
Other capital assets:					
Land improvements	$ 5,604,047	$ 11,236	$ -	$ -	$ 5,615,283
Infrastructure	10,884,339	58,423	-	-	10,942,762
Buildings	166,458,981	353,687	233,298	-	167,045,966
Equipment	7,390,428	4,198	628,207	(522,713)	7,500,120
Computer software	441,342	-	13,288	(31,850)	422,780
Library books	3,670,293	-	13,502	(4,321)	3,679,474
Total other capital assets	194,449,430	427,544	888,295	(558,884)	195,206,385
Less accumulated depreciation for:					
Land improvements	4,042,223	5,702	272,318	-	4,320,243
Infrastructure	9,469,709	50,875	622,792	-	10,143,376
Buildings	46,715,477	127,507	3,213,416	-	50,056,400
Equipment	5,046,973	3,128	545,362	(501,673)	5,093,790
Computer software	408,219	-	19,441	(31,850)	395,810
Library books	3,621,840	-	19,188	(4,321)	3,636,707
Total accumulated depreciation	69,304,441	187,212	4,692,517	(537,844)	73,646,326
Other capital assets - net	$ 125,144,989	$ 240,332	$ (3,804,222)	$ (21,040)	$121,560,059
Capital asset summary:					
Capital assets not being depreciated	$ 8,698,801	$ 807	$ 889,690	$ (248,129)	$ 9,341,169
Other capital assets	194,449,430	427,544	888,295	(558,884)	195,206,385
Total cost of capital assets	203,148,231	428,351	1,777,985	(807,013)	204,547,554
Less accumulated depreciation	69,304,441	187,212	4,692,517	(537,844)	73,646,326
Capital assets - net	$ 133,843,790	$ 241,139	$(2,914,532)	$ (269,169)	$130,901,228

Fairmont State maintains certain collections of inexhaustible assets to which no value can be practically determined. Accordingly, such collections are not capitalized or recognized for financial statement purposes. 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.

Fairmont State’s construction commitments were $376,599 and $158,348 as of June 30, 2021 and 2020, respectively.

6. LONG-TERM LIABILITIES

Long-term obligation activities for the years ended June 30, 2021, and 2020 are as follows:

	2021					
	Beginning Balance	Transfers	Additions	Reductions	Ending Balance	Current Portion
Bonds payable	$ 65,258,444	$ -	$ -	$ (3,481,267)	$ 61,777,177	$ 3,595,114
Add (less) deferred amounts:						
Premium on issuance	1,837,803	-	-	(139,962)	1,697,841	139,962
Total bonds payable - net	67,096,247	-	-	(3,621,229)	63,475,018	3,735,076
Capital leases payable	443,255	-	-	(90,414)	352,841	92,336
Other long-term liabilities:						
Net other postemployment benefits liability	6,382,441	-	2,682,998	(7,237,817)	1,827,622	-
Compensated absences	1,556,112	-	1,000,594	(980,344)	1,576,362	1,105,767
Payable to the Commission	1,089,563	(955,431)	-	(134,132)	-	-
Net pension liability	427,502	-	180,983	(164,253)	444,232	-
Total long-term liabilities	$ 76,995,120	$ (955,431)	$ 3,864,575	$ (12,228,189)	$ 67,676,075	$ 4,933,179

*Transfers represent the ownership change from FY20 to FY21

	2020					
	Beginning Balance	Transfers	Additions	Reductions	Ending Balance	Current Portion
Bonds payable	$ 68,661,014	$ -	$ -	$ (3,402,570)	$ 65,258,444	$ 3,481,268
Add (less) deferred amounts:						
Premium on issuance	1,977,764	-	-	(139,961)	1,837,803	139,961
Total bonds payable - net	70,638,778	-	-	(3,542,531)	67,096,247	3,621,229
Capital leases payable	531,791	-	-	(88,536)	443,255	90,415
Other long-term liabilities:						
Net other postemployment benefits liability	8,319,171	-	393,691	(2,330,421)	6,382,441	-
Compensated absences	1,276,632	-	991,530	(712,050)	1,556,112	1,131,948
Payable to the Commission	1,211,656	5,866	-	(127,959)	1,089,563	134,134
Net pension liability	612,774	-	25,534	(210,806)	427,502	-
Total long-term liabilities	$ 82,590,802	$ 5,866	$ 1,410,755	$ (7,012,303)	$ 76,995,120	$ 4,977,726

*Transfers represent the ownership change from FY19 to FY20

7. BONDS PAYABLE

Bonds payable at June 30, 2021 and 2020, are summarized as follows (in thousands):

	Interest Rates	Annual Principal Installments	2021 Principal Outstanding	2020 Principal Outstanding
Facilities Improvement Revenue Bonds				
2006 Series, due through 2026	1.74% (10-year reset)	$343 - $611	$ 2,667	$ 3,173
Revenue Refunding Bonds				
2012, Series A, due through 2032	2.00 - 5.00	730 - 1,155	12,850	13,770
Revenue Refunding Bonds				
2012, Series B, due through 2032	2.00 - 5.00	1,080 - 1,720	19,150	20,545
Revenue Refunding Bonds				
2015, Series A, due through 2045	1.75 - 5.00	580 - 1,665	27,110	27,770
Total outstanding principal			61,777	65,258
Add unamortized bond premium			1,698	1,838
Total			$ 63,475	$ 67,096
Current			$ 3,735	$ 3,621
Noncurrent			59,740	63,475
Total			$ 63,475	$ 67,096

Fairmont State has issued the following revenue bonds:

a. *Facilities Improvement Revenue Bonds, 2006 Series* - On May 9, 2006, Fairmont State issued Facilities Improvement Bonds, 2006 Series (the 2006 Bonds) amounting to $8,500,000. The 2006 Bonds were issued to (1) finance the costs of the design, acquisition, construction, and equipping of certain necessary improvements in the facilities of the main campus shared by Fairmont State and Pierpont, including, but not limited to, a technology wing addition/renovation and elevator/heating, ventilation, and air-conditioning (HVAC) improvements to infrastructure improvements, all of which will be owned by the Board, and (2) pay the costs of issuance of the 2006 Bonds and related costs.

b. *Revenue Refunding Bonds, 2012 Series A* - On June 12, 2012, Fairmont State University, in conjunction with Pierpont, issued Revenue Refunding Bonds Series A (the 2012A Bonds) amounting to $20,165,000. The 2012A Bonds were issued to (1) currently refund in full the outstanding 2002A and 2002B Bonds and (2) pay the costs of issuance of the Series 2012A Bonds and related costs. The issuance of the 2012A Bonds resulted in a loss of $561,866 and an economic gain of $3,866,063. Fairmont State refunded these bonds subsequent to year-end. See additional information in note 22.

7. BONDS PAYABLE (CONTINUED)

c. *Revenue Refunding Bonds, 2012 Series B* - On June 12, 2012, Fairmont State, in conjunction with Pierpont, issued Revenue Refunding Bonds Series B (the 2012B Bonds) amounting to $30,160,000. The 2012B Bonds were issued to (1) advance refund in full the outstanding 2003A and 2003B Bonds and (2) pay the costs of issuance of the Series 2012B Bonds and related costs. The issuance of the 2012B Bonds resulted in a loss of $1,713,791 and an economic gain of $3,503,626. Fairmont State refunded these bonds subsequent to year-end. See additional information in note 22.

d. *Facilities Construction Revenue Bonds, 2015 Series A* - On April 7, 2015, Fairmont State issued Revenue Bonds Series A (the 2015A Bonds) amounting to $30,200,000. The 2015A Bonds were issued to (1) finance the costs of planning, designing, constructing, acquiring, and equipping new student housing facilities; (2) provide payment of capitalized interest on the Series 2015 Bonds; (3) reimburse certain previously incurred expenditures related to the 2015 Project; and (4) pay the costs of issuance of the Series 2015 Bonds and related costs.

The bond issues are special obligations of Fairmont State and are secured by and payable from certain pledge revenues held under the Bond Indenture (the Indenture). The bonds shall not be deemed to be general obligations or debts of the State within the meaning of the Constitution of the State; neither the credit nor the taxing power of the State is pledged for the payment of the bonds. The 2012 Series A and 2012 Series B Bonds are fully insured as to principal and interest by Financial Guaranty Insurance Company.

The 2012 Series A and B and 2015 Series A Bonds’ covenants require that the schedules of rent, charges, and fees shall at all times be adequate to produce revenues from the auxiliary facilities sufficient to pay operating expenses and, when combined with infrastructure fees (as defined in the Indenture), to make the prescribed payments into the funds and accounts created hereunder, and that such schedule or schedules of rents, charges, and fees, that shall be revised from time to time to provide for all reasonable operating expenses and leave gross revenues, when combined with other monies legally available to be used for such purposes, each year equal at least 100% of the maximum annual debt service of the 2012 Series A and B Bonds and the 2015 Series A Bonds of $5,389,074.

For the years ended June 30, 2021 and 2020, Fairmont State and Pierpont had gross revenues that approximated 173% and 180%, respectively, of the maximum annual debt service of the 2012 Series A and B and 2015 Series A Bonds.

7. BONDS PAYABLE (CONTINUED)

Future debt service requirements to maturity for the revenue bonds at June 30, 2021, are as follows:

Years Ending June 30,	Principal	Interest	Total
2022	$ 3,595,114	$ 2,350,752	$ 5,945,866
2023	3,754,116	2,187,750	5,941,866
2024	3,923,275	2,017,090	5,940,365
2025	4,057,595	1,890,771	5,948,366
2026	4,182,077	1,757,029	5,939,106
2027-2031	20,200,000	6,709,844	26,909,844
2032-2036	9,080,000	3,217,919	12,297,919
2037-2041	6,680,000	1,952,063	8,632,063
2042-2045	6,305,000	602,061	6,907,061
Total	$ 61,777,177	$ 22,685,279	$ 84,462,456

8. LEASES

Operating Leases - Fairmont State leases office and storage spaces and various equipment. These obligations are accounted for as operating leases.

Future annual minimum lease payments on operating leases for years subsequent to June 30, 2021, are as follows:

Years Ending June 30,	
2022	$ 371,592
2023	269,931
2024	173,883
2025	173,883
Total	$ 989,289

Total lease expense for the years ended June 30, 2021 and 2020 was $369,389 and $195,506, respectively. Fairmont State does not have any noncancelable leases.

8. LEASES (CONTINUED)

Capital Leases - Fairmont State leases equipment accounted for as capital leases.

Fairmont State entered into three lease agreements with Bank of America in February, April, and May of 2018 to cover the acquisition of three Cessna airplanes (172RG, 172M, and 172S, respectively) to enhance the Flight Program and meet the needs of the growing student population within the program. The leases are accounted for as capital leases, with a total cost of $647,250 and a net book value of $421,235 and $485,960 as of June 30, 2021 and 2020, respectively. Future annual minimum lease payments on capital leases for years subsequent to June 30, 2021, are as follows:

Years Ending June 30,	Principal	Interest	Total
2022	$ 92,336	$ 6,548	$ 98,884
2023	94,297	4,587	98,884
2024	96,300	2,584	98,884
2025	69,908	599	70,507
Total	$ 352,841	$ 14,318	$ 367,159

9. OTHER POSTEMPLOYMENT BENEFITS

As related to the implementation of GASB 75, following are Fairmont State's net OPEB liability, 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, 2021 and 2020:

	2021	2020
Net OPEB liability	$ 1,827,622	$ 6,382,441
Deferred outflows of resources	1,145,745	1,054,290
Deferred inflows of resources	7,647,193	2,942,979
Revenues	169,227	386,943
OPEB expense	(2,222,234)	(26,842)
Contributions made by Fairmont State	793,996	799,951

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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 Comprehensive Annual 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.

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

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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, 2020 and 2019 were:

	2020	2019
Paygo premium	$ 168	$ 183

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.

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.

Fairmont State’s contributions to the OPEB plan for the years ended June 30, 2021, 2020, and 2019, were $793,996, $799,951, and $826,561, respectively.

Assumptions

The June 30, 2021 OPEB liability for financial reporting purposes was determined by an actuarial valuation as of June 30, 2020, which is the measurement date. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Inflation rate: 2.25%.
- Salary increase: Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation.

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

- Investment rate of return: 6.65%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates: Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, 6.50% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 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.
- Actuarial cost method: Entry age normal cost method.
- Amortization method: Level percentage of payroll over a 20-year closed period beginning 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-2019 and scaling factors of 100% for males and 108% for females.
- Mortality pre-retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019.

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

Certain assumptions have been changed since the prior actuarial valuation as of June 30, 2018 and a measurement date of June 30, 2020. The net effect of the assumption changes was approximately $1,147 million.

- General/price inflation – Decrease price inflation rate from 2.75% to 2.25%.
- Discount rate – Decrease discount rate from 7.15% to 6.65%.
- Wage inflation – Decrease wage inflation rate from 4.00% to 2.75%.
- OPEB retirement – Develop explicit retirement rates for members who are eligible to retire with healthcare benefits and elect healthcare coverage.
- Waived annuitant termination – Develop explicit waived termination rates for members who are eligible to retire with healthcare benefits but waive healthcare coverage.
- SAL conversion – Develop explicit SAL conversion rates for members who are eligible to convert sick and annual leave (SAL) balances at retirement and convert SAL balances into OPEB benefits.
- Lapse/re-entry – Develop net lapse/re-entry rates for members who either lapse coverage after electing healthcare coverage or elect healthcare coverage after waiving coverage.
- Other demographic assumptions – Develop termination, disability, and mortality rates based on experience specific to OPEB covered group.
- Salary increase – Develop salary increase assumptions based on experience specific to the OPEB covered group.

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The long-term expected rate of return of 6.65% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.00% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 2.50% 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 best-estimate ranges of expected future rates of return 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 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 WV Money Market Pool held with the BTI was estimated based on the WV-IMB assumed inflation of 2.0% plus a 25 basis point spread.

The target allocation and estimates of annualized long-term expected returns assuming a 10-year horizon are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Return
Global equity	55.0%	6.8%
Core plus fixed income	15.0%	4.1%
Core real estate	10.0%	6.1%
Hedge fund	10.0%	4.4%
Private equity	10.0%	8.8%

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

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

	1% Decrease (5.65%)	Current Discount Rate (6.65%)	1% Increase (7.65%)
Net OPEB liability 2021	$ 2,606,431	$ 1,827,622	$ 1,175,655

The following presents Fairmont State's proportionate share of the net OPEB liability as of June 30, 2020 calculated using the discount rate of 7.15%, as well as what Fairmont State's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate.

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Net OPEB liability 2020	$ 7,617,251	$ 6,382,441	$ 5,349,108

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate. The following presents Fairmont State's proportionate share of the net OPEB liability as of June 30, 2021 and 2020 calculated using the healthcare cost trend rate, as well as what Fairmont State's net OPEB liability 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.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB liability 2021	$ 1,099,695	$ 1,827,622	$ 2,706,807
Net OPEB liability 2020	5,146,514	6,382,441	7,882,232

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

The June 30, 2021 net OPEB liability was measured as of June 30, 2020, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2020, which is the measurement date. The June 30, 2020 net OPEB liability was measured as of June 30, 2019, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to the measurement date of June 30, 2019.

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

At June 30, 2021, Fairmont State's proportionate share of the net OPEB liability was $2,221,632. Of this amount, Fairmont State recognized $1,827,622 as its proportionate share on the statement of net position. The remainder of $394,010 denotes Fairmont State's proportionate share of net OPEB liability attributable to the special funding.

At June 30, 2020 Fairmont State's proportionate share of the net OPEB liability was $7,688,573. Of this amount, Fairmont State recognized $6,382,441 as its proportionate share on the statement of net position. The remainder of $1,306,132 denotes Fairmont State's proportionate share of net OPEB liability attributable to the special funding.

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, 2020 and 2019. Employer contributions are recognized when due. At the June 30, 2020 measurement date, Fairmont State's proportion was 0.413777505%, an increase of 0.029092192% from its proportion of 0.384685313% calculated as of June 30, 2019. At the June 30, 2019 measurement date, Fairmont State's proportion was 0.384685313%, a decrease of 0.003075979% from its proportion of 0.387761292% calculated as of June 30, 2018.

For the year ended June 30, 2021, Fairmont State recognized OPEB expense of $(2,222,234). Of this amount, $(2,391,461) was recognized as Fairmont State's proportionate share of OPEB expense and $169,227 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. Fairmont State also recognized revenue of $169,227 for support provided by the State.

For the year ended June 30, 2020, Fairmont State recognized OPEB expense of $(26,842). Of this amount, $(413,785) was recognized as Fairmont State's proportionate share of OPEB expense and $386,943 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. Fairmont State also recognized revenue of $386,943 for support provided by the State.

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

At June 30, 2021, and 2020, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,184,996
Changes in proportion and differences between employer contributions and proportionate share of contributions	213,021	2,197,134
Net difference between projected and actual investment earnings	138,728	-
Changes in assumptions	-	4,125,321
Reallocation of opt-out employer change in proportionate share	-	139,742
Contributions after the measurement date	793,996	-
Total	$ 1,145,745	$ 7,647,193

June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 744,373
Changes in proportion and differences between employer contributions and proportionate share of contributions	252,764	663,632
Net difference between projected and actual investment earnings	-	68,852
Changes in assumptions	-	1,294,408
Reallocation of opt-out employer change in proportionate share	1,575	171,714
Contributions after the measurement date	799,951	-
Total	$ 1,054,290	$ 2,942,979

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Fairmont State will recognize the $793,996 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability in the year ended June 30, 2022. 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
2022	$ (2,938,572)
2023	(2,525,926)
2024	(1,873,298)
2025	42,352
	$ (7,295,444)

Payables to the OPEB Plan

Fairmont State did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2021 and 2020.

10. STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

Fairmont State is a State institution of higher education and receives a State appropriation to finance its operations. In addition, it is subject to the legislative and administrative mandates of State government. Those mandates affect all aspects of Fairmont State'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 Fairmont State. Financing for these facilities was provided through revenue bonds issued by the former Board of Regents or the former Boards of University and College Systems (the Boards). These obligations administered by the Municipal Bond Commission are the direct and total responsibility of the Commission, as successor to the former Boards.

10. STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS (CONTINUED)

The Municipal Bond 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 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 including payment of institution debt. Although the bonds remain as a capital obligation 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 2021 and 2020, Fairmont State reduced its debt to the Commission against the debt obligation by $134,132 and $122,093, respectively. Per the Final Separation Agreement signed April 1, 2021 (Final Separation Agreement) between Fairmont State and Pierpont, Pierpont assumed the remaining portion of the total debt obligation to the Commission that was previously shared with Fairmont State. This resulted in a decrease to Fairmont State's liability at June 30, 2021 of $955,431. The amount due to Commission at June 30, 2021 and 2020 is $0 and $1,089,563, respectively.

11. NET POSITION

Fairmont State's net position at June 30, 2021 and 2020 includes certain designated net position, as follows:

	2021		
	Net Position Before Net OPEB Liability	Net OPEB Liability	Total Net Position
Net investment in capital assets	$ 74,725,308	$ -	$ 74,725,308
Restricted for - expendable:			
Capital projects	4,946,739	-	4,946,739
Debt service	16,308,816	-	16,308,816
Total restricted	21,255,555	-	21,255,555
Unrestricted:			
Designated for auxiliaries	6,056,445	138,352	5,918,093
Designated for fund managers	4,282,669	-	4,282,669
Undesignated	12,512,131	1,689,270	10,822,861
Total unrestricted	22,851,245	1,827,622	21,023,623
Total net position	$ 118,832,108	$ 1,827,622	$ 117,004,486

11. NET POSITION (CONTINUED)

	2020		
	Net Position Before Net OPEB Liability	Net OPEB Liability	Total Net Position
Net investment in capital assets	$ 65,372,657	$ -	$ 65,372,657
Restricted for - expendable:			
Scholarships	152,398	-	152,398
Capital projects	4,370,551	-	4,370,551
Debt service	35,535	-	35,535
Total restricted	4,558,484	-	4,558,484
Unrestricted:			
Designated for auxiliaries	5,446,949	686,247	4,760,702
Designated for fund managers	2,471,033	-	2,471,033
Undesignated	12,423,688	5,696,194	6,727,494
Total unrestricted	20,341,670	6,382,441	13,959,229
Total net position	$ 90,272,811	$ 6,382,441	$ 83,890,370

12. RETIREMENT PLANS

Substantially all full-time employees of Fairmont State participate in either the West Virginia Teachers' Retirement System (STRS) or the Teachers' Insurance and Annuities Association - College Retirement Equities Fund (TIAA-CREF). Previously, upon full-time employment, all employees were required to make an irrevocable selection between the STRS and TIAA-CREF. Effective July 1, 1991, the STRS was closed to new participants. 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 Fairmont State 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. These employees had an option to switch to the Educators Money 401(a) basic retirement plan (Educators Money) plan through June 30, 2020. New hires had the choice of either plan through June 30, 2020. Beginning in fiscal year 2021, Educators Money is no longer offered.

DEFINED BENEFIT PENSION PLAN

Some employees of Fairmont State are enrolled in a defined benefit pension plan, the STRS plan, which is administered by the CPRB.

12. RETIREMENT PLANS (CONTINUED)

As related to the implementation of GASB 68, following are Fairmont State's net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, revenues, and the pension expense and expenditures for the fiscal years ended June 30, 2021 and 2020:

STRS	2021	2020
Net pension liability	$ 444,232	$ 427,502
Deferred outflows of resources	81,007	68,778
Deferred inflows of resources	244,040	390,036
Revenues	101,255	115,380
Pension expense	3,946	(11,831)
Contributions made by Fairmont State	37,624	57,411

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 Comprehensive Annual Financial Report. STRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained from the STRS website at https://www.wvretirement.com/Publications.html#CAFR.

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.

12. RETIREMENT PLANS (CONTINUED)

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. 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:

- 15% of gross salary of their State-employed members hired prior to July 1, 1991;
- 15% of School Aid Formula (SAF) covered payroll of county-employed members;
- a certain percentage of fire insurance premiums paid by State residents; and
- 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, 2021 and 2020, Fairmont State's proportionate share attributable to this special funding subsidy was $101,255 and $115,380, respectively.

Fairmont State's contributions to STRS for the years ended June 30, 2021, 2020, and 2019, were $37,624, $57,411, and $63,581, respectively.

Assumptions

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

- Actuarial cost method: Entry age normal cost with level percentage of payroll.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method and period: Level dollar, fixed period through fiscal year 2034.
- Investment rate of return: 7.50%, net of pension plan administrative and investment expenses.
- Projected salary increases: Teachers 3.00-6.16% and non-teachers 3.00-6.75%, based on age.
- Inflation rate: 3.00%.
- Discount rate: 7.50%.
- Mortality rates based on Pub-2010 Mortality Tables.
- Withdrawal rates: State 7.00-35.00% and nonstate 2.33-18.00%.
- Disability rates: 0.004-0.563%.

12. RETIREMENT PLANS (CONTINUED)

- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Retirement rates: 15-100%.
- Ad hoc cost-of-living increases in pensions are periodically granted by the Legislature. However, the retirement system makes no automatic provision for such increases.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2014 to June 30, 2019. These assumptions will remain in effect for valuation purposes until such time as the CPRB adopts revised assumptions.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term geometric real rates of return for each major asset class included in STRS' target asset allocation as of June 30, 2020 and 2019, are summarized below.

June 30, 2020

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

June 30, 2019

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

12. RETIREMENT PLANS (CONTINUED)

Discount rate. The discount rate used to measure the total STRS pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employer 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.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability 2021	$ 600,120	$ 444,232	$ 311,405
Net pension liability 2020	583,500	427,502	294,062

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

The June 30, 2021 STRS net pension liability was measured as of June 30, 2020, and the total pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to the measurement date of June 30, 2020. The June 30, 2020 STRS net pension liability was measured as of June 30, 2019, and the total pension liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to the measurement date of June 30, 2019.

At June 30, 2021, Fairmont State's proportionate share of the STRS net pension liability was $1,409,465. Of this amount, Fairmont State recognized $444,232 as its proportionate share on the statement of net position. The remainder of $965,233 denotes Fairmont State's proportionate share of net pension liability attributable to the special funding.

At June 30, 2020, Fairmont State's proportionate share of the STRS net pension liability was $1,384,173. Of this amount, Fairmont State recognized $427,502 as its proportionate share on the statement of net position. The remainder of $956,671 denotes Fairmont State's proportionate share of net pension liability attributable to the special funding.

12. RETIREMENT PLANS (CONTINUED)

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 STRS for each of the fiscal years ended June 30, 2020 and 2019. Employer contributions are recognized when due. At the June 30, 2020 measurement date, Fairmont State's proportion was 0.013792%, a decrease of 0.000577% from its proportion of 0.014369% calculated as of June 30, 2019. At the June 30, 2019 measurement date, Fairmont State's proportion was 0.014369%, a decrease of 0.005257% from its proportion of 0.019626% calculated as of June 30, 2018.

For the year ended June 30, 2021, Fairmont State recognized STRS pension expense of $3,946. Of this amount, $(97,309) was recognized as Fairmont State's proportionate share of the STRS expense and $101,255 as the amount of pension expense attributable to special funding from a non-employer contributing entity. Fairmont State also recognized revenue of $101,255 for support provided by the State.

For the year ended June 30, 2020, Fairmont State recognized STRS pension expense of $(11,831). Of this amount, $(127,211) was recognized as Fairmont State's proportionate share of the STRS expense and $115,380 as the amount of pension expense attributable to special funding from a non-employer contributing entity. Fairmont State also recognized revenue of $115,380 for support provided by the State.

At June 30, 2021 and 2020, deferred outflows of resources and deferred inflows of resources related to the STRS pension are as follows.

June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 10,207	$ 9,754
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	234,286
Net difference between projected and actual investment earnings	26,916	-
Changes in assumptions	6,260	-
Contributions after the measurement date	37,624	-
Total	$ 81,007	$ 244,040

12. RETIREMENT PLANS (CONTINUED)

June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,136	$ 14,612
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	363,797
Net difference between projected and actual investment earnings	-	11,627
Changes in assumptions	9,231	-
Contributions after the measurement date	57,411	-
Total	$ 68,778	$ 390,036

Fairmont State will recognize the $37,624 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, 2022. 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
2022	$ (122,896)
2023	(55,639)
2024	(31,470)
2025	9,348
	$ (200,657)

Payables to the Pension Plan

Fairmont State did not report any amounts payable for normal contributions to the STRS as of June 30, 2021 and 2020.

DEFINED CONTRIBUTION BENEFIT PLANS

The TIAA-CREF and Educators Money are defined contribution benefit plans in which benefits are based solely upon amounts contributed, plus investment earnings. Employees who elect to participate in these plans are required to make a contribution equal to 6% of total annual compensation for the years ended June 30, 2021, 2020, and 2019. Fairmont State matches the employees' 6% contribution. Contributions are immediately and fully vested. In addition, employees may elect to make additional contributions to TIAA-CREF and Educators Money, which are not matched by Fairmont State. Beginning in fiscal year 2021, Educators Money was no longer offered to employees.

12. RETIREMENT PLANS (CONTINUED)

Total contributions to the TIAA-CREF for the years ended June 30, 2021, 2020, and 2019, were $2,851,650, $2,759,746, and $2,613,260, respectively, which consisted of equal contributions from Fairmont State and covered employees of $1,425,825, $1,379,873, and $1,306,630, respectively.

Total contributions to Educators Money for the years ended June 30, 2021, 2020, and 2019, were $0, $43,978, and $147,672, respectively, which consisted of equal contributions from Fairmont State and covered employees of $0, $21,989, and $73,836, respectively.

Fairmont State’s total payroll for the year ended June 30, 2021, was $26,664,667, and total covered employees’ salaries in the Educators Money, STRS, and TIAA-CREF were $0, $250,828, and $23,763,744, respectively.

Fairmont State’s total payroll for the year ended June 30, 2020, was $27,059,364, and total covered employees’ salaries in the Educators Money, STRS, and TIAA-CREF were $366,480, $380,750, and $22,997,890, respectively.

Fairmont State’s total payroll for the year ended June 30, 2019, was $26,568,639, and total covered employees’ salaries in the Educators Money, STRS, and TIAA-CREF were $1,230,593, $430,279, and $21,777,170, respectively.

13. FAIRMONT STATE FOUNDATION, INC.

The Foundation is a separate nonprofit organization incorporated in the State whose purpose is to benefit the work and services of Fairmont State and its affiliated nonprofit organizations. 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 Fairmont State does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of Fairmont State by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, Fairmont State, the Foundation is considered a component unit of Fairmont State and is discretely presented with Fairmont State’s financial statements in accordance with GASB.

The Foundation’s assets totaled $43,637,951 and $35,036,874 at June 30, 2021 and 2020, with net assets of $42,289,434 and $34,952,448, respectively. Gifts, grants, and bequests to the Foundation totaled $3,742,833 and $3,039,136 in fiscal years 2021 and 2020, respectively.

Total funds expended by the Foundation in support of Fairmont State activities totaled $2,754,605 and $2,455,812 during 2021 and 2020, respectively.

14. AFFILIATED ORGANIZATIONS AND OTHER STATE AGENCIES

Fairmont State has a separately incorporated affiliated organization, the Fairmont State Alumni Association. Oversight responsibility for this entity rests with an independent board and management not otherwise affiliated with Fairmont State. Accordingly, the financial statements of this organization are not included in Fairmont State's accompanying financial statements under the blended component unit requirements. It is not included in Fairmont State's accompanying financial statements under the discretely presented component unit requirements as it is not material.

In addition to the relationships and transactions previously described, Fairmont State receives funding or grants from and provides services to other state agencies, and utilizes services, supplies, and equipment provided by other state agencies. Amounts due from and due to other state agencies at June 30, are as follows:

	2021	2020
Due from:		
Adjutant General	$ 1,643	$ -
Department of Commerce	-	15,478
Division of Rehabilitation	3,716	-
	$ 5,359	$ 15,478
Due to:		
WVNET	$ -	$ 6,094
WV Center For Nursing (HEPC)	-	1,250
Department of Administration	57	354
State Attorney General	375	92
State Tax Department	-	3,468
State Treasurer's Office	5,546	12,719
HEPC	26,191	-
West Virginia School of Osteopathic Medicine	3,000	-
Division of Motor Vehicles	175	-
PEIA	-	15,007
	$ 35,344	$ 38,984

15. RELATED-PARTY TRANSACTIONS

During fiscal years 2021 and 2020, Fairmont State and Pierpont entered into a fee for service agreement that establishes the amount Pierpont will pay Fairmont State toward the costs of operation for shared ownership campuses. While Fairmont State and Pierpont continue to share a campus, Fairmont State will continue to provide physical plant administration and related services, liability insurance coverage, and limited network services to Pierpont. The fee for service agreement for fiscal year 2022 was signed on July 1, 2021. For fiscal year 2022, Pierpont will pay Fairmont State $650,000 under the fee for service agreement. It is expected that the fiscal year 2022 fee for service agreement will be the final fee for service agreement since, under the Final Separation Agreement, Pierpont is to vacate all Fairmont State facilities by June 30, 2022 and, at that time, Fairmont State will no longer provide services to Pierpont.

15. RELATED-PARTY TRANSACTIONS (CONTINUED)

Fiscal year 2021 and 2020 transfers associated with the fee for service agreement are as follows:

	2021	2020
Revenues:		
Student activity support revenue	$ -	$ 1,627
Auxiliary support service revenue	405,549	429,868
Operating costs revenue	1,173,778	1,373,901
E&G capital and debt service support revenue	319,081	332,889
Expenses:		
Assessment for E&G capital and debt service costs	349,177	382,089

Fairmont State does not show any expense for auxiliary support services due to its ownership of the auxiliaries.

16. SEPARATION OF ASSETS AND LIABILITIES AGREEMENT

House Bill 3215, effective July 1, 2008, provided for a separate governing board for Pierpont. This legislation defines a statewide network of independently-accredited community and technical colleges and required the newly established Pierpont Board of Governors and Fairmont State Board of Governors to jointly agree on a division of assets and liabilities. This agreement was executed on December 15, 2009, and was effective retroactively to July 1, 2009. The legislation requires a separate financial statement audit for Pierpont effective for fiscal year 2010 and all years thereafter.

The Board of Governors of Fairmont State University and the Board of Governors of Pierpont Community & Technical College recognize the historical association between the two institutions and the benefit of collaboration to the students. The preamble to the Separation of Assets and Liabilities Agreement effective July 1, 2009 (the Separation of Assets and Liabilities Agreement) that supports these statements reads as follows:

"The Board of Governors of Fairmont State University (BOG-FSU) and the Board of Governors of Pierpont Community and Technical College (BOG-PCTC) jointly endeavor to separate assets and liabilities in accordance with the provisions of HB3215, 2008. Despite the legal separation of the two institutions, the BOG-FSU and the BOG-PCTC wish to maintain the collaborative and cooperative spirit that has characterized the historical relationship between the University and the College.

The BOG-FSU and the BOG-PCTC recognize the historical association between the two institutions. The institution that is today Pierpont Community and Technical College grew from and was sponsored by Fairmont State University. Both institutions have been and, for the foreseeable future, will be co-located on a single campus in Fairmont, West Virginia. Both institutions have proportionally coordinated, shared, and paid for instructional services, course schedules, facilities, information systems, admissions processes, auxiliary functions, housing, debt service, development and advancement services, student activities and programs, and all the other resources necessary to deliver a high-quality postsecondary education experience.

16. SEPARATION OF ASSETS AND LIABILITIES AGREEMENT (CONTINUED)

Students have benefited and will continue to benefit from the relationship between Fairmont State University (FSU) and Pierpont Community and Technical College (PCTC). Those benefits include a wider range of instructional programs than would be available through an individual institution's offerings; a lower cost of attendance realized from shared institutional infrastructure and reduced duplication of facilities, personnel, and services; and a more diverse mix of student backgrounds, interests, experiences, abilities, and ambitions.

Although the BOG-FSU and the BOG-PCTC recognize the necessity of separation of assets and liabilities, both pledge themselves to continuing, fostering, and promoting collaborative and cooperative relationships between the two institutions. Such relations respect the historical association that has existed between FSU and PCTC. Such relations are to the benefit and best interest of the students at both institutions. Such relations recognize the proportional participation in institutional operations. Such relations recognize that the two institutions have been, are, and will be co-located on one site. Such relations demonstrate responsible stewardship of public resources by achieving efficiencies and synergies that would otherwise not be possible. Therefore, the Board of Governors of Fairmont State University and the Board of Governors of Pierpont Community and Technical College incorporate into their agreement to separate assets and liabilities this pledge of perpetual cooperation and collaboration."

With both Fairmont State and Pierpont Boards of Governors promoting collaboration, the Separation of Assets and Liabilities Agreement was executed to comply with the guidelines established through West Virginia Legislation as stated in the agreement as follows:

*"**WHEREAS**, West Virginia Code - §18B-2A-7a(e)(2008 supp.) states "For purposes of generating audited financial statements for inclusion in the higher education fund and state single audits, the division of all assets and liabilities shall be effective retroactively to the first day of July, two thousand nine.*

and

***WHEREAS**, West Virginia Code - §18B-2A-7a(2008 supp.) states as follows:*

(g) Each former sponsoring institution and community and technical college shall enter into a comprehensive agreement to address the division of assets and liabilities and the allocation of revenues and expenditures between former sponsoring institutions and newly independent community and technical colleges.

(h) Absent manifest injustice as determined jointly by the Council and Commission, the following general principles apply to the division of assets and liabilities and allocation of revenues and expenditures between former sponsoring institutions and the newly independent community and technical colleges:

(1) For accounting purposes, the institution that assumes responsibility for any asset also shall assume responsibility for any associated liabilities.

16. SEPARATION OF ASSETS AND LIABILITIES AGREEMENT (CONTINUED)

(2) *Although one institution may assume responsibility for an asset and associated liabilities for accounting purposes, both institutions shall agree on their respective responsibilities for reducing and ultimately eliminating the liability over time if the asset was originally acquired and/or is being used for the benefit of both institutions.*

(A) *Any agreement to allocate system and institutional educational and general and auxiliary debt service payments shall be consistent with the provisions of all applicable bond covenants.*

(B) *Absent a controlling bond covenant or other agreement, debt service payments associated with bond indebtedness presumptively shall be allocated based on the relative full-time equivalent student enrollment of the two institutions either as a whole or on the campus where the asset is located and may be adjusted annually to reflect enrollment changes at the two institutions.*

(3) *The institutions shall agree to allocate educational and auxiliary capital fees in excess of those needed to cover bonded indebtedness to ensure that assets of both institutions are maintained in proper repair and that the institutions assume responsibility for a reasonable share of the total costs of maintaining the facilities.*

(4) *The institutions shall develop a plan that ensures the financial stability of auxiliary enterprises, including but not limited to, student housing, student centers, dining services, parking, and athletics through fiscal year two thousand twelve.*

(A) *If community and technical college students pay a mandatory athletics fee for the benefit of a sponsoring institution, but receive no direct benefit from that fee, the community and technical college may phase out that fee over a five-year period.*

(B) *If certain community and technical college students were required to live in institution housing consistent with rules or policies in effect on the effective date of this section, the former sponsoring institution may continue to require these students to live in institution housing for at least one year."*

The Agreement also provides specific language in relation to outstanding bond indebtedness.

On June 12, 2012, Fairmont State, in conjunction with Pierpont, issued Revenue Refunding Bonds, Series 2012A in the principal amount of $20,165,000 and Revenue Refunding Bonds, Series 2012B in the principal amount of $30,160,000. Pierpont Board of Governors signed the Bond Indenture to evidence its agreement to certain covenants contained in the Indenture, which are applicable to Pierpont and to the pledge of fees imposed by it. The Official Statement for the bonds states "*Pierpont is obligated to pay a portion of the debt service on the Series 2012 Bonds pursuant to a Separation of Assets and Liabilities Agreement, dated December 15, 2009, by and between the Issuer and Pierpont.*"

16. SEPARATION OF ASSETS AND LIABILITIES AGREEMENT (CONTINUED)

The Official Statement provides information to further explain the Separation of Assets Agreement and the application of it to all existing and future bond covenants.

Therefore, the Agreement pertains to the following current outstanding bond indebtedness:

(A) *Revenue Refunding Bonds 2012, Series A and Revenue Refunding Bonds 2012, Series B* - On June 12, 2012, Fairmont State, in conjunction with Pierpont, issued Revenue Refunding Bonds Series A and Revenue Refunding Bonds Series B (the 2012 Bonds) amounting to $20,165,000 and $30,160,000, respectively. The 2012A Bonds were issued to (1) currently refund in full the outstanding 2002A and 2002B Bonds, and (2) pay the costs of issuance of the Series 2012A Bonds and related costs. The 2012 Bonds were issued to (1) advance refund in full the outstanding 2003A and 2003B Bonds, and (2) pay the costs of issuance of the Series 2012B Bonds and related costs.

(B) Fairmont State Board of Governors Subordinate Facilities Improvement Revenue Bonds, Series 2006 (the Series 2006 Bonds; the Series 2002A Bonds, the Series 2002B Bonds, the Series 2003A Bonds, the Series 2003B Bonds, and the Series 2006 Bonds are hereinafter referred to together as the Bonds), issued in the principal amount of $8,500,000 pursuant to a bond authorizing resolution adopted on May 3, 2006 (as supplemented and amended, the 2006 Resolution; the 2002A Indenture, the 2002B Indenture, the 2003A Indenture, the 2003B Indenture, and the 2006 Resolution, together with the other documents authorizing, securing or otherwise relating to the Bonds, are hereinafter referred to together as the Bond Documents), and outstanding in the principal amount of $2,667,177 and $3,173,444 as of June 30, 2021 and 2020, respectively.

The agreement further states the following with regard to bond indebtedness:

*“**WHEREAS**, in addition to the statutory requirements described above, the Bond Documents define the College or University to include any successor thereto and, as such, bind both FSU and PCTC, and both FSU and PCTC have copies of the Bond Documents.*

and

***WHEREAS**, the Bond Documents set forth controlling bond covenants and require pledged revenues, and the intent of this document is to adhere to all existing and future bond covenants.”*

The Boards of Governors of Fairmont State and Pierpont agreed to the following terms for Separation of Assets and Liabilities to comply with the above stated West Virginia State Code and bond covenants:

“Education and General Equipment Assets:

1. *Equipment assets regardless of whether they are charged back, whether they be presently owned or purchased in the future by either the FSU or the PCTC will be owned by the institution that the equipment was intended for and reflected on the appropriate institution’s equipment schedule.*

16. SEPARATION OF ASSETS AND LIABILITIES AGREEMENT (CONTINUED)

Education and General Buildings and Infrastructure:

1. *All capital and infrastructure fees assessed to both FSU and PCTC students for the purpose of paying E&G building and infrastructure bonds, and provide for repair and renovation of same, continue to be collected under the terms outlined in the bond covenants.*

2. *All E&G Capital Fee Revenue and Infrastructure Capital Fee Revenue in excess of bond payments will be used for repair and renovation projects. When sufficient E&G and Infrastructure Capital excess revenues are available to bond for additional new capital project improvements, the E&G, and Infrastructure Capital Fees will be utilized and/or retained for that specific purpose. Both the FSU and the PCTC assume a shared responsibility proportionate to the full-time equivalent (FTE) enrollment of each institution for the total cost of maintaining the facilities.*

3. *Joint ownership of the E&G and Infrastructure Capital Assets and Liabilities shall be reflected on each Institution's Financial Statements at the end of each year. The percentage of ownership of assets and liabilities will be assigned and based on the average fall term census date credit hour enrollments (FTE) over the most recent ten (10) years.*

4. *All land assets will be owned by FSU and land deeds will stay in the name of FSU Board of Governors.*

5. *Should either institution, after paying off all E&G and Auxiliary bond debt, upon proper acknowledgement of its ongoing obligations under existing bond covenants, decide to build and move its own campus, that institution agrees to sell its ownership rights to the E&G building assets to the other institution at an agreed upon price.*

6. *All new capital projects that are provided to FSU and PCTC through state appropriations, bonding and/or student capital fee initiatives, that add to the joint ownership of assets and liabilities on a shared campus, will be assigned proportionately based on the average fall term census date credit hour enrollments (FTE) over the most recent ten (10) years. Any capital project designated to only FSU or only to PCTC and not located on a shared campus will be added to the assets and liabilities of the institution to which the capital project is specified.*

Auxiliary Enterprises:

1. *Assets and related liabilities of the Auxiliary Enterprises (Athletics, Bookstore, Conference Center, Convenience Store, Copy Center, Facilities [Parking & Security], Housing, and Recreation Center) are owned by FSU and all students of both FSU and PCTC who attend class on the main campus and/or pay user fees will have access to these facilities and activities.*

2. *All auxiliary-related student fees approved by the FSU BOG and the PCTC BOG and the Higher Education Policy Commission and the Community and Technical College Council, for the operation, debt service, and repair and maintenance of auxiliary enterprise facilities will be dedicated and provided to those specific Auxiliary Funds for appropriate indicated purposes. All Auxiliary net revenues annually are designated to support future costs of the auxiliary enterprise fund(s) and are managed by FSU for the benefit of each auxiliary enterprise.*

16. SEPARATION OF ASSETS AND LIABILITIES AGREEMENT (CONTINUED)

3. *Auxiliary Enterprise Bond Covenant obligations of FSU and PCTC will be met by continuing to honor the requirements stipulated in those covenants, and both FSU and PCTC students will be required to pay the fees stipulated in all Bond Document covenants.*

4. *FSU is responsible for managing the operation of the Auxiliary Enterprises, and maintaining the Auxiliary facilities in good repair.*

5. *All capital projects for the Auxiliary Enterprises will be approved by the FSU BOG.*

6. *Scholarship dollars provided from the non-athletic auxiliary enterprise funds will be allocated proportionately to FSU and PCTC students based on the percentage (%) of student fee contributions made to these funds from the respective FSU and PCTC students."*

The agreement further specifies the methodology for the assignment of bond debt as follows:

"The Bond Debt assigned to each institution's balance sheet for E&G facilities is allocated based on the average of the past ten (10) years of credit hour enrollments. This average allocated 65.66% of the debt to FSU and 34.34% to the PCTC as of July 1, 2009. The assignment of debt for the Auxiliary facilities will be with the FSU since the FSU will own the assets. However, the PCTC students will continue to pay all Auxiliary fees based on the requirements of those bonds. The allocation of Bond Debt by this Agreement does not affect the obligation of both FSU and PCTC to the bondholders to pay the principal of and interest on the Bonds as the same come due."

As of June 30, 2020, the average allocated 68.72% of the debt to Fairmont State and 31.28% of the debt to Pierpont. As of June 30, 2021, Fairmont State had entered into a Final Separation Agreement with Pierpont, establishing Pierpont's future obligations to Fairmont State for a portion of the debt service on the 2012 Bond Indebtedness. Fairmont State accepted full legal and sole financial responsibility for the Series 2006 Bonds. See note 17 for additional information.

The Series 2012A and Series 2012B continuing disclosure agreement provides for disclosure of annual financial information to the Trustee and bond-rating agencies. This information includes the audited financial statements of Fairmont State and the audited financial statements of Pierpont. The Series 2015A Bonds also require continuing disclosure; however, they were issued by Fairmont State, and fees imposed by Pierpont do not secure the 2015A Bonds.

17. FINAL SEPARATION AGREEMENT

On March 24, 2021, Fairmont State entered into a Memorandum of Understanding with Pierpont for full and final separation. The Final Separation Agreement was executed on April 1, 2021, detailing the final separation, including the division of assets and providing for payment of outstanding indebtedness. The Final Separation Agreement supersedes the Separation of Assets and Liabilities Agreement described in note 16.

17. FINAL SEPARATION AGREEMENT (CONTINUED)

Under the Final Separation Agreement, Fairmont State transferred certain property to Pierpont, including the Gaston Caperton Center in Clarksburg, the real property and any improvements located adjacent to the Gaston Caperton Center, and the Braxton County Center located in Braxton County High School. Fairmont State retained full ownership of all other assets that were previously jointly owned, which included capital assets with a net book value of $54,449,202.

Fairmont State accepted full legal and sole financial responsibility for the Series 2006 Bonds outstanding at June 30, 2021 of $2,667,177. In addition to the principal amount on the financial statements, Fairmont State assumed responsibility for interest in the amount of $129,283. Pierpont assumed the debt obligation to the Commission outstanding at June 30, 2021 in the amount of $1,390,325. This decreased Fairmont State's indebtedness to the Commission by $955,431.

Fairmont State shall be responsible for submitting debt service payments on the Series 2012 Bonds and paying the costs of operating, maintaining, and repairing the facilities refinanced with the Series 2012 Bonds. In addition to the full and final separation of BOG Support assets and liabilities, it was determined that Pierpont shall pay Fairmont State a total of $16,300,000 through 2032 for a portion of the debt service on the 2012 Bonded Indebtedness. Pierpont shall pay Fairmont State $1,300,000 in fiscal year 2022. For fiscal years 2023 through 2032, Pierpont shall pay Fairmont State $1,500,000 per year. The amount due from Pierpont of $16,300,000 is recorded as a receivable in Fairmont State's fiscal year 2021 financial statements and is included in the gain on final separation from Pierpont.

Fairmont State will receive a special appropriation of State funds through the West Virginia Legislature for fiscal year 2022 in the amount of $500,000. This special appropriation is to be received by the West Virginia Council for Community and Technical College Education (the Council) and remitted to Fairmont State. This amount is recorded as a receivable and unearned revenue in Fairmont State's fiscal year 2021 financial statements.

As a result of the Final Separation Agreement, Fairmont State recognized a gain on final separation from Pierpont of $27,872,673. The following table summarizes the components of the gain on final separation:

Cash and other assets assumed by Fairmont State	$ 17,471,726
Capital assets assumed by Fairmont State	17,031,710
Liabilities assumed by Fairmont State	(47,916)
Liabilities transferred to Pierpont	955,431
Assets relinquished by Fairmont State	(2,054,503)
Capital assets transferred to Pierpont	(5,483,775)
Total gain on final separation from Pierpont	$ 27,872,673

18. CONTINGENCIES

The nature of the educational industry is such that, from time to time, claims will be presented against Fairmont State 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 Fairmont State would not seriously affect the financial position of Fairmont State.

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. Fairmont State’s management believes disallowances, if any, will not have a significant financial impact on Fairmont State’s financial position.

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

Fairmont State owns various buildings that are known to contain asbestos. Fairmont State is not required by federal, state, or local laws to remove the asbestos from its buildings. Fairmont State is required by federal environmental, health, and safety regulations to manage the presence of asbestos in its buildings in a safe condition. Fairmont State 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 conditions become known. Fairmont State 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.

Beginning in the first quarter of 2020, the nation and Fairmont State's primary market area were affected by the consequences from the COVID-19 (coronavirus) pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies of many states, including the geographical area in which Fairmont State operates. It is unknown how long these conditions will last and what the complete financial effect will be to Fairmont State. Additionally, it is reasonably possible that estimates made in the financial statements may be adversely impacted in the near-term as a result of these conditions.

19. SERVICE CONCESSION AGREEMENTS

Fairmont State has adopted GASB Statement No. 60. Fairmont State has identified two contracts for services that meet the four criteria of a Service Concession Agreement (SCA). An SCA is defined as a contract between a government and an operator, another government, or a private entity, in which the operator provides services, the operator collects and is compensated by fees from third parties, the government still has control over the services provided, and the government retains ownership of the assets at the end of the contract. The contracts are with Aladdin Food Management Services, LLC (Aladdin) and Follett Higher Education Group (Follett). The management of Fairmont State entered into these agreements to improve the quality of the services to students while increasing the revenues from these operations to support the Falcon Center operating budget.

In the agreement with Aladdin that was effective on July 1, 2018, Fairmont State granted to Aladdin the exclusive right to provide food products and nonalcoholic beverages at its food service facilities. Aladdin provides food service in the Falcon Center, Chick-fil-A, Chilaca, Starbucks, Conference Center, Coffee Shop, Cafeteria, concessions, soda, snack, and food vending at mutually agreed-upon locations for Fairmont State. Aladdin operates the food service operation under a contract fee agreement. Aladdin is paid a fixed administrative fee that increases 5% per year. Aladdin provides vendor contract revenues to Fairmont State based on contractual agreement. The vendor contract revenues from Aladdin in fiscal years 2021 and 2020 were $442,337 and $941,906, respectively. As part of the agreement, Aladdin agreed to pay for certain improvements to the food service facilities on behalf of Fairmont State. Fairmont State reports the improvements as a capital asset with a cost of $2,207,865. The net book value of the improvements is $2,103,184 and $2,160,028 at June 30, 2021 and 2020, respectively. Fairmont State reports unearned revenue in the amount of $1,607,865 and $1,807,865 at June 30, 2021 and 2020, respectively. According to the terms of the agreement, the related revenue will be earned over a period of ten years. In the event the agreement is terminated early, Fairmont State will require the incoming food service operator to pay Aladdin any remaining balance of the donation or Fairmont State will assume responsibility for repayment. Aladdin also provides $100,000 annually to Fairmont State during the term of the agreement for student scholarships.

The bookstore operating agreement was entered into on April 14, 2011 between Fairmont State and Follett. The agreement is for Follett to operate a bookstore for Fairmont State. The contract is for a period of 10 years and may be renewed if both parties agree. Fairmont State will cover the cost of store remodeling as required by Follett in order to properly operate and prepare store premises for business up to $50,000 over the term of the agreement. Follett pays commission to Fairmont State based on the contractual agreement. Follett provided vendor contract revenues to Fairmont State in fiscal year 2021 and 2020 in the amount of $121,911 and $167,750, respectively. In addition to the commission, Follett pays rent of $60,000 per year in monthly installments for rental of the space in the Falcon Center. Follett also provides $15,000 annually to Fairmont State during the term of the agreement for student scholarships.

20. COMPONENT UNIT DISCLOSURES

The following are the notes taken directly from the Foundation’s financial statements starting on the following page.

1. Summary of significant accounting policies:

A. Organization and nature of activities:

Fairmont State Foundation, Inc. (the "Foundation") was established on December 12, 1960 as a nonprofit, tax-exempt corporation to solicit, receive, manage, and administer gifts on behalf of Fairmont State University (FSU). It is a Section 501(c)(3) organization with public charity status under Section 170(b)(1)(A)(vi) of the Internal Revenue Code.

Oversight of the Foundation is the responsibility of an independently elected Board of Directors not otherwise affiliated with FSU. In carrying out its responsibilities, the Board of Directors of the Foundation employs management, forms policy, and maintains fiscal accountability over funds administered by the Foundation. The Statements of Financial Position include all assets under the control of the Foundation's Board of Directors.

B. Basis of accounting:

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

C. Cash equivalents:

For purposes of the 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 in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Other investments are reported at the lower of cost or fair value. Cash and cash equivalents are carried at cost which approximates fair value. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is reported as an increase or decrease in net assets without donor restrictions on the Statements of Activities, unless the income or loss is restricted by donor or law.

E. Property and equipment:

The Foundation capitalizes all expenditures for property and equipment in excess of $500. Property and equipment is carried at cost or, if donated, at the approximate value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of five to forty years. Depreciation expense was $7,782 and $8,140 for the years ended June 30, 2021 and 2020, respectively.

1. Summary of significant accounting policies (Continued):

F. 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.

G. Support and revenue:

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

Unconditional promises to give are reported at net realizable value if, at the time the promise is made, payment is expected to be received in one year or less. Unconditional promises 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.

1. Summary of significant accounting policies (Continued):

H. Functional expense and cost allocation:

The costs of providing program and other activities have been listed on a function basis in the 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
Salaries and wages	Time and effort
Employee benefits	Time and effort
Payroll taxes	Time and effort
Copying and printing	Time and effort
Dues and subscriptions	Time and effort
Insurance	Time and effort
Meetings	Time and effort
Merchant fees	Time and effort
Miscellaneous	Time and effort
Office supplies	Time and effort
Occupancy	Time and effort
Software maintenance	Time and effort
Telephone and internet	Time and effort
Training and education	Time and effort
Travel	Time and effort
Depreciation	Square footage and usage

I. Beneficial interest in perpetual trusts:

The Foundation has been named as a beneficiary to three irrevocable perpetual trusts created under the estates of multiple donors. In accordance with the trust agreements, the Foundation will receive fixed percentages of the annual net income generated from trust assets and has no variance power over the assets held in trust. In accordance with Financial Accounting Standards Board (FASB) ASC 958-605-35-3, the Foundation measures the fair value of the initial contribution and subsequent fair value of the beneficial interest using the fair value of the assets held in trust. Distributions from the trust are recorded as investment income in the year received.

J. Income tax status:

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

1. Summary of significant accounting policies (Continued):

J. Income tax status (Continued):

All required federal information returns for the Foundation have been filed up to and including the tax year ended June 30, 2020. The Foundation's federal information returns for the tax years ended June 30, 2018, 2019 and 2020, remain subject to examination by the Internal Revenue Service.

K. Retirement plan:

The Foundation has a 401(k) Plan covering substantially all employees. Retirement plan expense was $19,874 and $21,091 for the years ended June 30, 2021 and 2020, respectively.

L. Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to use estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

M. Donated use of facilities, materials, and services:

Donated assets or use of assets are reflected as contributions in the accompanying statements at their estimated fair value at date of receipt or over the period of use. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Volunteers have donated significant amounts of time for the Foundation's programs that are not recognized as contributions in the financial statements since the recognition criteria were not.

N. Endowment funds:

The State of West Virginia enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective June 3, 2008, the provisions of which apply to endowment funds existing on or established after that date. The Board of Directors has determined that the majority of the Foundation's net assets with donor restrictions meet the definition of endowment funds under UPMIFA; therefore, the Foundation classifies donor-restricted endowment funds of perpetual duration as net assets with restrictions.

1. Summary of significant accounting policies (Continued):

O. Advertising:

The Foundation expenses advertising production costs as they are incurred and advertising communication costs the first time the advertising takes place.

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, 2021 and 2020.

Q. Adoption of accounting pronouncement:

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers." This standard, along with its related amendments, requires organizations to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This update is implemented by the Foundation beginning on July 1, 2020. The adoption of this standard did not have a material effect on the Foundation's financial statements. The Foundation transitioned to ASU No. 2014-09 in accordance with the modified retrospective approach. The prior-year figures were not adjusted.

2. 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, comprise the following:

	2021	2020
Cash and cash equivalents	$ 1,016,074	$ 1,104,953
Investments	3,287,210	2,854,838
	$ 4,303,284	$ 3,959,791

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

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.

3. 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 (FDIC). 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 local financial institutions. Accounts at the institutions are insured by the FDIC. The Foundation's cash deposits exceeded the FDIC limits at various times during the fiscal year ended June 30, 2021. The amounts on deposit at June 30, 2021 exceeded the federally insured limit by $299,146.

4. Unconditional promises to give:

Unconditional promises to give at June 30, 2021 and 2020 consist of the following:

	2021	2020
Receivable in less than one year	$ 711,535	$ 684,535
Receivable in one to five years	1,221,210	983,459
Receivable in six to ten years	2,000	5,000
Total unconditional promises to give	1,934,745	1,672,994
Less discounts to net present value	(11,307)	(4,550)
Less allowance for uncollectible receivables	(10,229)	(10,229)
Net unconditional promises to give	1,913,209	1,658,215
Less current portion	(703,706)	(676,706)
Long-term portion	$ 1,209,503	$ 981,509

When estimating the fair value of unconditional promises to give, management considers promises of $100,000 or more individually. The relationship with the donor, the donor's past history of making timely payments, and the donor's overall creditworthiness are considered and incorporated into a fair value measurement computed using present value techniques. Unconditional promises to give less than $100,000 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 less than $100,000 that are expected to be collected in more than one year was 0.58% and 0.23% at June 30, 2021 and 2020, 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.

5. Investments:

Investments are carried at market value at June 30, 2021 as follows:

Securities	Cost	Fair Value	Unrealized Gain (Loss)
Investments – Truist Bank Holdings			
Cash equivalents	$ 819,604	$ 819,604	$ -
Mutual funds	17,697,911	20,251,545	2,553,634
Bonds	9,258,641	9,258,929	288
Other	1,898,531	1,968,312	69,781
Total Investments – Truist Bank Holdings	29,674,687	32,298,390	2,623,703
Investments – Gift Annuities			
Cash equivalents	1,175	1,175	-
Mutual funds	117,361	124,300	6,939
Bonds	36,110	36,692	582
Other	8,600	8,681	81
Total Investments – Gift Annuities	163,246	170,848	7,602
Investments – Other (Pioneer)			
Mutual funds	273,216	704,741	431,525
Investments – Other (Business)			
Cash equivalents	27,705	27,705	-
Mutual funds	2,627,024	3,061,158	434,134
Stocks	-	-	-
Bonds	113,680	120,759	7,079
Other	1,656	57,084	55,428
Total Investments – Other (Business)	2,770,065	3,266,706	496,641
Investments – Other (Student Fund)			
Cash equivalents	7,765	7,765	-
Mutual funds	19,617	25,876	6,259
Stocks	72,061	105,692	33,631
Total Investments – Other (Student Fund)	99,443	139,333	39,890
Investments – Other			
Cash equivalents	4,213	4,213	-
Mutual funds	110,292	182,567	72,275
Total Investments – Other	114,505	186,780	72,275
Total Investments	$33,095,162	$36,766,798	$ 3,671,636

5. Investments (Continued):

Investments are carried at market value at June 30, 2020 as follows:

Securities	Cost	Fair Value	Unrealized Gain (Loss)
Investments – Truist Bank Holdings			
Cash equivalents	$ 770,961	$ 770,961	$ -
Mutual funds	16,177,047	17,604,086	1,427,039
Bonds	6,494,361	6,671,822	177,461
Other	341,638	339,827	(1,811)
Total Investments – Truist Bank Holdings	23,784,007	25,386,696	1,602,689
Investments – Gift Annuities			
Cash equivalents	6,335	6,335	-
Mutual funds	100,705	112,823	12,118
Bonds	63,776	66,036	2,260
Other	2,804	2,789	(15)
Total Investments – Gift Annuities	173,620	187,983	14,363
Investments – Other (Pioneer)			
Mutual funds	273,216	377,603	104,387
Investments – Other (Business)			
Cash equivalents	72,973	72,973	-
Mutual funds	1,820,634	1,856,554	35,920
Stocks	576,524	444,528	(131,996)
Bonds	202,821	238,721	35,900
Other	100,577	119,492	18,915
Total Investments – Other (Business)	2,773,529	2,732,268	(41,261)
Investments – Other (Student Fund)			
Cash equivalents	3,024	3,024	-
Mutual funds	33,063	25,575	(7,488)
Stocks	62,718	44,315	(18,403)
Total Investments – Other (Student Fund)	98,805	72,914	(25,891)
Investments – Other			
Cash equivalents	4,213	4,213	-
Mutual funds	110,291	130,271	19,980
Total Investments – Other	114,504	134,484	19,980
Total Investments	$27,217,681	$28,891,948	$ 1,674,267

5. Investments (Continued):

The following schedule summarizes the investment income and its classification in the Statements of Activities for the years ended June 30, 2021 and 2020.

June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Interest	$ 6,211	$ 133	$ 6,344
Dividends	75,698	382,832	458,530
Realized gains	67,366	4,401,556	4,468,922
Unrealized gains (losses)	(43,904)	2,041,273	1,997,369
Proceeds from perpetual trusts	35,457	56,582	92,039
Investment fees	(7,149)	(58,907)	(66,056)
Total investment income	$ 133,679	$ 6,823,469	$ 6,957,148

June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Interest	$ 9,793	$ 13,096	$ 22,889
Dividends	82,384	415,329	497,713
Realized gains	28,177	158,371	186,548
Unrealized gains	49,737	32,923	82,660
Proceeds from perpetual trusts	-	118,347	118,347
Investment fees	(6,879)	(57,868)	(64,747)
Total investment income	$ 163,212	$ 680,198	$ 843,410

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Foundation's investment policy limits the Foundation's investment in fixed-income securities to those with average maturities of 5 - 7 years, with no maturity exceeding 10 years. The Foundation also has donated investments with maturities ranging from 1 - 26 years.

Credit Risk - It is the Foundation's policy to limit its investments in fixed-income securities to not less than investment grade. As of June 30, 2021 and 2020, the Foundation's investments in government bonds were rated AAA and investments in corporate bonds were rated from A1 to BAA1 by nationally recognized statistical rating organizations. The Foundation's mutual bond fund investments were of investment grade.

5. Investments (Continued):

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2021 and 2020, the Foundation's investments evidenced by securities were 100% insured by brokerage insurance and were not subject to custodial credit risk.

6. Fair value measurements:

FASB Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis. There have been no changes in the methodologies used at June 30, 2021.

Equity securities and mutual funds: The fair value of equity securities and mutual funds classified as Level 1 has been measured by reference to quoted market prices.

6. Fair value measurements (Continued):

Promises to give: The fair values of assets in this category, classified as Level 2, are determined by discounting expected future cash flows using US Treasury yield curve rates and life expectancy tables published by the Internal Revenue Service.

Beneficial interest in perpetual trusts: The fair values of assets in this category, classified as Level 2, are determined using the fair value of the assets held in trust. The fair value of assets held in trust has been measured by reference to quoted market prices.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair values of assets measured on a recurring basis at June 30, 2021 is as follows:

June 30, 2021	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Investments			
Mutual funds	$ 24,350,187	$ -	$ 24,350,187
Bonds	9,416,380	-	9,416,380
Stocks	105,692	-	105,692
Other	2,034,077	-	2,034,077
Promises to give	-	1,913,209	1,913,209
Beneficial interest in perpetual trusts	-	3,573,219	3,573,219
Total	$ 35,906,336	$ 5,486,428	$ 41,392,764

6. Fair value measurements (Continued):

Fair values of assets measured on a recurring basis at June 30, 2020 is as follows:

June 30, 2020	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Investments			
Mutual funds	$ 20,106,912	$ -	$ 20,106,912
Bonds	6,976,579	-	6,976,579
Stocks	488,843	-	488,843
Other	462,108	-	462,108
Promises to give	-	1,658,215	1,658,215
Beneficial interest in perpetual trusts	-	3,040,270	3,040,270
Total	$ 28,034,442	$ 4,698,485	$ 32,732,927

7. Property and equipment, net:

A summary of property and equipment at June 30, 2021 and 2020 is as follows:

	2021	2020
Land	$ 68,000	$ 68,000
Buildings and improvements	272,000	272,000
Furniture and equipment	21,063	21,063
	361,063	361,063
Less accumulated depreciation	(41,810)	(34,029)
	$ 319,253	$ 327,034

8. Funds held in custody for other:

The Foundation holds $1,283,260 as of June 30, 2021 for the benefit of Pierpont Foundation, Inc., another unrelated 501(c)(3) organization. Pierpont Foundation, Inc. has requested the transfer of these funds on or before October 31, 2021. The transfers will require the written permission of the contact persons of these funds. Written requests have been sent to each of the affected funds.

9. Long-term debt:

The long-term indebtedness at June 30, 2021 and 2020 consisted of the following:

	2021	2020
Paycheck Protection Program note payable, unsecured, payable in monthly installments of $3,002 beginning December 2020, including interest until November 2022. The note was forgiven on December 4, 2020.	$ -	$ 71,300
Less current portion	(-)	(20,649)
Long-term debt	$ -	$ 50,651

Paycheck Protection Program note payable:

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Securities (CARES) Act was signed into law. The CARES Act stimulus package included a new forgivable loan product offered through the Small Business Administration. The Paycheck Protection Program (PPP) was designed to assist employers with employee retention and the continuation of payroll during the COVID-19 pandemic. On May 8, 2020, the Foundation received a PPP loan from the bank in the amount of $71,300. This loan was forgiven on December 4, 2020.

10. Charitable gift annuities:

The Foundation has entered into several charitable gift annuity agreements with a number of donors. These agreements require the Foundation to pay the donor a rate of return on his/her contribution until his/her death. The present value of the estimated future payments is computed by Truist Bank (formerly BB&T) at the origination of the annuity. The present value of those estimated future payments is recorded in the restricted operating fund at June 30, 2021 and 2020, as follows:

	2021	2020
Lifetime annuities	$ 5,631	$ 9,399
Less current portion	(2,332)	(3,450)
Non-current portion	$ 3,299	$ 5,949

10. Charitable gift annuities (Continued):

Expected future payments by year are as follows:

Fiscal year ending June 30,	Interest	Principal	Total Payments
2022	$ 1,472	$ 2,332	$ 3,804
2023	963	552	1,515
2024	519	283	802
2025	291	283	574
2026	1,457	1,416	2,873
Thereafter	641	765	1,406
	$ 5,343	$ 5,631	$ 10,974

11. Net assets:

Net assets without donor restrictions at June 30, 2021 and 2020 consist of the following:

	2021	2020
Without donor restrictions		
Undesignated	$ 3,312,727	$ 3,442,412
Board-designated endowment funds	1,732,890	1,424,505
	$ 5,045,617	$ 4,866,917

Net assets with donor restrictions at June 30, 2021 and 2020 consist of the following:

	2021	2020
With donor restrictions		
Various education purposes	$ 2,580,033	$ 2,258,635
Scholarships	1,191,080	1,039,709
Beneficial interest in perpetual trusts	3,573,219	3,040,270
Promises to give to endowed scholarship funds	731,296	629,102
For subsequent periods	29,168,189	23,117,815
	$ 37,243,817	$ 30,085,531

12. Endowment funds:

The Foundation's endowment consists of 228 individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation 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 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 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 which create the framework for a well-diversified asset mix that can be expected to generate long-term returns at a level of risk suitable to the Foundation. Accordingly, the Foundation takes a total return approach with regard to endowment assets. The assets are to be invested for the long-term, and a higher short-term volatility in these assets is to be expected and accepted. The total return approach is designed to give the Foundation financial flexibility with regard to ongoing capital structure decisions. The Foundation has a tolerance to accept short-term volatility in the value of the funds in line with the market fluctuations to seek long-term capital growth. Domestic equities of both large and small capitalization, fixed-income, and cash equivalents have been determined to be acceptable vehicles for plan assets. Additional asset classes and style strategies may be incorporated into the investment philosophy in the future.

Spending Policy. The Foundation has a policy for appropriating for distribution up to 4% of the value of the endowment assets. This amount will be calculated using a rolling three year moving average of the market value of the funds at December 31. In extreme market conditions, the Foundation may opt to suspend or alter distributions as appropriate.

12. Endowment funds (Continued):

Endowment net asset composition by type of fund is set forth below.

June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 30,008,699	$ 30,008,699
Board-designated endowment funds	1,732,890	-	1,732,890
	$ 1,732,890	$ 30,008,699	$ 31,741,589

June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 23,860,822	$ 23,860,822
Board-designated endowment funds	1,424,505	-	1,424,505
	$ 1,424,505	$ 23,860,822	$ 25,285,327

Changes in endowment net assets are as follows:

For Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 1,424,505	$ 23,860,822	$ 25,285,327
Contributions	2,100	1,795,588	1,797,688
Investment Income	395,260	6,711,909	7,107,169
Amounts appropriated for expenditure	(87,142)	(2,361,453)	(2,448,595)
Reclassifications	(1,833)	1,833	-
Endowment net assets, end of year	$ 1,732,890	$ 30,008,699	$ 31,741,589

12. Endowment funds (Continued):

For Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 1,463,487	$ 22,711,128	$ 24,174,615
Contributions	2,500	1,750,089	1,752,589
Investment Income	39,047	534,032	573,079
Amounts appropriated for expenditure	(80,529)	(1,134,427)	(1,214,956)
Reclassifications	-	-	-
Endowment net assets, end of year	$ 1,424,505	$ 23,860,822	$ 25,285,327

13. 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. The Foundation facilitates tracking deferred gifts through the use of memorandums of understanding (MOU) and other documentation detailing the donor's intent and stipulations for administration of gifts such as bequests. The balance of these gifts at June 30, 2021 and 2020 totaled $3,155,615 and $2,555,615, respectively. All of the gifts are to be received at the death of the donor.

14. Risks and uncertainties:

During 2020, the World Health Organization declared the spread of COVID-19 a worldwide pandemic. COVID-19 continues to have significant effects on global markets, supply chains, businesses, and communities. COVID-19 may still impact the Foundation's future operations and financial results, including, but not limited to, loss of revenue due to reductions in certain revenue streams and fair value of investment holdings. The Foundation has adapted to this new reality and has taken the proper steps to continue business as usual, including maintaining controls that support the financial statements. However, the full impact of COVID-19 is still unknown and cannot be reasonably estimated.

15. Related party transactions:

Although independently governed, the Foundation raised and managed funds that benefited FSU and managed funds that benefited Pierpont Community and Technical College (PCTC) for the fiscal year ended June 30, 2021. Effective July 1, 2013, by agreement, the Foundation ceased soliciting on behalf of PCTC, but continues to manage their funds. Effective September 30, 2021 the MOU agreement with PCTC will terminate. FSU paid the Foundation $112,000 for these services during the years ended June 30, 2021 and 2020. PCTC paid the Foundation $12,000 and $10,500 for these services during years ended June 30, 2021 and 2020, respectively.

16. Subsequent events:

The Foundation has evaluated all subsequent events through September 24, 2021, the date the financial statements were available to be issued.

21. SEGMENT INFORMATION

Under the auspices of the State and the Board of Governors of Fairmont State (formerly Fairmont State College), Fairmont State issued revenue bonds to finance certain of its auxiliary enterprise and facilities improvement activities. Investors in the auxiliary bonds rely solely on the revenues generated by the activities of the auxiliaries for repayment. The Board of Governors of Fairmont State recognizes that it is bound by all bond covenants and is legally obligated for the bond debt payments. The facilities improvement bonds are special obligations of Fairmont State and payable from system fees held under the Indenture.

The Separation of Assets and Liabilities Agreement between the Boards of Governors of Fairmont State and Pierpont binds both Fairmont State and Pierpont to the debt obligation and is stated as:

"WHEREAS, in addition to the statutory requirements described above, the Bond Documents define the College or University to include any successor thereto and, as such, bind both FSU & PCTC, and both FSU & PCTC have copies of the Bond Documents."

Descriptive information for each of Fairmont State's segments is shown below:

a. *Revenue Refunding Bonds 2012, Series A and Revenue Refunding Bonds 2012, Series B*

On June 12, 2012, Fairmont State, in conjunction with Pierpont, issued Revenue Refunding Bonds Series A and Revenue Refunding Bonds Series B (the 2012 Bonds) amounting to $20,165,000 and $30,160,000, respectively. The 2012A Bonds were issued to (1) currently refund in full the outstanding 2002A and 2002B Bonds and (2) pay the costs of issuance of the Series 2012A Bonds and related costs. The 2012B Bonds were issued to (1) advance refund in full the outstanding 2003A and 2003B Bonds and (2) pay the costs of issuance of the Series 2012B Bonds and related costs.

The 2012A Bonds outstanding consist of $6,385,000 serial bonds with varying interest rates from 2% to 5%, which mature serially through June 1, 2027, and term bonds as follows:

Principal Amount	Maturity Date	Interest Rate
$ 2,430,000	June 1, 2029	3.600%
$ 4,035,000	June 1, 2032	3.450%

The 2012B Bonds outstanding consist of $9,500,000 serial bonds with varying interest rates from 2% to 5%, which mature serially through June 1, 2027, and term bonds as follows:

Principal Amount	Maturity Date	Interest Rate
$ 1,000,000	June 1, 2032	3.450%
$ 8,650,000	June 1, 2032	4.080%

21. SEGMENT INFORMATION (CONTINUED)

Fairmont State and Pierpont have fixed, and will maintain, just and equitable rules, regulations, rents, charges, and fees for the use and occupancy of apartments, housing, and parking facilities, and the student activities center. Fairmont State and Pierpont must fix rents, charges, and fees to produce revenues from these sufficient to pay operating expenses and to make the prescribed payments into the funds and accounts created under the Indenture, and such schedule of rents, charges, and fees shall be revised from time to time to provide for all reasonable operating expenses and provide gross operating revenues equal to at least 100% of maximum annual debt service for the 2012 Bonds and the 2015 Bonds combined. For the years ended June 30, 2021 and 2020, Fairmont State and Pierpont had gross revenues, as defined by the Indenture, that approximated 173% and 180% of the maximum annual debt service, respectively.

b. *Board of Governors of Fairmont State, Facilities Improvement Revenue Bonds, 2006 Series*

On May 9, 2006, Fairmont State issued Facilities Improvement Revenue Bonds (the 2006 Bonds) amounting to $8,500,000. The 2006 Bonds were issued to (1) finance the design, acquisition, construction, and equipping of certain necessary improvements in the facilities of the main campus, including, but not limited to, a technology wing addition/renovation and elevator/HVAC improvements to infrastructure improvements, all of which will be owned by the Boards, and (2) pay the costs of issuance of the 2006 Bonds and related costs.

The 2006 Bonds outstanding are $2,667,177 at June 30, 2021. The 2006 Bonds incurred interest at the rate of 4.18% until (but not including) May 1, 2016. On May 1, 2016, the interest rate on the 2006 Bonds automatically adjusted to the reset rate of 1.74% and shall bear the reset rate from May 1, 2016 to maturity. In accordance with the Final Separation Agreement, Fairmont State accepted full legal and sole financial responsibility for the 2006 Bonds outstanding at June 30, 2021.

c. Board of Governors of Fairmont State, Facilities Construction Revenue Bonds, 2015A Series

On April 7, 2015, Fairmont State issued Facilities Construction Revenue Bonds Series A (the 2015A Bonds) amounting to $30,200,000. The 2015A Bonds were issued to (1) finance the costs of planning, designing, constructing, acquiring, and equipping new student housing facilities; (2) provide payment of capitalized interest on the Series 2015 Bonds; (3) reimburse certain previously incurred expenditures related to the 2015 Project; and (4) pay the costs of issuance of the Series 2015 Bonds and related costs.

The 2015A Bonds outstanding consist of $7,540,000 serial bonds with varying interest rates from 3.00% to 5.00%, which mature serially through June 1, 2030, and term bonds as follows:

Principal Amount	Maturity Date	Interest Rate
$ 2,045,000	June 1, 2032	3.500%
$ 3,345,000	June 1, 2035	3.625%
$ 14,180,000	June 1, 2045	3.750%

21. SEGMENT INFORMATION (CONTINUED)

Fairmont State has pledged all university fees as defined in the Indenture. University fees are the amounts remaining from the system fees after Fairmont State and Pierpont have (1) fulfilled their obligations with respect to the Commission bonds during each six-month period and (2) fulfilled their debt obligations of the Series 2006 bonds. All remaining university fees are allocated for the repair and replacement of the facilities financed with the system bonds.

Condensed financial information for each of Fairmont State's segments as of and for the years ended June 30, 2021 and 2020 follows:

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020
21. SEGMENT INFORMATION (CONTINUED)

	2021	
	Facilities Improvement Bonds 2006, As of/Year Ended June 30, 2021	**Revenue Refunding Bonds 2012 and Housing Construction Bonds 2015 As of/Year Ended June 30, 2021**
CONDENSED SCHEDULE OF NET POSITION		
Assets:		
Current assets	$ 7,044	$ 27,840,571
Noncurrent and capital assets	5,447,174	71,982,843
Total assets	5,454,218	99,823,414
Deferred outflows of resources	-	770,572
Liabilities:		
Current liabilities	522,849	3,590,323
Noncurrent liabilities	2,152,063	57,587,879
Total liabilities	2,674,912	61,178,202
Net position:		
Net investment in capital assets	2,779,306	11,313,348
Restricted/expendable	-	28,102,436
Total net position	$ 2,779,306	$ 39,415,784
CONDENSED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
Operating revenues	$ -	$ 9,320,773
Operating expenses	-	(4,869,110)
Operating income	-	4,451,663
Net nonoperating revenues (expenses)	429,286	14,613,514
Depreciation	(243,505)	(2,239,504)
Increase in net position	185,781	16,825,673
Net position — beginning of year	2,593,525	22,590,111
Net position — end of year	$ 2,779,306	$ 39,415,784
CONDENSED SCHEDULE OF CASH FLOWS		
Net cash provided by operating activities	$ 559,292	$ 4,214,418
Net cash used in capital and related financing activities	(559,292)	(3,941,011)
Net cash provided by investing activities	-	29,843
Increase in cash and cash equivalents	-	303,250
Cash and cash equivalents — beginning of year	-	9,923,318
Cash and cash equivalents — end of year	$ -	$ 10,226,568

Note 1: Pursuant to debt service requirements, the activities of the 2012 Series and 2015 Series Bonds have been combined for segment reporting.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

21. SEGMENT INFORMATION (CONTINUED)

	2020	
	Facilities Improvement Bonds 2006, As of/Year Ended June 30, 2020	**Revenue Refunding Bonds 2012 and Housing Construction Bonds 2015 As of/Year Ended June 30, 2020**
CONDENSED SCHEDULE OF NET POSITION		
Assets:		
Current assets	$ 36,475	$ 11,822,116
Noncurrent and capital assets	5,739,697	74,304,934
Total assets	5,776,172	86,127,050
Deferred outflows of resources	-	840,801
Liabilities:		
Current liabilities	515,470	3,569,899
Noncurrent liabilities	2,667,177	60,807,841
Total liabilities	3,182,647	64,377,740
Net position:		
Net investment in capital assets	2,593,525	11,503,188
Restricted/expendable	-	11,086,923
Total net position	$ 2,593,525	$ 22,590,111
CONDENSED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
Operating revenues	$ -	$ 9,703,211
Operating expenses	-	(5,068,203)
Operating income	-	4,635,008
Net nonoperating revenues (expenses)	535,489	(1,585,154)
Depreciation	(262,480)	(2,596,224)
Increase in net position	273,009	453,630
Net position — beginning of year	2,320,516	22,136,481
Net position — end of year	$ 2,593,525	$ 22,590,111
CONDENSED SCHEDULE OF CASH FLOWS		
Net cash provided by operating activities	$ 559,292	$ 4,375,795
Net cash used in capital and related financing activities	(559,292)	(1,860,064)
Net cash provided by investing activities	-	189,232
Increase in cash and cash equivalents	-	2,704,963
Cash and cash equivalents — beginning of year	-	7,218,355
Cash and cash equivalents — end of year	$ -	$ 9,923,318

Note 1: Segment information may include assets, liabilities, revenue, and expenses that are also contained in Pierpont's financial statements.
Note 2: Pursuant to debt service requirements, the activities of the 2012 Series and 2015 Series Bonds have been combined for segment reporting.
Note 3: Net cash used in capital and related financing activities was erroneously reported showing more cash outlay in FY18 and FY19 than was spent. Outlay amounts were overstated by $1,291,258 and $1,723,642, respectively, thus understating ending cash. This is a segment report error only. The correction runs through FY20 activity.

22. SUBSEQUENT EVENTS

As part of the Final Separation Agreement between Fairmont State and Pierpont dated April 1, 2021 (see more information in note 17), Fairmont State executed efforts to refund its 2012 Series A and B Bonds. During July 2021, Fairmont State issued Revenue Refunding Bonds, 2021 Series A amounting to $26,305,000. The 2021 Series A Bonds were issued to (1) currently refund in full the outstanding 2012A and 2012B Bonds and (2) pay the costs of issuance of the 2021 Series A Bonds and related costs. The issuance of the 2021 Series A Bonds resulted in a gain of $137,770 and an economic gain of $5,283,238. The 2021 Series A Bonds outstanding consist of $26,305,000 serial bonds with an interest rate of 5%, which mature serially through June 1, 2032.

The bond issues are special obligations of Fairmont State and are secured by and payable from certain pledged revenues held under the Bond Indenture (the Indenture). The bonds shall not be deemed to be general obligations or debts of the State within the meaning of the Constitution of the State; neither the credit nor the taxing power of the State is pledged for the payment of the bonds. The 2021 Series A Bonds are fully insured as to principal and interest by Financial Guaranty Insurance Company.

The 2021 Series A and 2015 Series A Bonds' covenants require that the schedules of rent, charges, and fees shall at all times be adequate to produce revenues from the auxiliary facilities sufficient to pay operating expenses and, when combined with infrastructure fees (as defined in the Indenture), to make the prescribed payments into the funds and accounts created hereunder, and that such schedule or schedules of rents, charges, and fees, that shall be revised from time to time to provide for all reasonable operating expenses and leave gross revenues, when combined with other monies legally available to be used for such purposes, each year equal at least 100% of the maximum annual debt service of the 2021 Series A Bonds and the 2015 Series A Bonds of $4,875,856.

Current and future debt service requirements to maturity for the revenue bonds and the corresponding savings from refunding are as follows:

Year Ending	Prior Debt Service (2012 A and B Series)	Refunding Debt Service (2021A Series)	Savings	Present Value to 7/27/2021 @1.0923215%
06/30/2022	$ 3,656,967	$ 3,145,655	$ 511,312	$ 507,620
06/30/2023	3,652,718	3,143,500	509,218	498,925
06/30/2024	3,652,718	3,142,000	510,718	494,899
06/30/2025	3,658,968	3,145,750	513,217	491,993
06/30/2026	3,654,957	3,144,250	510,707	484,340
06/30/2027	3,651,237	3,137,500	513,737	481,995
06/30/2028	3,657,800	3,145,500	512,300	475,498
06/30/2029	3,652,775	3,142,250	510,525	468,737
06/30/2030	3,653,550	3,143,000	510,550	463,707
06/30/2031	3,655,550	3,142,250	513,300	461,135
06/30/2032	3,656,100	3,144,750	511,350	454,389
	$ 40,203,340	$ 34,576,405	$ 5,626,934	$ 5,283,238

23. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

Operating expenses within both natural and functional classifications for the years ended June 30, 2021 and 2020, are represented as follows:

2021

	Salaries and Wages	Benefits	Supplies and Others	Utilities	Scholarships	Depreciation	Loan Cancellations	Fees Assessed by the Commission	Function Total
Auxiliary enterprises	$ 3,024,730	$ 290,950	$ 2,366,654	$ 919,587	$ -	$ -	$ -	$ -	$ 6,601,921
Instruction	13,022,871	3,105,450	1,548,613	13,690	-	-	-	-	17,690,624
Research	53,714	1,943	14,903	-	-	-	-	-	70,560
Public service	304,343	83,659	379,269	-	-	-	-	-	767,271
Academic support	2,633,111	659,045	1,147,173	-	-	-	-	-	4,439,329
Student services	2,886,743	800,825	951,789	-	-	-	-	-	4,639,357
General institutional support	3,502,762	1,085,247	2,665,176	1,440	43,470	-	-	14,993	7,313,088
Student financial aid	101,973	25,690	-	-	7,172,087	-	-	-	7,299,750
Operation and maintenance	1,134,420	426,394	1,503,399	1,117,468	-	-	-	-	4,181,681
Depreciation	-	-	-	-	-	4,957,170	-	-	4,957,170
Loan cancellations and write-offs	-	-	-	-	-	-	273,087	-	273,087
TOTAL	$ 26,664,667	$ 6,479,203	$ 10,576,976	$ 2,052,185	$ 7,215,557	$ 4,957,170	$ 273,087	$ 14,993	$ 58,233,838

2020

	Salaries and Wages	Benefits	Supplies and Others	Utilities	Scholarships	Depreciation	Loan Cancellations	Fees Assessed by the Commission	Function Total
Auxiliary enterprises	$ 3,470,731	$ 624,160	$ 3,071,100	$ 1,022,213	$ -	$ -	$ -	$ -	$ 8,188,204
Instruction	13,598,584	2,779,133	1,837,873	17,055	2,500	-	-	-	18,235,145
Research	57,417	1,399	18,794	-	-	-	-	-	77,610
Public service	379,158	77,103	344,073	-	2,800	-	-	-	803,134
Academic support	2,076,400	450,924	1,031,702	-	1,609	-	-	-	3,560,635
Student services	2,994,509	651,430	1,063,326	-	1,000	-	-	-	4,710,265
General institutional support	3,131,030	878,913	2,400,122	1,415	-	-	-	15,562	6,427,042
Student financial aid	150,795	36,456	-	-	6,107,904	-	-	-	6,295,155
Operation and maintenance	1,200,740	370,647	1,558,044	1,245,603	-	-	-	-	4,375,034
Depreciation	-	-	-	-	-	4,692,517	-	-	4,692,517
Loan cancellations and write-offs	-	-	-	-	-	-	320,877	-	320,877
TOTAL	$ 27,059,364	$ 5,870,165	$ 11,325,034	$ 2,286,286	$ 6,115,813	$ 4,692,517	$ 320,877	$ 15,562	$ 57,685,618

ADDITIONAL INFORMATION

SCHEDULE OF NET POSITION INFORMATION
JUNE 30, 2021

ALL FUNDS	Board of Governors Support Fund	Auxiliary Funds	Unrestricted, Restricted, and Other Funds	Internal Fund Eliminations	Total Institution
ASSETS AND DEFERRED OUTFLOWS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 5,095,710	$ 9,820,283	$ 27,590,671	$ -	$ 42,506,664
Accounts receivable — net	107	242,692	2,061,753	(380,269)	1,924,283
Due from Pierpont — current portion	189,086	1,082,454	28,460	-	1,300,000
Due from Pierpont for debt service — current portion	-	-	-	-	-
Inventories	-	-	150,377	-	150,377
Other current assets	-	-	71,411	-	71,411
Total current assets	5,284,903	11,145,429	29,902,672	(380,269)	45,952,735
NONCURRENT ASSETS:					
Cash and cash equivalents	-	-	220	-	220
Due from Pierpont	2,181,764	12,489,851	328,385	-	15,000,000
Due from Pierpont for debt service	-	-	-	-	-
Other noncurrent assets	-	10,908	270,025	-	280,933
Capital assets — net	54,449,202	77,256,514	6,109,979	-	137,815,695
Total noncurrent assets	56,630,966	89,757,273	6,708,609	-	153,096,848
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred outflows relating to net pension liability	-	-	81,007	-	81,007
Deferred outflows relating to net OPEB liability	-	86,734	1,059,011	-	1,145,745
Deferred loss on refunding	69,270	690,877	10,425	-	770,572
Total deferred outflows of resources	69,270	777,611	1,150,443	-	1,997,324
TOTAL	$ 61,985,139	$ 101,680,313	$ 37,761,724	$ (380,269)	$ 201,046,907
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION					
CURRENT LIABILITIES:					
Accounts payable	$ 120,088	$ 474,872	$ 419,522	$ (380,269)	$ 634,213
Accrued liabilities — payroll	-	243,207	3,403,696	-	3,646,903
Accrued interest payable	20,421	177,619	1,909	-	199,949
Retainages payable	33,100	-	-	-	33,100
Unearned revenue and deposits	-	2,463,898	1,497,050	-	3,960,948
Compensated absences — current portion	-	119,510	986,257	-	1,105,767
Capital leases — current portion	-	-	92,336	-	92,336
Debt obligation due to the Commission — current portion	-	-	-	-	-
Bonds payable — current portion	813,717	2,876,415	44,944	-	3,735,076
Total current liabilities	987,326	6,355,521	6,445,714	(380,269)	13,408,292
NONCURRENT LIABILITIES:					
Net other postemployment benefits liability	-	138,352	1,689,270	-	1,827,622
Compensated absences	-	46,173	424,422	-	470,595
Capital leases	-	-	260,505	-	260,505
Debt obligation to the Commission	-	-	-	-	-
Bonds payable	5,803,237	53,387,154	549,551	-	59,739,942
Net pension liability	-	-	444,232	-	444,232
Total noncurrent liabilities	5,803,237	53,571,679	3,367,980	-	62,742,896
DEFERRED INFLOWS OF RESOURCES:					
Deferred inflows relating to net pension liability	-	-	244,040	-	244,040
Deferred inflows relating to net OPEB liability	-	578,892	7,068,301	-	7,647,193
Total deferred inflows of resources	-	578,892	7,312,341	-	7,891,233
NET POSITION:					
Net investment in capital assets	47,868,418	21,683,822	5,173,068	-	74,725,308
Restricted for — expendable:					
Scholarships	-	-	-	-	-
Capital projects	4,946,739	-	-	-	4,946,739
Debt service	2,379,419	13,572,306	357,091	-	16,308,816
Total restricted	7,326,158	13,572,306	357,091	-	21,255,555
Unrestricted E&G Plant and President’s Control	-	-	10,822,861	-	10,822,861
Unrestricted Auxiliary and Fund Manager Funds	-	5,918,093	4,282,669	-	10,200,762
Total unrestricted	-	5,918,093	15,105,530	-	21,023,623
Total net position	55,194,576	41,174,221	20,635,689	-	117,004,486
TOTAL	$ 61,985,139	$ 101,680,313	$ 37,761,724	$ (380,269)	$ 201,046,907

See note to schedules.

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION INFORMATION
YEAR ENDED JUNE 30, 2021

ALL FUNDS	Board of Governors Support Fund	Auxiliary Funds	Unrestricted, Restricted, and Other Funds	Internal Fund Eliminations	Total Institution
OPERATING REVENUES:					
Student tuition and fees — net	$ -	$ -	$ 13,895,313	$ -	$ 13,895,313
Student activity support revenue	-	-	313,284	(313,284)	-
Auxiliary enterprise revenue	-	6,038,839	4,216,308	-	10,255,147
Auxiliary support services revenue	-	4,632,682	-	(4,227,133)	405,549
Contracts and grants:					
Federal	-	-	1,285,160	-	1,285,160
State	-	-	6,144,580	-	6,144,580
Private	-	-	3,507,689	-	3,507,689
Operating costs revenue	-	-	1,173,778	-	1,173,778
Miscellaneous — net	3,527	84,897	85,145	-	173,569
Total operating revenues	3,527	10,756,418	30,621,257	(4,540,417)	36,840,785
OPERATING EXPENSES:					
Salaries and wages	-	2,332,237	24,332,430	-	26,664,667
Benefits	-	123,574	6,355,629	-	6,479,203
Supplies and other services	183,463	2,382,185	8,011,328	-	10,576,976
Utilities	-	708,872	1,343,313	-	2,052,185
Student financial aid — scholarships and fellowships	-	717,184	6,498,373	-	7,215,557
Depreciation	2,218,623	2,294,399	444,148	-	4,957,170
Assessment for student activity costs	-	-	313,284	(313,284)	-
Assessment for auxiliary fees and debt service	-	-	4,227,133	(4,227,133)	-
Loan cancellations and write-offs	-	67,915	205,172	-	273,087
Fees assessed by the Commission for operations	14,993	-	-	-	14,993
Total operating expenses	2,417,079	8,626,366	51,730,810	(4,540,417)	58,233,838
OPERATING (LOSS) INCOME	(2,413,552)	2,130,052	(21,109,553)	-	(21,393,053)
NONOPERATING REVENUES (EXPENSES):					
State appropriations	-	-	18,600,341	-	18,600,341
Pell grant revenues	-	-	5,979,081	-	5,979,081
Federal HEERF revenue	-	-	4,129,548	-	4,129,548
Federal GEER revenue	-	-	449,680	-	449,680
E&G capital and debt service support revenue	1,086,201	-	-	(767,120)	319,081
Fees assessed to Pierpont for debt service	62,741	-	-	-	62,741
Investment income	11,705	21,313	21,666	-	54,684
Gifts	-	-	313,911	-	313,911
Interest on indebtedness	(200,579)	(2,156,867)	(30,898)	-	(2,388,344)
Loss on disposal of capital assets	(892,216)	(345,203)	(3,286)	-	(1,240,705)
Assessment for E&G capital and debt service costs	-	-	(1,116,297)	767,120	(349,177)
Fees assessed by the Commission for debt service	(48,321)	-	-	-	(48,321)
Total net nonoperating revenues (expenses)	19,531	(2,480,757)	28,343,746	-	25,882,520
(DECREASE) INCREASE IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFER	(2,394,021)	(350,705)	7,234,193	-	4,489,467
PAYMENTS MADE AND EXPENSES INCURRED BY THE COMMISSION ON BEHALF OF FAIRMONT STATE	10,935	-	-	-	10,935
PAYMENTS MADE AND EXPENSES INCURRED ON BEHALF OF FAIRMONT STATE	-	212,810	257,672	-	470,482
CAPITAL BOND PROCEEDS FROM THE STATE	270,559	-	-	-	270,559
GAIN (LOSS) ON FINAL SEPARATION FROM PIERPONT	15,875,818	13,572,305	(1,575,450)	-	27,872,673
INCREASE IN NET POSITION BEFORE TRANSFER	13,763,291	13,434,410	5,916,415	-	33,114,116
TRANSFER OF NET POSITION TO AUXILIARY FUNDS	-	1,654,114	(1,654,114)	-	-
TRANSFER OF NET POSITION FROM PIERPONT	-	-	-	-	-
INCREASE IN NET POSITION	13,763,291	15,088,524	4,262,301	-	33,114,116
NET POSITION — Beginning of year	41,431,285	26,085,697	16,373,388	-	83,890,370
NET POSITION — End of year	$ 55,194,576	$ 41,174,221	$ 20,635,689	$ -	$ 117,004,486

See note to schedules.

SCHEDULE OF CASH FLOW INFORMATION
YEAR ENDED JUNE 30, 2021

	Board of Governors Support Fund	Auxiliary Funds	Unrestricted, Restricted, and Other Funds	Internal Fund Eliminations	Total Institution
CASH FLOWS FROM OPERATING ACTIVITIES:					
Student tuition and fees	$ -	$ -	$ 13,511,857	$ -	$ 13,511,857
Contracts and grants	-	-	11,424,855	-	11,424,855
Payments to and on behalf of employees	-	(2,797,851)	(29,933,684)	-	(32,731,535)
Payments to suppliers	(105,081)	(2,569,544)	(8,479,678)	-	(11,154,303)
Payments to utilities	-	(708,872)	(1,343,313)	-	(2,052,185)
Payments for scholarships and fellowships	-	(717,184)	(6,498,373)	-	(7,215,557)
Auxiliary enterprise charges	-	6,005,735	4,216,308	-	10,222,043
Fees assessed by the Commission	(14,993)	-	-	-	(14,993)
Other receipts — net	3,527	141,872	85,145	-	230,544
Student activity support revenue	-	-	313,284	(313,284)	-
Auxiliary fees and debt service support revenue	-	4,632,682	-	(4,227,133)	405,549
Assessment for student activity costs	-	-	(313,284)	313,284	-
Assessment for auxiliary fees and debt service	-	-	(4,227,133)	4,227,133	-
Operating support services revenue	-	-	1,173,778	-	1,173,778
Net cash (used in) provided by operating activities	(116,547)	3,986,838	(20,070,238)	-	(16,199,947)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
State appropriations	-	-	18,600,341	-	18,600,341
Pell grant revenues	-	-	5,979,081	-	5,979,081
Federal HEERF revenue	-	-	4,129,548	-	4,129,548
Federal GEER revenue	-	-	449,680	-	449,680
Gift receipts	-	-	313,911	-	313,911
William D. Ford direct lending receipts	-	-	15,039,587	-	15,039,587
William D. Ford direct lending payments	-	-	(15,039,587)	-	(15,039,587)
Transfers to Auxiliary Funds	-	1,654,114	(1,654,114)	-	-
Transfers from Pierpont	1,171,693	-	-	-	1,171,693
Transfers to Pierpont	-	-	-	-	-
Net cash provided by noncapital financing activities	1,171,693	1,654,114	27,818,447	-	30,644,254
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Capital bond proceeds from State	270,559	-	-	-	270,559
E&G capital and debt service support revenue	1,086,201	-	-	-	1,086,201
Payments from Pierpont on debt obligation	246,149	-	-	-	246,149
Fees assessed to Pierpont for debt service	62,741	-	-	-	62,741
Fees assessed by the Commission	(48,321)	-	-	-	(48,321)
Purchases of capital assets	(879,905)	(250,830)	(397,931)	-	(1,528,666)
Proceeds from sale of capital assets	8,296	-	-	-	8,296
Principal paid on leases	-	-	(90,414)	-	(90,414)
Interest paid on leases	-	-	(6,374)	-	(6,374)
Assessment for E&G capital and debt service costs	-	-	(1,116,297)	-	(1,116,297)
Payments to the Commission on debt obligation	(134,132)	-	-	-	(134,132)
Principal paid on bonds	(773,897)	(2,667,088)	(40,282)	-	(3,481,267)
Interest paid on bonds	(219,916)	(2,274,581)	(27,435)	-	(2,521,932)
Bond interest income	-	264	5	-	269
Net cash (used in) provided by capital financing activities	(382,225)	(5,192,235)	(1,678,728)	-	(7,253,188)
CASH FLOW FROM INVESTING ACTIVITY — Interest on investments	11,705	21,049	21,661	-	54,415
INCREASE IN CASH AND CASH EQUIVALENTS	684,626	469,766	6,091,142	-	7,245,534
CASH AND CASH EQUIVALENTS — Beginning of year	4,411,084	9,350,517	21,499,749	-	35,261,350
CASH AND CASH EQUIVALENTS — End of year	$ 5,095,710	$ 9,820,283	$ 27,590,891	$ -	$ 42,506,884

(Continued)

SCHEDULE OF CASH FLOW INFORMATION
YEAR ENDED JUNE 30, 2021

	Board of Governors Support Fund	Auxiliary Funds	Unrestricted, Restricted, and Other Funds	Total Institution
RECONCILIATION OF NET OPERATING (LOSS) INCOME TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:				
Operating (loss) income	$ (2,413,552)	$ 2,130,052	$ (21,109,553)	$ (21,393,053)
Adjustments to reconcile net operating (loss) income to net cash (used in) provided by operating activities:				
Depreciation expense	2,218,623	2,294,399	444,148	4,957,170
Pension expense — special funding situation	-	-	101,255	101,255
OPEB expense — special funding situation	-	12,810	156,417	169,227
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Accounts receivable — net	18,584	37,290	(118,822)	(62,948)
Inventories	-	-	18,442	18,442
Deferred outflows of resources	6,313	75,254	(115,023)	(33,456)
Accounts payable	75,008	(180,069)	(337,886)	(442,947)
Accrued liabilities	(2,360)	(63,073)	(845)	(66,278)
Retainages payable	(19,163)	-	-	(19,163)
Unearned revenue and deposits	-	56,975	474,450	531,425
Compensated absences	-	(91,366)	111,616	20,250
Net other postemployment benefits liability	-	(547,895)	(4,006,924)	(4,554,819)
Net pension liability	-	-	16,730	16,730
Deferred inflows of resources	-	262,461	4,295,757	4,558,218
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (116,547)	$ 3,986,838	$ (20,070,238)	$ (16,199,947)
NONCASH TRANSACTIONS:				
Construction in progress additions in retainages payable	$ 33,100	$ -	$ -	$ 33,100
Payments made and expenses incurred by the Commission on behalf of Fairmont State	$ 10,935	$ -	$ -	$ 10,935
Gain (loss) on final separation from Pierpont (exclusive of $1,171,693 of cash)	$ 14,704,125	$ 13,572,305	$ (1,575,450)	$ 26,700,980
Transfer from Pierpont (exclusive of $0 of cash)	$ -	$ -	$ -	$ -
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION:				
Cash and cash equivalents classified at current	$ 5,095,710	$ 9,820,283	$ 27,590,671	$ 42,506,664
Cash and cash equivalents classified at noncurrent	-	-	220	220
	$ 5,095,710	$ 9,820,283	$ 27,590,891	$ 42,506,884

(Concluded)

See note to schedules.

FAIRMONT STATE UNIVERSITY

SCHEDULE OF NATURAL VS. FUNCTIONAL CLASSIFICATIONS INFORMATION
YEAR ENDED JUNE 30, 2021

INTERNAL FUND: BOG Support

Function	Salaries and Wages	Benefits	Supplies and Others	Utilities	Scholarships	Depreciation	Loan Cancellations	Fees Assessed by the Commission	Function Total
Auxiliary enterprises	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Instruction	-	-	-	-	-	-	-	-	-
Research	-	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-	-
Student services	-	-	-	-	-	-	-	-	-
General institutional support	-	-	-	-	-	-	-	14,993	14,993
Student financial aid	-	-	-	-	-	-	-	-	-
Operation and maintenance	-	-	183,463	-	-	-	-	-	183,463
Depreciation	-	-	-	-	-	2,218,623	-	-	2,218,623
Loan cancellations and write-offs	-	-	-	-	-	-	-	-	-
TOTAL	$ -	$ -	$ 183,463	$ -	$ -	$ 2,218,623	$ -	$ 14,993	$ 2,417,079

See note to schedules.

(Continued)

FAIRMONT STATE UNIVERSITY

SCHEDULE OF NATURAL VS. FUNCTIONAL CLASSIFICATIONS INFORMATION
YEAR ENDED JUNE 30, 2021

INTERNAL FUND: AUXILIARY

Function	Salaries and Wages	Benefits	Supplies and Others	Utilities	Scholarships	Depreciation	Loan Cancellations	Function Total
Auxiliary enterprises	$ 2,065,722	$ 66,491	$ 2,171,959	$ 708,872	$ -	$ -	$ -	$ 5,013,044
Instruction	-	-	-	-	-	-	-	-
Research	-	-	-	-	-	-	-	-
Public service	-	-	4,880	-	-	-	-	4,880
Academic support	-	-	-	-	-	-	-	-
Student services	42,519	15,787	110	-	-	-	-	58,416
General institutional support	147,402	41,296	176,015	-	-	-	-	364,713
Student financial aid	-	-	-	-	717,184	-	-	717,184
Operation and maintenance	76,594	-	29,221	-	-	-	-	105,815
Depreciation	-	-	-	-	-	2,294,399	-	2,294,399
Loan cancellations and write-offs	-	-	-	-	-	-	67,915	67,915
TOTAL	$ 2,332,237	$ 123,574	$ 2,382,185	$ 708,872	$ 717,184	$ 2,294,399	$ 67,915	$ 8,626,366

See note to schedules.

(Continued)

FAIRMONT STATE UNIVERSITY

SCHEDULE OF NATURAL VS. FUNCTIONAL CLASSIFICATIONS INFORMATION
YEAR ENDED JUNE 30, 2021

INTERNAL FUND: UNRESTRICTED, RESTRICTED, AND OTHER FUNDS

Function	Salaries and Wages	Benefits	Supplies and Others	Utilities	Scholarships	Depreciation	Assessment for Student Activity Costs	Assessment for Auxiliary Fees and Debt Service	Loan Cancellations	Function Total
Auxiliary enterprises	$ 959,008	$ 224,459	$ 194,695	$ 210,715	$ -	$ -	$ -	$ 4,227,133	$ -	$ 5,816,010
Instruction	13,022,871	3,105,450	1,548,613	13,690	-	-	-	-	-	17,690,624
Research	53,714	1,943	14,903	-	-	-	-	-	-	70,560
Public service	304,343	83,659	374,389	-	-	-	-	-	-	762,391
Academic support	2,633,111	659,045	1,147,173	-	-	-	-	-	-	4,439,329
Student services	2,844,224	785,038	951,679	-	-	-	313,284	-	-	4,894,225
General institutional support	3,355,360	1,043,951	2,489,161	1,440	43,470	-	-	-	-	6,933,382
Student financial aid	101,973	25,690	-	-	6,454,903	-	-	-	-	6,582,566
Operation and maintenance	1,057,826	426,394	1,290,715	1,117,468	-	-	-	-	-	3,892,403
Depreciation	-	-	-	-	-	444,148	-	-	-	444,148
Loan cancellations and write-offs	-	-	-	-	-	-	-	-	205,172	205,172
TOTAL	$ 24,332,430	$ 6,355,629	$ 8,011,328	$ 1,343,313	$ 6,498,373	$ 444,148	$ 313,284	$ 4,227,133	$ 205,172	$ 51,730,810

See note to schedules.

(Concluded)

1. INTERNAL FUND FINANCIAL DATA

The additional information schedules are included to comply with the requirements of the Commission to provide financial information for all internal funds of Fairmont State. This presentation provides financial information for Fairmont State University, Fairmont State Auxiliaries, and Board of Governors Support (BOG Support). The BOG Support internal fund consists of capital funds for all E&G shared bonding and plant repairs and replacements, plant and other capitalized assets, and grants in support of capital projects. In prior years, the BOG Support fund comprised Fairmont State's ownership based on the Separation of Assets and Liabilities Agreement, which was 68.72% as of June 30, 2020. On April 1, 2021, Fairmont State signed a Final Separation Agreement with Pierpont. The BOG Support fund as of June 30, 2021 provides the financial outcome of the final separation in regard to assets and liabilities transferred to and from Fairmont State. The details of the final separation are also included in note 17 of the financial statements.

Financial Schedules - The financial schedules for Fairmont State University, Auxiliary, and BOG Support are produced from Fairmont State's financial reporting system. Data for the BOG Support component included in Pierpont's financial statements is provided by Fairmont State through its financial reporting system in accordance with the Separation of Assets agreement.

The following represents additional footnotes regarding auxiliary and capital fees transferred to Fairmont State from Pierpont per bond indenture requirements and the Separation of Assets agreement.

a. *Revenues* – Required auxiliary and capital fee revenues are recorded as revenues to the institution in which the student is enrolled. These revenues are then transferred to the auxiliary and capital funds from which the operating, capital, and debt service expenditures are paid (primarily Fairmont State funds). Most of these fees are pledged on revenue bonds and must be transferred to maintain compliance with bond covenants. Housing and meal plan revenues, also bonded revenues, are collected by Pierpont and transferred to Fairmont State and recorded as auxiliary enterprise revenues.

b. *Expenses* – During fiscal year 2021, Fairmont State and Pierpont had a fee for service agreement. The costs incurred for services provided on Pierpont's behalf are recorded in the operating expenses of Fairmont State's financial statements. The revenue to support those expenses is recorded as operating cost revenue for fiscal year 2021 to provide consistency in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

FAIRMONT STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2021

State Teachers' Retirement System
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Fairmont State's proportion of the net pension liability (asset) (percentage)	0.013792%	0.014369%	0.019626%	0.021664%	0.024067%	0.032680%	0.040054%			
Fairmont State's proportionate share of the net pension liability (asset)	$ 444,232	$ 427,502	$ 612,774	$ 748,485	$ 989,102	$ 1,132,445	$ 1,381,799			
State's proportionate share of the net pension liability (asset)	965,233	956,671	1,587,733	1,655,218	1,883,975	2,583,977	3,122,299			
Total proportionate share of the net pension liability (asset)	$ 1,409,465	$ 1,384,173	$ 2,200,507	$ 2,403,703	$ 2,873,077	$ 3,716,422	$ 4,504,098			
Fairmont State's covered payroll	$ 380,750	$ 430,279	$ 576,374	$ 597,892	$ 622,017	$ 988,972	$ 1,226,834			
Fairmont State's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	116.67%	99.35%	106.32%	125.19%	159.02%	114.51%	112.63%			
Plan fiduciary net position as a percentage of the total pension liability	70.89%	72.64%	71.20%	67.85%	61.42%	66.25%	65.95%			

* - 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, Fairmont State should present information for those years for which information is available.

FAIRMONT STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
JUNE 30, 2021

State Teachers' Retirement System
Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 37,624	$ 57,411	$ 63,581	$ 86,001	$ 89,684	$ 93,303	$ 148,605			
Contributions in relation to the contractually required contribution	(37,624)	(57,411)	(63,581)	(86,001)	(89,684)	(93,303)	(148,605)			
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -			
Fairmont State's covered payroll	$ 250,828	$ 380,750	$ 430,279	$ 576,374	$ 597,892	$ 622,017	$ 988,972			
Contributions as a percentage of covered payroll	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%			

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

FAIRMONT STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
JUNE 30, 2021

Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Fairmont State's proportion of the net OPEB liability (asset) (percentage)	0.413777505%	0.384685313%	0.387761292%	0.369685982%						
Fairmont State's proportionate share of the net OPEB liability (asset)	$ 1,827,622	$ 6,382,441	$ 8,319,171	$ 9,090,538						
State's proportionate share of the net OPEB liability (asset)	394,010	1,306,132	1,719,350	1,867,207						
Total proportionate share of the net OPEB liability (asset)	$ 2,221,632	$ 7,688,573	$ 10,038,521	$ 10,957,745						
Fairmont State's covered-employee payroll	$ 19,723,043	$ 19,895,139	$ 19,811,760	$ 20,782,693						
Fairmont State's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	9.27%	32.08%	41.99%	43.74%						
Plan fiduciary net position as a percentage of the total OPEB liability	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, Fairmont State should present information for those years for which information is available.

FAIRMONT STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
JUNE 30, 2021

Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily required contribution	$ 793,996	$ 799,951	$ 826,561	$ 827,995						
Contributions in relation to the statutorily required contribution	(793,996)	(799,951)	(826,561)	(827,995)						
Contribution deficiency (excess)	$ -	$ -	$ -	$ -						
Fairmont State's covered-employee payroll	$ 20,061,628	$ 19,723,043	$ 19,895,139	$ 19,811,760						
Contributions as a percentage of covered-employee payroll	3.96%	4.06%	4.15%	4.18%						

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

FAIRMONT STATE UNIVERSITY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2021 AND 2020

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
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%
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%

FAIRMONT STATE UNIVERSITY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2021 AND 2020

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
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%

FAIRMONT STATE UNIVERSITY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2021 AND 2020

	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 Comprehensive Annual Financial Report for the corresponding year.

FAIRMONT STATE UNIVERSITY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB
YEARS ENDED JUNE 30, 2021 AND 2020

Actuarial Changes Other Postemployment Benefits Plan

The actuarial assumptions used in the total OPEB liability 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
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.

Suttle & Stalnaker Certified Public Accountants
A Professional Limited Liability Company

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Governors
Fairmont State University
Fairmont, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of Fairmont State University (Fairmont State), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Fairmont State's financial statements, and have issued our report thereon dated October 13, 2021. Our report includes a reference to other auditors who audited the financial statements of the Fairmont State Foundation, Inc. (the Foundation), as described in our report on Fairmont State's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards.* Accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
October 13, 2021