

**WEST VIRGINIA HIGHER EDUCATION FUND**  
(A Component Unit of the State of West Virginia)

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2021 AND 2020**



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**WEST VIRGINIA HIGHER EDUCATION FUND**  
**(A Component Unit of the State of West Virginia)**  
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**YEARS ENDED JUNE 30, 2021 AND 2020**

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## INDEPENDENT AUDITORS' REPORT

West Virginia Higher Education  
Policy Commission  
Charleston, West Virginia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the West Virginia Higher Education Fund (the Fund), a component unit of the State of West Virginia, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Fund's basic 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 the financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these basic financial statements based on our audits. We did not audit the financial statements of Fairmont State University, Glenville State College, West Virginia Council for Community and Technical College Education, and the West Virginia School of Osteopathic Medicine (collectively, the Other Institutions) for the years ended June 30, 2021 and 2020 which represent 18%, 25%, and 15%, respectively, of total assets, total net position, and total revenues of the Fund in 2021 and 18%, 26%, and 15%, respectively, of total assets, total net position and total revenues of the Fund in 2020. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Other Institutions, is based solely on the reports of such other auditors. We also did not audit the financial statements of the discretely presented component units as defined in Note 2 to the financial statements, other than the Blue Ridge Community and Technical College Foundation, Inc., (collectively, the Other Discretely Presented Component Units), for the years ended June 30, 2021 and 2020, which represent 100%, 100%, and 100%, of total assets, total net position, and total revenues of the discretely presented component units in 2021 and 2020. The Other Discretely Presented Component Units' statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the discretely presented component units' financial statements, is based solely on the reports of such other audits. We, and the auditors for the Other Institutions, and the auditors of the Shepherd University Foundation, Inc. and Supporting Organization (SUF) 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 of material misstatement. The discretely presented component unit's financial statements, other than SUF, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audits and the reports 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 aggregate discretely presented component units of the Fund 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 conformity with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matters***

The independent auditors' report of other auditors on the 2021 financial statements of Provident Group – Marshall Properties, LLC (Provident – Marshall), a discretely presented component unit, contained an emphasis of a matter paragraph. As discussed in Note 20 to the financial statements, Provident – Marshall has debt obligations due within a year that will likely not be met that raise substantial doubt about its ability to continue as a going concern. At June 30, 2021, Provident – Marshall did not meet the debt service coverage ratio requirement under the terms of the Reimbursement Agreement with the letter of credit provider. In addition, as discussed in Note 20 to the financial statements, Provident – Marshall's operations have been disrupted by the COVID-19 pandemic, which adversely impacted the demand for on-campus housing. These events and uncertainties cast substantial doubt on Provident – Marshall's ability to continue as a going concern through the period ending twelve months from the date of this report. Management's plans in regard to these matters are described in Note 20. The financial statements of Provident – Marshall do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Proportionate Share of TRS Net Pension Liability, Schedule of Proportionate Share of Net Other Postemployment Liability, and Schedule of Employer Contributions (the Required Supplementary Information) as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the West Virginia Higher Education Fund's financial statements. The Schedule of Combining Net Position Information and Schedule of Combining Revenues, Expenses, and Changes in Net Position Information (the Supplementary Information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the Supplementary Information is fairly stated, in all material respects, in relation to the basic 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 29, 2021, on our consideration of the Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
October 29, 2021

**WEST VIRGINIA HIGHER EDUCATION FUND**  
**(A Component Unit of the State of West Virginia)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FISCAL YEAR 2021**  
**(UNAUDITED)**

**Overview of the Financial Statements and Financial Analysis**

The West Virginia Higher Education Fund (the Fund) is comprised of twenty public colleges and universities and two administrative units. The Fund is a discretely presented component unit of the State of West Virginia (the State). The supervision and management of the affairs of each institution is the responsibility of individual Governing Boards, while the West Virginia Higher Education Policy Commission (the Commission and the West Virginia Council for Community and Technical College Education (the Council) are responsible for the development and implementation of a higher education policy agenda.

Governmental Accounting Standards Board (GASB) standards require the audited financial statements of certain institutions' component units to be separately presented as a discrete component unit in the institution's and Fund's financial statements for the fiscal years ended June 30, 2021 and 2020. These component units are private nonprofit organizations that report under the Financial Accounting Standards Board (FASB). A supplemental information schedule is provided presenting these statements on a consolidated GASB basis to meet the State's reporting requirements.

The following discussion and analysis of the Fund's financial statements provides an overview of its financial activities for Fiscal Years 2021 and 2020 and is required supplemental information. The emphasis of discussions about these statements will focus on current year data in comparison to prior year. There are three financial statements presented: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows.

**Statements of Net Position**

The statements of net position present the assets and deferred outflows of resources, liabilities and deferred inflow of resources and net position of the Fund and is a point of time financial statement. The purpose of the statement of net position is to present to the readers of the financial statements a fiscal snapshot of the Fund. The statement of net position presents end-of-year data concerning assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position (assets and deferred outflows minus liabilities and deferred inflows).

From the data presented, readers of the statements of net position are able to determine the assets available to continue the operations of the Fund. They are also able to determine how much the Fund owes vendors, employees, investors and lending institutions. Finally, the statements of net position provides a picture of the net position (assets and deferred outflows minus liabilities and deferred inflows).

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**FISCAL YEAR 2021**  
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Net position is divided into three major categories. The first category, net investment in capital assets, provides the Fund's equity in land, buildings, furniture, and equipment owned by the Fund less related long-term debt issued to finance capital assets. The next net position category is restricted, which is divided into two categories, nonexpendable and expendable. The nonexpendable restricted category is used for an endowment program where funds are invested and the earnings are available for expenditure but the original principal is not. The expendable restricted category reflects amounts that are available for expenditure by the Fund but have a specific purpose. The final category is unrestricted. The unrestricted category is used to record amounts that are available to be used for any lawful purpose of the Fund.

**Condensed Schedules of Net Position**  
**(In thousands of dollars)**

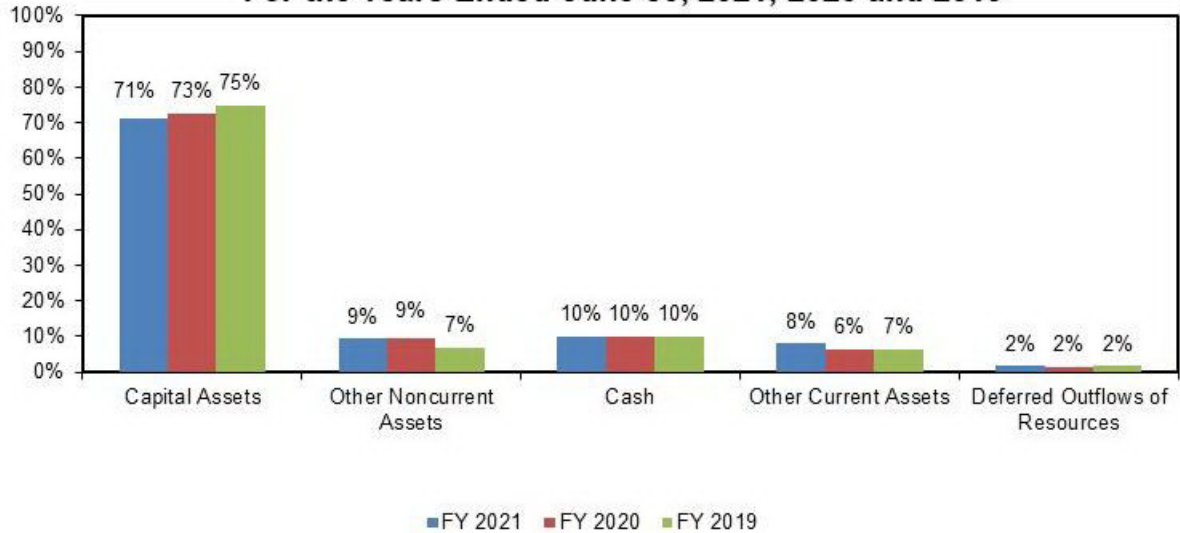
	<u>June 30</u> 2021	<u>June 30</u> 2020	<u>June 30</u> 2019
Assets			
Current Assets	\$ 834,459	\$ 719,740	\$ 701,020
Capital Assets, Net	3,317,584	3,212,488	3,143,208
Other Noncurrent Assets	436,904	415,846	289,457
Total Assets	<u>4,588,947</u>	<u>4,348,074</u>	<u>4,133,685</u>
Deferred Outflows of Resources	<u>78,759</u>	<u>71,790</u>	<u>70,534</u>
Total	<u>\$ 4,667,706</u>	<u>\$ 4,419,864</u>	<u>\$ 4,204,219</u>
Liabilities			
Current Liabilities	\$ 409,318	\$ 411,228	\$ 362,572
Noncurrent Liabilities	1,629,570	1,724,026	1,637,932
Total Liabilities	<u>2,038,888</u>	<u>2,135,254</u>	<u>2,000,504</u>
Deferred Inflows of Resources	<u>224,833</u>	<u>150,372</u>	<u>126,289</u>
Total	<u>2,263,721</u>	<u>2,285,626</u>	<u>2,126,793</u>
Net Position			
Net Investment in Capital Assets	2,144,804	2,111,067	2,116,224
Restricted-expendable	199,748	134,475	96,403
Restricted-nonexpendable	35,204	35,843	37,257
Unrestricted	24,229	(147,147)	(172,458)
Total Net Position	<u>2,403,985</u>	<u>2,134,238</u>	<u>2,077,426</u>
Total	<u>\$ 4,667,706</u>	<u>\$ 4,419,864</u>	<u>\$ 4,204,219</u>



**WEST VIRGINIA HIGHER EDUCATION FUND  
(A Component Unit of the State of West Virginia)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR 2021  
(UNAUDITED)**

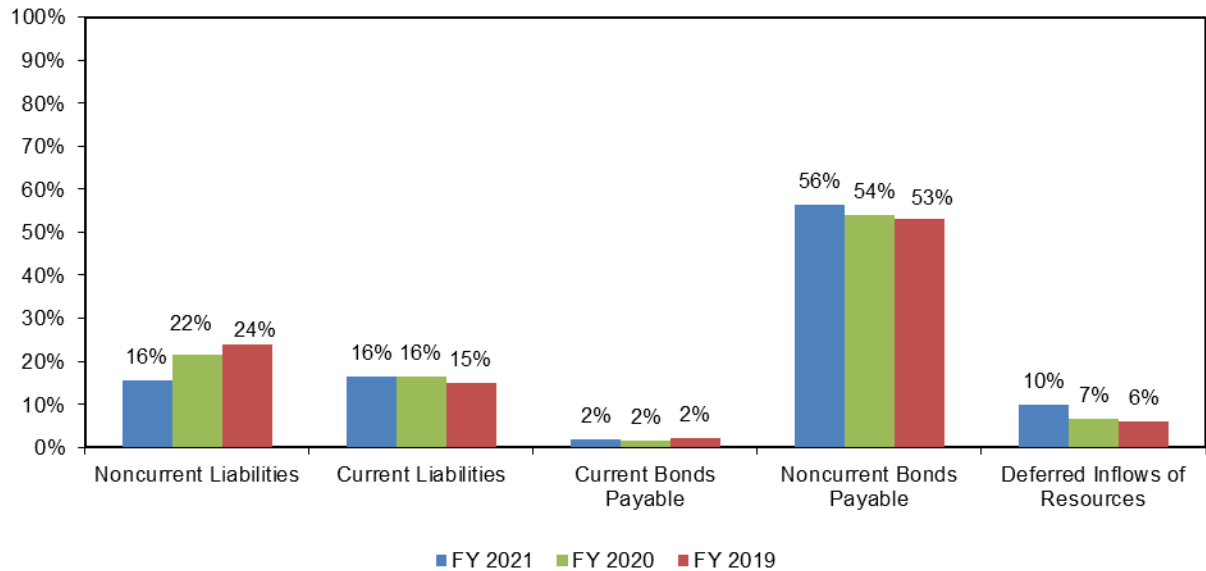
## Assets and Deferred Outflows Composition

For the Years Ended June 30, 2021, 2020 and 2019



## Liabilities and Deferred Inflows Composition

For the Years Ended June 30, 2021, 2020 and 2019



**WEST VIRGINIA HIGHER EDUCATION FUND**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FISCAL YEAR 2021**  
**(UNAUDITED)**

Major items of note in the Statement of Net Position include:

- Total current assets of \$834.5 million exceeded total current liabilities of \$409.3 million as of June 30, 2021 for net working capital of \$425.2 million as compared to net working capital of \$308.5 million and \$338.4 million as of June 30, 2020 and 2019, respectively. Current assets increased by \$114.8 million from 2020 to 2021 and increased \$18.7 million from 2019 to 2020, while current liabilities decreased by \$1.9 million from 2020 to 2021 and increased by \$48.6 million from 2019 to 2020.
- The major components of current assets include cash and cash equivalents of \$462.1 million, \$435.2 million, and \$425.5 million and net accounts receivable of \$166.9 million, \$134.3 million, and \$127.8 million as of June 30, 2021, 2020, and 2019, respectively. The majority of the cash and cash equivalents represent interest earning assets invested through the office of the West Virginia State Treasurer which invested with Board of Treasury Investments at June 30, 2021, 2020 and 2019.
- The major components of current liabilities include \$113.8 million, \$107.8 million, and \$82.9 million of unearned revenue, \$70.5 million, \$87.4 million, and \$70.4 million, in accounts payable, \$107.8 million, \$100.1 million, and \$92.5 million of accrued liabilities, \$54.1 million, \$53.7 million, and \$48.1 million in accrued compensated absences, and \$39.1 million, \$36.1 million, and \$43.2 million in current portion of bonds payable as of June 30, 2021, 2020, and 2019, respectively.
- The changes from last year in the level of most of the current assets and liabilities reflect normal fluctuations in business operations; current construction projects activities and changes in grant activities.
- Noncurrent assets total \$3,754.5 million, \$3,628.3 million, and \$3,432.7 million and noncurrent liabilities total \$1,629.6 million, \$1,724.0 million, and \$1,637.9 million as of June 30, 2021, 2020, and 2019, respectively. Noncurrent assets increased by \$126.2 million from 2020 to 2021 and increased by \$195.6 million from 2019 to 2020 while noncurrent liabilities decreased by \$94.4 million from 2020 to 2021 and increased \$86.1 million from 2019 to 2020.
- The primary noncurrent asset is \$3,317.6 million, \$3,212.5 million, and \$3,143.2 million, of net capital assets as of June 30, 2021, 2020, and 2019, respectively. Also included as noncurrent assets are cash and cash equivalents primarily for capital purposes of \$149.8 million, \$120.7 million, and \$56.0 million, investments for capital purposes totaling \$229.6 million, \$232.2 million, and \$167.1 million, and net loans to students of \$32.1 million, \$36.7 million, and \$39.4 million as of June 30, 2021, 2020, and 2019, respectively.

**WEST VIRGINIA HIGHER EDUCATION FUND**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FISCAL YEAR 2021**  
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- Major components of noncurrent liabilities include long-term bonds payable totaling \$1,275.3 million, \$1,231.6 million, and \$1,132.2 million, capital leases of \$68.2 million, \$91.3 million, and \$38.2 million, advances from federal sponsors of \$29.2 million, \$31.1 million, and \$37.8 million, notes payable of \$100.6 million, \$66.1 million, and \$67.8 million, and accruals for other post employment benefit liability of \$54.2 million, \$204.2 million, and \$262.2 million, as of June 30, 2021, 2020, and 2019, respectively. In addition, the net pension liability recorded was \$11.6 million, \$11.4 million and \$13.8 million, as of June 30, 2021, 2020 and 2019, respectively.
- Other post-employment benefit (OPEB) liability decreased by \$150.0 million, \$58.0 million and \$21.3 million, as of June 30, 2021, 2020, and 2019, respectively. In 2021, the decrease is related to significant changes in assumptions related to capped subsidy rates, per capita costs, and trend rates.
- Deferred outflows of resources increased from \$70.5 million, as of June 30, 2019, to \$71.8 million, as of June 30, 2020 and increased to \$78.8 million as of June 30, 2021. The 2021 increase is the result of an increase in the deferred loss on refunding of \$5.5 million, and increase in the OPEB of \$1.1 million and deferred outflows related to pensions of \$0.3 million. The 2020 increase is the result of an increase in the deferred loss on refunding of \$4.5 million offset by a decrease in the OPEB of \$2.5 million and deferred outflows related to pensions of \$0.6 million.
- Most of the FY 2021, \$74.4 million increase in deferred inflows was a result of an increase in the inflows related to OPEB of \$79.0 million and a decrease of inflows related to pensions of \$2.0 million, offset by a decrease in service concession arrangements of \$1.7 million.
- The net position of the Fund totaled \$2,404.0 million, \$2,134.2 million, and \$2,077.4 million as of June 30, 2021, 2020, and 2019, respectively, an increase of \$269.8 million from 2020 to 2021 and \$56.8 million from 2019 to 2020.
  - Net investment in capital assets totaled \$2,144.8 million, \$2,111.1 million, and \$2,116.2 million as of June 30, 2021, 2020, and 2019, respectively.
  - Restricted expendable net position totaled \$199.7 million, \$134.5 million, and \$96.4 million and included \$73.3 million, \$52.2 million, \$25.1 million for sponsored projects, \$12.2 million, \$12.4 million, and \$24.9 million, for capital projects, and \$17.3 million, \$16.7 million, and \$15.9 million for loan programs as of June 30, 2021, 2020, and 2019, respectively.
  - Unrestricted net position totaled \$24.2 million, (\$147.1) million, and (\$172.5) million as of June 30, 2021, 2020, and 2019, respectively, and represents net position available to the Fund for any lawful purpose of the Fund.
- The increase in net position is more fully explained in the following section.

**WEST VIRGINIA HIGHER EDUCATION FUND**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FISCAL YEAR 2021**  
**(UNAUDITED)**

**Statements of Revenues, Expenses, and Changes in Net Position**

Changes in total net position as presented on the statements of net position are based on the activity presented in the statements of revenues, expenses, and changes in net position. The purpose of the statement is to present the revenues of the Fund, both operating and nonoperating, and the expenses of the Fund, operating and nonoperating, and any other revenues, expenses, gains or losses of the Fund.

Operating revenues represent the receipts earned from providing goods and service to the various customers and constituencies served by the Fund, including fees from students and revenue in the form of Federal and State grants used to support operations and various initiatives. Operating expenses are those expenses incurred in the form of staff salaries, benefits and various goods and services to carry out the mission of the Fund. Revenues for which goods and services are not provided are reported as nonoperating revenues. For example, State appropriations are nonoperating because they are provided by the West Virginia State Legislature to the Fund without the Legislature directly receiving commensurate goods and services for those revenues. Likewise, Pell grants are reported as nonoperating because of specific guidance in the GASB implementation guide.

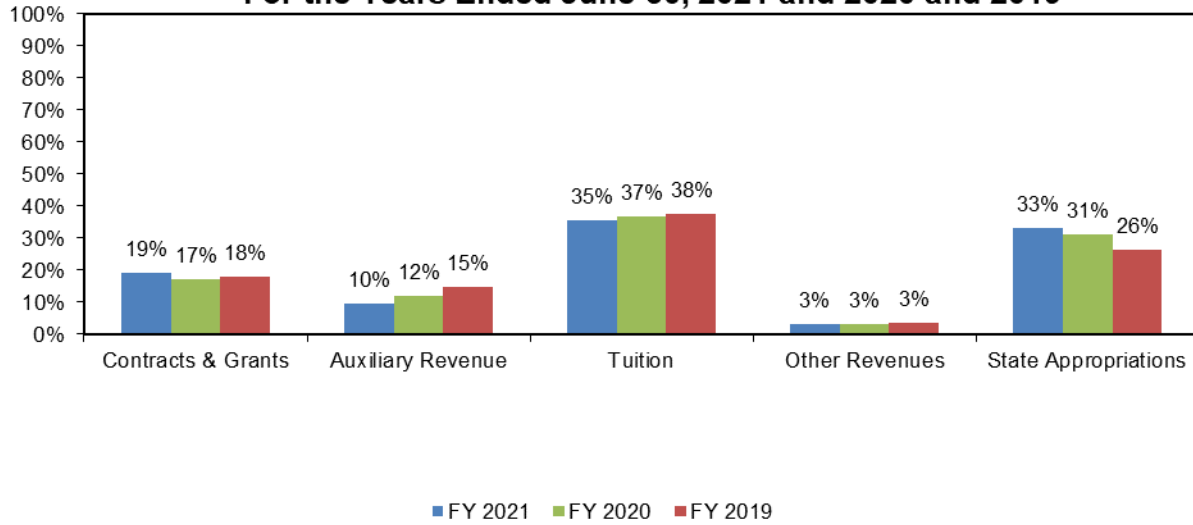
**Condensed Schedules of Revenues, Expenses, and Changes in Net Position**  
**(In thousands of dollars)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Revenues	\$ 1,160,477	\$ 1,180,402	\$ 1,258,532
Operating Expenses	1,886,335	1,923,645	1,866,077
Operating Loss	<u>(725,858)</u>	<u>(743,243)</u>	<u>(607,545)</u>
Net Nonoperating Revenues	<u>871,454</u>	<u>774,317</u>	<u>606,434</u>
Income (Loss) Before Other Revenues, Expenses, Gains and Losses	145,596	31,074	(1,111)
Capital Grants, Appropriations and Gifts	122,762	24,503	27,683
Capital Bond Proceeds from the State	919	435	126
Capital Payments Made on Behalf of the Fund	470	800	2,055
State Capital Grants	<u>-</u>	<u>-</u>	<u>165</u>
Increase in Net Position	<u>\$ 269,747</u>	<u>\$ 56,812</u>	<u>\$ 28,918</u>

**WEST VIRGINIA HIGHER EDUCATION FUND  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR 2021  
(UNAUDITED)**

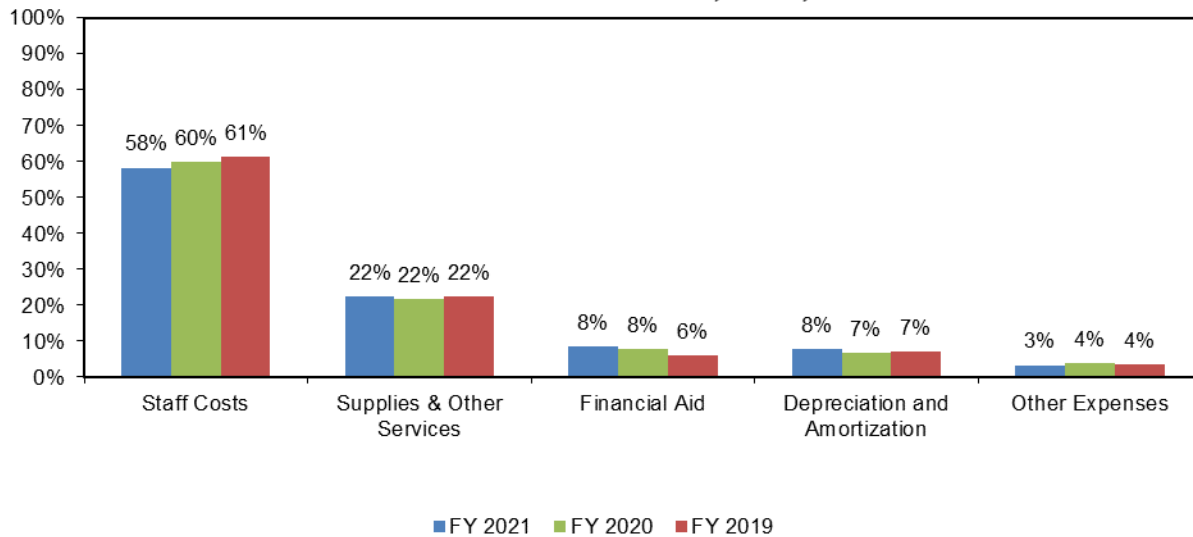
## Operating Revenues and State Appropriations

**For the Years Ended June 30, 2021 and 2020 and 2019**



## Total Operating Expenses

**For the Years Ended June 30, 2021, 2020 and 2019**



**WEST VIRGINIA HIGHER EDUCATION FUND**  
**(A Component Unit of the State of West Virginia)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FISCAL YEAR 2021**  
**(UNAUDITED)**

Major items of note in the statement of revenue, expenses and changes in net position include:

- Operating Revenues of the Fund totaled \$1,160.5 million, \$1,180.4 million, and \$1,258.5 million for the years ended June 30, 2021, 2020, and 2019, respectively, a decrease of \$19.9 million from 2020 to 2021 and a decrease of \$78.1 million from 2019 to 2020.
  - Student tuition and fees revenues totaled \$613.9 million in FY 2021, \$629.0 million in FY 2020 and \$631.1 million in FY 2019, a decrease of \$15.1 million or 2.4% in FY 2021 and a decrease of \$2.1 million or 0.3% in FY 2020. Tuition is reported net of scholarship allowances totaling \$213.8 million, \$215.9 million, and \$215.7 million for the years ended June 30, 2021, 2020, and 2019, respectively. The decrease in FY 2021 is primarily a result of increases in scholarships and allowances and lower student enrollment. The increases in other years are a combination of increases in tuition offset by a decrease in the number of students.
  - Federal grant and contracts totaled \$157.8 million, \$145.0 million, and \$139.6 million, for the years ended June 30, 2021, 2020, and 2019, respectively. The increase of \$12.8 million in FY 2021 mainly represents additional awards received during the year. The increase of \$5.4 million in FY20 represents additional awards received during the year.
  - Auxiliary enterprises generated revenues of \$165.5 million, \$206.0 million, and \$236.5 million, net of \$24.7 million, \$24.0 million, and \$25.8 million, of scholarship allowances for the years ended June 30, 2021, 2020, and 2019, respectively. FY 2021 net auxiliary revenues decreased by \$40.5 million or 19.7%. FY 2020 net auxiliary revenues decreased by \$30.5 million or 13.0%.
  - State grants and contracts totaled \$39.5 million, \$23.8 million, and \$64.9 million for the years ended June 30, 2021, 2020, and 2019, respectively, an increase of \$15.7 million from 2020 to 2021 and a decrease of \$41.1 million from 2019 to 2020. Private grants and contracts totaled \$130.2 million, \$121.4 million, and \$118.3 million for the years ended June 30, 2021, 2020, and 2019, respectively, an increase of \$8.8 million from 2020 to 2021 and increase of \$3.1 million from 2019 to 2020. These changes represent normal fluctuations in grant activities.
- Operating expenses totaled \$1,886.3 million, \$1,923.6 million, and \$1,866.1 million for the years ended June 30, 2021, 2020, and 2019, respectively, a decrease of \$37.3 million from 2020 to 2021 and an increase of \$57.5 million from 2019 to 2020.
  - Staff salary costs totaled \$911.9 million, \$914.4 million, and \$896.3 million, a decrease of \$2.5 million or 0.3% from 2020 to 2021 and \$18.1 million or 2.0% from 2019 to 2020. The FY 2021 decrease is attributed to temporary salary reductions and other cost-saving measures as well as reductions in the number of graduate assistants and student workers.
  - Supplies and other services totaled \$421.8 million, \$418.3 million, and \$416.6 million for the years ended June 30, 2021, 2020, and 2019, respectively, an increase of \$3.5 million or 0.8% from 2020 to 2021 and an increase of \$1.7 million or 0.4% from 2019 to 2020.

**WEST VIRGINIA HIGHER EDUCATION FUND**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FISCAL YEAR 2021**  
**(UNAUDITED)**

- Scholarships and fellowships totaled \$159.1 million, \$150.2 million, and \$112.1 million for the years ended June 30, 2021, 2020, and 2019, respectively, an increase of \$8.9 million or 5.9% from 2020 to 2021 and an increase of \$38.1 million or 34.0% from 2019 to 2020.
- Depreciation and amortization on capital assets totaled \$144.8 million, \$129.8 million, and \$130.3 million for the years ended June 30, 2021, 2020, and 2019, respectively, an increase of \$15.0 million from 2020 to 2021 and a decrease of \$0.5 million from 2019 to 2020. The increase in FY 2021 was primarily due to an increase in amortization expense as a result of donations of software through a foundation. The decrease in FY 2020 is related to disposals of capital assets offset by an increase in depreciation on construction projects completed and placed into service during the year.
- The result from operations was a net operating loss of \$725.9 million, \$743.3 million, and \$607.5 million for the years ended June 30, 2021, 2020, and 2019, respectively, which excludes State appropriations of \$573.6 million, \$536.2 million, and \$463.3 million, and Federal Pell grants of \$95.5 million, \$103.9 million, and \$109.6 million for the years ended June 30, 2021, 2020 and 2019, respectively. The net operating loss decrease of \$17.4 million in FY 2021 was the outcome of decreased auxiliary revenue and a decrease in benefits expense. The net operating loss increase of \$135.8 million in FY 2020 was the outcome of decreased auxiliary revenue and an increase in financial aid expense.
- Net nonoperating revenue totaled \$871.5 million, \$774.3 million, and \$606.4 million for the years ended June 30, 2021, 2020, and 2019, respectively, an increase of \$97.2 million from 2020 to 2021 and an increase of \$167.9 million from 2019 to 2020.
  - State general revenue and lottery appropriations totaled \$573.6 million, \$536.2 million, and \$463.3 million for the years ended June 30, 2021, 2020, and 2019, respectively, an increase of \$37.4 million from 2020 to 2021 and an increase of \$72.9 million from 2019 to 2020. The State provided an additional appropriation near the end of fiscal 2021; consequently, these funds are reflected as revenues and an amount due From Primary Government for FY 2021. The increase in 2020 is attributable to appropriations for salary increases totaling \$10.4 million and approximately \$14.7 million for institutional increases. Employee salary increases totaled approximately \$8.0 million in FY 2019 and the rest of the increase reflects additional funds provided for institutional operations.
  - Interest incurred on indebtedness totaled \$54.1 million, \$49.0 million, and \$57.0 million for the years ended June 30, 2021, 2020, and 2019, an increase of \$5.1 million from 2020 to 2021 and a decrease of \$8.0 million from 2019 to 2020.
  - Investment income totaled \$76.4 million, \$18.4 million, and \$25.4 million for the years ended June 30, 2021, 2020, and 2019, respectively, an increase of \$58.0 million from 2020 to 2021 and a decrease of \$7.0 million from 2019 to 2020. The increase is a result of favorable investment performance in FY 2021 as compared to FY 2020. The FY 2020 decrease is a result less favorable investment performance in FY 2020 as compared to FY 2019.

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- Other revenues consist of capital grants and gifts totaling \$122.8 million, \$24.5 million, and \$27.7 million for the years ended June 30, 2021, 2020, and 2019, respectively, an increase of \$98.3 million from 2020 to 2021 and a decrease of \$3.2 million from 2019 to 2020. The increase in 2021 is related to West Virginia University receiving a donation of right-to-use software.
- The activity for FY 2021 resulted in an increase of net position totaling \$269.7 million as compared to the FY 2020 increase of net position totaling \$56.8 million, and an increase of \$28.9 million FY 2019.
- As reported below on a functional expenditure basis, expenditures for Educational and General Expenses were \$1,405.6 million, \$1,451.9 million, and \$1,417.7 million for the years ended June 30, 2021, 2020, and 2019, respectively, a decrease of \$46.3 million or 3.2% from FY 2020 and an increase of \$34.2 million or 2.4% from FY 2019. Cost of instruction constitutes 41.5%, 42.3%, and 42.3% of total educational and general expenses for the years ended June 30, 2021, 2020, and 2019, respectively. Institutional Support increased as a percentage of E & G from 17.8% in FY 2020 to 18.3% in FY21.

	FY 21	% of	FY 20	% of	FY 19	% of
	Total	E&G Total	Total	E&G Total	Total	E&G Total
Instruction	\$ 583,070	41.5%	\$ 613,820	42.3%	\$ 599,131	42.3%
Research	173,891	12.4%	164,349	11.3%	158,050	11.1%
Public Service	97,483	6.9%	95,687	6.6%	88,689	6.3%
Academic Support	100,680	7.2%	102,897	7.1%	98,870	7.0%
Student Services	81,844	5.8%	91,488	6.3%	94,633	6.7%
Plant Operations	110,706	7.9%	124,558	8.6%	129,081	9.1%
Institutional Support	257,907	18.3%	259,061	17.8%	249,199	17.6%
<b>Total E &amp; G Expenses</b>	<u>1,405,581</u>	<u>100.0%</u>	<u>1,451,860</u>	<u>100.0%</u>	<u>1,417,653</u>	<u>100.0%</u>
Financial Aid	147,367		155,721		112,821	
Auxiliary Enterprises	167,054		175,001		197,129	
Depreciation	144,842		129,763		130,294	
Other	21,491		11,300		8,180	
<b>Total Operating Expenses</b>	<u>\$ 1,886,335</u>		<u>\$ 1,923,645</u>		<u>\$ 1,866,077</u>	

**Statements of Cash Flows**

The final statement presented is the statements of cash flows. The statements of cash flows present detailed information about the cash activity of the Fund during the year. The statement is divided into five parts. The first section deals with operating cash flows and shows the net cash used by the operating activities of the Fund. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items and cash provided by sources used to acquire capital. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth part reconciles the net cash used to the operating loss reflected on the statements of revenues, expenses, and changes in net position.



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**Condensed Schedules of Cash Flows**  
**(In thousands of dollars)**

	2021	2020	2019
Cash Provided (Used) by:			
Operating Activities	\$ (614,877)	\$ (572,939)	\$ (434,638)
Noncapital Financing Activities	773,849	734,685	616,860
Capital Financing Activities	(154,560)	(78,195)	(157,751)
Investing Activities	22,435	(73,802)	15,628
Increase in Cash and Cash Equivalents	26,847	9,749	40,098
Cash and Cash Equivalents, beginning of year	435,241	425,492	385,394
Cash and Cash Equivalents, end of year	<u>\$ 462,088</u>	<u>\$ 435,241</u>	<u>\$ 425,492</u>

Major items of note in the statement of cash flows include:

- Cash expended from operating revenues was exceeded by cash expended for operating activities by \$614.9 million, \$572.9 million, and \$434.6 million for the years ended June 30, 2021, 2020, and 2019, respectively, primarily due to the reporting of State appropriations and Federal Pell grants as noncapital financing activities. Primary sources of cash from operating activities during FY 2021, 2020, and 2019, respectively, were student tuition and fees of \$620.6 million, \$646.1 million, and \$648.0 million; contracts and grants of \$320.6 million, \$301.6 million, and \$326.7 million; and auxiliary enterprise charges of \$166.6 million, \$189.0 million, and \$243.4 million. Primary uses of cash for FY 2021, 2020, and 2019, respectively, included payments to and on behalf of employees of \$1,151.1 million, \$1,155.0 million, and \$1,144.9 million and payments to suppliers of \$381.1 million, \$384.3 million, and \$398.1 million.
- Net cash provided from noncapital financing activities for FY 2021, 2020, and 2019, respectively, totaled \$773.8 million, \$734.7 million, and \$616.9 million, of which \$529.8 million, \$526.8 million, and \$463.3 million was from State General Revenue and Lottery appropriations, \$96.3 million, \$104.0 million, and 109.6 million, was from Federal Pell Grants, \$95.9 million, \$13.6 million and \$0-, was from COVID relief grants.
- Net cash used by capital financing activities for FY 2021 totaled \$154.6 million. Other sources include proceeds from bond issuances and borrowings of \$135.1 million, offset by purchases of capital assets totaling \$184.5 million, and principal and interest paid on notes, bonds and leases of \$120.6 million.
- Net cash used by capital financing activities for FY 2020 totaled \$78.2 million. Other sources include proceeds from bond issuances and borrowings of \$257.1 million, offset by purchases of capital assets totaling \$118.9 million, and principal and interest paid on notes, bonds and leases of \$149.1 million.

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- Net cash provided (used) by investing activities for FY 2021, 2020, and 2019 totaled \$22.4 million and (\$73.8) million and \$15.6 million. The FY 2021 change is a result of a decrease in purchases and sales of investments offset and an increase in investment income due to favorable market conditions. The FY 2020 change is a result of an increase in purchases of investments offset by declines in investment income due to unfavorable market conditions.
- Net cash for FY 2021 increased by \$26.8 million compared to an increase in net cash for FY 2020 of \$9.7 million and an increase for FY 2019 of \$40.1 million, respectively. These changes are the net result of all the previous activity discussed.

**Capital Asset and Long-Term Debt Activity**

The Fund continued to expand its capital facilities to further its mission of providing quality programs to students and to provide expanded research capabilities. Cash used for capital assets totaled \$184.5 million in FY 2021, as compared to \$118.9 million in FY 2020. Institutional projects at all the institutions are under way due to institutional bond issues in, 2010, 2012, 2014, 2020 and 2021 and 2015 system bond issues in FY 2009, 2010, 2011 and 2012, and a State bond issue in FY 2011. For FY 2021, expenditures at West Virginia University and Marshall University accounted for \$146.3 million and \$14.4 million of the total. For FY 2020, expenditures at West Virginia University and Marshall University accounted for \$79.7 million and \$15.4 million of the total.

In May 2021, the West Virginia State University Board entered into a Capital Loan Agreement with Rice Capital Access Program, LLC for a direct placement for up to \$40.5 million. The proceeds were used to repay outstanding balances of the 2012 Bonds, 2013 Bonds and a capital lease.

The Commission made all required debt service payments and repaid principal of \$14.9 million in FY 2021, \$14.4 million in FY 2020 and \$12.3 million in FY 2019, respectively. See Notes 7 and 12 to the financial statements for further detail of long-term debt.

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West Virginia University, including the Health Sciences Center and its regional campuses, has a multi-year capital budget including planned capital expenditures of approximately \$183.0 million. The capital plan includes various capital projects to construct, renovate and/or upgrade academic and auxiliary facilities on the University's campuses. These capital projects are being financed through bond proceeds, grants, and other sources of revenues available to the University including internal financing, operational revenue and gifts.

During FY 2021, West Virginia University issued \$12.5 million of taxable revenue bonds to finance improvements to the Milan Puskar Stadium and Coliseum. The University also issued \$25.7 million of tax-exempt bonds to finance improvements to Hodges Hall and Phase II infrastructure projects at HSC. Additionally, the University issued \$45.0 million of taxable bonds to finance projects related to Athletics and Reynolds Hall. At June 30, 2021, the University's bonds were rated as Aa3, AA- and A/Stable by Moody's, Fitch and Standard and Poor's, respectively.

**Other Factors Impacting the Financial Position and Results of Operations of the Fund**

The Commission in partnership with the West Virginia Community and Technical College System and the West Virginia Department of Education is sponsoring the West Virginia Climb campaign. The goal of the campaign is to have 60 percent of the state's workforce with a formal education credential beyond high school by the year 2030. Achievement of the goal would double the percentage of working age West Virginians with a high-quality postsecondary credential. It is estimated that 60% of working West Virginians will need a certificate or degree in order to meet future workforce demands.

**Economic Outlook**

The achievement of the goals for the higher education system is dependent upon many factors, one of which is adequate resources to implement the strategies necessary to achieve the goals. At the present time the Fund's financial condition is strong. The net position of the Fund is \$2,404.0 million. The continued success of the Fund is closely tied to the economic strength of the State of West Virginia. Over 33% of operating and nonoperating revenues of the Fund in FY 2021 are from State general revenue and lottery revenues. This funding is critical to the success of the higher education system in meeting the Compact goals.

The COVID-19 pandemic created a national emergency declared by the President of the United States on March 11, 2020 that continues to the present. From the beginning of the pandemic, the Governor and his administration have acted through a series of orders and advisories to reduce the virus's spread. With vaccines readily available and proven preventative measures in place, all campuses fully re-opened for the fall 2021 semester. Some of these actions had a significant impact on the State's economy and the operations of the State's colleges and universities including, but not limited to: an order mandating that all nonessential businesses and organizations close their physical facilities and workspaces to customers; a stay at home advisory; an order limiting the size of gatherings in public and private venues; and an order to higher education institutions to reduce the need for students, faculty and staff to be on campus, including suspending in-person classes and shifting to remote learning.

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Most restrictions put into place due to the COVID-19 pandemic have been lifted with safety measures in place and some format changes until the vaccination rate reaches 70%. Colleges and universities continue to follow protocols recommended by the Centers for Disease Control and Prevention (CDC). Vaccinations are not required but are strongly recommended. Home football games for the 2021 season returned to full capacity with additional health and safety measures, in accordance with CDC local Health Department guidelines. It is anticipated that basketball teams will play full schedules for the 2021-22 season.

The demographics of the State of West Virginia also have an impact on the future operations of the Fund. Significant efforts are underway to expand the participation rate in higher education by both high school graduating seniors as well as adults to improve the economic environment of the State.

**Requests for Information**

Requests for information may be directed to the Vice Chancellor for Finance, 1018 Kanawha Boulevard East, Suite 700, Charleston, WV 25301.

**WEST VIRGINIA HIGHER EDUCATION FUND**  
**(A Component Unit of the State of West Virginia)**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2021 AND 2020**  
**(DOLLARS IN THOUSANDS)**

<b>ASSETS</b>	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 462,088	\$ 435,241
Investments	147,677	120,175
Appropriations Due from Primary Government	33,368	5,441
Accounts Receivable, Net	166,863	134,349
Loans Receivable, Current Portion	7,535	6,684
Other Current Assets	13,392	13,967
Inventories	3,536	3,883
Total Current Assets	<u>834,459</u>	<u>719,740</u>
<b>NONCURRENT ASSETS</b>		
Cash and Cash Equivalents	149,800	120,666
Investments	229,609	232,162
Loans Receivable, Net of allowance of \$9,775 and \$9,643 In 2021 and 2020, Respectively	32,051	36,667
Other Assets	25,444	26,351
Capital Assets, Net	3,317,584	3,212,488
Total Noncurrent Assets	<u>3,754,488</u>	<u>3,628,334</u>
Total Assets	4,588,947	4,348,074
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Loss on Refunding	39,710	34,221
Deferred Outflows Related to Pensions	2,721	2,383
Deferred Outflows Related to OPEB	36,328	35,186
Total Deferred Outflows of Resources	<u>78,759</u>	<u>71,790</u>
Total Assets and Deferred Inflows of Resources	<u>\$ 4,667,706</u>	<u>\$ 4,419,864</u>

See accompanying Notes to Financial Statements.

**WEST VIRGINIA HIGHER EDUCATION FUND**  
**(A Component Unit of the State of West Virginia)**  
**STATEMENTS OF NET POSITION (CONTINUED)**  
**JUNE 30, 2021 AND 2020**  
**(DOLLARS IN THOUSANDS)**

<b>LIABILITIES</b>	2021	2020
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 70,544	\$ 87,392
Due to State of West Virginia	154	187
Accrued Liabilities	107,785	100,057
Unearned Revenue	113,838	107,836
Deposits	3,777	4,021
Real Estate Purchase Agreements Payable, Current Portion	273	262
Other Liabilities, Current Portion	509	849
Compensated Absences, Current Portion	54,138	53,678
Notes Payable, Current Portion	5,835	6,411
Capital Lease Obligations, Current Portion	3,697	4,543
Interest Payable	9,664	9,932
Bonds Payable, Current Portion	39,104	36,060
Total Current Liabilities	409,318	411,228
<b>NONCURRENT LIABILITIES</b>		
Advances from Federal Sponsors	29,195	31,109
Real Estate Purchase Agreement Payable	10,922	11,225
Compensated Absences	5,028	4,968
Notes Payable	100,576	66,118
Capital Lease Obligations	68,243	91,285
Future Interest Payable	30,617	32,306
Bonds Payable	1,275,296	1,231,586
Net Other Postemployment Benefit Liability	54,245	204,248
Net Pension Liability	11,620	11,350
Other Noncurrent Liabilities	43,828	39,831
Total Noncurrent Liabilities	1,629,570	1,724,026
Total Liabilities	2,038,888	2,135,254

See accompanying Notes to Financial Statements.

**WEST VIRGINIA HIGHER EDUCATION FUND**  
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**STATEMENTS OF NET POSITION (CONTINUED)**  
**JUNE 30, 2021 AND 2020**  
**(DOLLARS IN THOUSANDS)**

	2021	2020
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Service Concession Arrangements	\$ 37,422	\$ 39,068
Deferred Inflows Related to Pensions	5,869	7,944
Deferred Inflows Related to OPEB	172,642	93,649
Other	8,900	9,711
Total Deferred Inflows of Resources	224,833	150,372
Total Liabilities and Deferred Inflows of Resources	2,263,721	2,285,626
<b>NET POSITION</b>		
Net Investment in Capital Assets	2,144,804	2,111,067
Restricted for:		
Expendable:		
Scholarships	9,444	3,445
Sponsored Projects	73,285	52,159
Loans	17,284	16,690
Capital Projects	12,159	12,350
Debt Service	27,137	4,226
Other	60,439	45,605
Total Restricted Expendable	199,748	134,475
Nonexpendable	35,204	35,843
Unrestricted	24,229	(147,147)
Total Net Position	2,403,985	2,134,238
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 4,667,706	\$ 4,419,864

See accompanying Notes to Financial Statements.

**WEST VIRGINIA HIGHER EDUCATION FUND**  
**(A Component Unit of the State of West Virginia)**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2021 AND 2020**  
(DOLLARS IN THOUSANDS)

	2021	2020
<b>OPERATING REVENUES</b>		
Student Tuition and Fees, Net of Scholarship Allowance of \$213,783 in 2021 and \$215,901 in 2020	\$ 613,866	\$ 629,035
Federal and Local Land Grants	9,285	8,639
Contracts and Grants:		
Federal	157,768	145,031
State	39,485	23,803
Local	1,552	1,965
Private	130,198	121,357
Interest on Student Loans Receivable	935	1,223
Sales and Services of Educational Activities	11,786	17,535
Auxiliary Enterprise Revenue, Net of Scholarship Allowance of \$24,730 in 2021 and \$23,977 in 2020	165,452	205,954
Other Operating Revenues	30,150	25,860
Total Operating Revenues	1,160,477	1,180,402
<b>OPERATING EXPENSES</b>		
Salaries and Wages	911,863	914,359
Benefits	186,473	235,632
Supplies and Other Services	421,833	418,256
Utilities	59,366	59,835
Student Financial Aid, Scholarships and Fellowships	159,117	150,209
Depreciation and Amortization	144,842	129,763
Other Operating Expenses	2,841	15,591
Total Operating Expenses	1,886,335	1,923,645
<b>OPERATING LOSS</b>	(725,858)	(743,243)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Appropriations	517,312	485,575
State Lottery Appropriations	56,257	50,606
Federal Pell Grants	95,466	103,916
COVID Relief Grants	109,019	35,932
Gifts	81,221	125,698
Investment Income, Including Unrealized Gain of \$34,295 in 2021 and \$7,063 in 2020	76,443	18,357
Interest on Indebtedness	(54,128)	(48,992)

See accompanying Notes to Financial Statements.



**WEST VIRGINIA HIGHER EDUCATION FUND**  
**(A Component Unit of the State of West Virginia)**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)**  
**YEARS ENDED JUNE 30, 2021 AND 2020**  
**(DOLLARS IN THOUSANDS)**

	2021	2020
<b>NONOPERATING REVENUES (EXPENSES) (CONTINUED)</b>		
Payments Made on Behalf of the Fund	\$ 9,197	\$ 16,400
Student Financial Aid and Other Payments to Institutions	(9,171)	(9,017)
Other Nonoperating Expense, Net	(10,162)	(4,158)
Net Nonoperating Revenues	871,454	774,317
 <b>INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES</b>	 145,596	 31,074
 <b>CAPITAL GRANTS, APPROPRIATIONS, AND GIFTS</b>	 122,762	 24,503
 <b>CAPITAL BOND PROCEEDS FROM THE STATE</b>	 919	 435
 <b>CAPITAL PAYMENTS MADE ON BEHALF OF THE FUND</b>	 470	 800
 <b>INCREASE IN NET POSITION</b>	 269,747	 56,812
Net Position - Beginning of Year	2,134,238	2,077,426
 <b>NET POSITON - END OF YEAR</b>	 \$ 2,403,985	 \$ 2,134,238

See accompanying Notes to Financial Statements.

**WEST VIRGINIA HIGHER EDUCATION FUND**  
**(A Component Unit of the State of West Virginia)**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**  
(DOLLARS IN THOUSANDS)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Student Tuition and Fees	\$ 620,649	\$ 646,119
Federal and Local Land Grants	9,284	8,639
Contracts and Grants	320,630	301,628
Payments to and on Behalf of Employees	(1,151,126)	(1,155,002)
Payments to Suppliers	(381,121)	(384,311)
Payments to Utilities	(58,625)	(59,942)
Payments for Scholarships and Fellowships	(156,054)	(146,246)
Loans Issued to Students	(1,239)	(2,620)
Collection of Loans to Students	2,376	3,092
Sales and Services of Educational Activities	12,247	16,976
Interest Earned on Loans to Students	640	866
Auxiliary Enterprise Charges	166,553	188,998
Other Receipts, Net	909	8,864
Net Cash Used by Operating Activities	(614,877)	(572,939)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Appropriations	529,842	526,798
Federal Pell Grants	96,266	103,975
COVID Relief Grants	95,906	13,644
Payments to Other Institutions	(6,387)	(8,380)
Gift Receipts	57,103	63,319
Direct Lending Receipts	373,829	402,747
Direct Lending Payments	(372,843)	(402,472)
Other Nonoperating Receipts, Net	133	35,054
Net Cash Provided by Noncapital Financing Activities	773,849	734,685
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Proceeds from Bond Issuances and Borrowings	135,075	257,088
Proceeds from Capital Asset Disposals and Sale of Natural Resources	568	16
Capital Bond Proceeds from State	357	(83)
Issuance Costs on New Debt	(459)	(2,235)
Capital Grants and Gifts Received	27,685	11,815
Purchases of Capital Assets	(184,485)	(118,923)
Principal Paid on Notes, Bonds, and Leases	(64,063)	(95,782)
Payoff of Refinanced Bonds	(9,245)	(77,480)
Interest Paid on Notes, Bonds, and Leases	(56,577)	(53,321)
Other	(3,416)	710
Net Cash Used by Capital Financing Activities	(154,560)	(78,195)

See accompanying Notes to Financial Statements.

**WEST VIRGINIA HIGHER EDUCATION FUND**  
**(A Component Unit of the State of West Virginia)**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2021 AND 2020**  
(DOLLARS IN THOUSANDS)

	2021	2020
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Receipts from Sales/Maturities of Investments	\$ 76,020	\$ 69,792
Purchases of Investments	(47,708)	(89,344)
Withdrawals from Noncurrent Cash and Cash Equivalents	29,303	30,915
Deposits to Noncurrent Cash and Cash Equivalents	(58,437)	(95,589)
Investment Income	23,257	10,424
Net Cash Provided (Used) by Investing Activities	22,435	(73,802)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	26,847	9,749
Cash and Cash Equivalents - Beginning of Year	435,241	425,492
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 462,088	\$ 435,241
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating Loss	\$ (725,858)	\$ (743,243)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation and Amortization Expense	144,842	129,763
Donated/Noncapitalized Expense	23,271	22,820
Accretion on Bond Premium/Discount	(2)	(2)
Loan Cancellations and Write-offs	105	138
Expenses Paid on Behalf of the Fund	5,583	9,268
Changes in Assets and Liabilities:		
Receivables, Net	(12,548)	1,758
Loans Receivable, Net	4,529	2,691
Prepaid Expenses	1,284	(1,754)
Inventories	278	(538)
Accounts Payable	10,661	4,590
Accrued Liabilities	(76,168)	(25,301)
Defined Benefit Pension	10,755	776
Compensated Absences	(1,684)	6,451
Unearned Revenue	13,153	18,215
Deposits	(96)	(415)
Other Postemployment Benefit Liability	(7,935)	2,926
Advances from Federal Sponsors	(1,671)	(5,359)
Other	(3,376)	4,277
Net Cash Used by Operating Activities	\$ (614,877)	\$ (572,939)

See accompanying Notes to Financial Statements.

**WEST VIRGINIA HIGHER EDUCATION FUND**  
**(A Component Unit of the State of West Virginia)**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2021 AND 2020**  
(DOLLARS IN THOUSANDS)

	2021	2020
<b>SIGNIFICANT NONCASH TRANSACTIONS</b>		
Construction in Progress and Capital Asset Additions Included in Accounts Payable and Accrued Liabilities	\$ 8,194	\$ 14,825
Donated Capital Assets	\$ 92,657	\$ 11,512
Loss on Disposal of Fixed Assets	\$ (9,671)	\$ (5,314)
Capitalized Interest	\$ -	\$ 737
Unrealized Gain on Investment	\$ 34,295	\$ 7,063
Bond and Real Estate Agreements, Payable Discounts, Premiums, Losses	\$ 7	\$ 7
Gift of Noncapital Asset	\$ 24,145	\$ 2
Capital Assets Obtained under Capital Leases	\$ 433	\$ 56,803
Other Non Cash Property Additions	\$ 1,146	\$ 578
Expenses Paid on Behalf	\$ 10,026	\$ 16,053
Transfers	\$ 282	\$ 318
Deferred Gain on Refunding	\$ 11	\$ 318

See accompanying Notes to Financial Statements.

**WEST VIRGINIA HIGHER EDUCATION FUND**  
**(A Component Unit of the State of West Virginia)**  
**COMPONENT UNITS – STATEMENTS OF NET ASSETS**  
**JUNE 30, 2021**

	Big Green Scholarship Foundation Inc.	Bluefield State College Foundation Inc.	Concord University Foundation, Inc.	Fairmont State Foundation Inc.	The Glennville State College Foundation, Inc.	The Marshall University Foundation, Inc.	New River Community and Technical College Foundation, Inc.	Provident Group- Marshall Properties, LLC	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc. *	West Liberty University Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.	Blue Ridge Community & Technical College Foundation, Inc.	Total
<b>ASSETS</b>																	
Cash and Cash Equivalents	\$ 2,003,217	\$ 681,866	\$ 895,508	\$ 1,016,074	\$ 148,487	\$ 28,500,414	\$ 207,063	\$ 1,048,972	\$ 4,222,505	\$ 284,970	\$ 51,004	\$ 113,885	\$ 400,222	\$ 3,110,354	\$ 165,525	\$ 317,532	\$ 43,167,598
Investments	12,181,182	15,504,807	52,738,846	36,766,798	18,467,801	279,663,830	1,813,777	-	34,809,456	3,787,447	22,582,045	6,411,303	54,302,179	12,174,215	14,307,594	889,840	566,401,120
Pledges and Contributions Receivable, Net	3,311,005	287,764	316,269	1,913,209	5,700	33,913,784	25,000	1,228,120	1,298,798	250	314,614	-	147,069	1,316,570	100	50,000	44,128,252
Other Assets	71,697	49,282	721,244	49,398	1,331,982	2,340,577	3,950	5,291,232	484,765	56,632	63,473	1,781	7,282	1,000,000	2,014	7,321	11,482,630
Beneficial Interests	797,489	-	-	3,573,219	-	11,288,933	1,612,231	-	-	-	2,799,176	1,399,588	250,000	291,636	-	-	22,012,272
Property and Equipment, Net	-	-	3,521	319,253	3,024,989	9,408,666	-	49,723,355	18,335,734	-	-	-	60,000	353,131	1,069,010	-	82,297,659
<b>Total</b>	<b>\$ 18,364,590</b>	<b>\$ 16,523,719</b>	<b>\$ 54,675,388</b>	<b>\$ 43,637,951</b>	<b>\$ 22,978,959</b>	<b>\$ 365,116,204</b>	<b>\$ 3,662,021</b>	<b>\$ 57,291,679</b>	<b>\$ 59,151,258</b>	<b>\$ 4,129,299</b>	<b>\$ 25,810,312</b>	<b>\$ 7,926,557</b>	<b>\$ 55,166,752</b>	<b>\$ 18,245,906</b>	<b>\$ 15,544,243</b>	<b>\$ 1,264,693</b>	<b>\$ 769,489,531</b>

\* December 31 year-end

See accompanying Notes to Financial Statements.

**WEST VIRGINIA HIGHER EDUCATION FUND**  
**(A Component Unit of the State of West Virginia)**  
**COMPONENT UNITS – STATEMENTS OF NET ASSETS (CONTINUED)**  
**JUNE 30, 2021**

	Big Green Scholarship Foundation Inc.	Bluefield State College Foundation Inc.	Concord University Foundation, Inc.	Fairmont State Foundation Inc.	The Glennville State College Foundation, Inc.	The Marshall University Foundation, Inc.	New River Community and Technical College Foundation, Inc.	Provident Group- Marshall Properties, LLC	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc. *	West Liberty University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc.	West Virginia Northern School of College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.	Blue Ridge Community & Technical College Foundation, Inc.	Total
<b>LIABILITIES AND NET ASSETS</b>																		
<b>LIABILITIES</b>																		
Accounts Payable	\$ 31,477	\$ -	\$ 6,660	\$ 59,626	\$ 32,676	\$ 56,541	\$ 1,838	\$ 436,804	\$ 2,632	\$ -	\$ -	\$ 31,564	\$ 1,506	\$ 79,442	\$ 2,819	\$ -	\$ -	\$ 743,585
Other Accrued Liabilities	47,398	-	-	-	-	540,956	122,000	874,252	102,736	-	-	-	-	-	-	-	625	1,687,967
Amounts Held on Behalf of Others	-	28,598	6,327,807	1,283,260	81,867	78,484,143	-	-	1,170,776	-	-	-	48,113,371	-	127,950	-	-	135,617,772
Annuity Obligations	-	-	33,909	5,631	-	645,448	-	16,602,475	73,277	-	13,116	-	-	-	-	-	-	17,373,856
Bonds and Notes Payable	-	-	-	-	2,985,967	376,000	-	84,490,490	20,982,364	-	-	-	-	-	-	-	-	108,834,821
Total Liabilities	78,875	28,598	6,368,376	1,348,517	3,100,510	80,103,088	123,838	102,404,021	22,331,785	-	13,116	31,564	48,114,877	79,442	130,769	625	264,258,001	
<b>NET ASSETS (DEFICIT)</b>																		
Without Donor Restrictions	3,186,042	12,178,934	346,474	5,045,617	768,457	19,803,246	28,015	(45,112,342)	(3,321,363)	746,192	1,691,483	1,016,280	1,806,883	821,178	1,482,334	228,002	715,432	
With Donor Restrictions	15,099,673	4,316,187	47,960,538	37,243,817	19,109,992	265,209,870	3,510,168	-	40,140,836	3,383,107	24,105,713	6,878,713	5,244,992	17,345,286	13,931,140	1,036,066	504,516,098	
Total Net Assets (Deficit)	18,285,715	16,495,121	48,307,012	42,289,434	19,878,449	285,013,116	3,538,183	(45,112,342)	36,819,473	4,129,299	25,797,196	7,894,993	7,051,875	18,166,464	15,413,474	1,264,068	505,231,530	
Total	\$ 18,364,590	\$ 16,523,719	\$ 54,675,388	\$ 43,637,951	\$ 22,978,959	\$ 365,116,204	\$ 3,662,021	\$ 57,291,679	\$ 59,151,258	\$ 4,129,299	\$ 25,810,312	\$ 7,926,557	\$ 55,166,752	\$ 18,245,906	\$ 15,544,243	\$ 1,264,693	\$ 769,489,531	

\* December 31 year-end

See accompanying Notes to Financial Statements.

**WEST VIRGINIA HIGHER EDUCATION FUND**  
**(A Component Unit of the State of West Virginia)**  
**COMPONENT UNITS – STATEMENTS OF NET ASSETS**  
**JUNE 30, 2020**

	Big Green Scholarship Foundation Inc.	Bluefield State College Foundation Inc.	Concord University Foundation, Inc.	Fairmont State Foundation Inc.	The Glennville State College Foundation, Inc.	The Marshall University Foundation, Inc.	New River Community and Technical College Foundation, Inc.	Provident Group- Marshall Properties, LLC	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc. *	West Liberty University Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.	Blue Ridge Community & Technical College Foundation, Inc.	Total
<b>ASSETS</b>																	
Cash and Cash Equivalents	\$ 1,416,421	\$ 635,438	\$ 798,514	\$ 1,104,953	\$ 11,889	\$ 90,338,670	\$ 232,037	\$ 1,199,982	\$ 3,625,092	\$ 241,421	\$ 158,136	\$ 110,694	\$ 295,822	\$ 2,578,428	\$ 199,648	\$ 204,799	\$ 103,151,944
Investments	8,870,115	12,842,907	40,814,786	28,891,948	10,792,366	149,731,032	1,327,785	-	26,965,776	4,130,614	18,205,544	5,029,034	45,466,840	12,659,103	11,695,033	714,568	378,137,451
Pledges and Contributions Receivable, Net	3,135,006	290,273	1,458,274	1,658,215	-	33,756,585	56,220	651,063	2,203,063	32,838	181,923	186,826	180,011	1,806,533	2,381	15,000	45,614,211
Other Assets	107,446	59,215	590,033	14,454	2,603,174	2,137,552	1,350	5,525,525	460,821	19,766	7,555	25,547	250,000	21,085,377	2,014	6,259	32,896,088
Beneficial Interests	667,580	-	-	3,040,270	-	9,575,421	1,340,089	-	-	-	2,319,342	1,132,758	-	236,613	-	-	18,312,073
Property and Equipment, Net	3,958	-	694	327,034	3,159,495	11,653,934	-	52,755,475	19,044,111	-	-	-	80,000	379,782	1,141,155	-	88,545,638
<b>Total</b>	<b>\$ 14,200,526</b>	<b>\$ 13,827,833</b>	<b>\$ 43,662,301</b>	<b>\$ 35,036,874</b>	<b>\$ 16,566,924</b>	<b>\$ 297,193,194</b>	<b>\$ 2,957,481</b>	<b>\$ 60,132,045</b>	<b>\$ 52,298,863</b>	<b>\$ 4,424,639</b>	<b>\$ 20,872,500</b>	<b>\$ 6,484,859</b>	<b>\$ 46,272,673</b>	<b>\$ 38,745,836</b>	<b>\$ 13,040,231</b>	<b>\$ 940,626</b>	<b>\$ 666,657,405</b>

\* December 31 year-end

See accompanying Notes to Financial Statements.

**WEST VIRGINIA HIGHER EDUCATION FUND**  
**(A Component Unit of the State of West Virginia)**  
**COMPONENT UNITS – STATEMENTS OF NET ASSETS (CONTINUED)**  
**JUNE 30, 2020**

	Big Green Scholarship Foundation Inc.	Bluefield State College Foundation Inc.	Concord University Foundation, Inc.	Fairmont State Foundation Inc.	The Glennville State College Foundation, Inc.	The Marshall University Foundation, Inc.	New River Community and Technical College Foundation, Inc.	Provident Group- Marshall Properties, LLC	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc. *	West Liberty University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.	Blue Ridge Community & Technical College Foundation, Inc.	Total
<b>LIABILITIES AND NET ASSETS</b>																		
<b>LIABILITIES</b>																		
Accounts Payable	\$ 15,397	\$ -	\$ 69,838	\$ 3,727	\$ 5,413	\$ 42,819	\$ -	\$ 134,653	\$ 14,212	\$ 1,266	\$ -	\$ 13,888	\$ -	\$ 42,850	\$ 42,276	\$ -	\$ -	\$ 386,339
Other Accrued Liabilities	47,730	-	-	-	-	557,219	91,500	21,660,928	356,724	-	-	-	-	-	-	-	625	22,714,726
Amounts Held on Behalf of Others	-	50,865	5,099,332	-	58,668	73,509,009	-	-	952,962	-	-	-	40,251,259	-	137,228	-	-	120,059,323
Annuity Obligations	-	-	35,617	9,399	-	596,177	-	-	81,646	-	13,640	-	-	-	-	-	-	736,479
Bonds and Notes Payable	423,954	-	-	71,300	3,071,028	676,000	-	85,435,925	21,110,949	-	39,300	-	-	-	24,512,929	-	-	135,341,385
Total Liabilities	487,081	50,865	5,204,787	84,426	3,135,109	75,381,224	91,500	107,231,506	22,516,493	1,266	52,940	13,888	40,251,259	24,555,779	179,504	625	-	279,238,252
<b>NET ASSETS (DEFICIT)</b>																		
Without Donor Restrictions	1,971,272	10,334,691	163,568	4,866,917	639,417	16,733,052	13,010	(47,099,461)	(2,750,875)	847,262	1,535,806	942,259	1,511,335	853,328	1,425,244	198,612	-	(7,814,563)
With Donor Restrictions	11,742,173	3,442,277	38,293,946	30,085,531	12,792,398	205,078,918	2,852,971	-	32,533,245	3,576,111	19,283,754	5,528,712	4,510,079	13,336,729	11,435,483	741,389	-	395,233,716
Total Net Assets (Deficit)	13,713,445	13,776,968	38,457,514	34,952,448	13,431,815	221,811,970	2,865,981	(47,099,461)	29,782,370	4,423,373	20,819,560	6,470,971	6,021,414	14,190,057	12,860,727	940,001	-	387,419,153
Total	\$ 14,200,526	\$ 13,827,833	\$ 43,662,301	\$ 35,036,874	\$ 16,566,924	\$ 297,193,194	\$ 2,957,481	\$ 60,132,045	\$ 52,298,863	\$ 4,424,639	\$ 20,872,500	\$ 6,484,859	\$ 46,272,673	\$ 38,745,836	\$ 13,040,231	\$ 940,626	\$ -	\$ 666,657,405

\* December 31 year-end

See accompanying Notes to Financial Statements.



**WEST VIRGINIA HIGHER EDUCATION FUND**  
**(A Component Unit of the State of West Virginia)**  
**COMPONENT UNITS – STATEMENTS OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2021**

	Big Green Scholarship Foundation Inc.	Bluefield State College Foundation Inc.	Concord University Foundation, Inc.	Fairmont State Foundation Inc.	The Glennville State College Foundation, Inc.	The Marshall University Foundation, Inc.	New River Community and Technical College Foundation, Inc.	Provident Group- Marshall Properties, LLC	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc. *	West Liberty University Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia University Foundation, Inc.	West Virginia Parkersburg Foundation, Inc.	Blue Ridge Community & Technical College Foundation, Inc.	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>																	
Without Donor Restrictions:																	
Gifts, Contributions, and Other	\$ 5,238,317	\$ 4,114	\$ 205,629	\$ 330,767	\$ 289,789	\$ 1,511,423	\$ 169,078	\$ 9,028,001	\$ 2,050,951	\$ -	\$ 209,689	\$ 15,514	\$ 379,335	\$ 165,018	\$ 21,455	\$ 41,814	\$ 19,660,894
Investment Income (Loss)	318,682	2,368,839	(99,299)	133,679	500,798	2,989,542	24,106	4,974,129	619	600	383,237	125,259	389,160	140,257	67,763	1,405	12,318,776
Reclassifications	-	135,504	1,920,982	2,588,563	1,112,639	13,841,385	156,091	-	1,725,839	113,650	1,524,831	163,370	138,825	1,483,862	397,668	118,549	25,421,758
With Donor Restrictions:																	
Gifts, Contributions, and Other	393,776	262,118	660,780	3,673,690	4,255,725	34,962,734	203,011	-	1,598,541	66,508	1,605,121	176,640	169,111	1,696,255	113,884	248,166	50,086,060
Investment Income (Loss)	2,963,724	747,296	10,926,794	6,073,159	3,174,508	39,009,603	610,277	-	7,734,889	(145,862)	4,741,669	1,336,731	704,627	3,796,194	2,779,441	165,060	84,618,110
Reclassifications	-	(135,504)	(1,920,982)	(2,588,563)	(1,112,639)	(13,841,385)	(156,091)	-	(1,725,839)	(113,650)	(1,524,831)	(163,370)	(138,825)	(1,483,862)	(397,668)	(118,549)	(25,421,758)
Total Revenues, Gains, and Other Support	8,914,499	3,382,367	11,693,904	10,211,295	8,220,820	78,473,302	1,006,472	14,002,130	11,385,000	(78,754)	6,939,716	1,654,144	1,642,233	5,797,724	2,982,543	456,445	166,683,840
<b>EXPENSES</b>																	
Scholarships, Awards, and Grants	2,500	283,816	909,843	1,987,759	426,923	5,646,148	213,596	-	1,844,838	106,833	650,243	102,654	361,230	486,765	174,650	118,549	13,316,347
College Support	3,485,871	350,728	891,442	302,992	1,025,664	5,774,590	77,149	-	1,901,689	450	317,862	100,828	997,127	19,019	13,518		15,258,929
Management and General	853,858	29,670	43,121	583,558	321,599	3,851,418	43,525	12,015,011	601,370	108,037	993,975	26,640	250,542	337,425	236,127	311	20,296,187
Total Expenses	4,342,229	664,214	1,844,406	2,874,309	1,774,186	15,272,156	334,270	12,015,011	4,347,897	215,320	1,962,080	230,122	611,772	1,821,317	429,796	132,378	48,871,463
<b>CHANGE IN NET ASSETS</b>																	
Without Donor Restrictions	1,214,770	1,844,243	182,906	178,700	129,040	3,070,194	15,005	1,987,119	(570,488)	(101,070)	155,677	74,021	295,548	(32,180)	57,090	29,390	8,529,965
With Donor Restrictions	3,357,500	873,910	9,666,592	7,158,286	6,317,594	60,130,952	657,197	-	7,607,591	(193,004)	4,821,959	1,350,001	734,913	4,008,587	2,495,657	294,677	109,282,412
Total Change in Net Assets	4,572,270	2,718,153	9,849,498	7,336,986	6,446,634	63,201,146	672,202	1,987,119	7,037,103	(294,074)	4,977,636	1,424,022	1,030,461	3,976,407	2,552,747	324,067	117,812,377
Net Assets (Deficit) -																	
Beginning of Year	13,713,445	13,776,968	38,457,514	34,952,448	13,431,815	221,811,970	2,865,981	(47,099,461)	29,782,370	4,423,373	20,819,560	6,470,971	6,021,414	14,190,057	12,860,727	940,001	387,419,153
<b>NET ASSETS (DEFICIT) - END OF YEAR</b>																	
	\$ 18,285,715	\$ 16,495,121	\$ 48,307,012	\$ 42,289,434	\$ 19,878,449	\$ 285,013,116	\$ 3,538,183	\$ (45,112,342)	\$ 36,819,473	\$ 4,129,299	\$ 25,797,196	\$ 7,894,993	\$ 7,051,875	\$ 18,166,464	\$ 15,413,474	\$ 1,264,068	\$ 505,231,530

\* December 31 year-end

See accompanying Notes to Financial Statements.

**WEST VIRGINIA HIGHER EDUCATION FUND**  
**(A Component Unit of the State of West Virginia)**  
**COMPONENT UNITS – STATEMENTS OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2020**

	Big Green Scholarship Foundation Inc.	Bluefield State College Foundation Inc.	Concord University Foundation, Inc.	Fairmont State Foundation Inc.	The Glenville State College Foundation, Inc.	The Marshall University Foundation, Inc.	New River Community and Technical College Foundation, Inc.	Provident Group- Marshall Properties, LLC	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc. *	West Liberty University Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.	Blue Ridge Community & Technical College Foundation, Inc.	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>																	
Without Donor Restrictions:																	
Gifts, Contributions, and Other	\$ 4,250,193	\$ 42,714	\$ 238,820	\$ 42,894	\$ 531,645	\$ 1,460,084	\$ 184,676	\$ 9,746,684	\$ 1,568,618	\$ -	\$ 286,398	\$ 20,312	\$ 476,169	\$ 252,054	\$ 6,677	\$ 554,893	\$ 19,662,831
Investment Income (Loss)	290,810	205,740	(137,817)	339,941	35,262	(692,445)	4,473	(4,568,084)	1,305	17,166	59,390	27,652	(84,302)	669	14,257	3,417	(4,482,566)
Reclassifications	49,706	231,917	1,749,174	2,351,300	1,103,293	12,069,187	92,139	-	2,541,947	192,190	1,734,802	156,134	164,716	2,768,594	565,262	170,377	25,940,738
With Donor Restrictions:																	
Gifts, Contributions, and Other	1,479,538	43,132	2,317,803	3,042,207	997,396	12,205,996	163,967	-	3,988,377	419,864	1,338,371	81,186	144,275	1,606,465	140,920	31,105	28,000,602
Investment Income (Loss)	(219,490)	117,716	1,229,603	685,732	171,560	(6,158,410)	67,782	-	147,232	651,690	1,130,442	243,334	57,764	(469,112)	684,254	2,445	(1,657,458)
Reclassifications	(49,706)	(231,917)	(1,749,174)	(2,351,300)	(1,103,293)	(12,069,187)	(92,139)	-	(2,541,947)	(192,190)	(1,734,802)	(156,134)	(164,716)	(2,768,594)	(565,262)	(170,377)	(25,940,738)
Total Revenues, Gains, and Other Support	5,801,051	409,302	3,648,409	4,110,774	1,735,863	6,815,225	420,898	5,178,600	5,705,532	1,088,720	2,814,601	372,484	593,906	1,390,076	846,108	591,860	41,523,409
<b>EXPENSES</b>																	
Scholarships, Awards, and Grants	10,500	238,222	923,584	1,987,541	320,911	5,114,497	157,292	-	2,737,950	99,240	399,499	102,077	428,661	696,511	337,067	170,377	13,723,929
College Support	3,453,089	2,239,515	1,069,071	376,628	894,355	7,225,793	83,434	7,957,608	1,783,393	90,825	1,404,861	70,380	205,308	1,954,431	32,187	510,242	29,351,120
Management and General	1,260,404	28,156	306,483	252,689	677,710	2,218,571	49,172	4,529,119	575,526	126,381	267,869	16,140	121,796	251,706	264,937	817	10,947,476
Total Expenses	4,723,993	2,505,893	2,299,138	2,616,858	1,892,976	14,558,861	289,898	12,486,727	5,096,869	316,446	2,072,229	188,597	755,765	2,902,648	634,191	681,436	54,022,525
<b>CHANGE IN NET ASSETS</b>																	
Without Donor Restrictions	(133,284)	(2,025,522)	(448,961)	117,277	(222,776)	(1,722,035)	(8,610)	(7,308,127)	(984,999)	(107,090)	8,361	15,501	(199,182)	118,669	(47,995)	47,251	(12,901,522)
With Donor Restrictions	1,210,342	(71,069)	1,798,232	1,376,639	65,663	(6,021,601)	139,610	-	1,593,662	879,364	734,011	168,386	37,323	(1,631,241)	259,912	(136,827)	402,406
Total Change in Net Assets	1,077,058	(2,096,591)	1,349,271	1,493,916	(157,113)	(7,743,636)	131,000	(7,308,127)	608,663	772,274	742,372	183,887	(161,859)	(1,512,572)	211,917	(89,576)	(12,499,116)
Net Assets (Deficit) -																	
Beginning of Year	12,636,387	15,873,559	37,108,243	33,458,532	13,588,928	229,555,606	2,734,981	(39,791,334)	29,173,707	3,651,099	20,077,188	6,287,084	6,183,273	15,702,629	12,648,810	1,029,577	399,918,269
<b>NET ASSETS (DEFICIT) - END OF YEAR</b>																	
	\$ 13,713,445	\$ 13,776,968	\$ 38,457,514	\$ 34,952,448	\$ 13,431,815	\$ 221,811,970	\$ 2,865,981	\$ (47,099,461)	\$ 29,782,370	\$ 4,423,373	\$ 20,819,560	\$ 6,470,971	\$ 6,021,414	\$ 14,190,057	\$ 12,860,727	\$ 940,001	\$ 387,419,153

\* December 31 year-end

See accompanying Notes to Financial Statements.

**WEST VIRGINIA HIGHER EDUCATION FUND**  
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**NOTE 1 ORGANIZATION**

The West Virginia Higher Education Fund (the Fund) is comprised of the following blended component units:

- Bluefield State College (Bluefield)
- Concord University (Concord)
- Fairmont State University (Fairmont)
- Glenville State College (Glenville)
- Marshall University (Marshall)
- Shepherd University (Shepherd)
- West Liberty University (West Liberty)
- West Virginia Council for Community and Technical College Education
- West Virginia Higher Education Policy Commission (including West Virginia Network for Educational Telecomputing)
- West Virginia State University (WV State)
- West Virginia School of Osteopathic Medicine (WVSOM)
- West Virginia University (including Potomac State College and West Virginia University Institute of Technology) (WVU)

The Fund is a discretely presented component unit of the State of West Virginia (the State). Each college and university (the Institutions) in the Fund is governed by its own Governing Board, which is responsible for the general determination, control, supervision, and management of the financial business and educational policies and affairs of its institution. The West Virginia Higher Education Policy Commission (the Policy Commission), in accordance with Senate Bill No. 653, is responsible for developing, gaining consensus around, and overseeing the implementation and development of a higher education public policy agenda. The Policy Commission is comprised of 10 persons appointed by the Governor with the advice and consent of the Senate. Senate Bill No. 448 gives the West Virginia Council for Community and Technical College Education (the Council) the responsibility of developing, overseeing, and advancing the State's public policy agenda as it relates to community and technical college education. The Council is comprised of 12 persons appointed by the Governor with the advice and consent of the Senate and is comprised of the following Institutions:

- Blue Ridge Community and Technical College
- BridgeValley Community and Technical College
- Eastern West Virginia Community and Technical College
- Mountwest Community and Technical College
- New River Community and Technical College
- Pierpont Community and Technical College (Pierpont)
- Southern West Virginia Community and Technical College
- West Virginia Northern Community College (Northern)
- West Virginia University at Parkersburg Community and Technical College

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting Entity**

The accompanying financial statements present all Institutions under the authority of the Fund, including the Policy Commission and the Council. The basic criteria for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from the ability of the Fund to significantly influence operations and accountability for fiscal matters of related entities. (See Note 25 for condensed financial statements.) These entities are included in the financial statements as blended component units of the Fund.

Complete financial statements for any blended component unit can be obtained by contacting the Business Office of the West Virginia Higher Education Policy Commission, 1018 Kanawha Boulevard East, Suite 700, Charleston, WV 25301.

The Fund applies GASB discretely presented component unit requirements and, as a result, the financial statements of certain component units as first presented in the Component Units – Statement of Net Assets are discretely presented here with the Fund's financial statements. The component units are the separate private nonprofit organizations of each applicable institution that are required to be reported under GASB. These discretely presented component unit organizations report 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. The component units consist of foundations and other entities which meet the criteria for inclusion under GASB discretely presented component unit requirements.

**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 the Fund as a whole. Net position is classified into four categories according to external donor restrictions or availability of assets for satisfaction of Fund obligations. The Fund's net position is classified as follows:

*Net Investment in Capital Assets* – This represents the Fund's total investment in capital assets, net of accumulated 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 net investment in capital assets.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Statement Presentation (Continued)**

*Restricted Net Position – Expendable* – This includes resources in which the Fund is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

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

*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.

*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 the Fund, and may be used at the discretion of the respective governing boards to meet current expenses for any purpose.

**Basis of Accounting**

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

**Cash and Cash Equivalents**

For purposes of the statements of net position, the Fund 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 are 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 Code, policies set by the BTI, the provisions of bond indentures, and the 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.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents (Continued)**

The BTI was established by the State Legislature and is subject to oversight by the 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 eight investment pools and participant-directed accounts, three of which the state and local governmental agencies may invest in. These pools have been structured as multi-participant variable net position 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 audited financial report can be obtained from the following address: 1900 Kanawha Boulevard East, Room E-122, Charleston, West Virginia 25305 or <http://www.wvbt.com>.

**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.

**Investments**

Investments measured and reported at fair value are classified according to the following hierarchy. Level 1, investments reflect prices quoted in active markets. Level 2, investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active. Level 3, investments reflect prices based upon unobservable inputs. The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Alternative investments are carried at fair value using the NAV as a practical expedient. These valuations include assumptions and methods that were reviewed by Fund management and are primarily based on quoted market prices or other readily determinable market values for the underlying investments. The Fund believes that the carrying amount of its alternative investments is a reasonable estimate of fair value. Because a portion of alternative investments is not readily marketable and the estimated value is subject to uncertainty, the reported value may differ from the value that would have been used had a ready market existed.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments (Continued)**

Permissible investments for all agencies include those guaranteed by the United States of America, its agencies and instrumentalities (U.S. Government obligation); corporate debt obligations, including commercial paper, which meet certain ratings; certain money market funds; repurchase agreements; reverse repurchase agreements, asset-backed securities; certificates of deposits; state and local government securities (SLGS); 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.

The Fund's investments held with the foundations and other agents are governed by investment policies that determine the permissible investments by category. The holdings include appropriately rated U.S. debt and equity securities, foreign debt and equity securities, as well as alternative investments. The respective investment policies outline the acceptable exposure to each category of investment and generally outline a liquidity goal.

Investments are made in accordance with and subject to provisions of the Uniform Prudent Investor Act codified as Chapter 44, Article 6C, of the West Virginia Code.

**Allowance for Doubtful Accounts**

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

**Inventories**

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

**Noncurrent Cash, Cash Equivalents, and Investments**

Cash, cash equivalents, and investments that are (1) externally restricted to make debt service payments, long-term loans to students, or to maintain sinking or reserve funds, (2) to purchase capital or other noncurrent assets or settle long-term liabilities, or (3) held for permanently restricted net position, are classified as noncurrent assets in the statements of net position.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 acquisition value at the date of donation in the case of gifts. Capital assets under service concession arrangements are recorded at acquisition value at the commencement of the agreement. Interest on related borrowing, net of interest earnings on invested proceeds, is capitalized during the period of construction and was approximately \$1 million for the year ended June 30, 2020. 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, 20 years for land improvements, 7 to 20 years for library assets, and 3 to 10 years for furniture and equipment. The estimated useful life of intangible assets varies. The financial statements reflect all adjustments required by GASB.

**Unearned Revenue**

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

**Compensated Absences and Other Postemployment Benefits**

GASB provides standards for the measurement, recognition, and display of other postemployment benefit (OPEB) expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State. Effective July 1, 2007, the Fund 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), State Capitol complex, Building 5, Room 1001, 1900 Kanawha Boulevard East, Charleston, West Virginia 25305-071 or <http://www.wvpeia.com>.

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. The Fund's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination. Full-time employees also earn 1-1/2 sick leave days for each month of service and are entitled to extend their health or life insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. Generally, two days of accrued sick leave extends health insurance for one month of single coverage and three days extends health insurance for one month of family coverage. For employees hired after 1988 or who were hired before 1988 but did not choose such coverage until after 1988 but



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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Compensated Absences and Other Postemployment Benefits (Continued)**

before July 1, 2001, the employee shares in the cost of the extended benefit coverage to the extent of 50% of the premium required for the extended coverage. Employees hired on July 1, 2001, or later will no longer receive sick leave credit toward insurance premiums when they retire. Additionally, all retirees have the option to purchase continued coverage regardless of their eligibility for premium credits. This liability is provided for under the multiple employer cost-sharing plan sponsored by the State.

Certain faculty employees (generally those with less than a 12-month contract) earn a similar extended health or life insurance coverage retirement benefit based on years of service.

Generally 3-1/3 years of teaching service extend health insurance for one year of single coverage and five years extend health insurance for one year of family coverage. The same hire date mentioned above applies to coverage for faculty employees also. Faculty hired after July 1, 2009, will no longer receive years of service credit toward insurance premiums when they retire. Employees hired after July 1, 2010, receive no health insurance premium subsidy from the Fund. Two groups of employees hired after July 1, 2010, will not be required to pay the unsubsidized rate: 1) active employees who were originally hired before July 1, 2010, who have a break in service of fewer than two years after July 1, 2010; and 2) retired employees who retired before July 1, 2010, return to active service after July 1, 2010, and then go back into retirement. In those cases, the original hire date will apply.

The estimated expense and expense incurred for 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 (TRS), administered by the West Virginia Consolidated Public Retirement Board (CPRB), and additions to/reductions from the TRS fiduciary net position have been determined on the same basis as they are reported in the TRS financial statements, which can be found at <https://www.wvretirement.com/Publications.html#CAFR>. The plan schedules of TRS are prepared using the accrual basis of accounting and economic resources measurement focus in accordance with GAAP as prescribed by GASB. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Investments are reported at fair value. Detailed information on investment valuation can be found in the TRS financial statements. Management of TRS has made certain estimates and assumptions relating to employer allocation schedules, and actual results could differ (Note 14).

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Outflows of Resources**

Consumption of net position by the Fund that is applicable to a future fiscal year is reported as a deferred outflow of resources on the statements of net position. As of June 30, 2021 and 2020, the Fund had a deferred loss on refunding of approximately \$39,710 and \$34,221, respectively, deferred outflows of resources related to pensions of approximately \$2,721 and \$2,383, respectively (Note 14), and deferred outflows of resources related to other postemployment benefits of \$36,328 and \$35,186, respectively. Deferred outflows are either accreted over the periods of the refinancing bond issue related to the deferred loss on refinancing or the remaining service lives for employees for the pension and other postemployment benefits plans.

**Deferred Inflows of Resources**

An acquisition of net position by the Fund that is applicable to a future fiscal year is reported as a deferred inflow of resources on the statements of net position. Deferred inflows related to service concession arrangements are accreted over the periods of the service concession arrangements. As of June 30, 2021 and 2020, the Fund had total deferred inflows of resources of approximately \$37,422 and \$39,068 related to service concession arrangements. As of June 30, 2021 and 2020, the deferred inflows related to pensions were approximately \$5,869 and \$7,944 (Note 14). As of June 30, 2021 and 2020, the deferred inflows related to other postemployment benefits were approximately \$172,642 and \$93,649, respectively (Note 8). Other deferred inflows of resources include deferred gains on refunding and deferred inflows related to a contract with a food service provider of \$8,900 and \$9,711 as of June 30, 2021 and 2020, respectively.

**Risk Management**

The State's Board of Risk and Insurance Management (BRIM) provides general liability, medical malpractice liability, property, and auto insurance coverage to the Fund and its employees. Such coverage is provided to the Fund through a self-insurance program maintained by BRIM for general liability, medical malpractice liability, and auto insurance coverage. BRIM maintains a self-insurance program to pay the first \$1 million of each property insurance claim and purchases excess property insurance from the commercial insurance market to cover individual claims that exceed \$1 million. The BRIM self-insurance programs may involve experience and exposure-related premiums.

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

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Risk Management (Continued)**

The WVU and Marshall Schools of Medicine (SOMs) have established a \$250 deductible program under BRIM's professional liability coverage for the SOMs effective July 1, 2005. Starting July 1, 2005, the SOMs assumed the risk and responsibility for any and all indemnity amounts up to \$250 per occurrence and all loss expenses associated with medical malpractice claims and/or suits in exchange for a reduction in its premium for medical malpractice insurance. For fiscal year 2021, BRIM will provide coverage for indemnity amounts between \$250 and \$1,641 per occurrence. For fiscal year 2020, BRIM will provide coverage for indemnity amounts between \$250 and \$1,605 per occurrence. After June 30, 2016, BRIM coverage may increase annually based on the Consumer Price Index until it reaches a maximum of \$2,000 per occurrence. Prior to July 1, 2005, the SOMs were totally covered by BRIM at a limit of \$1,000 per occurrence.

Under the program, the SOMs entered into an agreement with BRIM whereby the SOMs have on deposit \$4.5 million as of June 30, 2021 and 2020, in escrow accounts created in the State Treasury from which BRIM may withdraw amounts to pay indemnity costs and allocated expenses in connection with medical malpractice claims against the SOMs. Additionally, the WVU Health Sciences Center also has on deposit \$51.1 million and \$38.9 million as of June 30, 2021 and 2020, respectively, in an investment account with the West Virginia University Foundation to cover the liabilities under this program. Marshall has a receivable from the University Physicians & Surgeons, Inc. for the funding it has agreed to provide for the self-insurance liability of \$11.5 million and \$10.1 million as of June 30, 2021 and 2020, respectively. Based on actuarial valuations of this self-insurance program, the Fund has recorded a liability of \$40.4 million and \$35.8 million to reflect projected claim payments at June 30, 2021 and 2020, respectively, for both WVU's and Marshall's SOMs.

In addition, through its participation in the PEIA and third-party insurers, the Fund has obtained health, life, prescription drug coverage, and coverage for job-related injuries for its employees. In exchange for payment of premiums to PEIA and the third-party insurers, the Fund has transferred its risks related to health, life, prescription drug coverage, and job-related injuries.

**Classification of Revenues**

The Fund 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, (4) federal appropriations for land grant institutions, (5) sales and services of educational activities, and (6) revenue from leasing.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Classification of Revenues (Continued)**

Nonoperating Revenues

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB, such as state appropriations, federal Pell grants, COVID relief grants, investment income, and sale of capital assets (including natural resources).

Other Revenues

Other revenues consist primarily of capital grants and gifts.

**Use of Restricted Net Position**

The Fund 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 assets are available. Generally, the Fund attempts to utilize restricted net position first when practicable. Certain Institutions have adopted a policy to utilize restricted net position first.

**Federal Financial Assistance Programs**

The Fund 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 the institutions within the Fund. Direct student loan receivables are not included in the Fund's statements of net position. In 2021 and 2020, the Fund received and disbursed, or awarded, approximately \$375.4 million and \$406.8 million, respectively, under the Direct Loan Program, which is not included as revenue and expense in the statements of revenues, expenses, and changes in net position.

The Fund 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, the Fund received and disbursed approximately \$106.2 million and \$112.8 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 the Fund, and the amount that is paid by students and/or third parties making payments on the students' behalf.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Scholarship Allowances (Continued)**

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). 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 an institution 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. The Fund recognizes revenue associated with direct costs as the eligibility requirements are met. Recovery of related indirect costs is generally recorded at fixed rates negotiated for a period of one to five years.

**Income Taxes**

The Fund 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 escrowed, restricted for noncurrent assets, or in funded reserves have not been included as cash and cash equivalents for the purpose of the statements of cash flows.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ materially 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.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reclassifications**

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation.

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

The Fund has implemented GASB Statement No. 84, *Fiduciary Activities*, which was effective for fiscal years beginning after December 15, 2019. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments to determine whether an activity should be reported in a fiduciary fund in the financial statements. The adoption of this standard had no effect on the Fund's financial statements.

The Fund has implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which is effective for fiscal years beginning after December 15, 2020. The objective of this statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify the accounting for certain interest costs. This statement also establishes accounting requirements for interest cost incurred before the end of a construction period. The adoption of this standard had no effect on the Fund's financial statements.

The Fund has implemented GASB Statement No. 93, *Replacement of Interbank Offered Rates*, which is effective for reporting periods ending after December 31, 2022, as postponed by implementation of GASB No. 95, for the removal of LIBOR as an appropriate benchmark interest rate. All other requirements related to Statement No. 93 are effective for reporting periods beginning after June 15, 2021, as postponed by implementation of GASB No. 95. Statement No. 93's objective is to address financial reporting implications related to replacing the London Interbank Offered Rate (LIBOR) with other reference rates since LIBOR is expected to cease to exist in its current form at the end of 2021 due to global reference rate reform. The adoption of this standard had no effect on the Fund's financial statements.

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**NOTE 3 CASH AND CASH EQUIVALENTS**

The composition of cash and cash equivalents at June 30, was held as follows (dollars in thousands):

	2021		Total
	Current	Noncurrent	
State Treasurer	\$ 394,242	\$ 10,052	\$ 404,294
Municipal Bond Commission	1,713	-	1,713
Trustee	1	135,115	135,116
Bank	60,445	126	60,571
Cash Equivalents	5,607	-	5,607
Escrowed Cash	-	4,507	4,507
On Hand	80	-	80
Total	<u>\$ 462,088</u>	<u>\$ 149,800</u>	<u>\$ 611,888</u>

	2020		Total
	Current	Noncurrent	
State Treasurer	\$ 368,439	\$ 6,233	\$ 374,672
Municipal Bond Commission	1,787	-	1,787
Trustee	17	109,748	109,765
Bank	57,806	177	57,983
Cash Equivalents	7,148	-	7,148
Escrowed Cash	-	4,508	4,508
On Hand	44	-	44
Total	<u>\$ 435,241</u>	<u>\$ 120,666</u>	<u>\$ 555,907</u>

Amounts held by the Municipal Bond Commission or trustee represent various project revenue, debt service, and other repair and replacement reserve funds required to be escrowed by various bond trust indentures. Other amounts held by the State Treasurer include \$26.5 million and \$20.4 million of restricted cash at June 30, 2021 and 2020, respectively. Cash equivalents are primarily related to amounts held in money markets, repurchase agreements, and savings accounts.

The combined carrying amounts of cash in the bank at June 30, 2021 and 2020, were \$60.5 million and \$57.9 million, as compared with the combined bank balance of \$66.2 million and \$59.7 million, respectively. The difference is primarily caused by outstanding checks and items in transit. The bank balances were covered by federal depository insurance as noted below or were secured by financial instruments held as collateral by the State's agent. Regarding federal depository insurance, interest bearing accounts are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000.

Amounts with the State Treasurer as of June 30, 2021 and 2020 are comprised of approximately \$134.3 million and \$105.2 million, respectively, held by the State Treasury Fund and not invested, and three investment pools, the WV Money Market Pool, the WV Government Money Market Pool and the WV Short Term Bond Pool.

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**NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)**

*Credit Risk* – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The following table provides information on the Standard & Poor's rating of the investment pools as of June 30:

External Pool	2021		2020	
	Carrying Value (in Thousands)	S & P Rating	Carrying Value (in Thousands)	S & P Rating
WV Money Market Pool	\$ 261,789	AAAm	\$ 261,377	AAAm
WV Government Money Market Pool	\$ 1,713	AAAm	\$ 1,787	AAAm
WV Short-Term Bond Pool	\$ 6,449	Not Rated	\$ 6,347	Not Rated

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 and the WV Government Money Market Pool:

External Pool	2021		2020	
	Carrying Value (in Thousands)	WAM (Days)	Carrying Value (in Thousands)	WAM (Days)
WV Money Market Pool	\$ 261,789	52	\$ 261,377	44
WV Government Money Market Pool	\$ 1,713	45	\$ 1,787	50

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

External Pool	2021		2020	
	Carrying Value (in Thousands)	Effective Duration (Days)	Carrying Value (in Thousands)	Effective Duration (Days)
WV Short-Term Bond Pool	\$ 6,449	638	\$ 6,347	620



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**NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)**

**Cash in Bank with Trustee**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Cash in bank with trustee is governed by provisions of various bond agreements.

	Carrying Value	
	2021	2020
	(in Thousands)	(in Thousands)
Investment Type:		
Money Market Fund	\$ 135,116	\$ 109,765

*Custodial Credit Risk* – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Fund will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Fund does not have a formal custodial credit risk policy.

*Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Fund’s investment policy limits investment maturities from potential fair value losses due to increasing interest rates. No more than 5% of the money market fund’s total market value may be invested in the obligations of a single issuer, with the exception of the U.S. government and its agencies.

**NOTE 4 INVESTMENTS**

The Fund categorizes its fair value measurements within the fair value hierarchy established by GAAP. The Fund had the following recurring fair value measurements comprised of investments as of June 30, 2021 and 2020 (dollars in thousands):

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**NOTE 4 INVESTMENTS (CONTINUED)**

	2021			
	Fair Value	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level:</b>				
U.S. Government Investments:				
Cash	\$ 5,554	\$ 5,554	\$ -	\$ -
Agency Obligations	579	-	579	-
Treasury Obligations	12,414	8,853	3,561	-
Mutual Money Market Funds	7	7	-	-
Corporate Bonds	13,082	6,785	6,297	-
Mutual Bond Funds:				
Guggenheim TR Bond	8,988	616	8,032	340
iShares Barclays 3-7 Year Treasury	6,270	198	6,072	-
iShares Barclays 7-10 Year Treasury	7,796	1,144	6,652	-
Wells Fargo	6	6	-	-
Muzinich Credit Opportunities Fund High Yield	8,120	93	8,027	-
-	-	-	-	-
Fixed Income Funds:				
IR&M Core Bond	13,280	328	12,952	-
Other	2,834	2,834	-	-
Mutual Stock Funds:				
Artisan International Small Cap	3,365	1,055	2,310	-
Baillie Gifford	12,666	2,285	10,381	-
Eaton Vance	1,332	1,332	-	-
Equity Mutual Funds	42,992	42,992	-	-
Invesco	6,463	6,286	177	-
Jensen Quality Growth	6,097	6,097	-	-
Maingate MLP Fund	3,984	3,984	-	-
MFS International Value Fund	12,469	11,476	993	-
MFS Investment Management	10,516	10,516	-	-
Oppenheimer International Growth Fund	11,889	1,812	10,077	-
REMS RE	2,535	2,535	-	-
Vanguard Russell 2000	6,226	6,226	-	-
Vanguard S&P 500ETF	19,949	19,949	-	-
Vanguard Total Stock Market	43,314	43,314	-	-
Vanguard FTSE	10,386	2,613	7,761	12
Wellington EM	9,954	9,811	143	-
Wells Fargo	716	716	-	-
Limited Partnership Equity:				
TI Platform Fund	1,895	-	-	1,895
TI Platform Fund II	1,170	-	-	1,170
747 Stuyvesant VI LP	802	-	-	802
747 Stuyvesant VI LP II	70	-	-	70
Investments Held by Marshall University Foundation	78,503	-	78,503	-
Other	643	-	-	643
Total	366,866	\$ 199,417	\$ 162,517	\$ 4,932
<b>Investments Measured at Net Asset Value (NAV):</b>				
Morgan Stanley	10,320			
<b>Investments Measured at Cost:</b>				
Progenesis Technologies	100			
Total Investments	\$ 377,286			

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**NOTE 4 INVESTMENTS (CONTINUED)**

	2020			
	Fair Value	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level:</b>				
U.S. Government Investments:				
Cash	\$ 10,341	\$ 10,341	\$ -	\$ -
Agency Obligations	934	139	795	-
Treasury Obligations	50,087	46,864	3,223	-
Mutual Money Market Funds	8	8	-	-
Corporate Bonds	11,266	7,273	3,993	-
Mutual Bond Funds:				
Brandywine Global Fixed Income	3,493	-	3,493	-
Guggenheim TR Bond	8,265	112	8,031	122
iShares Barclays 3-7 Year Treasury	7,942	7	7,935	-
iShares Barclays 7-10 Year Treasury	9,043	75	8,968	-
Wells Fargo	6	6	-	-
Vanguard Treasury	63	63	-	-
Muzinich Credit Opportunities Fund	6,520	-	6,520	-
Fixed Income Funds:				
IR&M Core Bond	11,964	-	11,964	-
Other	2,532	2,532	-	-
Mutual Stock Funds:				
Artisan International Small Cap	889	889	-	-
Eaton Vance	1,088	1,088	-	-
Equity Mutual Funds	33,655	33,655	-	-
Goldman Sachs EM	-	-	-	-
Maingate MLP Fund	1,984	1,984	-	-
MFS International Value Fund	8,761	4,163	4,598	-
MFS Investment Management	7,603	7,603	-	-
Oppenheimer International Growth Fund	7,451	1,220	6,231	-
Other	14,672	7,232	7,440	-
REMS RE	1,358	1,306	52	-
Vanguard S&P 500ETF	23,864	23,864	-	-
Vanguard Total Stock Market	35,277	35,277	-	-
Wellington EM	6,903	6,903	-	-
Wells Fargo	493	493	-	-
Limited Partnership Equity:				
Frontier Small Cap	1,220	1,220	-	-
T1 Platform Fund	1,371	-	-	1,371
T1 Platform Fund II	452	-	-	452
747 Stuyvesant VI LP	390	-	-	390
Investments Held by Marshall University Foundation	73,509	-	73,509	-
Other	989	-	-	989
Total	<u>344,393</u>	<u>\$ 194,317</u>	<u>\$ 146,752</u>	<u>\$ 3,324</u>
<b>Investments Measured at Net Asset Value (NAV):</b>				
Morgan Stanley	7,844			
<b>Investments Measured at Cost:</b>				
Progenesis Technologies	100			
Total Investments	<u>\$ 352,337</u>			

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**NOTE 4 INVESTMENTS (CONTINUED)**

Historically, the Fund was unable to invest excess operating funds outside of the State Treasurer. In 2005, the West Virginia State Legislature passed Senate Bill No. 603 (S.B. 603). S.B. 603 granted certain institutions the ability to invest a limited amount of funds with their foundations. In 2015, the Legislature passed Senate Bill 425 which allowed all monies of certain institutions to be invested with their foundations except for General Revenue funds.

As of June 30, 2021 and 2020, WVU's investments held with the Foundation were \$203.2 million and \$162.2 million, respectively. WVU's investments held with the Foundation are governed by investment policies and an investment management agency agreement that determine the permissible investments by category. The holdings include cash accounts, commingled equity funds, equity EFT funds, mutual bond funds, mutual stock funds, fixed income, fixed income commingled funds, fixed income EFT and limited partnership equity investments. The investment management agency agreement outlines the acceptable exposure to each category of investment and generally outlines a liquidity goal. The agreement also states that at no time will illiquid investment assets (defined as those assets that cannot be converted into cash within 90 days) exceed 10% of any portfolio.

During 2016, Marshall and its Foundation executed an Investment Management Agency Agreement (the Agreement) in which the Foundation was appointed as Marshall's investment agent. Under the Agreement, the Foundation has full power and authority to make purchases and sales of securities on behalf of Marshall. Other responsibilities of the Foundation, in part, are to account for Marshall assets separately from Foundation assets, provide monthly investment reports to Marshall and engage third-party investment managers to invest Marshall assets in accordance with the asset allocation provisions established by Marshall's Investment Committee. Marshall's investments are held in the name of the Foundation. In return for the above noted services, Marshall pays the Foundation investment advisory fees as defined in the Agreement.

Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Investments classified in Level 2 of the fair value hierarchy are valued based on the securities' relationship to benchmark quoted prices. Level 3 represents investments with no observable market.

Marshall's investments held by the foundation are classified in Level 2 of the fair value hierarchy are valued at quoted prices for the underlying assets which are considered to be similar assets in active markets.

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**NOTE 4 INVESTMENTS (CONTINUED)**

The valuation method for investments measured at the NAV per share (or its equivalent) is presented as follows at June 30 (dollars in thousands):

	2021			
	Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period
Morgan Stanley Private:				
Renaissance Institutional Equities	\$ 1,996	None	Monthly	60 Days
HP Millennium International	1,130	None	Quarterly	30 Days
Mudrick Distressed Opportunity Fund	5,906	None	Quarterly	90 Days
KKR Dislocation Fund	1,288	\$ 1,625	n/a	n/a
Total Investments Measured at the NAV	<u>\$ 10,320</u>			
	2020			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Morgan Stanley Private:				
Renaissance Institutional Equities	\$ 2,082	None	Monthly	60 Days
HP Millennium International	1,107	None	Quarterly	30 Days
Mudrick Distressed Opportunity Fund	4,426	None	Quarterly	90 Days
KKR Dislocation Fund	229	\$ 2,313	n/a	n/a
Total Investments Measured at the NAV	<u>\$ 7,844</u>			

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

WVU, Marshall and WVSOM investment policies generally adhere to fiduciary responsibilities in accordance with the provisions of the Uniform Prudent Investor Act (WV State Code 44-6C-1 Prudent Investor Rule). Oversight will occur with care, skill, prudence, and diligence.

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**NOTE 4 INVESTMENTS (CONTINUED)**

**Credit Risk (Continued)**

At June 30, 2021 and 2020, Standard & Poor's (S&P) credit ratings were as follows:

<u>Investment Type</u>	<u>Standard &amp; Poor's Rating</u>	
	<u>2021</u>	<u>2020</u>
Bank of America Corp	A-	A-
Brandywine Global Fixed Income	-	A+
Booking Holdings Inc	-	A-
Cheniere Corpus Christi Holdings LLC	BBB-	BBB-
Citigroup	BBB+	-
General Electric Co	-	BBB+
General Motors Financial	BBB	-
Goldman Sachs Group	BBB+	BBB+
Guggenheim TR Bond	A3	A
Hewlett Packard Enterprise Co	-	BBB
HollyFrontier Corp	BBB-	BBB-
Intl Lease Finance Corp	-	BBB
IR&M Core Bond	Aa2	-
iShares Barclays 3-7 Year Treasury	Aaa	AAA
iShares Barclays 7-10 Year Treasury	Aaa	AAA
JP Morgan Chase & Co	A-	-
Morgan Stanley Fixed	BBB+	BBB+
Mutual Money Market Funds	-	Aaa-mf
Muzinich Credit Opportunities Fund	Ba2	BBB
Mylan NV	-	BBB-
Utah Acquisition Corp.	BBB-	-
Wells Fargo & Co Fxd	BBB+	A-

Remaining investments have not been rated.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

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**NOTE 4 INVESTMENTS (CONTINUED)**

**Interest Rate Risk (Continued)**

The following tables show the maturities for other investments for WVU at June 30 (dollars in thousands):

<u>Investment Type</u>	2021				
	Investment Maturities				
	Value	One Year	1-5 Years	6-10 Years	10 Years
Mutual Bond Funds	\$ 8,994	\$ -	\$ -	\$ 8,988	\$ 6
Total	\$ 8,994	\$ -	\$ -	\$ 8,988	\$ 6

<u>Investment Type</u>	2020				
	Investment Maturities				
	Fair Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
U.S. Treasury Notes and U.S. Government Backed Money Market Funds	\$ 38,452	\$ 29,382	\$ 9,070	\$ -	\$ -
Mutual Bond Funds	31,839	793	9,631	16,846	4,569
Investment Cash Accounts	10,341	10,341	-	-	-
Total	\$ 80,632	\$ 40,516	\$ 18,701	\$ 16,846	\$ 4,569

For WVU, interest rate risk is managed by limiting the time period or duration of the specific investment. At June 30, 2020, the U.S. Treasury Notes have maturities through May 31, 2022 and interest rates which range from 1.375% to 2.75%. The following tables show the maturities for WVSOM at June 30 (dollars in thousands):

<u>Bond Maturity</u>	2021		2020	
	Market Value	% of Bond Market Value	Market Value	% of Bond Market Value
Less than 1 Year	\$ 1,942	12.4 %	\$ 2,590	16.5 %
1 to 5 Years	13,696	87.6	13,064	83.5
Total	\$ 15,638	100.0 %	\$ 15,654	100.0 %

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. Since this risk is minimized by the commingled funds structure, concentration risk disclosure is not required for external pooled funds.

At June 30, 2021 and 2020, WVU's investments were not subject to concentration of credit risk.

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**NOTE 4 INVESTMENTS (CONTINUED)**

**Concentration of Credit Risk (Continued)**

Marshall's investment portfolio strategy includes three investment pools, the Long Term Investment Pool, the Mid Term Investment Pool, and the Operating Investment Pool. The objective of Marshall's portfolio strategy is to enhance the Investment Pool's long-term viability by maximizing the value with a prudent, balanced level of risk.

To minimize risk, WVSOM's investment policy allows for no more than 5% of available assets to be invested with any one issuer, except U.S. government securities.

**Custodial Credit Risk**

The custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, the Fund will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

For Fund investments, at June 30, 2021 and 2020, there was no custodial credit risk.

**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.



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**NOTE 4 INVESTMENTS (CONTINUED)**

**Foreign Currency Risk (Continued)**

WVU's exposure to foreign currency risk is as follows at June 30 (dollars in thousands):

<u>Currency</u>	<u>2021</u>	<u>2020</u>
Australian Dollar	\$ 1,105	\$ 788
Brazilian Real	639	574
British Pence	4,065	1,921
British Pound Sterling	1,046	1,049
British Pound	-	506
Canadian Dollar	1,535	1,026
Czech Koruna	65	166
Chilean Peso	-	207
China Renminbi	936	-
CNH	-	274
Danish Krone	1,188	670
Euro	13,598	8,856
Hong Kong Dollar	4,754	3,334
Indian Rupee	1,192	380
Indonesian Rupiah	93	134
Israeli Arorot	636	9
Japanese Yen	5,286	4,117
Kenyan Shilling	38	25
Korean Won	441	856
Malaysian Ringgit	-	241
Mexican Peso	183	602
New Taiwan Dollar	1,137	1,411
New Zealand Dollar	-	66
Norwegian Krone	100	-
Philippine Peso	97	68
Polish Zloty	28	157
Rand	130	-
Russian Ruble	1	-
Singapore Dollar	249	137
South African Rand	320	369
South Korean Dollar	-	243
South Korean Won	1,438	105
Swedish Krona	1,306	743
Swiss Franc	3,434	2,422
Taiwanese Dollar	900	-
Thai Baht	175	171
Turkish Lira	41	56
U.S. Dollar	170,300	179,171
Total	<u>\$ 216,456</u>	<u>\$ 210,854</u>

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**NOTE 5 ACCOUNTS RECEIVABLE**

Accounts receivable at June 30 were as follows (dollars in thousands):

	<u>2021</u>	<u>2020</u>
Students, Net of Allowance of \$30,139 and \$30,899 in 2021 and 2020, Respectively	\$ 21,999	\$ 23,382
Grants and Contracts, Net of Allowance of \$1,916 and \$1,533 in 2021 and 2020, Respectively	72,989	55,617
Auxiliary Services, Net of Allowance of \$1,947 and \$2,378 in 2021 and 2020, Respectively	5,709	4,768
Due from State and State Agencies	5,795	6,399
Other, Net of Allowance of \$3,140 and \$410 in 2021 and 2020, Respectively	60,371	44,183
Total	<u>\$ 166,863</u>	<u>\$ 134,349</u>

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**NOTE 6 CAPITAL ASSETS**

The following, for the years ended June 30, is a summary of capital assets transactions for the Fund (dollars in thousands):

	2021			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital Assets not being Depreciated or Amortized:				
Land	\$ 170,885	\$ 4,219	\$ 480	\$ 174,624
Construction in Progress	100,187	128,470	101,171	127,486
Other	121	-	-	121
Total Capital Assets not being Depreciated or Amortized	271,193	132,689	101,651	302,231
Other Capital Assets:				
Land Improvements	104,628	4,700	2,165	107,163
Infrastructure	469,046	2,733	8	471,771
Buildings	3,758,356	100,990	22,084	3,837,262
Equipment	452,483	45,571	10,980	487,074
Software	67,346	4,550	224	71,672
Library Books	208,965	4,367	379	212,953
Intangibles and Others	140,158	66,882	-	207,040
Total Other Capital Assets	5,200,982	229,793	35,840	5,394,935
Less Accumulated Depreciation on Amortization for:				
Land Improvements	67,331	5,778	1,890	71,219
Infrastructure	325,467	10,155	8	335,614
Buildings	1,144,660	76,598	12,594	1,208,664
Equipment	333,419	27,736	9,930	351,225
Software	62,910	2,829	224	65,515
Library Books	187,626	6,004	301	193,329
Intangibles and Others	138,274	15,742	-	154,016
Total Accumulated Depreciation and Amortization	2,259,687	144,842	24,947	2,379,582
Other Capital Assets, Net	2,941,295	84,951	10,893	3,015,353
Capital Assets, Net	<u>\$ 3,212,488</u>	<u>\$ 217,640</u>	<u>\$ 112,544</u>	<u>\$ 3,317,584</u>
Capital asset summary:				
Capital Assets not being Depreciated or Amortized:	\$ 271,193	\$ 132,689	\$ 101,651	\$ 302,231
Other Capital Assets	5,200,982	229,793	35,840	5,394,935
Total Cost of Capital Assets	5,472,175	362,482	137,491	5,697,166
Less Accumulated Depreciation and Amortization	2,259,687	144,842	24,947	2,379,582
Capital Assets, Net	<u>\$ 3,212,488</u>	<u>\$ 217,640</u>	<u>\$ 112,544</u>	<u>\$ 3,317,584</u>

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**NOTE 6 CAPITAL ASSETS (CONTINUED)**

	2020			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital Assets not being Depreciated or Amortized:				
Land	\$ 169,020	\$ 2,365	\$ 500	\$ 170,885
Construction in Progress	64,023	100,567	64,403	100,187
Other	121	-	-	121
Total Capital Assets not being Depreciated or Amortized	233,164	102,932	64,903	271,193
Other Capital Assets:				
Land Improvements	101,214	3,414	-	104,628
Infrastructure	450,819	18,796	569	469,046
Buildings	3,658,919	99,437	-	3,758,356
Equipment	437,855	28,077	13,449	452,483
Software	64,306	3,072	32	67,346
Library Books	204,597	4,729	361	208,965
Intangibles and Others	139,974	184	-	140,158
Total Other Capital Assets	5,057,684	157,709	14,411	5,200,982
Less Accumulated Depreciation on Amortization for:				
Land Improvements	61,612	5,719	-	67,331
Infrastructure	316,078	9,790	401	325,467
Buildings	1,073,665	76,353	5,358	1,144,660
Equipment	318,683	26,721	11,985	333,419
Software	61,357	1,585	32	62,910
Library Books	181,651	6,150	175	187,626
Intangibles and Others	134,594	3,680	-	138,274
Total Accumulated Depreciation and Amortization	2,147,640	129,998	17,951	2,259,687
Other Capital Assets, Net	2,910,044	27,711	(3,540)	2,941,295
Capital Assets, Net	<u>\$ 3,143,208</u>	<u>\$ 130,643</u>	<u>\$ 61,363</u>	<u>\$ 3,212,488</u>
Capital asset summary:				
Capital Assets not being Depreciated or Amortized:	\$ 233,164	\$ 102,932	\$ 64,903	\$ 271,193
Other Capital Assets	5,057,684	157,709	14,411	5,200,982
Total Cost of Capital Assets	5,290,848	260,641	79,314	5,472,175
Less Accumulated Depreciation and Amortization	2,147,640	129,998	17,951	2,259,687
Capital Assets, Net	<u>\$ 3,143,208</u>	<u>\$ 130,643</u>	<u>\$ 61,363</u>	<u>\$ 3,212,488</u>

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**NOTE 6 CAPITAL ASSETS (CONTINUED)**

The Fund 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.

The Fund has construction commitments at June 30, 2021, of approximately the following (dollars in thousands):

Bluefield	\$	205
Fairmont		377
Marshall		4,267
Northern		452
Policy Commission		453
WVSOM		365
WVU		<u>3,400</u>
Total	\$	<u>9,519</u>

During 2021, Bluefield State College received a donation of land and buildings, that in accordance with applicable GASB guidance, were recorded at acquisition value at the date of donation. The recognition value was approximately \$22.3 million and is included in land and building additions in the table above and reflected as capital grants, appropriations and gifts on the statements of revenue, expenses and changes in net position.

A portion of the donated facilities will be used for housing services that will be operated by Collegiate Housing Corporation of Bluefield Inc. Renovations began during fiscal 2021 to ready the facilities for use during the 2022 school year. Collegiate Housing Corporation of Bluefield, Inc. is administering the renovations and the College has agreed to fund all costs considered to be permanent improvements to the building.

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**NOTE 7 LONG-TERM LIABILITIES**

The following, for the years ended June 30, 2021 and 2020, is a summary of long-term obligation transactions for the Fund (dollars in thousands):

	2021				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds, Capital Leases, and Notes Payable:					
Notes Payable - Direct Placement	\$ 72,529	\$ 43,369	\$ (9,487)	\$ 106,411	\$ 5,835
Capital Leases Payable	95,828	1,550	(25,438)	71,940	3,697
Bonds Payable	1,267,646	94,142	(47,388)	1,314,400	39,104
Total Bond, Capital Leases, and Notes Payable	1,436,003	139,061	(82,313)	1,492,751	-
Advances from Federal Sponsors	31,109	6	(1,920)	29,195	-
Real Estate Purchase Agreements Payable	11,487	-	(292)	11,195	273
Accrued Compensated Absences	58,646	2,476	(1,956)	59,166	54,138
Future Interest Payable	37,192	-	(1,572)	35,620	5,003 *
Net OPEB Liability	204,248	7,008	(157,011)	54,245	-
Net Pension Liability	11,350	945	(675)	11,620	-
Other Noncurrent Liabilities	40,680	15,669	(12,012)	44,337	509
Total Long-Term Liabilities	<u>\$ 1,830,715</u>	<u>\$ 165,165</u>	<u>\$ (257,751)</u>	<u>\$ 1,738,129</u>	

\* The current portion of future interest payable is included in interest payable on the statement of net position.

	2020				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds, Capital Leases, and Notes Payable:					
Notes Payable - Direct Placement	\$ 71,205	\$ 5,899	\$ (4,575)	\$ 72,529	\$ 6,411
Capital Leases Payable	43,201	57,999	(5,372)	95,828	4,543
Bonds Payable	1,175,434	632,701	(540,489)	1,267,646	36,060
Total Bond, Capital Leases, and Notes Payable	1,289,840	696,599	(550,436)	1,436,003	-
Advances from Federal Sponsors	37,841	449	(7,181)	31,109	-
Real Estate Purchase Agreements Payable	12,263	-	(776)	11,487	262
Accrued Compensated Absences	52,196	7,854	(1,404)	58,646	53,678
Future Interest Payable	38,431	-	(1,239)	37,192	4,886 *
Net OPEB Liability	262,154	2,340	(60,246)	204,248	-
Net Pension Liability	13,808	472	(2,930)	11,350	-
Other Noncurrent Liabilities	37,241	10,622	(7,183)	40,680	849
Total Long-Term Liabilities	<u>\$ 1,743,774</u>	<u>\$ 718,336</u>	<u>\$ (631,395)</u>	<u>\$ 1,830,715</u>	

\* The current portion of future interest payable is included in interest payable on the statement of net position.

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**NOTE 8 OTHER POSTEMPLOYMENT BENEFITS**

Following is the Fund's other postemployment benefits liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, revenues, and other postemployment benefits expense and expenditures for the fiscal years ended June 30, 2021 and 2020 (dollars in thousands):

	2021	2020
Net OPEB Liability	\$ 54,245	\$ 204,248
Deferred Outflows of Resources	36,328	35,186
Deferred Inflows of Resources	172,642	93,649
Revenues	5,202	12,385
OPEB Expense	(44,695)	6,444
Contributions Made by the Fund	22,288	23,321

**Plan Description**

The OPEB plan is a cost-sharing, multiple employer, defined benefit other postemployment benefit plan that covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in West Virginia Code Section 5-16D-2 (the Code). Plan benefits are established and revised by PEIA and the RHBT with approval of the Finance Board. The Finance Board is comprised of nine members. Finance Board members are appointed by the Governor, serve a term of four years, and are eligible for reappointment. The State Department of Administration secretary serves as Chairman of the Board. Four members represent labor, education, public employees, and public retirees. Four remaining members represent the public-at-large.

Active employees who retire are eligible for PEIA health and life benefits, provided they meet the minimum eligibility requirements of the applicable State retirement system and if their last employer immediately prior to retirement is a participating employer under the Consolidated Public Retirement Board (CPRB) and, as of July 1, 2008 forward, is a participating employer with PEIA. Active employees who, as of July 1, 2008, have ten years or more of credited service in the CPRB and whose employer at the time of their retirement does participate with CPRB, but does not participate with PEIA will be eligible for PEIA retiree coverage provided: they otherwise meet all criteria under this heading and their employer agrees, in writing, upon a form prescribed by PEIA, that the employer will pay to PEIA the nonparticipating retiree premium on behalf of the retiree or retirees, or that the retiree agrees to pay the entire unsubsidized premium themselves. Employees who participate in non-State retirement systems but that are CPRB system affiliated, contracted, or approved (such as TIAA-CREF and Empower Retirement), or are approved, in writing, by the PEIA Director must, in the case of education employees, meet the minimum eligibility requirements of the State Teachers Retirement System (STRS), and in all other cases meet the minimum eligibility requirements of the Public Employees Retirement System to be eligible for PEIA benefits as a retiree.

The financial activities of the OPEB plan are accounted for in the RHBT, a fiduciary fund of the State of West Virginia. The RHBT audited financial statements and actuarial reports can be found on the PEIA website at [www.peia.wv.gov](http://www.peia.wv.gov).

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**NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Benefits Provided**

The OPEB plan provides the following benefits: medical and prescription drug insurance and life insurance. The medical and prescription drug insurance is provided through two options: the self-insured preferred provider benefit plan option, which is primarily for non-Medicare-eligible retirees and spouses; and the external managed care organization option, which is primarily for Medicare-eligible retirees and spouses.

**Contributions**

Pay as you go premiums (paygo) are established by the 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 active premiums subsidize the retirees' health care.

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 between July 1, 1997 and 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 vacation leave days into 100% of the required retiree healthcare contribution.
- Members hired from July 1, 1988 to June 30, 2001 may convert sick or vacation leave days into 50% of the required retiree healthcare contribution.

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

Employees hired on or after July 1, 2001 no longer receive sick and/or vacation leave credit toward the required retiree healthcare contribution when they retire. All retirees have the option to purchase continued coverage regardless of their eligibility for premium credits.



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**NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Contributions (Continued)**

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

**Basis of Allocation**

OPEB amounts have been allocated to each contributing employer based on their proportionate share of employer contributions to the RHBT for the fiscal year ended June 30, 2021. Effective July 1, 2017, certain employers that met the plan's opt out criteria and chose not to participate in the plan coverage were no longer required to make contributions to the plan. The amounts previously allocated to such employers for the net OPEB liability and related deferred inflows and deferred outflows are reallocated to the remaining employers participating in the cost sharing plan. The plan reallocates these balances to the remaining active employers based on their proportionate share of contributions made in the period of reallocation.

**Assumptions**

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

- Actuarial cost method: Entry age normal cost method.
- Amortization method and period: Level percentage of payroll over 20 years.
- Investment rate of return: 6.65%, net of OPEB plan investment expense, including inflation.
- Projected salary increases: dependent on pension system 2.75%.
- 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 9.15% for plan year-end 2022, 8.40% for plan year-end 2023, 7.65% for plan year-end 2024, each year thereafter, until ultimate trend rate of 4.25% is reached in plan year-end 2036.

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**NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Assumptions (Continued)**

- Inflation rate: 2.25%.
- Discount rate: 6.65%
- Mortality rates: based on MP-2019 Mortality Tables.

The net OPEB liability as of June 30, 2020 for financial reporting purposes was determined by an actuarial valuation as of June 30, 2018, rolled forward to the measurement date as of June 30, 2019. The following actuarial assumptions were used and applied to all periods included in the measurement:

- Actuarial cost method: Entry age normal cost method.
- Amortization method and period: Level percentage of payroll over 20 years.
- Investment rate of return: 7.15%, net of OPEB plan investment expense, including inflation.
- Projected salary increases: dependent on pension system ranging from 3.00% to 6.0%, including inflation.
- Health care Cost Trend Rates: Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by .5% each year thereafter until ultimate trend rate of 4.5% is reached in plan year end 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 .5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
- Inflation rate: 2.75%.
- Discount rate: 7.15%
- Mortality rates: based on MP-2000 Mortality Tables.

The long-term investment rate of return of 6.65% and 7.15%, as of June 30, 2020 and 2019, respectively, on OPEB Plan investments was determined by a combination of an expected long-term rate of return of 7.00% and 7.50%, respectively, for long-term assets invested with the West Virginia Investment Management Board (IMB) and an expected short-term rate of return of 3.0% for assets invested with the WV Board of Treasury Investments (BTI).

Long-term pre-funding assets are invested with the IMB. The strategic asset allocation consists of 55% equity, 15% fixed income, 10% private equity, 10% hedge fund and 10% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the BTI.

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**NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Assumptions (Continued)**

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

The actuarial assumptions used in the June 30, 2020, valuation was based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2020. The actuarial assumptions used in the June 30, 2018, valuation was based on the results of an actuarial experience study for the period July 1, 2010, through June 30, 2015.

<u>Asset Class</u>	2021	
	Long- Term Expected Real Rate of Return	Target Target Allocation
Global Equity	6.8 %	55.0 %
Core Plus Fixed Income	4.1	55.0
Core Real Estate	6.1	10.0
Private Equity	8.8	10.0
Hedge Funds	4.4	10.0

<u>Asset Class</u>	2020	
	Long- Term Expected Real Rate of Return	Target Target Allocation
Global Equity	4.8 %	49.5 %
Core Plus Fixed Income	2.1	13.5
Core Real Estate	2.4	9.0
Private Equity	6.8	9.0
Hedge Funds	4.1	9.0
Cash and Cash Equivalents	0.3	10.0

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**NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Assumptions (Continued)**

**Discount rate.** The discount rate used to measure the OPEB liability as of June 30, 2021 was 6.65%. 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 prefunding 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.

The discount rate used to measure the OPEB liability as of June 30, 2020 was 7.15%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. 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.

**Sensitivity of the net pension liability to changes in the discount rate.** The following presents the Fund's proportionate share of the net OPEB liability as of June 30, 2021 and 2020, respectively, calculated using the discount rate of 6.65% and 7.15%, as of June 30, 2021 and June 30, 2020, respectively, as well as what the Fund's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.65% and 6.155%, respectively) or one percentage point higher (7.65% and 8.15%, respectively) than the current rate (dollars in thousands).

	1% Decrease (5.65%)	Current Discount Rate (6.65%)	1% Increase (7.65%)
Net OPEB Liability 2021	\$ 77,361	\$ 54,245	\$ 34,894
	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Net OPEB Liability 2020	\$ 244,661	\$ 204,248	\$ 171,914

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**NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Assumptions (Continued)**

**Sensitivity of the net OPEB liability to changes in healthcare cost trend rates.** The following presents the Fund's proportionate share of the net OPEB liability as of June 30, 2021 and 2020, respectively, calculated using the current healthcare cost trend rates, as well as what the Fund's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates (dollars in thousands):

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability 2021	\$ 32,639	\$ 54,245	\$ 79,707
Net OPEB Liability 2020	165,422	204,248	251,260

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.** The net OPEB liabilities at June 30, 2021 and 2020 were measured as of June 30, 2020 and 2019, which are the measurement dates. The total OPEB liabilities at June 30, 2021 and 2020 were determined by actuarial valuations as of June 30, 2020 and 2018, respectively, with the 2018 valuation rolled forward to the measurement date.

At June 30, 2021 and 2020, the amount recognized as the Fund's proportionate share of the net OPEB liability was \$54,245 and \$204,248, respectively. At June 30, 2021 and 2020, the nonemployer contributing entity's (State of West Virginia) portion of the collective net OPEB liability was \$12,459 and \$41,591, respectively. At June 30, 2021 and 2020, the total net OPEB liability attributable to the Fund is \$66,704 and \$245,839, respectively.

The allocation percentage assigned to each contributing employer is based on the employer's proportionate share of employer contributions to the RHBT for the fiscal years ended June 30, 2020 and June 30, 2019. Employer contributions are recognized when due. At June 30, 2020, the Fund's proportion was 12.2817297%, an increase of 0.0325117% from its proportion of 12.2492179% calculated as of June 30, 2019. At June 30, 2019, the Fund's proportion was 12.2492179%, an increase of 0.0185929% from its proportion of 12.2307243% as of June 30, 2018.

For the year ended June 30, 2021 and 2020, the Fund recognized OPEB expense of \$(44.7) million and \$6.4 million, respectively. Of this amount, \$(49.9) million and \$(5.8) million was recognized as the Fund's proportionate share of the OPEB expense, and \$5.2 million and \$12.4 million as the amount of OPEB expense attributed to special funding. The Fund also recognized revenue of \$5.2 million and \$12.4 million, respectively, for support provided by the State.

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**NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Assumptions (Continued)**

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

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in Expected and Actual Experience	\$ 79	\$ 35,172	\$ 24	\$ 23,822
Changes in Proportion and Difference Between Employer Contributions an Proportionate Share of Contributions	9,871	11,760	11,798	21,057
Net Difference between Projected and Actual investment earnings	4,090	26	-	3,051
Changes in Assumptions	-	122,469	-	40,592
Contributions after measurement date	22,288	-	23,321	-
Reallocation after opt-out	-	3,215	43	5,127
	<u>\$ 36,328</u>	<u>\$ 172,642</u>	<u>\$ 35,186</u>	<u>\$ 93,649</u>

The Fund will recognize the \$22,288 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 (dollars in thousands):

<u>Year Ending June 30,</u>	<u>Amortization</u>
2022	\$ (64,968)
2023	(53,880)
2024	(39,321)
2025	(433)
Total	<u>\$ (158,602)</u>

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**NOTE 9 LEASE OBLIGATIONS**

**Capital**

The Fund leases certain property, plant, and equipment through capital leases. At June 30, 2021 and 2020, leased equipment and buildings with a net book value of approximately \$79.7 million and \$82.7 million, respectively, are included in equipment and buildings. The following is a schedule by year of future annual minimum payments required under the lease obligations existing at June 30, 2021 (dollars in thousands):

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 7,034
2023	6,063
2024	6,073
2025	5,132
2026	4,641
2027-2031	19,476
2032-2036	18,555
2037-2041	18,341
2042-2046	19,566
2047-2051	23,137
2052-2056	14,754
Future Minimum Lease Payments	142,772
Less Interest	70,832
Total	<u>\$ 71,940</u>

**Operating**

The Fund had entered into various operating lease agreements. Future annual minimum lease payments for years subsequent to June 30, 2021, are as follows (dollars in thousands):

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 12,737
2023	9,814
2024	7,706
2025	6,259
2026	4,549
2027-2031	16,146
2032-2036	5,630
2037-2041	5,217
2042-2046	4,255
2047-2051	4,255
2052-2056	4,255
2057-2061	2,765
Total	<u>\$ 83,588</u>

Total rent expense for these operating leases for the years ended June 30, 2021 and 2020, was approximately \$15.8 million and \$13.7 million, respectively.

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**NOTE 9 LEASE OBLIGATIONS (CONTINUED)**

**Operating (Continued)**

The following is a related-party operating lease:

WVU leases an office building from the West Virginia University Foundation, Incorporated. Rental expense under the operating lease is \$1,975 per year through 2031. West Virginia University retains the right to cancel the lease upon giving 30 days' written notice.

**NOTE 10 NOTES PAYABLE – DIRECT PLACEMENTS**

During February 2014, WV State signed a promissory note with Capital One Equipment Finance Corp borrowing \$2,700 at an interest rate of 6.65% to be used to partially finance the construction of a new athletic complex. The note matures in 2033, with principal payments due annually on October 1 starting in 2014. Interest payments are due annually on April 1 and October 1 starting in April 2014. The note balance at June 30, 2021 and 2020 was approximately \$2,076 and \$2,178, respectively.

On December 10, 2020, WV State signed a promissory note with the WVSU Foundation borrowing \$1,000 at an interest rate of 1.50% calculated annually. The note matures on April 10, 2025, with principal and interest payments due quarterly beginning on July 10, 2021. The note balance at June 30, 2021 was \$1,000.

In December 2012, WVU refinanced various Health Sciences Center (HSC) construction loans with United Bank, Inc. in the principal amount of \$22.1 million at an interest rate, initially of 1.90%, resetting every five years. Beginning August 2014, the loan agreement allows the Corporation to prepay the loan with 60 days-notice and without any penalty or premium, and it allows the bank to "put" all or part of the loan to the Corporation with 60 days' notice and without any penalty. The loan is pledged by facilities and administrative revenue received by the University under any grants, contracts, and other agreements on behalf of the HSC. Total principal to be paid at June 30, 2021 and June 30, 2020 was approximately \$16.2 million and \$16.9 million respectively.

On December 15, 2016, WVU closed on a note with United Bank for \$36.1 million. The proceeds of the loan were used to pay the 90 day note in full and to reimburse WVU for the purchase of the Beckley campus as well as for capital improvements to the campus. The proceeds include capital interest of \$3.0 million as the loan will have capitalized interest period of three years. The amortization term was 30 years. The interest rate is set for five year increments beginning with a rate of 3.11% fixed for the first five years and a spread to the five year constant U.S. Treasury Maturity rate thereafter. The spread is based on the University's rating with Moody's.



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**NOTE 10 NOTES PAYABLE - DIRECT PLACEMENTS (CONTINUED)**

During fiscal year 2017, WVU negotiated a loan with United Bank in the amount of \$3.0 million. This loan bears interest at a rate of 3.5% until June 28, 2021, at which time the loan will bear interest at a fixed rate equal to the five-year USD Libor Swap Rate plus 2.150 percentage points. Interest only will be payable on this note from July 28, 2017, to and including December 28, 2020. The amortization term is ten years. The proceeds of this loan were used to pay equipment lease/purchase agreement with United Bank in full. This loan is secured by certain property of WVU. In fiscal year 2021, effective for the time period of May 28, 2021 through July 28, 2021, United Bank deferred payment of principal and interest on this loan. During this period, a payment of \$2.5 million was made that was applied to principal and interest. On August 28, 2021, payment of principal and interest will resume per a revised amortization schedule which reflects a lower monthly payment.

On December 22, 2017, WVU closed on a new note with Wells Fargo for \$42.0 million. The proceeds of the loan were used to pay the United Bank loan and provide additional funds for the Beckley campus projects. The amortization term for the loan is 40 years with a fixed interest rate of 4.45%.

During fiscal year 2008, Marshall University Research Corporation (MURC), (a blended component unit of Marshall), borrowed the proceeds of a bond issuance by the Cabell County Commission for the construction of an addition to the Marshall University Forensic Science Center. MURC's repayment terms are the same as the bond repayment term.

MURC is obligated to make interest payments commencing on October 10, 2008, for the interest due on the loan semiannually and to make annual principal payments starting on April 1, 2009, based on a hypothetical amortization of the then-remaining principal balance at the then-applicable interest rate for the then-remaining years of the original 20-year amortization period ending April 10, 2028. However, any unspent mortgage proceeds would go to pay the first amounts due for interest and principal. The interest rate for the period of April 10, 2018 through April 1, 2022 is 2.854%. The interest rate is subject to change each subsequent five-year period to the rate per annum equal to 67% of the five-year Treasury Constant Maturity in effect on that date, plus 1.67% per annum.

On April 10, 2020, MURC was granted a loan from JPMorgan Chase Bank, N.A. in the aggregate amount of \$3,115, pursuant to the Paycheck Protection Program (the PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated April 9, 2020 issued by the Borrower, matures on April 9, 2022 and bears interest at a rate of 0.98% per annum, payable monthly, commencing on November 6, 2020. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. The Corporation repaid \$560,000 of the Loan on May 13, 2020.

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**NOTE 10 NOTES PAYABLE - DIRECT PLACEMENTS (CONTINUED)**

Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rents, utilities, and interest on other debt obligations incurred before February 15, 2020. MURC intends to use the entire Loan balance for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. In September 2021, MURC received forgiveness for the entire amount outstanding on the PPP Loan from the Small business Administration.

During fiscal year 2013, Glenville entered into a \$3,000 note collateralized by a first lien on equipment installed in various buildings on campus. Interest is 3.10% with semiannual principal payments of \$132. The note matures June 2028. The note balance at June 30, 2021 and 2020 was approximately \$1,649 and \$1,865, respectively.

During fiscal year 2020, Glenville entered into a \$1,000 promissory note to the Glenville State College Foundation, bearing interest at 4%. The balance was paid in full October 2020.

During fiscal year 2019, Glenville entered into a \$400 note collateralized by rental properties. Interest is 4% with payments due in full upon request. The note balance at June 30, 2021 and 2020 was \$50 and \$100, respectively.

On November 7, 2013, the Commission executed a note payable to the West Virginia Economic Development Authority to finance a new boiler system for the property in the amount of \$1,485. The note payable bears interest at 3.42% per annum and is collateralized by lease and rental revenues. Payments are due monthly in installments of \$15. The note matures in November 2023.

On November 6, 2019, the Commission executed an interest free note payable to ePlus Group, Inc. to finance the purchase of information technology equipment with a fair value of \$1,175. Payments are due semi-annually in installments of \$196. The note matures in November 2022.

On October 20, 2020, the Commission executed a note payable to the West Virginia Infrastructure and Jobs Development Council in the amount of \$2,217. The loan was to finance construction and building improvements related to Building 2000 that the Corporation had paid for using operational funds in prior years. The note payable bears interest at 0% per annum and is collateralized by lease rental revenues. Payments are due monthly beginning November 1, 2023 in installments of \$19. The note matures in October 2033.

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**NOTE 10 NOTES PAYABLE - DIRECT PLACEMENTS (CONTINUED)**

On May 7, 2021, the Commission executed a construction loan agreement to Summit Community Bank to fund construction and permanent financing in the amount of \$7,500. The note payable bears a variable interest rate at 3.25% per annum and is subject to repricing May 27, 2027 and every five years thereafter. The note payable is collateralized by lease rental revenues. Interest only payments are due for 12 consecutive payments beginning June 27, 2021. Payments of principal and interest are due monthly beginning June 27, 2022 in installments of \$53. As of June 30, 2021, the Corporation had drawn \$40 under this agreement. The note matures in May 2037.

On September 25, 2018, West Liberty University purchased two pieces of property adjacent to the West Liberty for \$624. To fund the purchase of this property, West Liberty mortgaged the property with a bank with two loans totaling \$474. The loans are interest free and mature on September 1, 2022.

In May 2021, the West Virginia State University Board of Governors entered into a Capital Project Loan Agreement with Rice Capital Access Program, LLC for up to \$40,500 for the purpose of financing or refinancing the costs of capital projects. The proceeds from the direct placement were used to repay the outstanding balances of the 2012 Bonds, the 2013 Bonds, and the capital lease. The direct placement matures on August 1, 2045 with debt service payments due starting February 1, 2022. Interest on the direct placement will be equal to and payable at the same time as interest due on the Series A 2021-1 Bonds. The University will need to make monthly deposits for principal and interest as well as pro rate fees starting July 2021. The full amount of the principal and interest due on for each payment must be on hand with the Trustee two months before the payment is due. The direct placement requires the University to expend not less than the annual Replacement Fund Reserve Requirement on capital improvements. The initial Replacement Fund Reserve Requirement is \$550 and will increase on July 1<sup>st</sup> each year by 3%. The University has a rate covenant that pledged revenues (auxiliary capital fees and gross operating revenues) will be equal to 120% of the maximum annual debt services on the 2021 loan and any additional long-term debt. Failure to meet this rate covenant during any fiscal year, will cause the University to immediately fund a separate and dedicated West Virginia State University Liquidity Reserve Account maintained and held by the Trustee. As of June 30, 2021, the University was in compliance with the rate covenants. A loss on refinancing was recorded as a deferred outflow in the amount of \$7,498 at June 30, 2021. The principal on the direct placement that was outstanding at June 30, 2021 was \$36,862.

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**NOTE 10 NOTES PAYABLE – DIRECT PLACEMENTS (CONTINUED)**

Annual minimum payments for the years ending after June 30, 2021, are as follows (dollars in thousands):

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 5,835	\$ 2,876	\$ 8,711
2023	3,797	3,062	6,859
2024	3,807	2,968	6,775
2025	3,903	2,871	6,774
2026	3,740	2,770	6,510
2027-2031	19,069	12,327	31,396
2032-2036	18,626	9,721	28,347
2037-2041	15,809	7,260	23,069
2042-2046	11,213	5,407	16,620
2047-2051	7,689	3,801	11,490
2052-2056	9,601	1,889	11,490
2057-2061	3,322	126	3,448
Total	<u>\$ 106,411</u>	<u>\$ 55,078</u>	<u>\$ 161,489</u>

**NOTE 11 INSTITUTION BONDS PAYABLE**

The Institutions within the Fund, at June 30, 2021 and 2020, have the following outstanding bonds payable (dollars in thousands):

	<u>Maximum Interest Rate</u>	<u>Annual Installments</u>	<u>Principal Outstanding</u>	
			<u>2021</u>	<u>2020</u>
Concord University - Revenue Bonds 2014 Series, due through 2044	5.00%	\$320-\$950	\$ 14,656	\$ 15,038
Fairmont State University - Facilities Improvement Revenue Bonds, 2006, Series, due through 2026	1.74% (10 year reset)	343-611	2,667	3,173
Fairmont State University - Revenue Refunding Bonds, 2012, Series A, due through 2032	5.00	730-1,155	12,850	13,770
Fairmont State University - Revenue Refunding Bonds, 2012, Series B, due through 2032	5.00	1,080-1,720	19,150	20,545
Fairmont State University - Revenue Refunding Bonds, 2015, Series A, due through 2045	5.00	580-1,665	27,110	27,770

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**NOTE 11 INSTITUTION BONDS PAYABLE (CONTINUED)**

	Maximum Interest Rate	Annual Installments	Principal Outstanding	
			2021	2020
Glenville State University - Improvement and Refunding Revenue Bonds, Series 2017, due in 2047	5.25	\$735-\$850	\$ 34,885	\$ 35,595
Marshall University - University Bonds 2020A, due through 2050	5.00	2,260-5,330	56,035	56,035
Marshall University - University Bonds 2020B due through 2039	3.67	1,935-3,595	44,025	45,960
Mountwest Community and Technical College - Revenue Bonds, 2012, due through 2022	4.125	0-229	230	676
Shepherd University - Refinance Revenue Bonds, due through 2033	4.375	435-460	3,835	4,255
Shepherd University - Refunding Revenue Bond, due through 2037	3.65	1,427-1,649	29,126	30,503
West Liberty University - Revenue Refunding Bonds 2013, due through 2028	2.68	580-765	4,870	5,530
West Liberty University - Revenue Bonds 2012, due through 2027	3.25	565-785	4,935	5,595
West Liberty University - Revenue Bonds 2018, due through 2038	3.65	192-366	4,741	4,940
West Liberty University - Revenue Bonds 2021, due through 2036	2.174	70-365	3,020	-
West Virginia State University - University Refunding and Improvement Series 2012, due through 2030	4.50	55-2,870	-	8,570
West Virginia State University - University Revenue Bonds Series 2013, due through 2021	3.00	294-1,074	-	675
West Virginia University - Revenue Improvement Bonds 2011, Series A, due through 2026	3.87	35-62	7,698	8,299
West Virginia University - Revenue Bonds (Taxable) 2012 Series A, due though 2042	4.50	35-62	10,993	11,302
West Virginia University - Revenue Bonds (Taxable) 2012 Series A, due though 2032	Variable	0-50	3,049	3,281

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**NOTE 11 INSTITUTION BONDS PAYABLE (CONTINUED)**

	Maximum Interest Rate	Annual Installments	Principal Outstanding	
			2021	2020
West Virginia University - Revenue Refunding and Improvement Bonds (Taxable) 2013, Series B, due through 2043	3.00	\$995-\$7,440	\$ 30,260	\$ 37,270
West Virginia University - Improvement Revenue Bonds (Taxable) 2014, Series B, due through 2043	4.50	10,075-24,105	79,050	79,050
West Virginia University - Improvement Revenue Bonds 2016, Series A, due through 2046	3.43	0-678	16,893	17,571
West Virginia University - Revenue Bonds, 2019 Series A, due through 2050	3.11	0-5,095	85,840	85,840
West Virginia University - Revenue Bonds, 2019 Series B, due through 2042	1.89	0-8,345	39,125	39,125
West Virginia University - Revenue Bonds, 2020 Series A, due through 2045	2.46	0-30,565	377,785	377,785
West Virginia University - Revenue Bonds, 2020 Series B, due through 2036	2.20	595-163	11,845	-
West Virginia University - Revenue Bonds, 2020 Series A, due through 2045	3.11	0-3,715	25,670	-
West Virginia University - Revenue Bonds, 2020 Series B, due through 2042	3.06	0-3,563	45,005	-
Total			995,348	938,153
Add Unamortized Bond Premium			34,900	28,840
Less Unamortized Bond Discount			(105)	(113)
Total			<u>\$ 1,030,143</u>	<u>\$ 966,880</u>

In April 2020, the Marshall University Board sold \$56,035 of 2020A series bonds. The proceeds of the 2020A Bonds will be used to (1) finance a portion of the costs of the construction, equipping and furnishing of a new building for the University's Lewis College of Business along with other capital improvements approved by the issuer and (2) refunding and redeeming all or a portion of the 2010 and 2011 Bonds and (3) paying bond insurance premiums or other credit enhancement and (4) to pay the costs of issuance of the 2020A Bonds.

In April 2020, the Marshall University Board sold \$45,960 of 2020B series bonds. The 2020B Bonds are secured by and payable from certain revenues as defined in the Trust Indenture. The proceeds of the 2020B Bonds will be used to (1) refund and redeem all or a portion of the 2011 Bonds, (2) paying bond insurance premiums or other credit enhancement and (3) to pay the costs of issuance of the 2020B Bonds.

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**NOTE 11 INSTITUTION BONDS PAYABLE (CONTINUED)**

The net proceeds of the 2020A and 2020B Bonds of \$77,480 (after payment of \$1,109 of costs of issuance and \$27,950 deposited with Marshall University for use for construction of a new building) plus an additional \$3,470 equity contribution from the University were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the 2010 and 2011 Bonds. As a result, the 2010 and 2011 Bonds are considered to be defeased and the liability for those bonds has been removed from the statement of net position.

The current and advance refundings resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$3,122. This difference, reported in the accompanying statement of net position as a deferred outflow of resources, will be amortized to interest expense through the year 2050 using the effective-interest method. The primary purpose of the 2020A current refunding and 2020B advanced refunding was to restructure the existing outstanding bonds, effectively creating short-term cash flow savings through a level debt service structure. This new level debt service structure will strengthen Marshall University's strategic positioning and allow immediate growth of Marshall University reserves. The debt restructure provides a net economic gain (difference between the present value of the old and new debt service payments) of \$2,747. Total gross debt service over the next 30 years will increase by \$11,761 as a result of the strategic level debt service restructure.

In May 2021, the West Virginia State University Board entered into a Capital Loan Agreement with Rice Capital Access Program, LLC for a direct placement for up to \$40,500. As described in Note 10, the proceeds were used to repay outstanding balances of the 2012 Bonds, 2013 Bonds and a capital lease.

On September 25, 2019, the West Virginia University Board issued \$124,695 in revenue bonds. The 2019 Series A bonds (tax exempt) were issued in the amount of \$85,840. The actual proceeds equaled \$101,315 of which \$95,000 was designated for projects for Athletics, Hodges Hall, and Reynolds Hall. The remaining proceeds of \$5,826 were for capitalized interest; \$489 was for cost of issuance.

The 2019 Series B bonds (tax exempt) were issued in the amount of \$39,125. The actual proceeds received equaled \$50,534. These bonds were issued to refund the 2014 Series C Bonds in the amount of \$50,190. The refunding and redemption of the 2014 Series C Bonds was deemed more advantageous to the West Virginia University Board, West Virginia University and the State, considering the financial effect, the implementation and other relevant factors, than remarketing them. The remaining proceeds of \$5,826 were for capitalized interest; \$489 was for cost of issuance.

On March 10, 2020, the WVU Board issued \$377,785 in revenue bonds. The 2020 Series A bonds (taxable) in the amount of \$376,443 refinanced the 2011 Series B bonds in the amount of \$154,744, the 2013 Series A bonds in the amount of \$150,694, and the 2014 Series A bonds in the amount of \$71,005. The remaining funds were used for the cost of issuance and other fees.

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**NOTE 11 INSTITUTION BONDS PAYABLE (CONTINUED)**

On August 6, 2020, the WVU Board issued the 2020 Series B revenue bonds (taxable) in the amount of \$12,500. These bonds were used to finance costs of improvements to Milan Puskar Stadium and the Coliseum.

On May 27, 2021, the WVU Board issued the 2021 Series A bonds (tax exempt) in the amount of \$25,670. The actual proceeds received was \$33,616 of which \$32,297 was designated for Hodges Hall and the HSC Infrastructure Phase II projects, \$1,084 was for capitalized interest and \$234 was for cost of issuance and underwriter's discount. The Board also issued the 2021 Series B bonds (taxable) in the amount of \$45,005. The actual proceeds equaled \$45,005 of which \$43,530 was designated for projects related to Athletics and Reynolds Hall, \$1,144 was for capitalized interest, and \$330 was for cost of issuance and underwriter's discount.

For the years ended June 30, 2021 and 2020, WVU recorded a deferred loss on refunding of \$14,506 and \$15,189, respectively, on the statement of net position.

A summary of the annual aggregate principal payments for years subsequent to June 30, 2021, is as follows (dollars in thousands):

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 23,702	\$ 32,269	\$ 55,971
2023	32,560	31,962	64,522
2024	30,073	31,096	61,169
2025	36,837	30,266	67,103
2026	37,825	29,393	67,218
2027-2031	189,851	131,757	321,608
2032-2036	191,660	104,292	295,952
2037-2041	205,915	70,851	276,766
2042-2046	207,454	26,403	233,857
2047-2051	39,471	4,037	43,508
Total	<u>\$ 995,348</u>	<u>\$ 492,326</u>	<u>\$ 1,487,674</u>

**NOTE 12 SYSTEM BONDS PAYABLE**

The Fund receives State appropriations to finance its operations. In addition, it is subject to the legislative and administrative mandates of State government. Those mandates affect various aspects of the Fund's operations, its tuition and fee structure, its personnel policies, and its administrative practices.



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**NOTE 12 SYSTEM BONDS PAYABLE (CONTINUED)**

The State has chartered the Fund 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 within the Fund. Financing for these facilities was provided through revenue bonds issued by various former governing boards which are now administered by the Policy Commission.

The Policy Commission has the authority to assess each institution of the Fund for payment of debt service on these system bonds. The tuition and registration fees of the Institutions are generally pledged as collateral for the Fund's bond indebtedness. Student fees collected by an institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. The bonds remain a capital obligation of the Fund.

The Commission, at June 30, 2021 and 2020, has the following outstanding bonds payable (dollars in thousands):

	Maximum Interest Rate	Original Range of Annual Installments	Principal Outstanding	
			2021	2020
Series 2017 - Community and Technical College Capital Improvement Revenue Refunding Bonds	5.00%	\$3-\$4,760	\$ 60,365	\$ 62,250
Series 2017 - Revenue Refunding Bonds Higher Education Facilities	5.00	1,205-3,885	19,075	22,265
Series 2012A - Revenue Refunding Bonds, due through 2034	5.00	1,425-42,100	92,320	97,330
Series 2012B - Revenue Bonds, due through 2034	5.00	200-2,400	5,450	5,780
Series 2010B - Revenue Bonds, due through 2040	7.65	10,800-39,465	50,265	50,265
Series 2000A - University System Bonds, due through 2031	6.26	0-3,264	13,745	15,659
Series 1998 - University System Bonds, due through 2028	5.25	1,065-3,625	21,890	24,425
Total			263,110	277,974
Add Bond Premium			21,147	22,792
Total			<u>\$ 284,257</u>	<u>\$ 300,766</u>

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**NOTE 12 SYSTEM BONDS PAYABLE (CONTINUED)**

A summary of the annual aggregate principal and interest payments for years subsequent to June 30, 2021 is as follows (dollars in thousands):

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 15,402	\$ 18,293	\$ 33,695
2023	15,962	17,721	33,683
2024	16,573	17,108	33,681
2025	17,231	16,453	33,684
2026	17,257	15,750	33,007
2026-2030	81,000	67,485	148,485
2031-2035	63,130	20,363	83,493
2036-2040	36,555	5,663	42,218
Total	<u>\$ 263,110</u>	<u>\$ 178,836</u>	<u>\$ 441,946</u>

The higher education institutions' tuition, registration, and other specified fees generally are pledged as collateral for the Commission's bond indebtedness, as well as any monies held by the trustees.

The 2017 advance refundings created irrevocable trust funds, the securities and earnings therein are considered sufficient to fully service the bonds until they are called or mature. For financial reporting purposes the bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. At June 30, 2021, the amount of defeased bonds outstanding was \$9,755 related to the 2007 Series A Bonds and \$10,875 related to the 2010 Series A Revenue Bonds.

**NOTE 13 UNRESTRICTED NET POSITION**

The Fund's unrestricted net position at June 30, 2021 and 2020, includes certain designated net position as follows (dollars in thousands):

	<u>2021</u>	<u>2020</u>
Designated for Auxiliaries	\$ 6,771	\$ 4,124
Designated for Repair, Replacement, and New Property	8,643	11,000
Other	11,660	9,533
Undesignated	51,400	32,444
Total Unrestricted Net Assets before OPEB Liability	<u>78,474</u>	<u>57,101</u>
Less: OPEB Liability	54,245	204,248
Total Unrestricted Net Assets	<u>\$ 24,229</u>	<u>\$ (147,147)</u>

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**NOTE 14 RETIREMENT PLANS**

Substantially all full-time employees of the Fund participate in either the TRS 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 TRS and TIAA-CREF. Effective July 1, 1991, the TRS was closed to new participants. Current participants in the TRS 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 (TDC). Contributions to and participation in the TDC by Fund employees have not been significant to date. Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have an option to switch to the New Educators Money 401(a) basic retirement plan (Educators Money). New hires have the choice of either plan. Educators Money was a brand utilized by Great West Financial; this has since transitioned to Empower Retirement.

**Defined Contribution Benefit Plans**

The TIAA-CREF and Empower Retirement are defined contribution plans in which benefits are based solely upon amounts contributed plus investment earnings. Employees who elect to participate in these plan are required to make a contribution equal to 3% (for employees of the Corporation enrolled in TIAA-CREF) or 6% (for employees of the State enrolled in TIAA-CREF or Empower Retirement) of total annual compensation. The Fund matches the employees' 3% or 6% contribution. Contributions are immediately and fully vested.

Total contributions to Empower Retirement for the years ended June 30, 2021, 2020 and 2019, were approximately \$361, \$438, and \$1,515, respectively, which consisted of approximately \$181, \$219 and \$755, respectively, from the covered employees in 2021, 2020 and 2019, respectively.

Total contributions to the TIAA-CREF for the years ended June 30, 2021, 2020 and 2019, were approximately \$99.6 million, \$98.8 million, and \$95.3 million, respectively, which consisted of approximately \$49.8 million, \$49.3 million, and \$47.6 million, from the Fund in 2021, 2020 and 2019, respectively, and approximately \$49.9 million, \$49.5 million, and \$47.7 million, from the covered employees in 2021, 2020 and 2019, respectively.

The Fund's total payroll for the years ended June 30, 2021, 2020 and 2019, was approximately \$905.6 million, \$907.3 million, and \$894.2 million, respectively, and total covered employees' salaries in the TIAA-CREF and Empower Retirement were approximately \$805.2 million, and \$2.1 million for the year ended June 30, 2021; \$796.3 million, and \$3.8 million for the year ended June 30, 2020 and \$782.2 million, and \$12.1 million for the year ended June 30, 2019.

**Defined Benefit Plan**

Some employees of the Fund are enrolled in a defined benefit pension plan, the TRS, which is administered by the CPRB.

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**NOTE 14 RETIREMENT PLANS (CONTINUED)**

**Defined Benefit Plan (Continued)**

Following is the Fund's pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, revenues, and the pension expense and expenditures for the fiscal years ended June 30, 2021 and 2020 (dollars in thousands):

	2021	2020
Net Pension Liability	\$ 11,620	\$ 11,350
Deferred Outflows of Resources	2,721	2,383
Deferred Inflows of Resources	5,869	7,944
Revenues	2,778	3,418
Pension Expense	1,863	1,755
Contributions Made by the Fund	1,132	1,485

*Plan Description*

TRS 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 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 Policy Commission hired after June 30, 1991, are required to participate in the Higher Education Retirement System. TRS closed membership to new hires effective July 1, 1991.

TRS 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. TRS 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 TRS website at <https://www.wvretirement.com/Publications.html#CAFR>.

*Benefits Provided*

TRS 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 5 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.

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**NOTE 14 RETIREMENT PLANS (CONTINUED)**

**Defined Benefit Plan (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. Contribution requirements are set by CPRB. A member who withdraws from service for any cause other than death or retirement may request that the accumulated employee contributions plus interest be refunded.

*Member Contributions*

TRS funding policy provides for member contributions based on 6% of members' gross salary. Contributions as a percentage of payrolls for members and employers are established by State law and are not actuarially determined.

*Employer Contributions*

Employers make the following contributions:

The State (including institutions of higher education) contributes:

1. 15% of gross salary of their State-employed members hired prior to July 1, 1991;
2. 15% of School Aid Formula (SAF) covered payroll of county-employed members;
3. 7.5% of SAF-covered payroll of members of the TDCRS;
4. a certain percentage of fire insurance premiums paid by State residents, and
5. under WV State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the TRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2019 and 2018, respectively, the Fund's proportionate share attributable to this special funding subsidy was \$1,066 and \$3,294.

The Fund's contributions to TRS for the years ended June 30, 2021, 2020, and 2019 were approximately \$1.1 million, \$1.4 million, and \$1.7 million, respectively.

*Assumptions*

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2019 and 2018, respectively, and rolled forward to the measurement dates of June 30, 2020 and June 30, 2019, respectively. For the year ended June 30, 2020, total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2018 and rolled forward to June 30, 2019.

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**NOTE 14 RETIREMENT PLANS (CONTINUED)**

**Defined Benefit Plan (Continued)**

*Assumptions (Continued)*

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 over 40 years, from July 1, 1995 through fiscal year 2035
- Investment rate of return of 7.50%, net of pension plan administrative and investment expenses
- Projected salary increases: Teachers 3.00 – 6.16% and non-teachers 3.00 – 6.76%, based on age
- Inflation rate of 3.0%
- Discount rate of 7.50%
- Mortality rates based on RP-2000 Mortality Tables
- Withdrawal rates: Teachers 7.0% – 35.0% and non-teachers 2.33% – 18.0%
- Disability rates: 0.004% – 0.563%
- Retirement age: An age-related assumption is used for participants not yet receiving payments
- Retirement rates: 15% – 100%
- Ad hoc cost-of-living increases in pensions are periodically granted by the State Legislature. However, the retirement system makes no automatic provision for such increases.

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

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**NOTE 14 RETIREMENT PLANS (CONTINUED)**

**Defined Benefit Plan (Continued)**

*Assumptions (Continued)*

Best estimates of the long-term arithmetic real rates of return for each major asset class included in TRS' target asset allocation as of June 30, 2021 and 2020 are summarized below.

<u>Asset Class</u>	2021	
	Long-Term Expected Real Rate of Return	Target Allocation
	Domestic Equity	5.5 %
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

<u>Asset Class</u>	2020	
	Long-Term Expected Real Rate of Return	Target Allocation
	Domestic Equity	5.8 %
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

*Discount rate*

The discount rate used to measure the total TRS pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that State contributions will continue to follow the current funding policy. Based on those assumptions, TRS' 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 TRS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

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**NOTE 14 RETIREMENT PLANS (CONTINUED)**

**Defined Benefit Plan (Continued)**

*Sensitivity of the net pension liability to changes in the discount rate*

The following presents the Fund's proportionate share of the TRS net pension liability as of June 30, 2021 and 2020 calculated using the discount rate of 7.50%, as well as what the Fund's TRS 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 (dollars in thousands).

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability 2021	\$ 15,697	\$ 11,620	\$ 8,135
Net Pension Liability 2020	15,492	11,350	7,905

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

The TRS net pension liability at June 30, 2021 was measured as of June 30, 2020. The total pension liability at June 30, 2020 was determined by an actuarial valuation as of July 1, 2019 and rolled forward to the measurement date.

The TRS net pension liability at June 30, 2020 was measured as of June 30, 2019. The total pension liability at June 30, 2019 was determined by an actuarial valuation as of July 1, 2018 and rolled forward to the measurement date.

At June 30, 2021, the Fund's proportionate share of the TRS net pension liability was \$36.4 million. Of this amount, the Fund recognized approximately \$11.6 million as its proportionate share on the statements of net position. The remainder of \$24.8 million denotes the Fund's proportionate share of net pension liability attributable to the special funding.

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

At June 30, 2020, the Fund's proportionate share of the TRS net pension liability was \$38.6 million. Of this amount, the Fund recognized \$11.4 million as its proportionate share on the statement of net position. The remainder of \$27.2 million denotes the Fund's proportionate share of net pension liability attributable to the special funding.

The allocation percentage assigned to each participating employer and nonemployer-contributing entity is based on their proportionate share of employer and nonemployer contributions to TRS for each of the fiscal years ended June 30, 2020 and 2019. Employer contributions are recognized when due. At June 30, 2020, the Fund's proportion was 0.3607500%, a decrease of 0.0207350% from its proportion of 0.3814850% calculated as of June 30, 2019. At June 30, 2019, the Fund's proportion was 0.3814850%, a decrease of 0.0607870% from its proportion of 0.4420480% calculated as of June 30, 2018.



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**NOTE 14 RETIREMENT PLANS (CONTINUED)**

**Defined Benefit Plan (Continued)**

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)*

For the years ended June 30, 2021 and 2020, the Fund recognized TRS pension expense of \$1.9 million and \$1.8 million, respectively. Of this amount, \$.8 million and \$(1.5) million, respectively, was recognized as the Fund's proportionate share of the TRS expense, \$1.1 million and \$3.3 million, respectively, as the amount of pension expense attributable to special funding from a nonemployer contributing entity and \$.2 million and \$.2 million, respectively as the amount of pension expense from a nonemployer contributing entity not attributable to a special funding situation. The Fund also recognized revenue of \$2.8 million and \$3.4 million, respectively, for support provided by the State.

At June 30, 2021 and 2020, deferred outflows of resources and deferred inflows of resources related to the TRS pension are as follows (dollars in thousands).

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference between Employer Contributions and Proportionate Share of Contributions	\$ 408	\$ 5,614	\$ 597	\$ 7,248
Net Difference between Projected and Actual Experience	348	207	56	429
Net Difference between Projected and Actual Investment Earnings	621	48	-	267
Change in Assumptions	163	-	245	-
Contributions after the Measurement Date	1,181	-	1,485	-
Total	<u>\$ 2,721</u>	<u>\$ 5,869</u>	<u>\$ 2,383</u>	<u>\$ 7,944</u>

The Fund will recognize the \$1.2 million reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the TRS net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in TRS pension expense as follows (dollars in thousands).

<u>Fiscal Year Ending June 30,</u>	<u>Amortization</u>
2022	\$ (2,047)
2023	(1,679)
2024	(699)
2025	96
Total	<u>\$ (4,329)</u>

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**NOTE 14 RETIREMENT PLANS (CONTINUED)**

**Defined Benefit Plan (Continued)**

*Payables to the Pension Plan*

The Fund did not report any amounts payable for normal contributions to the TRS as of June 30, 2021 and 2020.

**NOTE 15 FOUNDATIONS**

Various foundations have been established as separate nonprofit organizations incorporated in the State of West Virginia having as their purpose "...to aid, strengthen, and further in every proper and useful way, the work and services of the (individual institutions within the Fund), and their affiliated nonprofit organizations..." Oversight of each of the foundations is the responsibility of separate and independently elected boards of directors, not otherwise affiliated with the Fund. In carrying out its responsibilities, the boards of directors of the foundations employ management, form policy, and maintain fiscal accountability over funds administered by the foundations. Although the individual institutions within the Fund do not control the timing or amount of receipts from the foundations, the majority of resources, or income thereon, that the foundations hold and invest are restricted to the activities of the individual institutions within the Fund by donors. Because these restricted resources held by the foundations as detailed in the financial statements can only be used by, or for the benefit of, the individual institutions within the Fund, the foundations are considered component units of the individual Institutions and are, therefore, discretely presented with the Institution's financial statements and the Fund's financial statements in accordance with GASB discretely presented component unit requirements.

The West Virginia University Foundation, Inc. is appropriately not included as a discretely presented component unit of West Virginia University as the economic resources held do not entirely or almost entirely benefit the West Virginia University, and its net assets (including unrealized gains) totaled \$1.2 billion and \$952.6 million at June 30, 2021 and 2020, respectively. The Bridgemont Community and Technical College Foundation, Inc., The Eastern West Virginia Community and Technical College Foundation, Inc., The Kanawha Valley Community and Technical College Foundation, Inc., Mountwest Foundation, Inc., and Tech Foundation, Inc. are not included for the years ended June 30, 2021 and 2020 within the individual Institution's financial statements, because they were not significant to their Institutions. The Higher Education Foundation is not included for the years ended June 30, 2021 and 2020, because it was not significant to the Fund.

Complete financial statements for any discretely presented component unit foundation can be obtained by contacting the Business Office of the West Virginia Higher Education Policy Commission, 1018 Kanawha Boulevard East, Suite 700, Charleston, West Virginia 25301.

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**NOTE 16 OTHER DISCRETE COMPONENT UNITS**

In addition to the Foundations included as discretely presented component units, the Fund has two other component units, Provident Group-Marshall Properties, LLC and Big Green Scholarship Foundation, Inc., which are material to their institutions and entirely or almost entirely for the benefit of the Fund's individual institutions as of each year-end. Oversight of the other entities is the responsibility of separate and independently elected boards of directors, not otherwise affiliated with the Fund.

**NOTE 17 AFFILIATED ORGANIZATIONS**

The Institutions have various separately incorporated affiliated organizations, including alumni and other associations. Oversight responsibility for these organizations rests with independent boards and management not otherwise affiliated with the Fund. Accordingly, the financial statements of these organizations are not included in the Fund's accompanying financial statements under the blended component unit requirements. They are not included in the Fund's accompanying financial statements as discretely presented component units as they are (1) not significant or (2) have dual purpose (i.e., not entirely or almost entirely for the benefit of the Fund).

**NOTE 18 SERVICE CONCESSION ARRANGEMENTS**

West Virginia University (WVU) has identified one contract for services that meets the four criteria of a service concession arrangement (SCA) per GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. SCAs are 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.

This contract is with ACC OP (College Park, WV) LLC. Per the contract, ACC OP finance, designed, constructed, furnished, and equipped a student housing facility. This facility was completed at the start of the fall semester 2014. The agreement will be in place for 40 years with the option to extend the agreement for two additional 10-year terms, at which time the facility will be returned to the University in substantially the same condition as it was when transferred to them at the start of the agreement. The agreement stipulates that the ACC OP will retain all rents collected at the facility and will provide a percentage of net revenue annually to WVU. Per the operating agreement, WVU will provide certain services including marketing, lease management, billing, collections, security, parking enforcement and other services, and will receive a management fee for providing such services.

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**NOTE 18 CONCESSION SERVICE ARRANGEMENTS (CONTINUED)**

During fiscal year 2015, WVU recorded a capital asset with a fair market value of \$34,952 and a deferred inflow of resources. This deferred inflow is being amortized to auxiliary revenue over the term of the agreement (40 years). WVU has recorded an accounts receivable of \$78 and \$44 at June 30, 2021 and 2020, respectively. At June 30, 2021, WVU recognized management fee revenue and its share of the net revenue of \$83 and \$103, respectively. At June 30, 2020, WVU recognized management fee revenue and its share of the net revenue of \$87 and \$102, respectively. This revenue is included in revenue from auxiliary enterprises on the statement of revenues, expense and changes in net position.

Marshall University (Marshall) has a contract with Sodexo to provide food services within Marshall's facilities on the Huntington campus. These services provide Marshall with the best, most accurate and appropriate campus-dining program that enhances the student's quality of life and is supportive of the education experience. The current contract began on August 16, 2009, and allows for nine annual renewals. Sodexo provides meal plans to students through the University as well as offering cash sales to the University community. Marshall receives annual commission payments from Sodexo calculated as a contractually agreed percentage of cash sales and Marshall pays Sodexo for the meal plans from fees collected by Marshall from students. In 2021, the University did not receive any commissions from Sodexo as part of a temporary contract revision due to COVID-19. In 2020, Marshall received \$604 in commissions from Sodexo. Sodexo did not make any renovations that were capitalized by Marshall during 2021. Renovations totaling \$2,286 were done during 2020 as part of the agreement for the new contract that began August 16, 2019. These renovations are accreted over the remaining life of the contract and if the contract is not renewed, Marshall will be required to pay Sodexo for the unaccreted portion of these renovations. At June 30, 2021 and 2020, Marshall has a deferred inflow of \$2,778 and \$3,121, respectively, for the unaccreted inflow for renovations, and an accrued service concession liability of \$845 and \$949, respectively, for estimated insurance and maintenance costs that Marshall will be required to pay through the end of the contract.

Fairmont State University (Fairmont) has a contract with Aladdin that was effective on July 1, 2018 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. Aladdin is paid a fixed administrative fee that increases 5% per year. Aladdin provides vendor contract revenues to Fairmont based on contractual agreement. The vendor contract revenues from Aladdin in fiscal years 2021 and 2020 were \$442 and \$942, respectively. As part of the agreement, Aladdin agreed to pay for certain improvements to the food services facilities on behalf of Fairmont. Fairmont reports the improvements as a capital asset with a cost of \$2,208. Fairmont reports unearned revenue in the amount of \$1,608 and \$1,808 at June 30, 2021 and 2020, respectively. According to the agreement, the related revenue will be earned over a period of ten years. In the event the agreement is terminated early, Fairmont will require the incoming food service operator to pay Aladdin any remaining balance of the donation or Fairmont will assume responsibility for repayment. Aladdin also provides \$100 annually to Fairmont during the term of the agreement for student scholarships.

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**NOTE 18 CONCESSION SERVICE ARRANGEMENTS (CONTINUED)**

Fairmont has a contract with 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 the store remodeling as required by Follett in order to properly operate and prepare store premises for business up to \$50 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 \$122 and \$168, respectively. In addition to the commission, Follett pays rent of \$60 per year in monthly installments for rental of the space in the Falcon Center. Follett also provides \$15 annually to Fairmont State during the term of the agreement for student scholarships.

**NOTE 19 CONTINGENCIES AND COMMITMENTS**

**Contingencies**

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

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. Management believes disallowances, if any, would not have a significant financial impact on the Fund's financial position.

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

The Fund and Institutions within the Fund own various buildings that are known to contain asbestos. The Fund is not required by federal, state, or local law to remove the asbestos from the buildings. The Fund is required by federal environmental, health, and safety regulations to manage the presence of asbestos in the buildings in a safe condition. Significant problems of dangerous asbestos conditions are abated as the condition becomes known. The Fund 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.

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**NOTE 19 CONTINGENCIES AND COMMITMENTS (CONTINUED)**

**Commitments**

WVU has signed an agreement providing for the purchase of steam through the year 2027 from a nearby facility that commenced operations in late 1992. Under the agreement, WVU has an annual minimum steam purchase requirement, purchased at an operating rate calculated in accordance with the agreement. This operating rate is adjusted quarterly based on actual production costs and other cost indices. Management believes that the rate is comparable to market rates. At June 30, 2021, WVU was committed to an additional purchase of \$1.3 million to meet the minimum steam purchase requirement for the contract year ended September 30, 2021. WVU anticipates substantially meeting the minimum steam purchase requirement for the remaining term of its commitment; however, payment in future years will be dependent on actual operating costs and other cost indices in those years.

During the year ended June 30, 2018, Concord entered into a Technology Subscription Contract with Helios Energy, LLC to provide improved lighting systems for the campus that will reduce energy consumption and related costs for electricity. Concord has agreed to pay Helios Energy, LLC \$.2 million annually for the next seven years. Upon completion of the terms of the contract, Concord may purchase the light fixtures at the then fair market value, may contract with Helios Energy, LLC to continue the service contract or Helios Energy, LLC may remove the light fixtures. The light fixtures are not the responsibility of Concord with regard to maintenance and repairs but Concord is required to name Helios Energy, LLC as an additional insured party on the general liability insurance policy.

**NOTE 20 COMPONENT UNITS' DISCLOSURES**

The following is an aggregation of the significant notes for the financial statements of the discretely presented component units:

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Nature of Operations**

The foundations are nonprofit organizations incorporated in the State of West Virginia. The primary purpose of the foundations is to provide assistance and support for the students, facilities, and programs of their respective institution. The other two component units are also nonprofit organizations – incorporated in the State of West Virginia. Their primary purpose is also to support their respective institutions.

**Basis of Presentation**

Financial statement presentation follows the requirements of the FASB. In accordance with such requirements, the component units are required to report information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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**NOTE 20 COMPONENT UNITS' DISCLOSURES (CONTINUED)**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

The financial statements of the component units are presented on the accrual basis of accounting, in accordance with GAAP. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Accordingly, net assets of the component units and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets that are not subject to donor-imposed stipulations 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 donor-imposed stipulations that will be met either by actions of the component units and/or the passage of time. 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.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Custodial accounts representing funds held by the component units on behalf of an Institution and/or departments of the Institution are reported as custodial liabilities. The component units are responsible for the management and administration of these funds.

**Investments**

The component units account for their investments in accordance with GAAP. Under GAAP, investments are valued at their fair values in the statement of net assets. Unrealized gains and losses are included in the change in net assets. See separately issued component units financial statements for fair value disclosures.

**Property and Equipment**

Purchased assets are recorded at cost. Donated assets are recorded at their fair value at the date they are donated. Expenditures for replaced items are capitalized and the replaced items are retired. Maintenance and repairs are expensed as incurred. Depreciation is calculated primarily by the straight-line method over the estimated useful lives of the assets.

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**NOTE 20 COMPONENT UNITS' DISCLOSURES (CONTINUED)**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Gift Annuities**

The assets received are recognized at fair value when received, and the gift annuity liabilities are recorded using the present value of future cash flows expected to be paid to the donors and are being amortized over the expected lives of the donors.

**Contributions**

Contributions, including unconditional promises to give, are recognized as revenue in the period received. All contributions are available for unrestricted use unless specifically restricted by the donor. Bequests are recorded as revenue at the time an unassailable right to the gift has been established and the proceeds are measurable.

**Endowments**

See separately issued component unit financial statements for endowment related disclosures. For the years ended June 30, 2021 and 2020, there were no material reclasses among net asset classes nor were there material changes in the endowments.

**Pledges Receivable**

Pledges receivable represent amounts due to the foundations at their present value less allowance for uncollectible amounts.

**Funds Held in Custody for Others**

The Marshall University Foundation, Inc. holds and invests funds for Marshall under an agency agreement. The investments and other funds are reported as assets, while the corresponding liability is reported as funds held in custody for others.

**Student Housing Facility Project and Construction in Progress**

During 2016, the Shepherd University Foundation Supporting Organization (Supporting Organization) began the design and construction of a new student housing facility on the Shepherd campus. The Supporting Organization received interim financing for the project in the form of bond anticipation notes issued by the West Virginia Economic Development Authority. The Supporting Organization has received a rural development loan commitment for a 40-year permanent loan from the United States Department of Agriculture that will retire the West Virginia bond anticipation notes at the completion of construction and upon obtaining an occupancy permit. The Supporting Organization will own the building and associated equipment and furnishings and has entered into a ground lease with Shepherd. The ground lease began in June 2016 and will expire upon the repayment of all associated outstanding debt borrowed by the Supporting Organization. Upon the expiration of the lease, the building and associated equipment and furnishings will be transferred to Shepherd. The ground lease agreement requires annual rental payments due 30 days after the receipt of the Supporting Organization's audited financial statements. Rental payments will equal the net available cash flow generated from the student housing facility project. Rent expense due to Shepherd for the ground lease amounted to \$57,010 and \$-0- for the years ended June 30, 2021 and 2020, respectively.



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**NOTE 20 COMPONENT UNITS' DISCLOSURES (CONTINUED)**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Student Housing Facility Project and Construction in Progress (Continued)**

In June 2016, the Supporting Organization entered into a management agreement with Shepherd. The management agreement appointed Shepherd as the Supporting Organization's exclusive agent for the construction, operation, management, and maintenance of the student housing facility project.

**Management's Plan for Continuing Operations**

Provident-Marshall is not in compliance with the debt service coverage ratio requirement of the Reimbursement Agreement as of June 30, 2021. Since Provident-Marshall has been unable to obtain a waiver from the letter of credit provider, all obligations are classified as current obligations as well as the related interest and interest rate swap agreement. Based on this, Marshall-Provident has substantial doubt about its ability to continue as a going concern within one year after the date that the financial statements are issued.

The outbreak of COVID-19 has caused disruption in operations for institutions of higher education. In an effort to minimize the spread of COVID-19 on its campus, Marshall, in March 2020, suspended all in person instruction and transitioned to online instruction for the remainder of the spring semester and summer term. For the fall 2020 and spring 2021 semesters, the University implemented a hybrid delivery system, utilizing online and in-person instruction. Classes for fall 2021 are returning to full capacity and a normal schedule, with most classes delivered in person in a face-to-face format. All the University's residence halls are open for the fall 2021 semester.

Although, freshman and sophomore students are still required to live on campus for two years under this current plan, the global pandemic has adversely impacted the demand for in-person higher education and enrollment may decrease overall which will affect the ability to be able to conduct operations and/or the cost of operations.

While Marshall-Provident feels this disruption will be temporary, there is considerable uncertainty as to whether and when Marshall will be able to achieve the housing occupancy at the same level as before the COVID-19 outbreak. Marshall-Provident will continue to work with Marshall and other stakeholders to develop solutions and strategies for addressing these financial and operational challenges, though the outcome of these matters cannot be predicted at this time.

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**NOTE 20 COMPONENT UNITS' DISCLOSURES (CONTINUED)**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

The components units' investment securities at June 30 are composed of the following:

		2021													Total		
		Big Green Scholarship Foundation Inc.	Bluefield State College Foundation Inc.	Concord University Foundation, Inc.	Fairmont State Foundation	The Glenville State College Foundation, Inc.	The Marshall University Foundation, Inc.	New River Community and Technical College Foundation, Inc.	The Shepherd University College Foundation, Inc.	Southern West Virginia Community College Foundation, Inc. *	West Liberty University Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.	Blue Ridge Community & Technical College Foundation, Inc.	Total
Cash and Temporary																	
Investments	\$	77,837	-	-	860,462	2,766,930	-	-	699,087	60,757	560,566	443,560	830,512	117,692	-	-	6,417,203
U.S. Government Securities		-	-	11,912,227	-	-	-	18,509	1,481,617	-	102,918	102,918	8,657,516	-	-	-	22,475,322
Corporate and Municipal		-	1,563,410	3,800	9,416,380	1,949,184	-	486,009	2,074,206	-	2,228,580	286,126	9,555,489	2,008,496	885,342	40,777	30,279,779
Bonds and Notes		-	1,563,410	3,800	9,416,380	1,949,184	-	486,009	2,074,206	-	2,228,580	286,126	9,555,489	2,008,496	885,342	40,777	30,279,779
Mutual Funds		11,075,795	7,342,519	38,410,904	24,350,187	4,297,088	64,089,365	423,142	25,470,946	-	5,319,206	2,984,237	-	10,048,027	8,579,648	849,063	203,240,127
Equity Investments		1,003,754	6,498,148	2,408,712	105,692	8,826,576	147,081,017	890,616	3,168,786	3,726,690	12,853,523	2,364,049	21,114,077	-	4,847,437	-	214,889,077
Other		23,996	100,730	3,203	2,034,077	628,043	68,493,448	15,501	1,914,814	-	1,517,252	228,796	13,944,585	-	185,167	-	89,099,612
<b>Total</b>	<b>\$</b>	<b>12,181,182</b>	<b>15,504,807</b>	<b>52,738,846</b>	<b>36,796,798</b>	<b>18,467,801</b>	<b>279,663,830</b>	<b>1,813,777</b>	<b>34,809,456</b>	<b>3,787,447</b>	<b>22,582,045</b>	<b>6,411,303</b>	<b>54,302,179</b>	<b>12,174,215</b>	<b>14,307,594</b>	<b>889,840</b>	<b>566,401,120</b>
		2020													Total		
		Big Green Scholarship Foundation Inc.	Bluefield State College Foundation Inc.	Concord University Foundation, Inc.	Fairmont State Foundation	The Glenville State College Foundation, Inc.	The Marshall University Foundation, Inc.	New River Community and Technical College Foundation, Inc.	The Shepherd University College Foundation, Inc.	Southern West Virginia Community College Foundation, Inc.	West Liberty University Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.	Blue Ridge Community & Technical College Foundation, Inc.	Total
Cash and Temporary																	
Investments	\$	-	-	407,717	857,509	249,653	-	-	695,007	114,197	338,239	277,715	1,396,662	2,647,423	-	-	6,984,119
U.S. Government Securities		-	-	8,740,701	-	-	-	18,971	2,408,683	-	104,772	154,417	8,418,503	-	-	-	19,846,047
Corporate and Municipal		-	1,530,918	-	7,316,406	1,730,888	-	438,957	2,046,112	-	791,618	492,531	9,301,900	4,164,886	674,969	50,778	28,548,963
Bonds and Notes		-	1,530,918	-	7,316,406	1,730,888	-	438,957	2,046,112	-	791,618	492,531	9,301,900	4,164,886	674,969	50,778	28,548,963
Mutual Funds		8,870,115	5,472,263	31,659,365	20,106,912	3,345,913	32,645,376	173,835	19,294,413	-	5,575,465	2,054,619	-	5,846,794	6,944,353	663,790	142,654,213
Equity Investments		-	5,485,956	3,800	489,843	5,206,716	58,114,863	696,022	2,420,817	4,016,417	10,080,560	1,800,868	16,365,784	-	3,818,007	-	108,498,633
Other		-	344,770	3,203	122,281	258,186	58,970,793	-	100,744	-	1,314,690	249,884	9,684,011	-	257,704	-	71,605,476
<b>Total</b>	<b>\$</b>	<b>8,870,115</b>	<b>12,842,907</b>	<b>40,814,786</b>	<b>28,891,948</b>	<b>10,792,366</b>	<b>149,731,032</b>	<b>1,327,785</b>	<b>29,965,778</b>	<b>4,130,614</b>	<b>18,205,544</b>	<b>5,029,034</b>	<b>45,468,840</b>	<b>12,659,103</b>	<b>11,695,033</b>	<b>714,588</b>	<b>378,137,451</b>

**Fair Value Measurement**

FASB 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 market 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 valuation methodology include quoted market 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.

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**NOTE 20 COMPONENT UNITS' DISCLOSURES (CONTINUED)**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurement (Continued)**

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.

The following is a summary of the inputs used in determining fair values of financial assets and liabilities measured at fair value on a recurring basis as of June 30:

	2021			
	Fair Value	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level:</b>				
U.S. Government Investments:				
Cash	\$ 6,357	\$ 3,590	\$ 2,767	\$ -
Mortgage Pools	252	-	252	-
Bonds	2,359	2,055	304	-
Agency Obligations	9,147	19	9,128	-
Treasury Obligations	1,577	840	737	-
Other	11,912	11,912	-	-
Mutual Money Market Funds	2,409	2,409	-	-
Certificates of Deposit	61	61	-	-
Corporate Equities	4	4	-	-
Corporate Bonds	14,681	2,024	12,657	-
Real Estate Securities	3,625	3,625	-	-
Debt Securities	3,146	-	3,146	-
Equity Securities	32,561	32,561	-	-
Bonds:				
Consumer Discretionary	315	-	315	-
Financials	207	-	207	-
Healthcare	110	-	110	-
Industrials	54	-	54	-
Mutual Bond Funds:				
Diversifying Asset	38,411	38,411	-	-
Other	12,004	12,004	-	-

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**NOTE 20 COMPONENT UNITS' DISCLOSURES (CONTINUED)**

**Fair Value Measurement (Continued)**

	2021			
	Fair Value	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds:				
US large Cap	\$ 9,056	\$ 9,056	\$ -	\$ -
US Small and Mid Cap	2,564	2,564	-	-
International Equity	2,013	2,013	-	-
Inflations Protected Bond	1,251	1,251	-	-
Relative Value Arbitrage	61	61	-	-
International Large Growth	29	29	-	-
Large Blend	1,156	1,156	-	-
Large Growth	211	211	-	-
Multi Sector Bond	929	929	-	-
High Yield Bond	1,805	1,805	-	-
REITs	721	721	-	-
Balanced	54	54	-	-
Energy Limited Partnership	1,263	1,263	-	-
Foreign Large Blend	1,794	1,794	-	-
Option Based Equity	1,863	1,863	-	-
S&P 500 index	379	379	-	-
S&P midcap 400 index	195	195	-	-
S&P smallcap 600 index	37	37	-	-
Intermediate Term Bond	450	450	-	-
Diversified Alternatives	2,957	2,957	-	-
Other	49,193	49,193	-	-
Mutual Stock Funds:				
Publicly Traded	24,140	24,140	-	-
Domestic Mutual Fund	687	687	-	-
International Mutual Fund	17,029	17,029	-	-
Other	8	8	-	-
Stocks:				
Consumer Goods	1,379	1,379	-	-
Consumer Discretionary	580	580	-	-
Communication	518	518	-	-
Energy	588	588	-	-
Financials	2,276	2,103	173	-
Healthcare	1,926	1,926	-	-
Industrial goods	1,283	1,283	-	-
IT	1,182	1,182	-	-
Materials	512	512	-	-
Real estate	234	234	-	-
Services	630	630	-	-
Technology	2,254	2,254	-	-
Utilities	317	317	-	-
US Small and Mid Cap	933	933	-	-
US large Cap	408	408	-	-
International Equity	1,918	1,918	-	-
Domestic Large Cap	341	341	-	-
Domestic Mid Cap	39	39	-	-
Domestic Small Cap	28	28	-	-
Index Funds	155	155	-	-
Other	3,832	3,832	-	-

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**NOTE 20 COMPONENT UNITS' DISCLOSURES (CONTINUED)**

**Fair Value Measurement (Continued)**

	2021			
	Fair Value	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
Fixed Income:				
Domestic Mutual Funds	\$ 17,588	\$ 17,588	\$ -	\$ -
International Mutual Fund	18,691	18,691	-	-
Other	4,659	4,659	-	-
Public Real Asset	62	62	-	-
Other	13,965	3,450	10,515	-
Total	<u>335,335</u>	<u>\$ 294,970</u>	<u>\$ 40,365</u>	<u>\$ -</u>
<b>Investments Measured at Net Asset Value (NAV):</b>				
Comingled Global Fund	30,869			
Global Equity	129,944			
Commingled Hedge Fund	19,735			
Real Asset Fund	7,341			
Private Capital Fund	22,713			
Private Equity	2,205			
Natural Resources	13,783			
Venture	2,597			
Distressed Debt	58			
Multi Strategy	1,818			
Nonrecurring FMV	3			
Total Investments	<u>\$ 566,401</u>			

	2020			
	Fair Value	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level:</b>				
U.S. Government Investments:				
Cash	\$ 6,212	\$ 5,962	\$ 250	\$ -
Mortgage Pools	239	-	239	-
Bonds	2,635	2,316	319	-
Agency Obligations	8,831	19	8,812	-
Treasury Obligations	2,421	1,743	678	-
Other	8,741	8,741	-	-
Mutual Money Market Funds	746	746	-	-
Certificates of Deposits	60	60	-	-
Corporate Equities	4	4	-	-
Corporate Bonds	16,916	3,904	13,012	-
Real Estate Securities	2,182	2,182	-	-
Debt Securities	896	-	896	-
Equity Securities	25,262	25,262	-	-
Bonds:				
Consumer Discretionary	318	-	318	-
Financials	303	-	303	-
Healthcare	53	-	53	-
Mutual Bond Funds:				
Diversifying Asset	31,999	31,999	-	-
Other	8,762	8,762	-	-

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**NOTE 20 COMPONENT UNITS' DISCLOSURES (CONTINUED)**

**Fair Value Measurement (Continued)**

	2020			
	Fair Value	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds:				
US large Cap	\$ 6,913	\$ 6,913	\$ -	\$ -
US Small and Mid Cap	1,970	1,970	-	-
US Short Term Bond Fund	984	984	-	-
International Equity	2,410	2,410	-	-
International Large Growth	21	21	-	-
Large Blend	372	372	-	-
Large Growth	172	172	-	-
Large Value	144	144	-	-
International Fixed Income	675	675	-	-
Multi Sector Bond	617	617	-	-
High Yield Bond	723	723	-	-
REITs	549	549	-	-
Balanced	45	45	-	-
Energy Limited Partnership	553	553	-	-
Foreign Large Blend	531	531	-	-
Option Based Equity	1,283	1,283	-	-
S&P 500 index	459	459	-	-
S&P midcap 400 index	245	245	-	-
S&P smallcap 600 index	69	69	-	-
Intermediate Term Bond	450	450	-	-
Diversified Alternatives	2,813	2,813	-	-
Other	37,102	37,102	-	-
Mutual Stock Funds:				
Publicly Traded	18,421	18,421	-	-
Domestic Mutual Fund	3,057	3,057	-	-
International Mutual Fund	11,725	11,725	-	-
Other	8	8	-	-
Stocks:				
Consumer Goods	890	890	-	-
Consumer Discretionary	375	375	-	-
Communication	368	368	-	-
Energy	418	418	-	-
Financials	1,533	1,360	173	-
Healthcare	1,289	1,289	-	-
Industrial goods	807	807	-	-
IT	879	879	-	-
Materials	331	331	-	-
Real estate	120	120	-	-
Services	481	481	-	-
Technology	1,359	1,359	-	-
Utilities	175	175	-	-
US Small and Mid Cap	857	857	-	-
US large Cap	294	294	-	-
International Equity	1,339	1,339	-	-
Domestic Large Cap	281	281	-	-
Domestic Mid Cap	22	22	-	-
Domestic Small Cap	15	15	-	-
Index Funds	96	96	-	-
Other	4,505	4,505	-	-

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**NOTE 20 COMPONENT UNITS' DISCLOSURES (CONTINUED)**

**Fair Value Measurement (Continued)**

	2020			
	Fair Value	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Income:				
Domestic Mutual Funds	\$ 515	\$ 515	\$ -	\$ -
International Mutual Fund	10,803	10,803	-	-
US Gov Bonds	56	56	-	-
Other	3,696	3,696	-	-
Public Real Asset	48	48	-	-
Other	9,841	1,782	8,059	-
Total	250,284	\$ 217,172	\$ 33,112	\$ -
<b>Investments Measured at Net Asset Value (NAV):</b>				
Comingled Global Fund	21,451			
Global Equity	45,987			
Commingled Hedge Fund	33,776			
Real Asset Fund	5,163			
Private Capital Fund	16,438			
Private Equity	1,502			
Natural Resources	301			
Venture	1,635			
Distressed Debt	106			
Multi Strategy	1,490			
Non Recurring FMV	4			
Total Investments	\$ 378,137			

**Property and Equipment**

The components units' property and equipment at June 30 are composed of the following:

	2021										Total
	Big Green Scholarship Foundation Inc.	Concord University Foundation, Inc.	Fairmont State Foundation, Inc.	The Glenville State College Foundation, Inc.	The Marshall University Foundation, Inc.	Provident Group-Marshall Properties, LLC	The Shepherd University Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.	
Land and Land Improvements	\$ -	\$ -	\$ 68,000	\$ 564,403	\$ 1,642,000	\$ -	\$ -	\$ -	\$ -	\$ 24,592	\$ 2,298,995
Buildings	-	-	272,000	3,133,358	10,823,230	77,501,504	20,082,300	-	1,039,064	1,224,930	114,076,386
Equipment	-	8,631	21,063	41,579	1,152,666	7,804,515	22,299	-	17,015	3,900	9,071,668
Furniture	-	-	-	-	-	1,012,802	-	-	-	77,065	1,089,867
Other	82,351	-	-	193,771	-	22,304	-	100,000	-	-	398,426
Accumulated Depreciation	(82,351)	(5,110)	(41,810)	(908,122)	(4,209,230)	(35,604,968)	(2,781,667)	(40,000)	(702,948)	(261,477)	(44,637,683)
Property and Equipment, Net	\$ -	\$ 3,521	\$ 319,253	\$ 3,024,989	\$ 9,408,666	\$ 49,723,355	\$ 18,335,734	\$ 60,000	\$ 353,131	\$ 1,069,010	\$ 82,297,659

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**NOTE 20 COMPONENT UNITS' DISCLOSURES (CONTINUED)**

**Property and Equipment (Continued)**

	2021										Total
	Big Green Scholarship Foundation Inc.	Concord University Foundation, Inc.	Fairmont State Foundation Inc.	The Glennville State College Foundation, Inc.	The Marshall University Foundation, Inc.	Provident Group- Marshall Properties, LLC	The Shepherd University Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.	
Land and Land Improvements	\$ -	\$ -	\$ 68,000	\$ 564,403	\$ 1,642,000	\$ -	\$ -	\$ -	\$ -	\$ 24,592	\$ 2,298,995
Buildings	-	-	272,000	3,133,358	10,823,230	77,501,504	20,082,300	-	1,039,064	1,224,930	114,076,386
Equipment	-	8,631	21,063	41,579	1,152,666	7,804,515	22,299	-	17,015	3,900	9,071,668
Furniture	-	-	-	-	-	-	1,012,802	-	-	77,065	1,089,867
Other	82,351	-	-	193,771	-	22,304	-	100,000	-	-	398,426
Accumulated Depreciation	(82,351)	(5,110)	(41,810)	(908,122)	(4,209,230)	(35,604,968)	(2,781,667)	(40,000)	(702,948)	(261,477)	(44,637,683)
Property and Equipment, Net	<u>\$ -</u>	<u>\$ 3,521</u>	<u>\$ 319,253</u>	<u>\$ 3,024,989</u>	<u>\$ 9,408,666</u>	<u>\$ 49,723,355</u>	<u>\$ 18,335,734</u>	<u>\$ 60,000</u>	<u>\$ 353,131</u>	<u>\$ 1,069,010</u>	<u>\$ 82,297,659</u>

**NOTE 21 SEGMENT INFORMATION**

Under the auspices of the State of West Virginia and former governing boards, the Fund issued revenue bonds to finance certain of its auxiliary enterprise activities. Investors in those bonds rely solely on the revenues generated by the activities of the auxiliaries for repayment.

Descriptive information for each of the Fund's segments is shown below:

**West Virginia Board of Governors Revenue Bonds 2021 Series A (Tax Exempt); 2021 Series B (Taxable) (Collectively the 2021 Bonds)**

On May 27, 2021, the West Virginia Board issued \$70,675 in revenue bonds. The 2021 Series A (tax exempt) were issued in the amount of \$25,670. The actual proceeds received was \$33,616 of which \$32,297 was designated for Hodges Hall and the HSC Infrastructure Phase II projects, \$1,084 was for capitalized interest, and \$234 was for cost of issuance and underwriter's discount.

The 2021 Series B bonds (taxable) were issued in the amount of \$45,005. The actual proceeds equaled \$45,005 of which \$43,530 was designated for projects related to Athletics and Reynold Hall, \$1,144 was for capitalized interest, and \$330 was for cost of issuance and underwriter's discount.



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**NOTE 21 SEGMENT INFORMATION (CONTINUED)**

**West Virginia Board of Governors Revenue Bonds 2020 Series A (Taxable) (2020 Bonds)**

On March 10, 2020, the West Virginia University Board issued \$377,785 in revenue bonds. The 2020 Series A bonds (taxable) in the amount of \$376,443 refinanced the 2011 Series B bonds in the amount of \$154,744, the 2013 Series A bonds in the amount of \$150,694, and the 2014 Series A bonds in the amount of \$71,005. The remaining funds were used for the cost of issuance and other fees.

**West Virginia Board of Governors Revenue Bonds 2020 Series B (Tax Exempt) (2020 Bonds)**

On August 6, 2020, The West Virginia Board issued \$12,500 in revenue bonds. These were used to finance costs of improvements to Milan Puskar Stadium and Coliseum.

**West Virginia Board of Governors Revenue Bonds 2019 Series A; 2019 Series B (Tax Exempt) (2019 Bonds)**

On September 25, 2019, the West Virginia University Board issued \$124,695 in revenue bonds. The 2019 Series A bonds (tax exempt) were issued in the amount of \$85,840. The actual proceeds equaled \$101,315 of which \$95,000 was designated for projects for Athletics, Hodges Hall, and Reynolds Hall. The remaining proceeds of \$5,826 were for capitalized interest; \$489 was for cost of issuance.

**West Virginia Board of Governors Revenue Bonds 2019 Series A; 2019 Series B (Tax Exempt) (2019 Bonds) (Continued)**

The 2019 Series B bonds (tax exempt) were issued in the amount of \$39,125. The actual proceeds received equaled \$50,534. These bonds were issued to refund the 2014 Series C Bonds in the amount of \$50,190. The refunding and redemption of the 2014 Series C Bonds was deemed more advantageous to the WVU Board, WVU and the State, considering the financial effect, the implementation and other relevant factors, than remarketing them. The remaining proceeds of \$5,826 were for capitalized interest; \$489 was for cost of issuance.

**West Virginia Board of Governors Revenue Bonds 2016 Series A (Tax Exempt) (2016 Bonds)**

The 2016 Bonds were issued in the amount of \$20,000 to finance Phase 1 of the Health Science Center infrastructure plan and to pay costs of issuance.

**West Virginia Board of Governors Improvement Revenue Bonds 2014 Series A; 2014 Series B (Taxable); Series C (Collectively the 2014 Bonds)**

On October 1, 2014, the West Virginia University Board of Governors (the Board) issued the 2014 Series A bonds in the amount of \$60,000, the 2014 Series B bonds in the amount of \$79,050, and the 2014 Series C bonds in the amount of \$50,190.

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**West Virginia Board of Governors Improvement Revenue Bonds 2014 Series A; 2014 Series B (Taxable); Series C (Collectively the 2014 Bonds) (Continued)**

The 2014 Series A bonds were issued to (a) finance the modernization of the University's Personal Rapid Transit system (the PRT) including reimbursement for prior capital expenditures related to this project and (b) pay the costs of issuance of the 2014 Series A bonds.

The 2014 Series B bonds (taxable) were issued to (a) finance certain Athletics capital projects including reimbursement for prior capital expenditures related to these projects and (b) pay the costs of issuance of the 2014 B bonds.

The 2014 Series C bonds (tax exempt) were issued to (a) refund the 2011 Series C bonds, dated October 5, 2011 and (b) pay the costs of issuance of the 2014 C bonds.

**West Virginia Board of Governors Refunding and Improvement Revenue Bonds 2013 Series A; 2013 Series B (Taxable) (Collectively the 2013 Bonds)**

On February 13, 2013, the West Virginia University Board of Governors (the Board) issued the 2013 Series A bonds in the amount of \$138,325 and the 2013 Series B bonds in the amount of \$72,180. The bonds were issued pursuant to a Resolution adopted by the Board on December 13, 2012, and pursuant to a resolution of the Commission adopted on December 7, 2012, approving the issuance of such bonds. The bonds were issued under a Bond Trust Indenture dated as of November 1, 2004, as supplemental and amended by a First Supplemental Indenture dated August 1, 2011, a Second Supplemental Indenture dated as of October 1, 2011, a Third Supplemental Indenture dated as of June 1, 2012, a Fourth Supplemental Indenture dated as of December 1, 2012, and a Fifth Supplemental Indenture dated as of February 1, 2013.

The 2013 Series A bonds were issued to (a) advance refund a portion of the University Revenue Improvement Bonds 2004 Series C, dated December 2, 2004, and issued in the original principal amount of \$138,710, (b) advance refund a portion of the University Revenue Refunding Bonds 2004 Series B, dated December 2, 2004 maturing on and after October 1, 2015 and issued in the original principal amount of \$55,430, (c) finance a portion of the costs of the 2013 A project at the University including reimbursement to the University for certain capital expenditures made on the 2013 Series A projects prior to the issuance of the 2013 Series A bonds, and (d) pay for costs of issuance of the 2013 Series A bonds.

The 2013 Series B bonds were issued to (a) advance refund that portion of the 2004 Series C bonds not refunded with the proceeds of the 2013 Series A bonds, (b) finance a portion of the costs of the 2013 Series B projects including reimbursement to the West Virginia University for certain capital expenditures made on the 2013 Series B projects prior to the issuance of the 2013 Series B bonds, and (c) pay the costs of issuance of the 2013 Series B bonds.

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**West Virginia Board of Governors Refunding and Improvement Revenue Bonds 2013 Series A; 2013 Series B (Taxable) (Collectively the 2013 Bonds) (Continued)**

The 2013 bonds are secured by and payable from pledged revenues which have been pledged to the payment of such bonds and certain funds held by the bond trustee under the indenture. The 2013 bond are also payable from (but not secured by) other monies legally available to be used for such purposes.

**West Virginia University Board of Governors Revenue Bonds 2012, Series A and B (Taxable) (Collectively the 2012 Bonds)**

During fiscal year 2013, the Board issued revenue bonds to finance the acquisition of the Suncrest Plaza and the Loop. The 2012 Series A (taxable) bonds were issued on July 26, 2012 in the amount of \$13,271 to finance the acquisition of the Suncrest Plaza. These bonds were a private placement bond issue with the Huntington Investment Company. The 2012 Series B (taxable) bonds were issued on December 13, 2012 in the amount of \$4,800 to finance the acquisition of the Loop. These bonds were a private placement bond issue with First United Bank & Trust. The bonds were issued pursuant to a Resolution adopted by the Board on June 7, 2012 and September 28, 2012. The bonds were issued under a Bond Trust Indenture dated as of November 1, 2004, as supplemented and amended by a First Supplemental Indenture dated as of August 1, 2011, a Second Supplemental Indenture dated as of October 1, 2011, a Third Supplemental Indenture dated as of June 1, 2012, and a Fourth Supplemental Indenture dated as of December 1, 2012.

The 2012 bonds are secured by and payable from pledged revenues which have been pledged to the payment of such bonds and certain funds held by the bond trustee under the indenture. The 2012 bonds are also payable from (but not by) secured other monies legally available to be used for such purposes.

**West Virginia University Board of Governors University Improvement Revenue Bonds 2011 Series A; University Improvement Revenue Bonds 2011 Series B; University Improvement Variable Rate Revenue Bonds 2011 Series C (Collectively the 2011 Bonds)**

During fiscal year 2012, the Board issued revenue improvement bonds to finance the acquisition of multi-story apartment complex known as "The Augusta on the Square" and other lots, buildings, houses and structures which were subject to liens thereupon. The 2011 Series A bonds were issued on August 1, 2011 in the amount of \$12,710. The bonds were issued as the First Supplemental Indenture, supplementing and amending the Bond Trust Indenture, dated November 1, 2004.

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**West Virginia University Board of Governors University Improvement Revenue Bonds 2011 Series A; University Improvement Revenue Bonds 2011 Series B; University Improvement Variable Rate Revenue Bonds 2011 Series C (Collectively the 2011 Bonds) (Continued)**

Also during fiscal year 2012, the Board issued revenue improvement bonds (a) University Improvement Revenue Bonds (West Virginia University Projects) 2011 Series B, in the aggregate principal amount of \$187,605 (the 2011 B Bonds) and (b) University Improvement Variable Revenue Bonds (West Virginia University Projects) 2011 Series C, in the aggregate principal amount of \$50,000 (the 2011 C Bonds and together with the 2011 B Bonds, the 2011 Bonds). The 2011 Bonds were issued pursuant to a Resolution adopted by the Board on June 3, 2011, and pursuant to a resolution of the Commission adopted on August 5, 2011, approving the issuance of such Bonds. The 2011 Bonds were issued under and secured by a Bond Trust Indenture dated as of November 1, 2004 between the Issuer and United Bank, Inc., as Bond Trustee (the Bond Trustee), as supplemented by a First Supplemental Bond Indenture dated as of August 1, 2011 and Second Supplemental Bond Indenture dated as of October 1, 2011. The proceeds of the 2011 Bonds were used to (a) finance a portion of the costs of certain capital projects at the University, including reimbursement to the University for certain capital expenditures related thereto made prior to the issuance of the 2011 Bonds (the 2011 Projects), (b) refinance certain tax-exempt lease-purchase agreements entered into by the University (the Refinancing) and (c) pay the costs of issuance of the 2011 Bonds.

The 2011 Series A, B and C Bonds are limited obligations of the Board, payable from and secured by a pledge of Fees and Gross Operating Revenues received by the Board, any interest earnings thereon and on the funds and accounts held by the Bond Trustee, and funds representing capitalized interest. Fees include Institutional Capital Fees, Auxiliary Fees, and Auxiliary Capital Fees. Gross Operating Revenues include all rents fees, charges and other income received by or accrued to the University from the operation and use of the Auxiliary Facilities. The 2011 Series A, B and C Bonds are also payable from (but not secured by) other monies legally available to be used for such purposes.

**Marshall University Board of Governors, Improvement and Refunding Revenue Bonds, Series 2020A**

In April 2020, the Marshall University Board sold \$ 56,035 of 2020A series bonds. The 2020 Bonds were issued under the authority contained in Chapter 18, Article 18B of the Code of West Virginia, 1931, as amended, and the 2020 Bonds are secured pursuant to a Trust Indenture dated as of April 1, 2020, between the University and United Bank, Inc., Charleston, West Virginia, as the Trustee. The 2020A Bonds are secured by and payable from certain revenues as defined in the Trust Indenture. The proceeds of the 2020A Bonds will be used to (1) finance a portion of the costs of the construction, equipping and furnishing of a new building for the University's Lewis College of Business along with other capital improvements approved by the issuer and (2) refund and redeem all or a portion of the 2010 and 2011 Bonds and (3) paying bond insurance premiums or other credit enhancement and (4) to pay the costs of issuance of the 2020A Bonds.

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**Marshall University Board of Governors, Refunding Revenue Bonds, Series 2020B**

In April 2020, the Marshall University Board sold \$45,960 of 2020B series bonds. The 2020B Bonds were issued under the authority contained in Chapter 18, Article 18B of the Code of West Virginia, 1931, as amended, and the 2020 Bonds are secured pursuant to a Trust Indenture dated as of April 1, 2020, between the University and United Bank, Inc., Charleston, West Virginia, as the Trustee. The 2020B Bonds are secured by and payable from certain revenues as defined in the Trust Indenture. The proceeds of the 2020B Bonds will be used to (1) refund and redeem all or a portion of the 2011 Bonds, (2) pay bond insurance premiums or other credit enhancement and (3) to pay the costs of issuance of the 2020B Bonds.

**Concord University Revenue Bonds, Series 2014**

On December 1, 2014, Concord University issued Revenue Bonds, Series 2014 amounting to \$16,460. The Series 2014 bonds were issued to (1) finance the costs to plan, design, remodel, improve, and equip certain dormitory facilities on its main campus, (2) pay capitalized interest on the Series 2014 bonds through December 1, 2015, (3) reimburse certain previously incurred expenditures related to the project, and (4) pay the costs of issuance of the Series 2014 bonds and related costs.

**Board of Governors of Glenville State College, Improvement and Refunding Revenue Bond, Series 2017**

In September 2017, the Glenville State College issued \$36,285 in Improvement and Refunding Revenue Bonds, Series 2017. The Series 2017 Bonds were issues for the purpose of refunding and redeeming the following debt, (1) Campus Community Center Bonds, Series 2006, (2) Science Center Bonds, Series 2007, (3) Goodwin Hall Bonds, Series 2009, (4) Student Housing Bonds, Series 2011A, (5) Note Payable, 2011.

**Fairmont State University Facilities Construction Bonds 2015, Series A**

On April 7, 2015, Fairmont State issued Revenue Bonds Series A amounting to \$30,200. 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 2015A 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.

**Fairmont State University Revenue Refunding Bonds 2012, Series A and Revenue Refunding Bonds 2012, Series B**

On June 12, 2012, Fairmont, in conjunction with Pierpont, issued Revenue Refunding Bonds Series A and Revenue Refunding Bonds Series B (the 2012 Bonds) amounting to \$20,165 and \$30,160, 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.

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**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. 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 of Fairmont State University, 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 Board and (2) pay the costs of issuance of the 2006 Bonds and related costs.

**Shepherd University, Refunding Revenue Bonds 2013**

On December 2, 2013, Shepherd University issued \$6.7 million in General Obligation Bonds with an average interest rate of 3.69% to advance refund \$7.1 million of outstanding 2003 and 2004 series bonds with an average interest rate of 4.27%. As a result, both 2003 series bonds and 2004 series bonds are considered to be defeased and the liability for both of those bonds has been removed from the statement of net position.

**State of West Virginia, Shepherd University, General Obligation Bond, Series 2017**

On March 8, 2017, the University issued \$35.3 million in General Obligation Bonds with a fixed interest rate of 3.65% to advance refund \$35.3 million of outstanding 2005 and 2007 revenue bonds with an average interest rate of 4.5% and to pay the cost of issuance. As a result both 2005 and 2007 revenue bonds are considered to be defeased and the liability for both of those bonds has been removed from the statement of net position. As a result, a gain between the reacquisition price and the net carrying amount of old debt is \$82. The difference, reported in the accompanying financial statement as a deduction of bonds payable, is being charged to operations during 2017. The University completed the refunding to reduce its total debt service payments over the next 20 years by \$4.2 million and to obtain an economic gain of \$3.3 million.

**State of West Virginia, Board of Governors of West Virginia State University, Revenue Bonds, 2013 Series A**

On February 20, 2013, the West Virginia State University issued \$2,815 of Revenue Bonds, 2013 Series A. These bonds are secured by and payable from fees assessed to the students of West Virginia State University held under the Indenture. The proceeds of these Bonds are being used to (1) refund 2002 Series A, (2) acquire equipment, and (3) pay costs of issuance of 2013 Bonds and related costs.

**State of West Virginia, Board of Governors of West Virginia State University, Revenue Bonds, 2012 Series**

On December 20, 2012, West Virginia State University issued \$8,930 of Revenue Bonds, 2012 Series. These bonds are secured by and payable from fees assessed to the students of West Virginia State University held under the Indenture. The proceeds of these bonds are being used to (1) refund 1996-1 note from Educational Direct Loan Mortgage Corporation, (2) fund various capital projects, and (3) pay the costs of issuance of these bonds and related costs.

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**Board of Governors of West Liberty University, Capital Improvement Revenue Bonds 2018 Series**

On September 20, 2018, West Liberty University issued Capital Improvement Revenue Bonds, Series 2018 for \$5,132. The proceeds of the bonds were issued to finance certain capital improvements to the University. The bond proceeds are being expensed from the trustee as funds are requested for payments on capital projects that were preapproved by the Board of Governors of the University. As of June 30, 2019, \$2,387 had been expended from the bond proceeds for costs of issuance and capital expenditures on the bonds.

**Board of Governors of West Liberty University, Revenue Refunding Bonds 2013 Series**

On March 6, 2013, West Liberty University issued University Revenue Refunding Bonds, Series 2013, amounting to \$9,810. The Series 2013 Bonds were issued to (1) currently refund in full the outstanding Series 2003A, 2003B, and 2003C Bonds, and (2) pay the costs of issuance of the Series 2013 Bonds and related costs.

**Board of Governors of West Liberty University, Capital Improvement Revenue, 2012 Series**

On May 1, 2012, West Liberty University (formerly West Liberty State College) issued Capital Improvement Revenue Bonds 2012, amounting to \$10,000 to finance certain capital improvements and pay costs of issuance.

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	2021								
	WVU Auxiliaries	Marshall Revenue Series 2020A and 2020B	Fairmont Improvement Series 2006	Fairmont Revenue Refunding Bonds 2012 and Housing Construction Series 2015	Shepherd Revenue Refunding 2013	Shepherd Revenue Refunding 2017	West Liberty Revenue Refunding 2018	West Liberty Revenue Refunding 2013	West Liberty Capital Improvement 2012
<b>CONDENSED STATEMENT OF NET POSITION</b>									
Assets:									
Current Assets	\$ 81,464	\$ 12,157	\$ 7	\$ 27,840	\$ 4,661	\$ 1,358	\$ 409	\$ 5,770	\$ 888
Noncurrent Assets	1,286,379	171,187	5,447	71,983	7,915	35,883	4,462	8,962	8,217
Total Assets	1,367,843	183,344	5,454	99,823	12,576	37,241	4,871	14,732	9,105
Deferred Outflows of Resources									
	15,805	-	-	770	-	-	-	45	-
Total	<u>\$ 1,383,648</u>	<u>\$ 183,344</u>	<u>\$ 5,454</u>	<u>\$ 100,593</u>	<u>\$ 12,576</u>	<u>\$ 37,241</u>	<u>\$ 4,871</u>	<u>\$ 14,777</u>	<u>\$ 9,105</u>
Liabilities:									
Current Liabilities	\$ 49,222	\$ 4,693	\$ 523	\$ 3,590	\$ 575	\$ 2,507	\$ 221	\$ 698	\$ 711
Noncurrent Liabilities	786,630	113,344	2,152	57,588	3,427	27,698	4,535	4,195	4,255
Total Liabilities	835,852	118,037	2,675	61,178	4,002	30,205	4,756	4,893	4,966
Deferred Inflows of Resources									
	48,841	2,778	-	-	-	-	-	-	-
Total	<u>884,693</u>	<u>120,815</u>	<u>2,675</u>	<u>61,178</u>	<u>4,002</u>	<u>30,205</u>	<u>4,756</u>	<u>4,893</u>	<u>4,966</u>
Net Position:									
Net Investment in Capital Assets	534,088	55,132	2,779	11,313	4,053	6,748	833	4,120	5,731
Restricted/Designated	93,800	-	-	28,102	-	-	-	-	-
Unrestricted	(128,933)	7,397	-	-	4,521	288	(718)	5,764	(1,592)
Total Net Position	<u>498,955</u>	<u>62,529</u>	<u>2,779</u>	<u>39,415</u>	<u>8,574</u>	<u>7,036</u>	<u>115</u>	<u>9,884</u>	<u>4,139</u>
Total	<u>\$ 1,383,648</u>	<u>\$ 183,344</u>	<u>\$ 5,454</u>	<u>\$ 100,593</u>	<u>\$ 12,576</u>	<u>\$ 37,241</u>	<u>\$ 4,871</u>	<u>\$ 14,777</u>	<u>\$ 9,105</u>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>									
Operating:									
Operating Revenues	\$ 69,913	\$ 17,562	\$ -	\$ 9,321	\$ 1,444	\$ 8,199	\$ -	\$ 1,683	\$ 838
Operating Expenses	(118,558)	(17,858)	-	(4,869)	(381)	(9,929)	-	-	-
Other	25,410	-	-	-	-	-	-	-	-
Net Operating Income (Loss)	<u>(23,235)</u>	<u>(296)</u>	<u>-</u>	<u>4,452</u>	<u>1,063</u>	<u>(1,730)</u>	<u>-</u>	<u>1,683</u>	<u>838</u>
Nonoperating:									
Transfers from Institution	15,738	(708)	-	-	-	-	-	-	-
Nonoperating Revenues	18,300	471	429	14,613	8	1,576	-	-	-
Nonoperating Expenses	(22,290)	(5,078)	(244)	(2,240)	(169)	(1,106)	304	(1,693)	(419)
<b>INCREASE (DECREASE) IN NET POSITION</b>	<u>(11,487)</u>	<u>(5,611)</u>	<u>185</u>	<u>16,825</u>	<u>902</u>	<u>(1,260)</u>	<u>304</u>	<u>(10)</u>	<u>419</u>
Net Position - Beginning of Year	510,442	68,140	2,594	22,590	7,672	8,296	(189)	9,894	3,720
<b>NET POSITION - END OF YEAR</b>	<u>\$ 498,955</u>	<u>\$ 62,529</u>	<u>\$ 2,779</u>	<u>\$ 39,415</u>	<u>\$ 8,574</u>	<u>\$ 7,036</u>	<u>\$ 115</u>	<u>\$ 9,884</u>	<u>\$ 4,139</u>
<b>CONDENSED STATEMENT OF CASH FLOWS</b>									
Net Cash Provided (Used) by Operating Activities	\$ (38,178)	\$ 7,356	\$ 559	\$ 4,214	\$ 1,953	\$ (679)	\$ -	\$ 1,683	\$ 838
Net Cash Provided (Used) by Capital Financing Activities	62,962	(9,754)	(559)	(3,941)	(2,258)	(1,216)	30	(2,088)	(796)
Net cash Provided by Investing Activities	764	-	-	30	-	-	-	-	-
<b>INCREASE (DECREASE) IN CASH</b>	<u>25,548</u>	<u>(2,398)</u>	<u>-</u>	<u>303</u>	<u>(305)</u>	<u>(1,895)</u>	<u>30</u>	<u>(405)</u>	<u>42</u>
Cash - Beginning of Year	133,664	14,516	-	9,922	4,681	2,823	380	6,179	841
<b>CASH - END OF YEAR</b>	<u>\$ 159,212</u>	<u>\$ 12,118</u>	<u>\$ -</u>	<u>\$ 10,225</u>	<u>\$ 4,376</u>	<u>\$ 928</u>	<u>\$ 410</u>	<u>\$ 5,774</u>	<u>\$ 883</u>



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	2020									
	WVU Auxiliaries	Marshall Revenue Series 2010 and 2011	Fairmont Improvement Series 2006	Fairmont Revenue Refunding Bonds 2012 and Housing Construction Series 2015	Shepherd Revenue Refunding 2013	Shepherd Revenue Refunding 2017	WV State Capital, Housing, Student Union, 2013 Series A	West Liberty Revenue Refunding 2018	West Liberty Revenue Refunding 2013	West Liberty Capital Improvement 2012
<b>CONDENSED STATEMENT OF NET POSITION</b>										
Assets:										
Current Assets	\$ 87,957	\$ 14,697	\$ 36	\$ 11,822	\$ 4,958	\$ 2,938	\$ 1,630	\$ 379	\$ 6,179	\$ 841
Noncurrent Assets	1,232,589	175,283	5,740	74,305	7,127	36,838	12,857	4,571	9,218	8,502
Total Assets	1,320,546	189,980	5,776	86,127	12,085	39,776	14,487	4,950	15,397	9,343
Deferred Outflows of Resources	16,484	-	-	841	-	-	-	-	52	-
Total	<u>\$ 1,337,030</u>	<u>\$ 189,980</u>	<u>\$ 5,776</u>	<u>\$ 86,968</u>	<u>\$ 12,085</u>	<u>\$ 39,776</u>	<u>\$ 14,487</u>	<u>\$ 4,950</u>	<u>\$ 15,449</u>	<u>\$ 9,343</u>
Liabilities:										
Current Liabilities	\$ 68,009	\$ 4,801	\$ 515	\$ 3,570	\$ 548	\$ 2,354	\$ 2,557	\$ 398	\$ 685	\$ 688
Noncurrent Liabilities	710,553	113,720	2,667	60,808	3,865	29,126	9,615	4,741	4,870	4,935
Total Liabilities	778,562	118,521	3,182	64,378	4,413	31,480	12,172	5,139	5,555	5,623
Deferred Inflows of Resources	48,026	3,319	-	-	-	-	-	-	-	-
Total	<u>826,588</u>	<u>121,840</u>	<u>3,182</u>	<u>64,378</u>	<u>4,413</u>	<u>31,480</u>	<u>12,172</u>	<u>5,139</u>	<u>5,555</u>	<u>5,623</u>
Net Position:										
Net Investment in Capital Assets	560,525	58,612	2,594	11,503	2,842	6,323	9,395	1,863	3,723	5,356
Restricted/Designated	100,081	2	-	11,087	-	-	346	-	-	-
Unrestricted	(150,164)	9,526	-	-	4,830	1,973	(7,426)	(2,052)	6,171	(1,636)
Total Net Position	<u>510,442</u>	<u>68,140</u>	<u>2,594</u>	<u>22,590</u>	<u>7,672</u>	<u>8,296</u>	<u>2,315</u>	<u>(189)</u>	<u>9,894</u>	<u>3,720</u>
Total	<u>\$ 1,337,030</u>	<u>\$ 189,980</u>	<u>\$ 5,776</u>	<u>\$ 86,968</u>	<u>\$ 12,085</u>	<u>\$ 39,776</u>	<u>\$ 14,487</u>	<u>\$ 4,950</u>	<u>\$ 15,449</u>	<u>\$ 9,343</u>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>										
Operating:										
Operating Revenues	\$ 108,856	\$ 22,894	\$ -	\$ 9,703	\$ 2,256	\$ 10,024	\$ 2,390	\$ -	\$ 1,676	\$ 867
Operating Expenses	(136,218)	(20,129)	-	(5,068)	(458)	(10,105)	(1,012)	-	-	-
Other	26,368	-	-	-	-	-	-	-	-	-
Net Operating Income (Loss)	(994)	2,765	-	4,635	1,798	(81)	1,378	-	1,676	867
Nonoperating:										
Transfers from Institution	4,991	(3,322)	-	-	-	-	-	-	-	-
Nonoperating Revenues	23,127	-	535	(1,585)	108	232	-	-	-	(1)
Nonoperating Expenses	(19,763)	(4,026)	(262)	(2,596)	(182)	(1,160)	(698)	(41)	(1,672)	(458)
<b>INCREASE (DECREASE) IN NET POSITION</b>	<u>7,361</u>	<u>(4,583)</u>	<u>273</u>	<u>454</u>	<u>1,724</u>	<u>(1,009)</u>	<u>680</u>	<u>(41)</u>	<u>4</u>	<u>408</u>
Net Position - Beginning of Year	503,081	72,723	2,321	22,136	5,948	9,305	1,635	(148)	9,890	3,312
<b>NET POSITION - END OF YEAR</b>	<u>\$ 510,442</u>	<u>\$ 68,140</u>	<u>\$ 2,594</u>	<u>\$ 22,590</u>	<u>\$ 7,672</u>	<u>\$ 8,296</u>	<u>\$ 2,315</u>	<u>\$ (189)</u>	<u>\$ 9,894</u>	<u>\$ 3,720</u>
<b>CONDENSED STATEMENT OF CASH FLOWS</b>										
Net Cash Provided (Used) by Operating Activities	\$ 7,956	\$ 9,376	\$ 559	\$ 4,375	\$ 2,098	\$ 923	\$ 351	\$ -	\$ 1,676	\$ 867
Net Cash Provided (Used) by Capital Financing Activities	47,808	(8,006)	(559)	(1,860)	(771)	(3,049)	(698)	249	(2,056)	(822)
Net cash Provided by Investing Activities	1,609	-	-	189	-	-	-	-	-	-
<b>INCREASE (DECREASE) IN CASH</b>	<u>57,373</u>	<u>1,370</u>	<u>-</u>	<u>2,704</u>	<u>1,327</u>	<u>(2,126)</u>	<u>(347)</u>	<u>249</u>	<u>(380)</u>	<u>45</u>
Cash - Beginning of Year	76,291	13,146	-	7,218	3,354	4,949	(1,123)	131	6,559	796
<b>CASH - END OF YEAR</b>	<u>\$ 133,664</u>	<u>\$ 14,516</u>	<u>\$ -</u>	<u>\$ 9,922</u>	<u>\$ 4,681</u>	<u>\$ 2,823</u>	<u>\$ (1,470)</u>	<u>\$ 380</u>	<u>\$ 6,179</u>	<u>\$ 841</u>

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**NOTE 22 NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS**

For the years ended June 30, 2021 and 2020, the following tables represent operating expenses within both natural and functional classifications (dollars in thousands):

	2021							Total
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation/Amortization	Other	
Instruction	\$ 429,171	\$ 81,561	\$ 70,859	\$ 1,005	\$ 25	\$ -	\$ 449	\$ 583,070
Research	79,197	32,493	61,697	433	-	-	71	173,891
Public Service	56,005	10,211	30,891	362	-	-	14	97,483
Academic Support	62,939	11,444	25,855	238	-	-	204	100,680
Student Services	50,449	13,484	17,778	110	-	-	23	81,844
Operations and Maintenance of Plant	33,798	7,035	30,833	39,039	-	-	1	110,706
General Institutions Support	137,554	20,120	98,885	1,228	43	-	77	257,907
Total Education and General	849,113	176,348	336,798	42,415	68	-	839	1,405,581
Student Financial Aid	171	26	435	3	146,396	-	336	147,367
Auxiliary Enterprises	61,480	9,754	82,146	13,674	-	-	-	167,054
Depreciation and Amortization	-	-	-	-	-	144,842	-	144,842
Administration of Leasing Activities	1,099	345	1,533	3,274	-	-	-	6,251
Other	-	-	921	-	12,653	-	1,666	15,240
Total	\$ 911,863	\$ 186,473	\$ 421,833	\$ 59,366	\$ 159,117	\$ 144,842	\$ 2,841	\$ 1,886,335

	2020							Total
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation/Amortization	Other	
Instruction	\$ 433,100	\$ 106,765	\$ 70,902	\$ 615	\$ 18	\$ -	\$ 2,420	\$ 613,820
Research	75,581	33,022	55,361	376	-	-	9	164,349
Public Service	54,067	11,899	29,069	277	3	-	372	95,687
Academic Support	59,995	13,693	28,181	245	10	-	773	102,897
Student Services	52,562	16,051	22,053	139	11	-	672	91,488
Operations and Maintenance of Plant	36,192	10,807	39,255	37,600	-	-	704	124,558
General Institutions Support	135,734	29,229	87,184	2,481	191	-	4,242	259,061
Total Education and General	847,231	221,466	332,005	41,733	233	-	9,192	1,451,860
Student Financial Aid	3,626	624	472	1,023	149,976	-	-	155,721
Auxiliary Enterprises	62,260	13,127	84,104	14,156	-	-	1,354	175,001
Depreciation and Amortization	-	-	-	-	-	129,763	-	129,763
Administration of Leasing Activities	1,242	415	1,311	2,923	-	-	469	6,360
Other	-	-	364	-	-	-	4,576	4,940
Total	\$ 914,359	\$ 235,632	\$ 418,256	\$ 59,835	\$ 150,209	\$ 129,763	\$ 15,591	\$ 1,923,645

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**NOTE 23 RISKS AND UNCERTAINTIES**

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year-end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the Fund, COVID-19 may impact various parts of its 2021 operations and financial results, including, but not limited to, declines in state appropriations, loss of auxiliary revenues, additional bad debts, costs for increased use of technology, or potential shortages of personnel. Management believes the Fund is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**NOTE 24 SUBSEQUENT EVENTS**

During July 2021, Fairmont issued Revenue Refunding Bonds, 2021 Series A, amounting to \$26,305. 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 B Bonds resulted in a gain of \$138 and an economic gain of \$5,283. The 2021 Series A Bonds outstanding consist of \$26,305 serial bonds with an interest rate of 5% which mature serially through June 1, 2032.

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**NOTE 25 CONDENSED BLENDED COMPONENT UNIT INFORMATION**

Condensed combining information for the Fund's blended component units for the year ended June 30, 2021 is as follows:

**Condensed Combining Statements of Net Position**  
**June 30, 2021**

	Bluefield State College	Concord University	West Liberty University	Shepherd University	Glenville State College	Fairmont State University	West Virginia State University	West Virginia University	Marshall University	West Virginia School of Osteopathic Medicine	Policy Commission	Council	Eliminating/ Reclassification Entries	Total
<b>ASSETS</b>														
Inter-Entity Receivables	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 308	\$ -	\$ -	\$ -	\$ 32	\$ (343)	\$ -
Other Current Assets	5,460	12,448	12,307	12,428	4,067	45,953	11,151	344,023	105,479	93,127	72,667	125,568	(10,219)	834,459
Capital Assets, Net	37,521	58,859	74,447	104,554	72,641	137,816	75,872	1,935,060	458,858	74,645	59,032	228,279	-	3,317,584
Other Noncurrent Assets	636	3,533	3,501	285	3,770	15,281	74	242,429	157,784	4,724	59,272	3,498	(57,883)	436,904
Total Assets	43,617	74,843	90,255	117,267	80,478	199,050	87,097	2,521,820	722,121	172,496	190,971	357,377	(68,445)	4,588,947
<b>DEFERRED OUTFLOWS OF RESOURCES</b>														
	534	728	1,154	991	1,046	1,997	8,567	34,321	8,653	1,039	14,199	5,530	-	78,759
Total Assets and Deferred Outflows	\$ 44,151	\$ 75,571	\$ 91,409	\$ 118,258	\$ 81,524	\$ 201,047	\$ 95,664	\$ 2,556,141	\$ 730,774	\$ 173,535	\$ 205,170	\$ 362,907	\$ (68,445)	\$ 4,667,706
<b>LIABILITIES</b>														
Inter-Entity Payables	\$ 132	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 683	\$ (815)	\$ -
Other Current Liabilities	3,314	6,440	7,271	7,961	4,190	13,408	13,593	230,775	58,246	4,572	30,126	39,169	(9,747)	409,318
Other Long-Term Liabilities	1,437	18,242	21,633	34,977	38,356	62,743	42,217	945,814	190,946	2,714	303,273	25,101	(57,883)	1,629,570
Total Liabilities	4,883	24,682	28,904	42,938	42,546	76,151	55,810	1,176,589	249,192	7,286	333,399	64,953	(68,445)	2,038,888
<b>DEFERRED INFLOWS OF RESOURCES</b>														
	2,771	4,031	4,434	5,390	3,066	7,891	5,303	139,789	29,412	3,819	1,868	17,059	-	224,833
Total Liabilities and Deferred Inflows of Resources	7,654	28,713	33,338	48,328	45,612	84,042	61,113	1,316,378	278,604	11,105	335,267	82,012	(68,445)	2,263,721
<b>Net Position</b>														
Net Investment in Capital														
Assets	37,521	42,434	55,444	70,132	36,774	74,725	35,934	1,120,471	317,420	74,645	55,977	223,327	-	2,144,804
Restricted														
Nonexpendable	578	2,425	-	-	-	-	-	16,975	15,176	-	-	50	-	35,204
Expendable	-	2,939	170	(70)	4,283	21,256	-	71,555	21,431	10,578	54,280	13,326	-	199,748
Unrestricted	(1,602)	(940)	2,457	(132)	(5,145)	21,024	(1,383)	30,762	98,143	77,207	(240,354)	44,192	-	24,229
Total Net Position	36,497	46,858	58,071	69,930	35,912	117,005	34,551	1,239,763	452,170	162,430	(130,097)	280,895	-	2,403,985
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 44,151	\$ 75,571	\$ 91,409	\$ 118,258	\$ 81,524	\$ 201,047	\$ 95,664	\$ 2,556,141	\$ 730,774	\$ 173,535	\$ 205,170	\$ 362,907	\$ (68,445)	\$ 4,667,706

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**NOTE 25 CONDENSED BLENDED COMPONENT UNIT INFORMATION (CONTINUED)**

**Condensed Combining Statements of Revenues, Expenses, and Changes in Net Position**  
**Year Ended June 30, 2021**

	Bluefield State College	Concord University	West Liberty University	Shepherd University	Glenville State College	Fairmont State University	West Virginia State University	West Virginia University	Marshall University	West Virginia School of Osteopathic Medicine	Policy Commission	Council	Eliminating/ Reclassification Entries	Total
<b>OPERATING REVENUES</b>														
Student Tuition and Fees, Net	\$ 4,803	\$ 6,794	\$ 15,766	\$ 14,679	\$ 5,671	\$ 13,895	\$ 10,154	\$ 401,855	\$ 77,049	\$ 36,757	\$ -	\$ 26,443	\$ -	\$ 613,866
Federal, State, Local Contracts and Grants	6,239	8,141	4,733	5,732	4,387	10,937	8,718	256,270	88,469	2,395	7,476	18,093	(83,302)	338,288
Sales and Services of Educational Activity	137	2	-	-	1,395	-	-	9,898	94	-	3,434	400	(3,574)	11,786
Auxiliary Enterprise Revenue	424	7,735	7,900	8,376	2,545	10,661	2,158	94,533	24,171	508	5,172	1,269	-	165,452
Other Operating Revenues	85	759	123	235	724	1,347	732	12,601	8,990	577	3,840	5,235	(4,163)	31,085
Total Operating Revenues	11,688	23,431	28,522	29,022	14,722	36,840	21,762	775,157	198,773	40,237	19,922	51,440	(91,039)	1,160,477
<b>OPERATING EXPENSES</b>														
Operations	20,655	34,546	40,060	45,728	21,311	53,277	45,094	1,003,644	273,130	42,217	23,420	145,912	(7,501)	1,741,493
Depreciation	1,383	2,465	3,284	6,026	2,413	4,957	2,515	87,384	16,830	3,770	2,238	11,577	-	144,842
Total Operating Expenses	22,038	37,011	43,344	51,754	23,724	58,234	47,609	1,091,028	289,960	45,987	25,658	157,489	(7,501)	1,886,335
Operating Loss	(10,350)	(13,580)	(14,822)	(22,732)	(9,002)	(21,394)	(25,847)	(315,871)	(91,187)	(5,750)	(5,736)	(106,049)	(83,538)	(725,858)
<b>NONOPERATING REVENUES (EXPENSES)</b>														
State Appropriations	6,479	10,476	9,239	12,874	6,544	18,600	14,293	200,218	75,756	9,730	128,958	80,402	-	573,569
Federal Pell Grants	2,868	3,550	3,402	4,283	3,646	5,980	3,441	26,722	16,279	-	-	25,295	-	95,466
COVID Relief Grants	4,473	3,461	3,500	4,977	5,468	4,579	9,464	35,859	18,069	695	-	18,474	-	109,019
Other Nonoperating Revenues (Expenses)	268	830	502	777	(1,589)	(3,275)	(1,193)	88,554	16,291	8,278	(99,584)	713	82,828	93,400
Total Nonoperating Revenues	14,088	18,317	16,643	22,911	14,069	25,884	26,005	351,353	126,395	18,703	29,374	124,884	82,828	871,454
Capital Grants, Appropriations, and Gifts	22,383	377	-	-	-	-	2,309	91,667	3,540	5	-	2,481	-	122,762
Net Other Transfers Made and Received	-	-	-	-	-	28,625	-	648	-	-	(1,996)	(26,598)	710	1,389
<b>INCREASE (DECREASE) IN NET POSITION</b>	26,121	5,114	1,821	179	5,067	33,115	2,467	127,797	38,748	12,958	21,642	(5,282)	-	269,747
Net Position - Beginning of Year	10,376	41,744	56,250	69,751	30,845	83,890	32,084	1,111,966	413,422	149,472	(151,739)	286,177	-	2,134,238
<b>NET POSITION - END OF YEAR</b>	\$ 36,497	\$ 46,858	\$ 58,071	\$ 69,930	\$ 35,912	\$ 117,005	\$ 34,551	\$ 1,239,763	\$ 452,170	\$ 162,430	\$ (130,097)	\$ 280,895	\$ -	\$ 2,403,985

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**NOTE 25 CONDENSED BLENDED COMPONENT UNIT INFORMATION (CONTINUED)**

**Condensed Combining Statements of Cash Flows**  
**Year Ended June 30, 2021**

	Bluefield State College	Concord University	West Liberty University	Shepherd University	Glenville State College	Fairmont State University	West Virginia State University	West Virginia University	Marshall University	West Virginia School of Osteopathic Medicine	Policy Commission	Council	Eliminating/ Reclassification Entries	Total
<b>NET CASH PROVIDED (USED)</b>														
<b>BY OPERATING ACTIVITIES</b>														
Operating Activities	\$ (10,854)	\$ (12,041)	\$ (14,973)	\$ (17,933)	\$ (10,369)	\$ (16,200)	\$ (24,820)	\$ (227,980)	\$ (86,450)	\$ (3,601)	\$ (3,990)	\$ (102,825)	\$ (82,841)	\$ (614,877)
Noncapital Financing Activities	12,553	16,296	12,642	23,804	15,657	30,644	27,183	291,790	98,801	10,089	38,356	114,178	81,856	773,849
Capital Financing Activities	(632)	(2,763)	2,828	(5,515)	(4,026)	(7,253)	619	(80,188)	(24,273)	(3,125)	(24,537)	(6,685)	990	(154,560)
Investing Activities	4	1,351	(2,209)	15	(775)	54	3	39,952	11,308	541	3,022	198	(31,029)	22,435
<b>INCREASE (DECREASE) IN CURRENT CASH AND CASH EQUIVALENTS</b>	1,071	2,843	(1,712)	371	487	7,245	2,985	23,574	(614)	3,904	12,851	4,866	(31,024)	26,847
Cash - Beginning of Year	1,913	2,926	11,887	10,014	809	35,261	2,866	181,886	67,297	39,184	43,343	106,176	(68,321)	435,241
<b>CASH - END OF YEAR</b>	<b>\$ 2,984</b>	<b>\$ 5,769</b>	<b>\$ 10,175</b>	<b>\$ 10,385</b>	<b>\$ 1,296</b>	<b>\$ 42,506</b>	<b>\$ 5,851</b>	<b>\$ 205,460</b>	<b>\$ 66,683</b>	<b>\$ 43,088</b>	<b>\$ 56,194</b>	<b>\$ 111,042</b>	<b>\$ (99,345)</b>	<b>\$ 462,088</b>

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**NOTE 25 CONDENSED BLENDED COMPONENT UNIT INFORMATION (CONTINUED)**

Condensed combining information for the Fund's blended component units for the year ended June 30, 2020 is as follows:

**Condensed Combining Statements of Net Position**  
**June 30, 2020**

	Bluefield State College	Concord University	West Liberty University	Shepherd University	Glenville State College	Fairmont State University	West Virginia State University	West Virginia University	Marshall University	West Virginia School of Osteopathic Medicine	Policy Commission	Council	Eliminating/ Reclassification Entries	Total
<b>ASSETS</b>														
Inter-Entity Receivables	\$ 70	\$ -	\$ -	\$ 22	\$ -	\$ -	\$ -	\$ 452	\$ -	\$ 19	\$ -	\$ 90	\$ (653)	\$ -
Other Current Assets	2,949	9,325	13,891	11,843	1,316	37,424	6,641	306,348	89,092	81,445	58,371	111,082	(9,987)	719,740
Capital Assets, Net	15,286	59,694	73,923	108,978	74,050	130,901	77,603	1,836,319	460,010	75,020	58,634	242,070	-	3,212,488
Other Noncurrent Assets	577	3,775	1,416	382	2,981	2,393	343	229,918	147,750	4,892	67,353	3,940	(49,874)	415,846
Total Assets	18,882	72,794	89,230	121,225	78,347	170,718	84,587	2,373,037	696,852	161,376	184,358	357,182	(60,514)	4,348,074
<b>DEFERRED OUTFLOWS OF RESOURCES</b>														
	528	697	1,291	1,023	1,042	1,964	991	34,719	9,251	1,177	15,266	3,841	-	71,790
Total Assets and Deferred Outflows	\$ 19,410	\$ 73,491	\$ 90,521	\$ 122,248	\$ 79,389	\$ 172,682	\$ 85,578	\$ 2,407,756	\$ 706,103	\$ 162,553	\$ 199,624	\$ 361,023	\$ (60,514)	\$ 4,419,864
<b>LIABILITIES</b>														
Inter-Entity Payables	\$ 798	\$ -	\$ -	\$ 6	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ 77	\$ -	\$ 523	\$ (1,406)	\$ -
Other Current Liabilities	2,892	6,713	7,398	7,617	5,524	13,442	11,495	237,802	57,459	4,830	28,469	36,573	(8,986)	411,228
Other Long-Term Liabilities	3,672	22,351	24,238	41,786	40,851	72,017	38,773	958,576	216,820	6,210	321,743	27,111	(50,122)	1,724,026
Total Liabilities	7,362	29,064	31,636	49,409	46,375	85,459	50,268	1,196,380	274,279	11,117	350,212	64,207	(60,514)	2,135,254
<b>DEFERRED INFLOWS OF RESOURCES</b>														
	1,672	2,683	2,635	3,088	2,169	3,333	3,225	99,410	18,402	1,965	1,151	10,639	-	150,372
Total Liabilities and Deferred Inflows of Resources	9,034	31,747	34,271	52,497	48,544	88,792	53,493	1,295,790	292,681	13,082	351,363	74,846	(60,514)	2,285,626
<b>Net Position</b>														
Net Investment in Capital Assets	15,265	42,527	56,224	72,350	35,769	65,373	45,435	1,095,413	315,842	75,020	58,069	233,780	-	2,111,067
Restricted														
Nonexpendable	577	2,425	-	-	-	-	-	17,615	15,176	-	-	50	-	35,843
Expendable	(747)	2,073	392	469	2,852	4,558	(46)	49,558	10,832	11,378	40,913	12,243	-	134,475
Unrestricted	(4,719)	(5,281)	(366)	(3,068)	(7,776)	13,959	(13,305)	(50,620)	71,572	63,074	(250,721)	40,104	-	(147,147)
Total Net Position	10,376	41,744	56,250	69,751	30,845	83,890	32,084	1,111,966	413,422	149,472	(151,739)	286,177	-	2,134,238
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 19,410	\$ 73,491	\$ 90,521	\$ 122,248	\$ 79,389	\$ 172,682	\$ 85,577	\$ 2,407,756	\$ 706,103	\$ 162,554	\$ 199,624	\$ 361,023	\$ (60,514)	\$ 4,419,864

**WEST VIRGINIA HIGHER EDUCATION FUND**  
**(A Component Unit of the State of West Virginia)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**  
**(DOLLARS IN THOUSANDS)**

**NOTE 25 CONDENSED BLENDED COMPONENT UNIT INFORMATION (CONTINUED)**

**Condensed Combining Statements of Revenues, Expenses, and Changes in Net Position**  
**Year Ended June 30, 2020**

	Bluefield State College	Concord University	West Liberty University	Shepherd University	Glennville State College	Fairmont State University	West Virginia State University	West Virginia University	Marshall University	West Virginia School of Osteopathic Medicine	Policy Commission	Council	Eliminating/ Reclassification Entries	Total
<b>OPERATING REVENUES</b>														
Student Tuition and Fees, Net	\$ 4,238	\$ 5,774	\$ 15,853	\$ 16,108	\$ 4,748	\$ 13,019	\$ 10,944	\$ 415,201	\$ 80,493	\$ 35,833	\$ -	\$ 26,824	\$ -	\$ 629,035
Federal, State, Local Contracts and Grants	5,924	7,974	4,836	5,611	2,962	11,020	11,291	231,181	75,437	3,234	4,930	18,660	(82,265)	300,795
Sales and Services of Educational Activity	98	1	-	21	1,881	2	3	13,749	230	-	3,535	631	(2,616)	17,535
Auxiliary Enterprise Revenue	345	7,107	7,513	10,193	2,861	11,416	4,167	126,891	27,966	601	5,060	1,834	-	205,954
Other Operating Revenues	26	953	171	376	271	1,689	997	10,171	9,632	784	4,123	2,332	(4,442)	27,083
Total Operating Revenues	10,631	21,809	28,373	32,309	12,723	37,146	27,402	797,193	193,758	40,452	17,648	50,281	(89,323)	1,180,402
<b>OPERATING EXPENSES</b>														
Operations	18,869	35,316	39,908	47,920	22,022	52,993	45,419	1,033,906	290,771	41,784	23,859	147,940	(6,825)	1,793,882
Depreciation	1,220	2,499	2,908	6,113	2,392	4,693	3,714	72,815	16,435	3,667	2,143	11,164	-	129,763
Total Operating Expenses	20,089	37,815	42,816	54,033	24,414	57,686	49,133	1,106,721	307,206	45,451	26,002	159,104	(6,825)	1,923,645
Operating Loss	(9,458)	(16,006)	(14,443)	(21,724)	(11,691)	(20,540)	(21,731)	(309,528)	(113,448)	(4,999)	(8,354)	(108,823)	(82,498)	(743,243)
<b>NONOPERATING REVENUES (EXPENSES)</b>														
State Appropriations	6,383	10,476	9,103	12,684	6,447	18,600	14,293	179,397	66,897	9,596	75,148	76,551	-	485,575
Federal Pell Grants	3,267	3,652	3,740	4,656	3,731	6,504	4,158	28,573	17,047	-	-	28,588	-	103,916
COVID Relief Grants	463	1,297	486	2,294	1,511	1,127	2,355	15,042	6,525	117	-	4,715	-	35,932
Other Nonoperating Revenues (Expenses)	682	(182)	343	1,422	(1,405)	(1,518)	(1,279)	115,972	1,281	946	(52,618)	2,770	82,480	148,894
Total Nonoperating Revenues	10,795	15,243	13,672	21,056	10,284	24,713	19,527	338,984	91,750	10,659	22,530	112,624	82,480	774,317
Capital Grants, Appropriations, and Gifts	-	-	-	44	-	-	2,010	16,088	5,467	2	-	892	-	24,503
Net Other Transfers Made and Received	-	-	57	-	-	1,000	-	420	-	-	(3,641)	3,381	18	1,235
<b>INCREASE (DECREASE) IN NET POSITION</b>	1,337	(763)	(714)	(624)	(1,407)	5,173	(194)	45,964	(16,231)	5,662	10,535	8,074	-	56,812
Net Position - Beginning of Year	9,039	42,507	56,964	70,375	32,252	78,717	32,278	1,066,002	429,653	143,810	(162,274)	278,103	-	2,077,426
<b>NET POSITION - END OF YEAR</b>	<b>\$ 10,376</b>	<b>\$ 41,744</b>	<b>\$ 56,250</b>	<b>\$ 69,751</b>	<b>\$ 30,845</b>	<b>\$ 83,890</b>	<b>\$ 32,084</b>	<b>\$ 1,111,966</b>	<b>\$ 413,422</b>	<b>\$ 149,472</b>	<b>\$ (151,739)</b>	<b>\$ 286,177</b>	<b>\$ -</b>	<b>\$ 2,134,238</b>



**WEST VIRGINIA HIGHER EDUCATION FUND**  
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**(DOLLARS IN THOUSANDS)**

**NOTE 25 CONDENSED BLENDED COMPONENT UNIT INFORMATION (CONTINUED)**

**Condensed Combining Statements of Cash Flows**  
**Year Ended June 30, 2020**

	Bluefield State College	Concord University	West Liberty University	Shepherd University	Glenville State College	Fairmont State University	West Virginia State University	West Virginia University	Marshall University	West Virginia School of Osteopathic Medicine	Policy Commission	Council	Eliminating/ Reclassification Entries	Total
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>														
Operating Activities	\$ (8,496)	\$ (13,775)	\$ (9,673)	\$ (17,369)	\$ (8,917)	\$ (15,931)	\$ (16,565)	\$ (204,663)	\$ (93,303)	\$ (1,265)	\$ (7,683)	\$ (137,945)	\$ (37,354)	\$ (572,939)
Noncapital Financing Activities	10,262	15,303	12,843	21,827	11,690	26,739	20,790	287,491	96,579	8,776	31,398	154,848	36,139	734,685
Capital Financing Activities	(754)	(2,366)	(4,286)	(4,180)	(3,000)	(7,422)	(2,611)	(23,361)	6,909	(3,247)	(27,290)	(7,798)	1,211	(78,195)
Investing Activities	43	169	1,907	164	317	482	35	(18,395)	(23,851)	1,599	4,686	1,435	(42,393)	(73,802)
<b>INCREASE (DECREASE) IN CURRENT CASH AND CASH EQUIVALENTS</b>	1,055	(669)	791	442	90	3,868	1,649	41,072	(13,666)	5,863	1,111	10,540	(42,397)	9,749
Cash - Beginning of Year	858	3,595	11,096	9,572	719	31,393	1,217	140,814	80,963	33,321	42,232	95,636	(25,924)	425,492
<b>CASH - END OF YEAR</b>	<b>\$ 1,913</b>	<b>\$ 2,926</b>	<b>\$ 11,887</b>	<b>\$ 10,014</b>	<b>\$ 809</b>	<b>\$ 35,261</b>	<b>\$ 2,866</b>	<b>\$ 181,886</b>	<b>\$ 67,297</b>	<b>\$ 39,184</b>	<b>\$ 43,343</b>	<b>\$ 106,176</b>	<b>\$ (68,321)</b>	<b>\$ 435,241</b>

**WEST VIRGINIA HIGHER EDUCATION FUND**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**  
**(DOLLARS IN THOUSANDS)**

**NOTE 26 FINAL SEPARATION AGREEMENTS**

On March 24, 2021, Fairmont and Pierpont entered into a Memorandum of Understanding 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.

Under the Final Separation Agreement, Pierpont received transfers of property from Fairmont, 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. As of June 30, 2021, the assets retained by Pierpont had a net book value of \$5,168. Fairmont retained full ownership of all other assets that were previously jointly owned with a net book value of \$55,449.

Pierpont assumed the debt obligation to the Commission outstanding at June 30, 2021 in the amount of \$1,390. This increased Pierpont's indebtedness to the Commission by \$955. In addition to the principal amount, Pierpont assumed responsibility for interest in the amount of \$218 to be paid over the remaining debt period. Fairmont accepted full legal and sole financial responsibility for the Series 2006 Bonds outstanding at June 30, 2021 of \$2,667, which resulted in a decrease in Pierpont's indebtedness to Fairmont of \$2,048.

Fairmont 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 assets and liabilities, it was determined that Pierpont shall pay Fairmont a total of \$16,300 through 2032 for a portion of the debt service on the 2012 Bonded Indebtedness. Pierpont shall pay Fairmont \$1,300 in fiscal year 2022. For fiscal years 2023 through 2032, Pierpont shall pay Fairmont \$1,500 per year. The amount due from Pierpont of \$16,300 is recorded as a receivable in Fairmont's fiscal year 2021 financial statements and is included in the gain on final separation from Pierpont.

These interdivision transactions have been eliminated in the Fund's financial statements.

Pierpont and Fairmont will receive special appropriations of State funds through the West Virginia Legislature for fiscal year 2022 in the amount of \$2,500 and \$500, respectively. These special appropriations are to be received by the West Virginia Council for Community and Technical College Education and remitted to Pierpont and Fairmont.

As a result of the Final Separation Agreement, Pierpont recognized a loss on final separation and Fairmont recognized a gain of \$27,873 which has been eliminated in preparation of the Fund's financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**WEST VIRGINIA HIGHER EDUCATION FUND  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF PROPORTIONATE SHARE OF TRS NET PENSION LIABILITY  
AND EMPLOYER CONTRIBUTIONS  
DECEMBER 31, 2021 AND 2020  
(UNAUDITED)**

**Schedule of Proportionate Share of TRS Net Pension Liability (NPL)**

Measurement Date	Fund's Proportionate Share as a Percentage of Net Pension Liability	Fund's Proportionate Share	State's Proportionate Share	Total Proportionate Share	Fund's Covered Employee Payroll	Fund's Proportionate Share as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2020	0.3607500 %	\$ 11,620	\$ 24,822	\$ 36,442	\$ 9,229	126 %	70.89 %
June 30, 2019	0.3814850 %	\$ 11,350	\$ 27,285	\$ 38,636	\$ 8,527	133 %	72.64 %
June 30, 2018	0.0442048 %	\$ 13,808	\$ 35,596	\$ 49,404	\$ 9,707	142 %	71.20 %
June 30, 2017	0.0579326 %	\$ 20,016	\$ 44,262	\$ 64,278	\$ 12,290	163 %	67.85 %
June 30, 2016	0.6837370 %	\$ 28,100	\$ 53,520	\$ 81,620	\$ 13,893	202 %	61.42 %
June 30, 2015	0.6763590 %	\$ 23,450	\$ 53,422	\$ 76,872	\$ 15,069	156 %	66.25 %
June 30, 2014	0.0075941 %	\$ 25,755	\$ 58,191	\$ 83,946	\$ 16,084	160 %	65.95 %

**TRS Schedule of Employer Contributions**

Measurement Date	Actuarially Determined Contributions	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
June 30, 2020	\$ 1,541	\$ 1,181	\$ 298	\$ 9,229	12.80 %
June 30, 2019	\$ 1,790	\$ 1,485	\$ 305	\$ 8,527	17.42 %
June 30, 2018	\$ 2,021	\$ 1,806	\$ 215	\$ 9,707	18.61 %
June 30, 2017	\$ 2,513	\$ 2,092	\$ 421	\$ 12,290	17.02 %
June 30, 2016	\$ 2,625	\$ 2,542	\$ 83	\$ 13,893	18.30 %
June 30, 2015	\$ 2,902	\$ 2,823	\$ 79	\$ 15,069	18.73 %
June 30, 2014	\$ 3,399	\$ 3,439	\$ (40)	\$ 16,084	21.38 %

These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

**Notes to Required Supplementary Information  
For the Year Ended June 30, 2021**

There are no factors that affect trends in the amounts reported, such as a change of benefit terms or assumptions. With only seven years reported in the required supplementary information, there is no additional information to include in notes. Information, if necessary, can be obtained from the CPRB Comprehensive Annual Financial Report.

**WEST VIRGINIA HIGHER EDUCATION FUND  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF PROPORTIONATE SHARE OF NET OTHER POSTEMPLOYMENT LIABILITY  
AND EMPLOYER CONTRIBUTIONS  
DECEMBER 31, 2021 AND 2020  
(UNAUDITED)**

**Schedule of Proportionate Share of Net Other Postemployment Liability**

Measurement Date	Fund's Proportionate Share as a Percentage of OPEB Liability	Fund's Proportionate Share	State's Proportionate Share	Total Proportionate Share	Fund's Covered Employee Payroll	Fund's Proportionate Share as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
June 30, 2020	12.2837300 %	\$ 54,245	\$ 12,484	\$ 66,730	\$ 298,983	18 %	73.49 %
June 30, 2019	12.2492179 %	\$ 204,248	\$ 41,591	\$ 245,839	\$ 310,502	31 %	36.69 %
June 30, 2018	12.2307243 %	\$ 262,154	\$ 54,235	\$ 316,389	\$ 312,470	83 %	30.98 %
June 30, 2017	11.5442668 %	\$ 283,628	\$ 58,634	\$ 342,262	\$ 310,818	91 %	25.10 %

**Schedule of Employer Contributions**

Measurement Date	Actuarially Determined Contributions	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
June 30, 2020	\$ 23,517	\$ 22,288	\$ 1,154	\$ 298,983	8 %
June 30, 2019	\$ 24,901	\$ 23,321	\$ (1,580)	\$ 310,502	4 %
June 30, 2018	\$ 24,641	\$ 24,437	\$ (204)	\$ 312,470	8 %
June 30, 2017	\$ 24,070	\$ 24,070	\$ -	\$ 310,818	8 %

These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

**Notes to Required Supplementary Information  
For the Year Ended June 30, 2021**

*Change of assumptions.* In the June 30, 2020 actuarial valuation, there were significant changes in capped subsidy rates, per capita costs, and trend rates. The key reason is due to significant decreases in the Medicare Advantage prescription drug (MAPD) per member per month rates and the resulting decrease in the capped subsidy.

## **SUPPLEMENTARY INFORMATION**

**WEST VIRGINIA HIGHER EDUCATION FUND**  
**(A Component Unit of the State of West Virginia)**  
**SCHEDULE OF COMBINING NET POSITION INFORMATION**  
**DECEMBER 31, 2021**  
**(DOLLARS IN THOUSANDS)**

<b>ASSETS</b>	Higher Education Fund	Aggregate Discretely Presented Component Units	Total
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 462,088	\$ 36,674	\$ 498,762
Short-Term Investments	147,677	38,776	186,453
Appropriations Due from Primary Government	33,368	-	33,368
Accounts Receivable, Net	166,863	19,456	186,319
Loans Receivable - Current Portion	7,535	706	8,241
Other Current Assets	13,392	2,789	16,181
Inventories	3,536	3	3,539
Total Current Assets	<u>834,459</u>	<u>98,404</u>	<u>932,863</u>
<b>NONCURRENT ASSETS</b>			
Cash and Cash Equivalents	149,800	6,494	156,294
Investments	229,609	527,625	757,234
Loans Receivable - Net of Allowance of \$9,775	32,051	1,000	33,051
Other Assets	25,444	53,669	79,113
Capital Assets, Net	3,317,584	82,298	3,399,882
Total Noncurrent Assets	<u>3,754,488</u>	<u>671,086</u>	<u>4,425,574</u>
Total Assets	4,588,947	769,490	5,358,437
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Loss on Refunding	39,710	-	39,710
Deferred Outflows Related to Pensions	2,721	-	2,721
Deferred Outflows Related to OPEB	36,328	-	36,328
Total Deferred Outflows of Resources	<u>78,759</u>	<u>-</u>	<u>78,759</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 4,667,706</u>	<u>\$ 769,490</u>	<u>\$ 5,437,196</u>

**WEST VIRGINIA HIGHER EDUCATION FUND**  
**(A Component Unit of the State of West Virginia)**  
**SCHEDULE OF COMBINING NET POSITION INFORMATION (CONTINUED)**  
**DECEMBER 31, 2021**  
**(DOLLARS IN THOUSANDS)**

<b>LIABILITIES</b>	Higher Education Fund	Aggregate Discretely Presented Component Units	Total
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$ 70,544	\$ 744	\$ 71,288
Due to State of West Virginia	154	-	154
Accrued Liabilities	107,785	1,640	109,425
Unearned Revenue	113,838	48	113,886
Deposits/Custodial/Annuity Liabilities	3,777	135,618	139,395
Real Estate Purchase Agreements Payable - Current Portion	273	-	273
Other Liabilities - Current Portion	509	14,438	14,947
Compensated Absences - Current Portion	54,138	-	54,138
Notes Payable - Current Portion	5,835	465	6,300
Capital Lease Obligations - Current Portion	3,697	-	3,697
Interest Payable	9,664	-	9,664
Bonds Payable - Current Portion	39,104	76,673	115,777
Total Current Liabilities	409,318	229,626	638,944
<b>NONCURRENT LIABILITIES</b>			
Advances from Federal Sponsors	29,195	-	29,195
Real Estate Purchase Agreement Payable	10,922	-	10,922
Compensated Absences	5,028	-	5,028
Notes Payable	100,576	23,879	124,455
Capital Lease Obligations	68,243	-	68,243
Future Interest Payable	30,617	-	30,617
Bonds Payable	1,275,296	7,818	1,283,114
Other Postemployment Benefit Liability	54,245	-	54,245
Net Pension Liability	11,620	-	11,620
Other Noncurrent Liabilities	43,828	2,936	46,764
Total Noncurrent Liabilities	1,629,570	34,633	1,664,203
Total Liabilities	2,038,888	264,259	2,303,147



**WEST VIRGINIA HIGHER EDUCATION FUND**  
**(A Component Unit of the State of West Virginia)**  
**SCHEDULE OF COMBINING NET POSITION INFORMATION (CONTINUED)**  
**DECEMBER 31, 2021**  
**(DOLLARS IN THOUSANDS)**

	Higher Education Fund	Aggregate Discretely Presented Component Units	Total
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Service Concession Arrangement	\$ 37,422	\$ -	\$ 37,422
Deferred Inflows Related to Pensions	5,869	-	5,869
Deferred Inflows Related to OPEB	172,642	-	172,642
Other	8,900	-	8,900
Total Deferred Inflows of Resources	<u>224,833</u>	<u>-</u>	<u>224,833</u>
 Total Liabilities and Deferred Inflows of Resources	 2,263,721	 264,259	 2,527,980
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,144,804	(26,072)	2,118,732
Restricted for:			
Expendable:			
Scholarships	9,444	46,707	56,151
Sponsored Projects	73,285	927	74,212
Loans	17,284	28	17,312
Capital Projects	12,159	1,986	14,145
Debt Service	27,137	-	27,137
Other	60,439	114,012	174,451
Total Restricted Expendable	<u>199,748</u>	<u>163,660</u>	<u>363,408</u>
Nonexpendable	35,204	340,855	376,059
Unrestricted	<u>24,229</u>	<u>26,788</u>	<u>51,017</u>
Total Net Position	<u>2,403,985</u>	<u>505,231</u>	<u>2,909,216</u>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	 <u>\$ 4,667,706</u>	 <u>\$ 769,490</u>	 <u>\$ 5,437,196</u>

**WEST VIRGINIA HIGHER EDUCATION FUND**  
**(A Component Unit of the State of West Virginia)**  
**SCHEDULE OF COMBINING REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION INFORMATION**  
**YEAR ENDED DECEMBER 31, 2021**  
**(DOLLARS IN THOUSANDS)**

	Higher Education Fund	Aggregate Discretely Presented Component Units	Total
<b>OPERATING REVENUES</b>			
Student Tuition and Fees, Net of Scholarship			
Allowance of \$213,783	\$ 613,866	\$ -	\$ 613,866
Gift and Contributions	-	57,231	57,231
Federal and Local land Grants	9,285	-	9,285
Contracts and Grants:			
Federal	157,768	-	157,768
State	39,485	-	39,485
Local	1,552	-	1,552
Private	130,198	-	130,198
Interest on Student Loans Receivable	935	-	935
Sales and Services of Educational Activities	11,786	-	11,786
Auxiliary Enterprise Revenue Net of Scholarship			
Allowance of \$24,730	165,452	10,473	175,925
Other Operating Revenues	30,150	10,150	40,300
Total Operating Revenues	<u>1,160,477</u>	<u>77,854</u>	<u>1,238,331</u>
<b>OPERATING EXPENSES</b>			
Salaries and Wages	911,863	8,051	919,914
Benefits	186,473	183	186,656
Supplies and Other Services	421,833	1,674	423,507
Utilities	59,366	313	59,679
Student Financial Aid - Scholarships and Fellowships	159,117	13,409	172,526
Depreciation and Amortization	144,842	4,415	149,257
Other Operating Expenses	2,841	17,256	20,097
Total Operating Expenses	<u>1,886,335</u>	<u>45,301</u>	<u>1,931,636</u>
<b>OPERATING (LOSS) INCOME</b>	<b>(725,858)</b>	<b>32,553</b>	<b>(693,305)</b>

**WEST VIRGINIA HIGHER EDUCATION FUND**  
**(A Component Unit of the State of West Virginia)**  
**SCHEDULE OF COMBINING REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION INFORMATION (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2021**  
**(DOLLARS IN THOUSANDS)**

	Higher Education Fund	Aggregate Discretely Presented Component Units	Total
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State Appropriations	\$ 517,312	\$ -	\$ 517,312
State Lottery Appropriations	56,257	-	56,257
Federal Pell Grants	95,466	-	95,466
COVID Relief Grants	109,019	-	109,019
Gifts	81,221	-	81,221
Investment Income, Net	76,443	90,113	166,556
Interest on Indebtedness	(54,128)	(2,087)	(56,215)
Payments made on Behalf of the Fund	9,197	-	9,197
Student Financial Aid and Other Payments to Institutions	(9,171)	-	(9,171)
Other Nonoperating Expenses, Net	(10,162)	(2,767)	(12,929)
Net Nonoperating Revenues (Expenses)	<u>871,454</u>	<u>85,259</u>	<u>956,713</u>
<b>INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES</b>	145,596	117,812	263,408
<b>CAPITAL GRANTS, APPROPRIATIONS AND GIFTS</b>	122,762	-	122,762
<b>CAPITAL BOND PROCEEDS FROM THE STATE</b>	919	-	919
<b>CAPITAL PAYMENTS MADE ON BEHALF OF THE FUND</b>	<u>470</u>	<u>-</u>	<u>470</u>
<b>INCREASE IN NET POSITION</b>	269,747	117,812	387,559
Net Position - Beginning of Year	<u>2,134,238</u>	<u>387,419</u>	<u>2,521,657</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 2,403,985</u>	<u>\$ 505,231</u>	<u>\$ 2,909,216</u>



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

West Virginia Higher Education  
Policy Commission  
Charleston, 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 the aggregate discretely presented component units of the West Virginia Higher Education Fund (the Fund) a component unit of the State of West Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated October 29, 2021. Our report includes a reference to other auditors who audited the financial statements of Fairmont State University, Glenville State College, West Virginia Council for Community and Technical College Education, the West Virginia School of Osteopathic Medicine, and all discretely presented component units, except Blue Ridge Community and Technical College Foundation, Inc., as described in our report on the Fund's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by the auditors of the entities noted above. The financial statements of the Fund's discretely presented component units, except for the Shepherd University Foundation, Inc. and Supporting Organization, were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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 Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
October 29, 2021

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