Fairmont State University

Financial Statements
Years Ended June 30, 2022 and 2021

and

Independent Auditor's Reports

Suttle & Stalnaker | Certified Public Accountants

A Professional Limited Liability Company

FAIRMONT STATE UNIVERSITY

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Suttle & Stalnaker Certified Public Accountants
A Professional Limited Liability Company

INDEPENDENT AUDITOR'S REPORT

Board of Governors
Fairmont State University
Fairmont, West Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Fairmont State University (Fairmont State), a component unit of the West Virginia Higher Education Policy Commission, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise Fairmont State's financial statements as listed in the table of contents.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component unit of Fairmont State, as of June 30, 2022 and 2021, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Fairmont State Foundation, Inc. (the Foundation), which is a discretely presented component unit of Fairmont State. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the discretely presented financial statements of the Foundation, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fairmont State and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

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Change in Accounting Principle

As described in Note 3 to the financial statements, during fiscal year 2022, Fairmont State implemented Governmental Auditing Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fairmont State's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Fairmont State's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fairmont State's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 21, the schedule of proportionate share of the net pension liability, the schedule of pension contributions, the schedule of proportionate share of the net OPEB liability (asset), the schedule of OPEB contributions, and related footnotes on pages 106 through 113, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fairmont State's basic financial statements. The additional information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The 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. In our opinion, such information, 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 13, 2022, on our consideration of Fairmont State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fairmont State's internal control over financial reporting and compliance.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
October 13, 2022

FAIRMONT STATE UNIVERSITY

(Includes the following Internal Funds: Unrestricted, Restricted, and Other Fund, Auxiliary Fund, and Board of Governors Support Fund)

Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended June 30, 2022

About Fairmont State University

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

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

Legislation became effective July, 1, 2008 that provided for a separate governing board for Pierpont. The Board of Governors of Pierpont and the Board of Governors of Fairmont State jointly agreed to a division of assets and liabilities. The agreement was executed on December 15, 2009 and was effective retroactively to July 1, 2009. The legislation requires a separate financial statement audit for Pierpont, which was effective beginning with fiscal year 2010. A Final Separation Agreement signed April 1, 2021 (Final Separation Agreement) resulted in the complete separation of the shared assets and liabilities previously recorded in each institution's financial records effective June 30, 2021.

Total enrollment of Fairmont State is approximately 3,000 full-time equivalent students. The student to faculty ratio is 15:1. Approximately 90% of our students receive some form of scholarship and/or financial aid. Campus activities include more than 50 clubs, organizations, student publications, honoraries, sororities and fraternities, and intramural sports. Fairmont State is a member of the NCAA Division II and the Mountain East Conference.

Overview

This section of the annual financial report focuses on an overview of Fairmont State's financial performance during the fiscal year ended June 30, 2022, with comparisons to the previous year.

As the financial statements are reviewed, it is important to understand how the reporting structure changed beginning in fiscal year 2010 with the Separation of Assets and Liabilities Agreement effective July 1, 2009 and again in fiscal year 2021 with the Final Separation Agreement. The Final Separation Agreement ended the previous representation of the assets, liabilities, and net position that were previously shared. The Board of Governors Support (BOG Support) Fund shown in the additional information section of the financial statements reflects the assets, liabilities, and net position that are fully owned by Fairmont State. Financial statement note 17, Final Separation Agreement, provides additional information.

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

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

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

Financial Highlights

Financial highlights of fiscal year 2022 include an increase in cash and net position, decreases in capital assets and bonds payable, and implementation of GASB Statement No. 87, *Leases*.

- Cash increased by $6,275,581 from $42,506,884 in fiscal year 2021 to $48,782,465 in fiscal year 2022.
- Total net position increased by $5,535,814 or 4.73%.
- Capital assets, net of accumulated depreciation and amortization, decreased by $5,183,370 during fiscal year 2022, primarily related to depreciation and amortization expense exceeding capital asset additions.
- Bonds payable (both current and noncurrent) decreased by $4,706,894 during fiscal year 2022 due to principal payments and a bond refunding completed during the fiscal year.
- During fiscal year 2022, Fairmont State implemented GASB Statement No. 87, *Leases*, requiring a restatement of certain prior year balances. See additional information in note 3 to the financial statements.

Statement of Net Position

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

Net position is divided into three major categories:

1. ***Net investment in capital assets***. This category represents Fairmont State's total investment in capital assets, net of depreciation and outstanding debt obligations related to those capital assets.

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

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

Condensed Schedules of Net Position
June 30:

	2022	(Restated) 2021	2020
Assets			
Current Assets	$ 51,798,776	$ 45,952,735	$ 37,424,363
Noncurrent Assets	146,948,961	153,580,171	133,293,952
Total Assets	198,747,737	199,532,906	170,718,315
Deferred Outflows of Resources	871,598	1,997,324	1,963,868
Total	$ 199,619,335	$ 201,530,230	$ 172,682,183
Liabilities			
Current Liabilities	$ 14,924,400	$ 13,664,955	$ 13,441,404
Noncurrent Liabilities	55,941,226	63,051,563	72,017,394
Total Liabilities	70,865,626	76,716,518	85,458,798
Deferred Inflows of Resources	6,295,416	7,891,233	3,333,015
Net Position			
Net Investment in Capital Assets	73,659,135	74,645,333	65,372,657
Restricted for:			
Expendable:			
Scholarships	-	-	152,398
Capital Projects	6,684,290	4,946,739	4,370,551
Debt Service	15,005,049	16,308,816	35,535
Total Restricted	21,689,339	21,255,555	4,558,484
Unrestricted	27,109,819	21,021,591	13,959,229
Total Net Position	122,458,293	116,922,479	83,890,370
Total	$ 199,619,335	$ 201,530,230	$ 172,682,183

- Total current assets increased by $5,846,041 or 12.72%, resulting primarily from an increase in current cash and cash equivalents of $6,273,633. The increase in cash was made up of increases in the BOG Support fund of $1,157,177, Unrestricted, Restricted, and Other fund cash of $4,708,354, and Auxiliary funds of $408,102.

- Total noncurrent assets, comprised primarily of capital assets including buildings and equipment, decreased by $6,631,210 or 4.32%. Capital assets, net of depreciation and amortization, decreased by $5,183,370, primarily related to depreciation and amortization of capital assets. The noncurrent portion due from Pierpont decreased by $1,500,000.

- Total deferred outflows of resources decreased by $1,125,726 or 56.36%, primarily due to a decrease in the deferred outflows related to OPEB and a decrease in the deferred loss on refunding after Fairmont State refunded the 2012 Series A and B Bonds during fiscal year 2022.

- Total current liabilities increased by $1,259,445 or 9.22%. This increase is primarily related to an increase in unearned revenue of $804,571 due to new grants awarded during fiscal year 2022 that were received in advance of Fairmont State incurring eligible expenses under the grant awards. Accounts payable increased $306,832 due to the timing of payments.

- Total noncurrent liabilities decreased by $7,110,337 or 11.28%. The decrease is due primarily to principal payments made on existing bond debt and refunding of the 2012 Series A and B Bonds totaling $4,786,609. The net OPEB liability decreased by $1,827,622.

- Total deferred inflows of resources decreased by $1,595,817 or 20.22%. This is attributed to a decrease in deferred inflows related to OPEB, which was offset by an increase in the deferred gain on refunding due to the refunding of the 2012 Series A and B Bonds during fiscal year 2022.

- The total assets and deferred outflows of resources of Fairmont State exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $122,458,293 (net position). Of this amount, $27,109,819 (unrestricted net position) may be used to meet the educational and general operations of Fairmont State. Unrestricted net position by component part was as follows at June 30, 2022:

▪ Auxiliary funds	$ 6,507,713
▪ Fund managers	4,766,695
▪ Undesignated	15,835,411
	$ 27,109,819

Fairmont State's total net position increased by $5,535,814. The increase is made up of an increase of $6,088,228 in unrestricted net position, an increase of $433,784 in restricted expendable net position, and a decrease of $986,198 in net investment in capital assets.

Statement of Revenues, Expenses, and Changes in Net Position

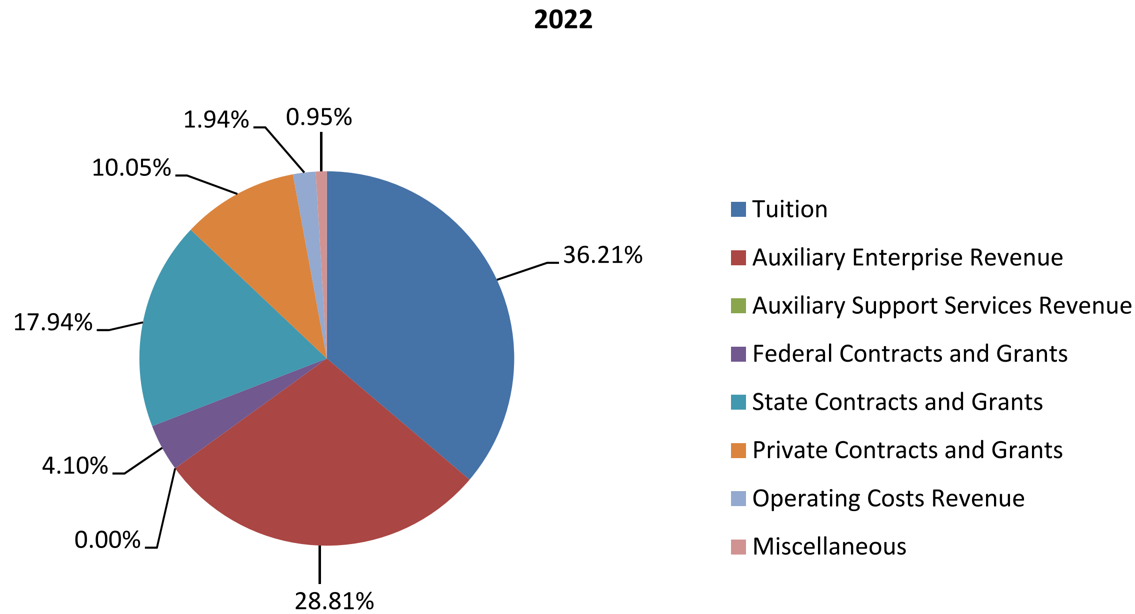
The Statement of Revenues, Expenses, and Changes in Net Position presents the operating results of Fairmont State for the fiscal year. The purpose of the statement is to present Fairmont State's revenues (operating and nonoperating), expenses (operating and nonoperating), and any other revenues, expenses,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

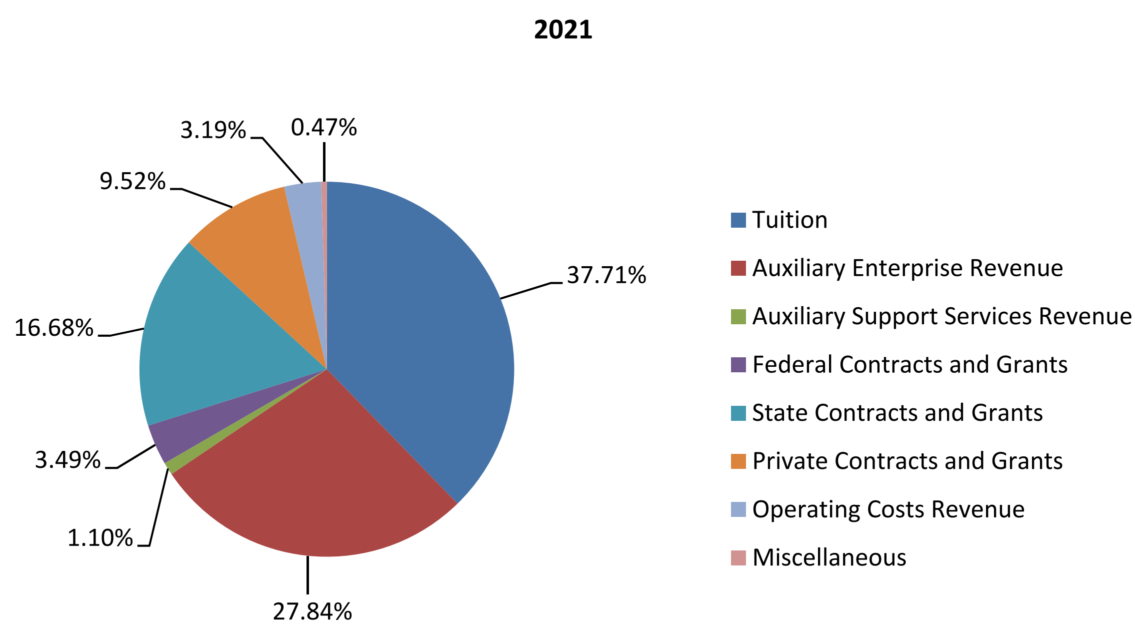
Condensed Schedule of Revenues, Expenses, and Changes in Net Position
Year Ended June 30:

	2022	(Restated) 2021	2020
Operating Revenues	$ 33,534,055	$ 36,840,785	$ 37,146,323
Operating Expenses	60,261,157	58,248,016	57,685,618
Operating Loss	(26,727,102)	(21,407,231)	(20,539,295)
Total Net Nonoperating Revenues	32,186,604	25,857,396	24,713,209
Change in Net Position before Other Revenues, Expenses, Gains, Losses, and Transfers	5,459,502	4,450,165	4,173,914
Payments Made and Expenses Incurred by the Commission on Behalf of Fairmont State	-	10,935	39,505
Payments Made and Expenses Incurred on Behalf of Fairmont State	76,312	470,482	702,323
Capital Bond Proceeds from the State	-	270,559	15,478
Gain on Final Separation from Pierpont	-	27,872,673	-
Change in Net Position before Transfers	5,535,814	33,074,814	4,931,220
Transfers of Net Position from Pierpont	-	-	242,504
Change in Net Position	5,535,814	33,074,814	5,173,724
Net Position – Beginning of Year	116,922,479	83,890,370	78,716,646
Net Effect of Change in Accounting Policy	-	(42,705)	-
Net Position – Beginning of Year (Restated)	116,922,479	83,847,665	78,716,646
Net Position – End of Year	$ 122,458,293	$ 116,922,479	$ 83,890,370

Operating Revenues:

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





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

- Tuition and fees revenue, after adjustment for scholarship allowance of $14,484,582, decreased by $1,752,560 or 12.61%. Scholarship allowance decreased by $96,226. The Board of Governors increased Tuition and Required E&G fees for fiscal year 2022 by 2% at the undergraduate level and by 1% at the graduate level. The 2% increase was also applied to the metro rate, which is only offered to undergraduate students.

- Auxiliary enterprise revenue decreased by $595,422 or 5.81%. The decrease is attributed to the COVID-19 pandemic continuing to impact auxiliary operations in addition to the decline in enrollment.

- Federal grant revenues increased by $90,362 or 7.03%. Federal grants active during fiscal year 2022 included the NASA Educator Resource Center (ERC) grant, the National Science Foundation grant, the Appalachian Teaching Project through the Appalachian Regional Commission (ARC), and the HRSA Nursing Award.

- State contracts and grants decreased by $128,126 or 2.09%. State contracts and grants include institutional grants from other State agencies and state-funded student financial aid.

- Private contracts and grants decreased by $137,114 or 3.91%. The decrease was primarily in alternative student loans, which decreased by $132,661.

- Operating costs revenue decreased by $523,778 or 44.62% due to a decrease in the fee for service amounts paid by Pierpont to Fairmont State during fiscal year 2022.

- State appropriations were $19,100,341, which was an increase of $500,000 from the prior year. This increase reflects the one-time special appropriation of State funds by the West Virginia Legislature per the Final Separation Agreement.

- Pell grant revenues decreased by $819,662 or 13.71%.

- Fairmont State recognized revenue of $9,376,352 related to the Federal Higher Education Emergency Relief Funds (HEERF) program in response to the COVID-19 pandemic. This is an increase from the prior year of $5,246,804.

- E&G capital and debt service support revenue decreased by $319,081 or 100.00%, and the assessment for E&G capital and debt services costs decreased by $349,177 or 100.00%. Beginning in fiscal year 2022, E&G capital fees are no longer assessed to or transferred by Pierpont under the Final Separation Agreement.

- Interest expense decreased by $1,002,242 or 41.53%, resulting primarily from the refunding of the 2012 Series A and B bonds during fiscal year 2022. Fairmont State incurred bond issuance costs totaling $220,687 due to the issuance of the 2021 Series A Bonds.

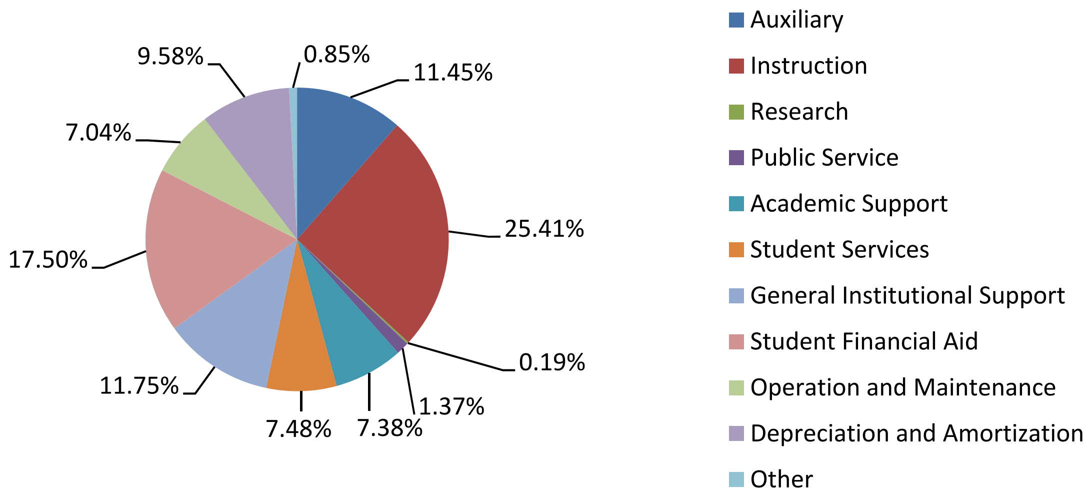
- Fairmont State recognized a loss on disposal of capital assets of $631,407, which is an decrease from the prior year of $609,298 or 49.11%.

FUNCTIONAL CLASSIFICATION CHART

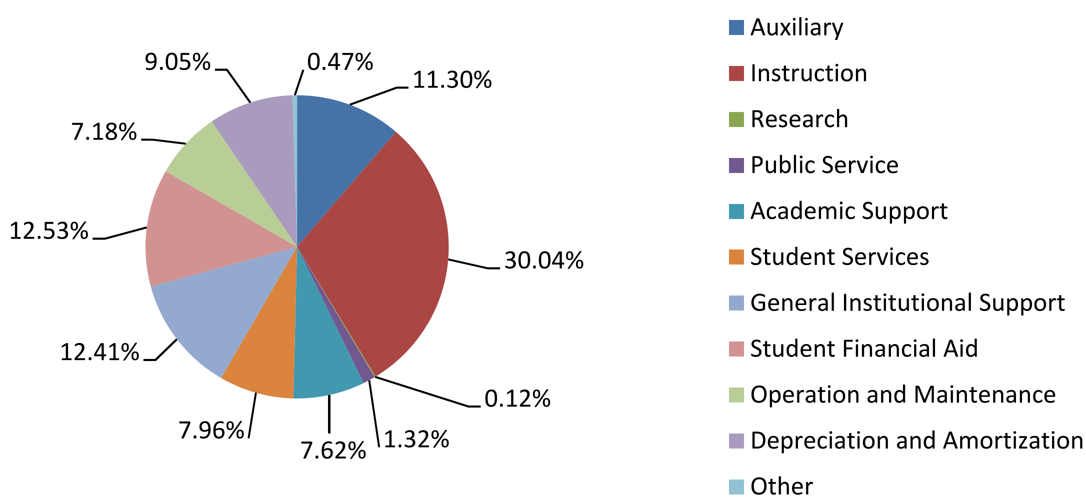
Operating Expenses:

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

2022



(Restated)
2021



Breakdown of Expense by Functional Classification:

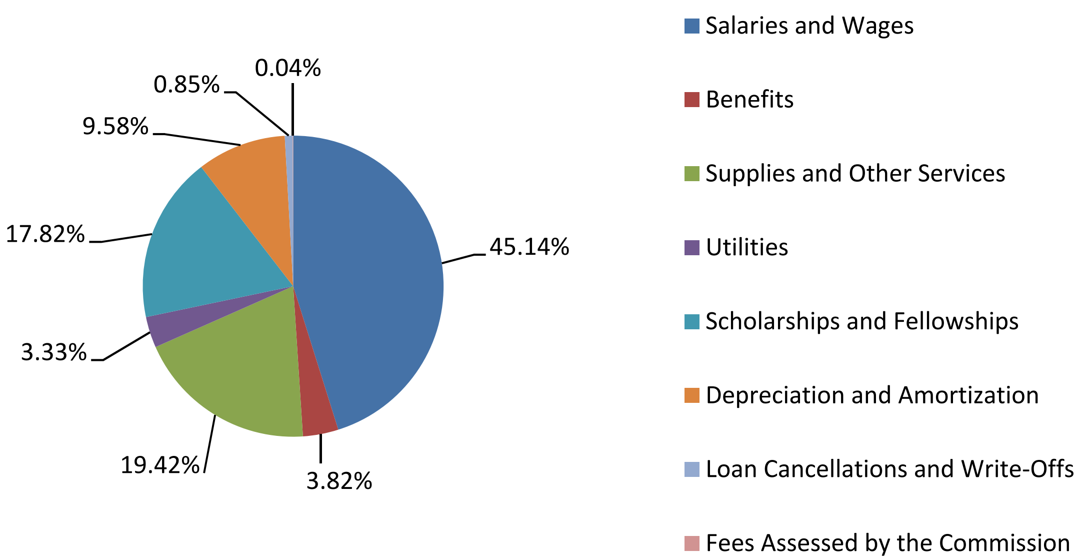
For fiscal year 2022, Fairmont State's total operating expenses were $60,261,157. Instruction expenses totaled $15,310,276 or 25.41% of the total operating budget. The following reflects the amounts and percentages for these expenses:

	2022	%	(Restated) 2021	(Restated) %	2020	%
Auxiliary	$ 6,898,269	11.45%	$ 6,582,805	11.30%	$ 8,188,204	14.19%
Instruction	15,310,276	25.41%	17,498,527	30.04%	18,235,145	31.61%
Research	116,518	0.19%	70,560	0.12%	77,610	0.14%
Public service	824,360	1.37%	767,271	1.32%	803,134	1.39%
Academic support	4,446,135	7.38%	4,439,329	7.62%	3,560,635	6.17%
Student services	4,509,078	7.48%	4,639,357	7.96%	4,710,265	8.17%
General institutional support	7,080,934	11.75%	7,226,320	12.41%	6,427,042	11.14%
Student financial aid	10,546,382	17.50%	7,299,750	12.53%	6,295,155	10.91%
Operation and maintenance	4,243,469	7.04%	4,181,681	7.18%	4,375,034	7.58%
Depreciation and amortization	5,772,909	9.58%	5,269,329	9.05%	4,692,517	8.13%
Other	512,827	0.85%	273,087	0.47%	320,877	0.57%
Total	$ 60,261,157	100.00%	$ 58,248,016	100.00%	$ 57,685,618	100.00%

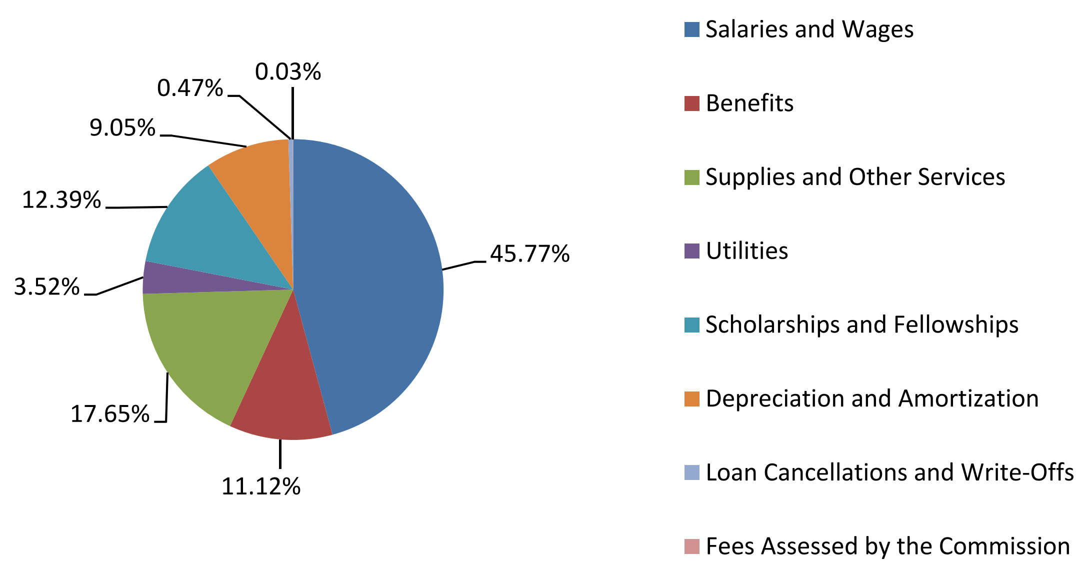
NATURAL CLASSIFICATION CHARTS

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

<u>2022</u>



(Restated)
<u>2021</u>



Breakdown of Expenses by Natural Classification:

For fiscal year 2022, Fairmont State's total operating expenses were $60,261,157. A major portion of the total operating expenses is for salaries, wages, and benefits amounting to $29,504,298 or 48.96%. The following reflects the amounts and percentages for the expenses:

	2022	%	(Restated) 2021	(Restated) %	2020	%
Salaries and wages	$ 27,204,740	45.14%	$ 26,664,667	45.77%	$ 27,059,364	46.91%
Benefits	2,299,558	3.82%	6,479,203	11.12%	5,870,165	10.18%
Supplies and other services	11,704,624	19.42%	10,278,995	17.65%	11,325,034	19.63%
Utilities	2,008,187	3.33%	2,052,185	3.52%	2,286,286	3.96%
Scholarships and fellowships	10,736,460	17.82%	7,215,557	12.39%	6,115,813	10.60%
Depreciation and amortization	5,772,909	9.58%	5,269,329	9.05%	4,692,517	8.13%
Loan cancellations and write-offs	512,827	0.85%	273,087	0.47%	320,877	0.56%
Fees assessed by the Commission	21,852	0.04%	14,993	0.03%	15,562	0.03%
Total	$ 60,261,157	100.00%	$ 58,248,016	100.00%	$ 57,685,618	100.00%

- Salaries and wages increased by $540,073 or 2.03%.

- Benefits decreased by $4,179,645 or 64.51%. This decrease is primarily due to OPEB adjustments as a result of GASB Statement No. 75.

- Supplies and other services expense increased by $1,425,629 or 13.87%.

- Utilities decreased by $43,998 or 2.14%.

- Student financial aid expense increased by $3,520,903 or 48.80%. Gross scholarships and fellowships increased by $3,424,677.

- Depreciation and amortization expense increased by $503,580 or 9.56% and was 9.58% of total operating expenses.

- Loan cancellations and write-offs increased by $239,740 or 87.79%.

Statements of Cash Flows

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

The Statement of Cash Flows is divided into five parts:

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

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

	2022	(Restated) 2021	2020
Cash Provided By (Used In)			
Operating Activities	$ (21,566,746)	$ (15,901,966)	$ (15,911,587)
Noncapital Financing Activities	35,680,630	30,644,254	26,739,213
Capital and Financing Related Activities	(7,905,773)	(7,551,169)	(7,441,883)
Investing Activities	67,470	54,415	482,315
Net Change in Cash and Cash Equivalents	6,275,581	7,245,534	3,868,058
Cash - Beginning of Year	42,506,884	35,261,350	31,393,292
Cash - End of Year	$ 48,782,465	$ 42,506,884	$ 35,261,350

Major sources of funds included in operating activities consist of tuition and fees of $11,857,849, contracts and grants of $11,924,481, and auxiliary enterprise charges of $9,627,393. Major uses of funds under this category were payments made to and on behalf of employees for salaries and benefits amounting to $32,734,797, payments to suppliers amounting to $10,618,491, and payments for scholarships and fellowships of $10,736,460.

Major sources of cash flow provided from noncapital financing activities consist of State appropriations amounting to $19,100,341, Federal Pell grant revenues of $5,159,419, Federal HEERF revenues of $9,376,352, Federal GEER revenues of $535,291, and payments from Pierpont of $1,300,000.

The major source of cash flow provided from capital financing activities was related to the proceeds from bond issuance in the amount of $32,484,024. The major uses of funds under this category were for the purchase of capital assets in the amount of $1,226,065 and for payment of principal and interest on bonds of $35,245,114 and $3,334,957, respectively.

Capital Asset and Long-Term Debt Activity

Fairmont State has significant outstanding debt from bond issuances. Four bond series were issued in fiscal year 2003. The bonds were issued to acquire an apartment complex and for the construction of a parking garage, 400-suite dormitory, student activity center, and infrastructure improvements. The four bond issues were refinanced in fiscal year 2012 into one bond issuance with two Series. The two bond issues in 2012 were refunded in fiscal year 2022 with one Series. During fiscal year 2006, Fairmont State issued Series 2006 revenue bonds for the construction and improvements to the main campus. During fiscal year 2015, Fairmont State issued Series 2015A revenue bonds for the construction of a new apartment complex.

The 2015 bond issue is supported by housing fund user fees only. The 2021 bond issue is supported by auxiliary and infrastructure fund student and user fees and payments received from Pierpont under the Final Separation Agreement. The auxiliary fund budgets that support the bonds (which include interest and principal debt service payments) transferred excess revenues to plant reserves of approximately $535,000 in fiscal year 2022.

The 2006 bonds are payable over twenty years from the time of issuance. The 2015 bonds are payable over thirty years from the time of issuance, and the 2021 bonds are payable over eleven years from the time of issuance. The total principal repayments made during fiscal year 2022 amounted to $35,245,114, which includes the refunding of the 2012 bonds. Total proceeds from the bond issuance totaled $32,484,024 during fiscal year 2022. The current portion of bonds payable due in fiscal year 2023 is $3,814,791 and the noncurrent portion of bonds payable is $54,953,333.

The 2015A and 2021A bond series do not require a separate audit on the modified cash basis of accounting as previously required. The audited financial statements of Fairmont State include bond segment reporting, which is used to calculate the debt service coverage ratio. Fairmont State complied with the debt service coverage ratio requirements of the 2006 bonds, 2015 bonds, and 2021 bonds.

Economic Outlook

Considering continued challenges associated with the pandemic, mental health crisis, and enrollment, Fairmont State remains on steady ground. Fall 2022 enrollment remains flat, and revenues are in line with projections. Fairmont State intends to utilize Federal HEERF funding to support continued revenue losses since the onset of the pandemic. Mammoth efforts made by the recruiting team have minimized the effects of continued losses for fiscal year 2023. Fairmont State's 5-week, fully virtual, winter term continues with strong enrollments, and Fairmont State is currently evaluating the sustainability of keeping this as a permanent term. This new term not only allowed Fairmont State students more flexibility in their schedules, but also allowed students at other institutions to enroll in additional electives or credit hours to maintain scholarships.

Fairmont State bonded auxiliary facilities revenue generation levels remain modest as the pandemic continues to affect our everyday lives. Despite hurdles, Fairmont State was able to reduce its annual debt obligation through a refunding bond early in fiscal year 2022. This allowed Fairmont State to maintain a healthy needed debt coverage ratio and Fairmont State ended the year with a slight increase in net position of the bond segments. Challenges continue to affect the auxiliaries this fiscal year, but shifts in operations to reduce expenses will ensure the auxiliaries remain stable. Reserves provide the ability to support the continued repair and maintenance of facilities. The debt service coverage ratio for the 2015 and 2021 bonds combined is required to be 100%. The debt service coverage ratio at the end of fiscal year 2022 and 2021 and ending net position balances are listed below:

	Debt Coverage Ratios	Ending Net Position Balance
June 30, 2022	190%	$39,860,763
June 30, 2021	173%	$39,415,784

As a result of the Final Separation Agreement, Pierpont committed to pay Fairmont State a total of $16,300,000 through 2032 for a portion of the debt service on the 2012 Bonded Indebtedness. Pierpont paid $1,300,000 to Fairmont State in fiscal year 2022, and the remaining amount due from Pierpont at June 30, 2022 is $15,000,000. The 2012 Series bonds were refunded in fiscal year 2022, removing Pierpont as a joint issuer of the debt. The issuance of the Revenue Refunding Bonds, 2021 Series A resulted in a gain of $130,650 and an economic gain of $5,283,238. (see note 8 for more information).

Fairmont State continues to focus its efforts on retention and success of returning students as well as continuing to find new and innovative ways to attract new students. Fairmont State strives to respond to the needs of today's job market by investing in relevant and desirable programs, such as national security and intelligence and a certified police academy, which expects to enroll its inaugural class in Spring 2023. Through this new certification program, criminal justice students will be able to graduate fully certified and able to work as a full law enforcement officer.

Fairmont State will continue to monitor its 2023 budget to maintain a healthy E&G unrestricted net position reserve.

FAIRMONT STATE UNIVERSITY

STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021

	2022	(Restated) 2021
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 48,780,297	$ 42,506,664
Accounts receivable — net	1,373,977	1,924,283
Due from Pierpont — current portion	1,500,000	1,300,000
Inventories	92,104	150,377
Other current assets	52,398	71,411
Total current assets	51,798,776	45,952,735
NONCURRENT ASSETS:		
Cash and cash equivalents	2,168	220
Due from Pierpont	13,500,000	15,000,000
Other noncurrent assets	201,680	280,933
Net OPEB asset	129,465	-
Capital assets — net	133,115,648	138,299,018
Total noncurrent assets	146,948,961	153,580,171
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows related to pensions	50,762	81,007
Deferred outflows related to OPEB	820,836	1,145,745
Deferred loss on refunding	-	770,572
Total deferred outflows of resources	871,598	1,997,324
TOTAL	$ 199,619,335	$ 201,530,230

(Continued)

FAIRMONT STATE UNIVERSITY

STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	**2022**	**(Restated) 2021**
CURRENT LIABILITIES:		
Accounts payable	$ 941,045	$ 634,213
Accrued liabilities — payroll	3,963,928	3,646,903
Accrued interest payable	191,150	201,981
Retainages payable	-	33,100
Unearned revenue and deposits	4,765,519	3,960,948
Compensated absences — current portion	1,052,650	1,105,767
Lease liability — current portion	195,317	346,967
Bonds payable — current portion	3,814,791	3,735,076
Total current liabilities	14,924,400	13,664,955
NONCURRENT LIABILITIES:		
Net OPEB liability	-	1,827,622
Compensated absences	478,311	470,595
Lease liability	373,855	569,172
Bonds payable	54,953,333	59,739,942
Net pension liability	135,727	444,232
Total noncurrent liabilities	55,941,226	63,051,563
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows related to pensions	356,701	244,040
Deferred inflows related to OPEB	5,819,498	7,647,193
Deferred gain on refunding	119,217	-
Total deferred inflows of resources	6,295,416	7,891,233
NET POSITION:		
Net investment in capital assets	73,659,135	74,645,333
Restricted for — expendable:		
Capital projects	6,684,290	4,946,739
Debt service	15,005,049	16,308,816
Total restricted	21,689,339	21,255,555
Unrestricted	27,109,819	21,021,591
Total net position	122,458,293	116,922,479
TOTAL	$ 199,619,335	$ 201,530,230

(Concluded)

The Accompanying Notes Are An Integral
Part Of These Financial Statements.

FAIRMONT STATE UNIVERSITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	(Restated) 2021
OPERATING REVENUES:		
Student tuition and fees — net of scholarship allowance of $14,484,582 and $14,580,808 in 2022 and 2021, respectively	$ 12,142,753	$ 13,895,313
Auxiliary enterprise revenue	9,659,725	10,255,147
Auxiliary support services revenue	-	405,549
Contracts and grants:		
Federal	1,375,522	1,285,160
State	6,016,454	6,144,580
Private	3,370,575	3,507,689
Operating costs revenue	650,000	1,173,778
Miscellaneous — net	319,026	173,569
Total operating revenues	33,534,055	36,840,785
OPERATING EXPENSES:		
Salaries and wages	27,204,740	26,664,667
Benefits	2,299,558	6,479,203
Supplies and other services	11,704,624	10,278,995
Utilities	2,008,187	2,052,185
Student financial aid — scholarships and fellowships	10,736,460	7,215,557
Depreciation and amortization	5,772,909	5,269,329
Loan cancellations and write-offs	512,827	273,087
Fees assessed by the Commission for operations	21,852	14,993
Total operating expenses	60,261,157	58,248,016
OPERATING LOSS	(26,727,102)	(21,407,231)

(Continued)

FAIRMONT STATE UNIVERSITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	(Restated) 2021
NONOPERATING REVENUES (EXPENSES):		
State appropriations	19,100,341	18,600,341
Pell grant revenues	5,159,419	5,979,081
Federal HEERF revenue	9,376,352	4,129,548
Federal GEER revenue	535,291	449,680
E&G capital and debt service support revenue	-	319,081
Fees assessed to Pierpont for debt service	-	62,741
Investment income	69,294	54,684
Gifts	209,227	313,911
Interest expense	(1,411,226)	(2,413,468)
Bond issuance costs	(220,687)	-
Loss on disposal of capital assets	(631,407)	(1,240,705)
Assessment for E&G capital and debt service costs	-	(349,177)
Fees assessed by the Commission for debt service	-	(48,321)
Net nonoperating revenues (expenses)	32,186,604	25,857,396
CHANGE IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS	5,459,502	4,450,165
PAYMENTS MADE AND EXPENSES INCURRED BY THE COMMISSION ON BEHALF OF FAIRMONT STATE	-	10,935
PAYMENTS MADE AND EXPENSES INCURRED ON BEHALF OF FAIRMONT STATE	76,312	470,482
CAPITAL BOND PROCEEDS FROM THE STATE	-	270,559
GAIN ON FINAL SEPARATION FROM PIERPONT	-	27,872,673
CHANGE IN NET POSITION	5,535,814	33,074,814
NET POSITION — Beginning of year	116,922,479	83,890,370
NET EFFECT OF CHANGE IN ACCOUNTING POLICY	-	(42,705)
NET POSITION — Beginning of year (Restated)	116,922,479	83,847,665
NET POSITION — End of year	$ 122,458,293	$ 116,922,479

(Concluded)

FAIRMONT STATE UNIVERSITY

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	(Restated) 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 11,857,849	$ 13,511,857
Contracts and grants	11,924,481	11,424,855
Payments to and on behalf of employees	(32,734,797)	(32,731,535)
Payments to suppliers	(10,618,491)	(10,856,322)
Payments to utilities	(2,008,187)	(2,052,185)
Payments for scholarships and fellowships	(10,736,460)	(7,215,557)
Auxiliary enterprise charges	9,627,393	10,222,043
Fees assessed by the Commission	(21,852)	(14,993)
Other receipts — net	493,318	230,544
Auxiliary fees and debt service support revenue	-	405,549
Operating support services revenue	650,000	1,173,778
Net cash used in operating activities	(21,566,746)	(15,901,966)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	19,100,341	18,600,341
Pell grant revenues	5,159,419	5,979,081
Federal HEERF revenue	9,376,352	4,129,548
Federal GEER revenue	535,291	449,680
Payments from Pierpont	1,300,000	-
Gift receipts	209,227	313,911
William D. Ford direct lending receipts	12,706,440	15,039,587
William D. Ford direct lending payments	(12,706,440)	(15,039,587)
Transfers from Pierpont	-	1,171,693
Net cash provided by noncapital financing activities	35,680,630	30,644,254
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Capital bond proceeds from the State	-	270,559
E&G capital and debt service support revenue	-	319,081
Payments from Pierpont on debt obligation	-	246,149
Fees assessed to Pierpont for debt service	-	62,741
Fees assessed by the Commission	-	(48,321)
Purchases of capital assets	(1,226,065)	(1,528,666)
Proceeds from sale capital assets	5,119	8,296
Payments on leases	(369,917)	(394,769)
Assessment for E&G capital and debt service costs	-	(349,177)
Payments to the Commission on debt obligation	-	(134,132)
Proceeds from bond issuance	32,484,024	-
Principal paid on bonds	(35,245,114)	(3,481,267)
Interest paid on bonds	(3,334,957)	(2,521,932)
Bond issuance costs	(220,687)	-
Bond interest income	1,824	269
Net cash used in capital financing activities	(7,905,773)	(7,551,169)

(Continued)

FAIRMONT STATE UNIVERSITY

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	(Restated) 2021
CASH FLOWS FROM INVESTING ACTIVITY — Interest on investments	67,470	54,415
CHANGE IN CASH AND CASH EQUIVALENTS	6,275,581	7,245,534
CASH AND CASH EQUIVALENTS — Beginning of year	42,506,884	35,261,350
CASH AND CASH EQUIVALENTS — End of year	$ 48,782,465	$ 42,506,884
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (26,727,102)	$ (21,407,231)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation and amortization	5,772,909	5,269,329
Pension expense (offset) — special funding situation	(5,167)	101,255
OPEB expense (offset) — special funding situation	(118,521)	169,227
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable — net	622,123	(62,948)
Inventories	58,273	18,442
Net OPEB asset	(129,465)	-
Deferred outflows of resources	1,125,726	(33,456)
Accounts payable	333,281	(442,947)
Accrued liabilities	307,071	(66,278)
Retainages payable	(33,100)	(19,163)
Unearned revenue and deposits	1,004,571	531,425
Compensated absences	(45,401)	20,250
Net OPEB liability	(1,827,622)	(4,554,819)
Net pension liability	(308,505)	16,730
Deferred inflows of resources	(1,595,817)	4,558,218
NET CASH USED IN OPERATING ACTIVITIES	$ (21,566,746)	$ (15,901,966)
NONCASH TRANSACTIONS:		
Construction in progress additions in retainages payable	$ -	$ 33,100
Payments made and expenses incurred by the Commission on behalf of Fairmont State	$ -	$ 10,935
Gain on final separation from Pierpont (exclusive of $0 and $1,171,693 of cash in 2022 and 2021, respectively)	$ -	$ 26,700,980
Right-to-use assets acquired through outstanding leases	$ -	$ 418,859
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION:		
Cash and cash equivalents classified as current	$ 48,780,297	$ 42,506,664
Cash and cash equivalents classified as noncurrent	2,168	220
	$ 48,782,465	$ 42,506,884

(Concluded)

FAIRMONT STATE FOUNDATION, INC.
A COMPONENT UNIT OF FAIRMONT STATE UNIVERSITY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS	2022	2021
Current Assets		
Cash and cash equivalents	$ 1,418,310	$ 1,016,074
Unconditional promises to give (current portion)	551,503	703,706
Other assets	52,865	49,398
Total Current Assets	2,022,678	1,769,178
Other Assets		
Investments	31,828,083	36,766,798
Unconditional promises to give (net of current portion)	821,567	1,209,503
Beneficial interest in perpetual trusts	3,120,594	3,573,219
Property and equipment, net	346,459	319,253
Total Other Assets	36,116,703	41,868,773
Total Assets	$ 38,139,381	$ 43,637,951
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 88,018	$ 59,626
Funds held in custody for others	505,215	1,283,260
Charitable gift annuities (current portion)	551	2,332
Total Current Liabilities	593,784	1,345,218
Long-Term Liabilities		
Charitable gift annuities (net of current portion)	2,748	3,299
Total Liabilities	596,532	1,348,517
Net Assets		
Without donor restrictions	3,437,606	4,009,520
With donor restrictions	34,105,243	38,279,914
Total Net Assets	37,542,849	42,289,434
Total Liabilities and Net Assets	$ 38,139,381	$ 43,637,951

FAIRMONT STATE FOUNDATION, INC.
A COMPONENT UNIT OF FAIRMONT STATE UNIVERSITY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Revenue			
Support			
Gifts and donations	$ 773	$ 3,067,081	$ 3,067,854
Grant revenue	-	-	-
In-kind donations	25,916	75,000	100,916
Fundraising activities	-	43,706	43,706
Total Support	26,689	3,185,787	3,212,476
Revenues (Losses)			
Investment income (loss), net	(159,830)	(4,369,350)	(4,529,180)
Change in beneficial interest in perpetual trusts	-	(452,625)	(452,625)
Other revenue	60,544	1,658	62,202
Net Revenues (Losses)	(99,286)	(4,820,317)	(4,919,603)
Net assets released from restrictions	2,371,218	(2,371,218)	-
Total Support and Revenues (Losses)	2,298,621	(4,005,748)	(1,707,127)
Expenses			
Program Services			
Scholarships	1,984,471	-	1,984,471
Educational services	-	-	-
Other	430,966	-	430,966
Total Program Services	2,415,437	-	2,415,437
Supporting Services			
Management and general	255,639	-	255,639
Fundraising	368,382	-	368,382
Total Supporting Services	624,021	-	624,021
Total Expenses	3,039,458	-	3,039,458
Reclassifications	168,923	(168,923)	-
Change in Net Assets	(571,914)	(4,174,671)	(4,746,585)
Transfer to funds held in custody for others	-	-	-
Net Assets at Beginning of Year	4,009,520	38,279,914	42,289,434
Net Assets at End of Year	$ 3,437,606	$ 34,105,243	$ 37,542,849

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

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Revenue			
Support			
Gifts and donations	$ 1,577	$ 3,669,216	$ 3,670,793
Grant revenue	-	25,000	25,000
In-kind donations	47,040	-	47,040
Fundraising activities	-	9,000	9,000
Total Support	48,617	3,703,216	3,751,833
Revenues (Losses)			
Investment income (loss), net	133,679	6,823,469	6,957,148
Change in beneficial interest in perpetual trusts	-	532,950	532,950
Other revenue	282,150	(29,526)	252,624
Net Revenues (Losses)	415,829	7,326,893	7,742,722
Net assets released from restrictions	2,105,617	(2,105,617)	-
Total Support and Revenues (Losses)	2,570,063	8,924,492	11,494,555
Expenses			
Program Services			
Scholarships	1,987,759	-	1,987,759
Educational services	31,215	-	31,215
Other	271,777	-	271,777
Total Program Services	2,290,751	-	2,290,751
Supporting Services			
Management and general	260,144	-	260,144
Fundraising	323,414	-	323,414
Total Supporting Services	583,558	-	583,558
Total Expenses	2,874,309	-	2,874,309
Reclassifications	(553,151)	553,151	-
Change in Net Assets	(857,397)	9,477,643	8,620,246
Transfer to funds held in custody for others	-	(1,283,260)	(1,283,260)
Net Assets at Beginning of Year	4,866,917	30,085,531	34,952,448
Net Assets at End of Year	$ 4,009,520	$ 38,279,914	$ 42,289,434

1. ORGANIZATION

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

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

S.B. 653 also created the West Virginia Higher Education Policy Commission (the Commission), which is responsible for developing, gaining consensus around, and overseeing the implementation and development of a higher education public policy agenda.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity - Fairmont State is a blended component unit of the West Virginia Higher Education Fund and represents separate funds of the State of West Virginia (the State) that are not included in the State's general fund. Fairmont State is a separate entity that, along with all State institutions of higher education and the Commission (which includes the West Virginia Network for Educational Telecomputing), forms the Higher Education Fund of the State. The Higher Education Fund is considered a component unit of the State, and its financial statements are discretely presented in the State's comprehensive annual financial report.

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

The audited financial statements of the Foundation are presented here as a discrete component unit with Fairmont State's financial statements in accordance with GASB. The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's audited financial information as it is presented herein except that in accordance with governmental accounting standards, the Foundation's statements of cash flows and statements of functional expenses are not presented.

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

Net investment in capital assets - This represents Fairmont State's total investment in capital assets, net of depreciation and outstanding debt obligations related to those capital assets.

Restricted net position - expendable - This includes assets for which Fairmont State is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

The Legislature, as a regulatory body outside the reporting entity, has restricted the use of certain funds by Article 10, *Fees and Other Money Collected at State Institutions of Higher Education of the West Virginia State Code.* House Bill 101, passed in March 2004, simplified the tuition and fee restrictions to auxiliaries and capital items. These activities are fundamental to the normal ongoing operations of the institution. These restrictions are subject to change by future actions of the Legislature.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted net position - nonexpendable - This includes endowment and similar-type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal. Fairmont State does not have any restricted nonexpendable net position at June 30, 2022 and 2021.

Unrestricted net position - Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational activities. These resources are used for transactions relating to the educational and general operations of Fairmont State and may be used at the discretion of the Board to meet current expenses for any purpose.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Capital Assets - Capital assets consists primarily of property, plant, and equipment; books and materials that are part of a catalogued library; and infrastructure assets. Capital assets are stated at cost at the date of acquisition or construction, or at fair value at the date of donation in the case of gifts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and infrastructure, 15 years for land improvements, 7 years for library books, and 3 to 10 years for furniture and equipment.

Capital assets also include intangible right-to-use lease assets, initially measured at the present value of payments expected to be made during the lease term, plus certain other costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the estimated useful life of the underlying asset, unless the lease contains a purchase option.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Compensated Absences and Other Postemployment Benefits - GASB provides standards for the measurement, recognition, and display of other postemployment benefit (OPEB) expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State. Effective July 1, 2007, Fairmont State was required to participate in this multiple-employer cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State. Details regarding this plan and its stand-alone financial statements can be obtained by contacting West Virginia Public Employees Insurance Agency (PEIA), 601 57th Street SE, Charleston, West Virginia 25304 or https://peia.wv.gov.

GASB requires entities to accrue for employees' rights to receive compensation for vacation leave, or payments in lieu of accrued vacation or sick leave, as such benefits are earned and payment becomes probable. Fairmont State's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination.

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State OPEB Plan and additions to/reductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the West Virginia Retiree Health Benefit Trust Fund (RHBT). For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See note 10 for further discussion.

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

Net Pension Liability - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Teachers' Retirement System (STRS), administered by the West Virginia Consolidated Public Retirement Board (CPRB), and additions to/reductions from the STRS fiduciary net position have been determined on the same basis as they are reported in the STRS financial statements, which can be found at https://www.wvretirement.com/Publications.html#AnnualReport. The plan schedules of STRS are prepared using the accrual basis of accounting and economic resources measurement focus in accordance with U.S. GAAP as prescribed by GASB. Employer contributions are recognized when due and when the employer has a legal requirement to provide the contributions. Investments are reported at fair value. Detailed information on investment valuation can be found in the STRS financial statements. Management of STRS has made certain estimates and assumptions relating to employer allocation schedules, and actual results could differ. See note 13 for further discussion.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Risk Management - The State's Board of Risk and Insurance Management (BRIM) provides general, property, and casualty liability coverage to Fairmont State and its employees. Such coverage may be provided to Fairmont State by BRIM through self-insurance programs maintained by BRIM or policies underwritten by BRIM that may involve experience-related premiums or adjustments to BRIM.

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

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

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

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

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

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

Use of Restricted Net Position - Fairmont State has not adopted a formal policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Generally, Fairmont State attempts to utilize restricted net position first when practicable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Financial Assistance Programs - Fairmont State makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest-subsidized and nonsubsidized loans directly to students through universities such as Fairmont State. Direct student loan receivables are not included in Fairmont State's statements of net position as the loans are repayable directly to the U.S. Department of Education. In 2022 and 2021, Fairmont State received and disbursed approximately $12.7 million and $15.0 million, respectively, under the Federal Direct Student Loan Program on behalf of the U.S. Department of Education, which is not included as revenue and expense in the statements of revenues, expenses, and changes in net position.

Fairmont State also distributes other student financial assistance funds on behalf of the federal government to students under the Federal Pell Grant, Supplemental Educational Opportunity Grant, and College Work-Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2022 and 2021, Fairmont State received and disbursed $5.4 million and $6.2 million, respectively, under these federal student aid programs.

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

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers. Certain aid, such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending, is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a college basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third-party aid.

Government Grants and Contracts - Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to audit. Fairmont State recognizes revenue associated with direct costs as the related costs are incurred. Recovery of related indirect costs is generally recorded at fixed rates negotiated for a period of one to five years.

Income Taxes - Fairmont State is exempt from income taxes, except for unrelated business income, as a nonprofit organization under federal income tax laws and regulations of the Internal Revenue Service.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

Newly Adopted Statements Issued by GASB – Fairmont State implemented GASB Statement No. 87, *Leases*, which is effective for fiscal years beginning after June 15, 2021. This Statement requires lessees and lessors to report leases under a single model. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources for each lease. This Statement also requires additional notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The adoption of GASB Statement No. 87 resulted in the recognition of a lease liability and an intangible right-to-use lease asset. See additional information in notes 3, 6, 7, and 9.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fairmont State implemented GASB Statement No. 98, *The Annual Comprehensive Financial Report,* which is effective for fiscal years ending after December 15, 2021. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR.* That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. The adoption of GASB Statement No. 98 did not have a significant impact on the financial statements.

Fairmont State implemented GASB Statement No. 99, *Omnibus 2022*, with varying effective dates based upon each provision ranging from being effective immediately to fiscal years beginning after June 15, 2023. The requirements of this Statement address a variety of items, including specific provisions regarding the following topics: (1) guidance and terminology updates on reporting derivative instruments that do not meet the definition of either an investment derivative or hedging derivative, but are within the scope of GASB Statement No. 53; (2) clarification of provisions of GASB Statement Nos. 87, 94, and 96; (3) extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate; (4) accounting for Supplemental Nutrition Assistance Program (SNAP) benefits; (5) non-monetary transactions; (6) clarification related to the focus of government-wide financial statements under GASB Statement No. 34; and (7) terminology updates related to GASB Statement No. 63. The provisions effective immediately did not have a significant impact on the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB has issued Statement No. 100, *Accounting Changes and Error Corrections- an Amendment of GASB Statement No. 62*, which is effective for fiscal years beginning after June 15, 2023. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. Those changes include things like: certain changes in accounting principles, certain changes in estimates that result from a justified or preferable change in measurement or new methodology. This statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods; changes to or within the reporting entity be reported by adjusting beginning balances of the current period; and changes in accounting estimates be reported prospectively by recognizing the change in the current period. If the change in accounting principle is the result of a new pronouncement the requirements only apply absent specific transition guidance in the pronouncement. Under this standard it is also necessary to display the total adjustment to beginning net position, fund balance, or fund net position on the face of the financial statements, by reporting unit. This statement also specifies both qualitative and quantitative disclosure requirements. Lastly, this statement provides guidance for if and how these changes should be reflected in required supplementary information and supplementary information. Fairmont State has not yet determined the effect that the adoption of GASB Statement No. 100 may have on its financial statements.

GASB has issued Statement No. 101, *Compensated Absences*, which is effective for fiscal years beginning after December 15, 2023. This statement modifies the criteria requiring a liability for compensated absences to be recognized. Under this statement a liability must be recognized for leave that has not been used, or leave that has been used but not yet paid in cash or settled through noncash means. Furthermore, the liability for leave that has not been used is recognized if the leave is attributed to services already rendered, that accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. If the leave is considered more likely than not to be settled through conversion to a defined benefit post-employment benefit it should not be included in the liability for compensated absences. This statement also specifies certain types of benefits where the liability is not recognized until leave commences or where the liability is not recognized until the leave is used. The statement also provides guidance for measuring the liability and modifies the disclosure requirements allowing for disclosure of only the net change in the liability, and no longer requiring disclosure of which governmental funds have been used to liquidate the liabilities. Fairmont State has not yet determined the effect that the adoption of GASB Statement No. 101 may have on its financial statements.

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

3. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT

During fiscal year 2022, Fairmont State implemented GASB Statement No. 87, *Leases*. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset. The financial statements for the prior period have been restated to reflect the implementation as of July 1, 2020. Beginning net position was decreased by $42,705 for the implementation of GASB Statement No. 87 to remove the assets and liabilities previously recorded as capital leases and record the intangible right-to-use lease asset and lease liability. Fairmont State recognized $862,583 as an intangible right-to-use lease asset and lease liability as of July 1, 2020.

The implementation of GASB Statement No. 87 had the following effect on the fiscal year ended June 30, 2021:

From the Statement of Net Position	**As Previously Reported**	**7/1/2020 Adjustment Plus Restatement**	**Restated**
Capital assets — net	$ 137,815,695	$ 483,323	$ 138,299,018
Accrued interest payable	199,949	2,032	201,981
Capital leases — current portion	92,336	(92,336)	-
Lease liability — current portion	-	346,967	346,967
Capital leases — noncurrent portion	260,505	(260,505)	-
Lease liability — noncurrent portion	-	569,172	569,172
Net investment in capital assets	74,725,308	(79,975)	74,645,333
Unrestricted	21,023,623	(2,032)	21,021,591

From the Statement of Revenues, Expenses, and Changes in Net Position	**As Previously Reported**	**Restatement**	**Restated**
Supplies and other services	$ 10,576,976	$ (297,981)	$ 10,278,995
Depreciation and amortization	4,957,170	312,159	5,269,329
Interest expense	2,388,344	25,124	2,413,468
Net change in net position	33,114,116	(39,302)	33,074,814
Net effect of change in accounting policy	-	(42,705)	(42,705)

4. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents at June 30, 2022 and 2021, was held as follows:

	2022		
	Current	**Noncurrent**	**Total**
State Treasurer/BTI	$ 48,632,464	$ -	$ 48,632,464
Trustee	-	2,168	2,168
In bank	145,333	-	145,333
On hand	2,500	-	2,500
	$ 48,780,297	$ 2,168	$ 48,782,465

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

Cash held by the Treasurer includes no restricted cash at June 30, 2022 and 2021.

The combined carrying amount of cash in the bank at June 30, 2022 and 2021 was $145,333 and $144,671, respectively, as compared with the combined bank balance of $363,669 and $141,483, respectively. The difference is primarily caused by outstanding checks and items in transit. The Federal Deposit Insurance Corporation (FDIC) coverage is $250,000 for interest and non-interest bearing deposits. From time to time, Fairmont State may carry deposit balances in individual financial institutions exceeding this limit.

Amounts with the State Treasurer were $48,632,464 and $42,359,543 as of June 30, 2022 and 2021, respectively. Of these amounts, $34,759,457 and $34,543,209 were invested in the WV Money Market Pool and the WV Short Term Bond Pool as of June 30, 2022 and 2021, respectively. The remainder of the cash held with the State Treasurer was not invested as of June 30, 2022 and 2021.

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:

	2022		2021	
External Pool	Carrying Value	S & P Rating	Carrying Value	S & P Rating
WV Money Market Pool	$ 33,953,465	AAAm	$ 33,712,718	AAAm
WV Short Term Bond Pool	805,992	Not Rated	830,491	Not Rated

4. CASH AND CASH EQUIVALENTS (CONTINUED)

A fund rated "AAAm" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAm" is the highest principal stability fund rating assigned by Standard & Poor's.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All the amounts with the State Treasurer are subject to interest rate risk. The following table provides information on the weighted-average maturities for the WV Money Market Pool:

	2022		2021	
External Pool	Carrying Value	WAM (Days)	Carrying Value	WAM (Days)
WV Money Market Pool	$ 33,953,465	21	$ 33,712,718	52

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

	2022		2021	
External Pool	Carrying Value	Effective Duration (Days)	Carrying Value	Effective Duration (Days)
WV Short Term Bond Pool	$ 805,992	584	$ 830,491	638

Other Investment Risks - Other investment risks include concentration of credit risk, custodial credit risk, and foreign currency risk. None of the BTI's Consolidated Fund's investment pools or accounts is exposed to these risks as described below.

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, Fairmont State will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk **–** Concentration of credit risk is the risk of loss attributed to the magnitude of a Consolidated Fund pool or account's investment in a single corporate issuer. The BTI investment policy prohibits those pools and accounts permitted to hold corporate securities from investing more than 5% of their assets in any one corporate name or one corporate issue.

Foreign Currency Risk **-** Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Fairmont State has no securities with foreign currency risk.

5. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2022 and 2021, are as follows:

	2022	2021
Student tuition and fees - net of allowance for doubtful accounts of $4,325,300 and $3,812,470, respectively	$ 961,111	$ 1,077,859
Grants and contracts receivable	291,329	209,307
Due from the Commission	53,501	8,157
Due from the Council	-	500,000
Due from other State agencies	-	5,359
Other accounts receivable	68,036	123,601
	$ 1,373,977	$ 1,924,283

FAIRMONT STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

6. CAPITAL ASSETS

Capital asset activities for the years ended June 30, 2022 and 2021 are as follows:

	2022			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 5,999,878	$ -	$ (52,003)	$ 5,947,875
Construction in progress	1,134,170	1,045,328	(1,390,653)	788,845
Total capital assets not being depreciated	$ 7,134,048	$ 1,045,328	$ (1,442,656)	$ 6,736,720
Other capital assets being depreciated:				
Land improvements	$ 5,761,284	$ -	$ -	$ 5,761,284
Infrastructure	16,138,857	282,164	(278,806)	16,142,215
Buildings	187,003,891	1,108,487	(716,214)	187,396,164
Equipment	7,508,092	174,615	(265,382)	7,417,325
Computer software	216,031	-	(54,775)	161,256
Library books	3,687,452	6,112	-	3,693,564
Total other capital assets being depreciated	220,315,607	1,571,378	(1,315,177)	220,571,808
Lease assets being amortized:				
Buildings	340,863	-	(340,863)	-
Equipment	940,579	-	-	940,579
Total lease assets being amortized	1,281,442	-	(340,863)	940,579
Less accumulated depreciation for other capital assets:				
Land improvements	3,723,046	274,455	-	3,997,501
Infrastructure	15,296,125	234,703	(278,806)	15,252,022
Buildings	61,633,461	4,416,002	(131,703)	65,917,760
Equipment	5,540,078	480,635	(265,382)	5,755,331
Computer software	208,906	6,387	(54,775)	160,518
Library books	3,653,579	10,205	-	3,663,784
Total accumulated depreciation	90,055,195	5,422,387	(730,666)	94,746,916
Less accumulated amortization for lease assets:				
Buildings	185,925	154,938	(340,863)	-
Equipment	190,959	195,584	-	386,543
Total accumulated amortization	376,884	350,522	(340,863)	386,543
Other capital assets and lease assets - net	$ 131,164,970	$ (4,201,531)	$ (584,511)	$ 126,378,928
Capital asset summary:				
Capital assets not being depreciated	$ 7,134,048	$ 1,045,328	$ (1,442,656)	$ 6,736,720
Other capital assets	220,315,607	1,571,378	(1,315,177)	220,571,808
Lease assets	1,281,442	-	(340,863)	940,579
Total cost of capital assets	228,731,097	2,616,706	(3,098,696)	228,249,107
Less accumulated depreciation and amortization	90,432,079	5,772,909	(1,071,529)	95,133,459
Capital assets - net	$ 138,299,018	$ (3,156,203)	$ (2,027,167)	$ 133,115,648

FAIRMONT STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

6. CAPITAL ASSETS (CONTINUED)

	(Restated) 2021				
	Beginning Balance	Transfers	Additions	Reductions	Ending Balance
Capital assets not being depreciated:					
Land	$ 7,932,173	$ (1,932,295)	$ -	$ -	$ 5,999,878
Construction in progress	1,408,996	292,181	1,163,973	(1,730,980)	1,134,170
Total capital assets not being depreciated	$ 9,341,169	$ (1,640,114)	$ 1,163,973	$ (1,730,980)	$ 7,134,048
Other capital assets being depreciated:					
Land improvements	$ 5,615,283	$ 693,467	$ 891,431	$ (1,438,897)	$ 5,761,284
Infrastructure	10,942,762	5,019,505	176,590	-	16,138,857
Buildings	167,045,966	21,055,551	662,959	(1,760,585)	187,003,891
Equipment	6,852,870	351,712	400,750	(97,240)	7,508,092
Computer software	422,780	-	-	(206,749)	216,031
Library books	3,679,474	-	7,978	-	3,687,452
Total other capital assets being depreciated	194,559,135	27,120,235	2,139,708	(3,503,471)	220,315,607
Lease assets being amortized:					
Buildings	340,863	-	-	-	340,863
Equipment	521,720	-	418,859	-	940,579
Total lease assets being amortized	862,583	-	418,859	-	1,281,442
Less accumulated depreciation for other capital assets:					
Land improvements	4,320,243	354,345	237,151	(1,188,693)	3,723,046
Infrastructure	10,143,376	4,758,365	394,384	-	15,296,125
Buildings	50,056,400	8,519,659	3,819,191	(761,789)	61,633,461
Equipment	4,932,500	299,816	405,002	(97,240)	5,540,078
Computer software	395,810	-	19,845	(206,749)	208,906
Library books	3,636,707	-	16,872	-	3,653,579
Total accumulated depreciation	73,485,036	13,932,185	4,892,445	(2,254,471)	90,055,195
Less accumulated amortization for lease assets:					
Buildings	-	-	185,925	-	185,925
Equipment	-	-	190,959	-	190,959
Total accumulated amortization	-	-	376,884	-	376,884
Other capital assets and lease assets - net	$ 121,936,682	$ 13,188,050	$ (2,710,762)	$ (1,249,000)	$ 131,164,970
Capital asset summary:					
Capital assets not being depreciated	$ 9,341,169	$ (1,640,114)	$ 1,163,973	$ (1,730,980)	$ 7,134,048
Other capital assets	194,559,135	27,120,235	2,139,708	(3,503,471)	220,315,607
Lease assets	862,583	-	418,859	-	1,281,442
Total cost of capital assets	204,762,887	25,480,121	3,722,540	(5,234,451)	228,731,097
Less accumulated depreciation and amortization	73,485,036	13,932,185	5,269,329	(2,254,471)	90,432,079
Capital assets - net	$ 131,277,851	$ 11,547,936	$ (1,546,789)	$ (2,979,980)	$ 138,299,018

FAIRMONT STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

6. CAPITAL ASSETS (CONTINUED)

Fairmont State maintains certain collections of inexhaustible assets to which no value can be practically determined. Accordingly, such collections are not capitalized or recognized for financial statement purposes. Such collections include contributed works of art, historical treasures, and literature that are held for exhibition, education, research, and public service. These collections are neither disposed of for financial gain nor encumbered in any means.

Fairmont State's construction commitments were $516,081 and $376,599 as of June 30, 2022 and 2021, respectively.

7. LONG-TERM LIABILITIES

Long-term obligation activities for the years ended June 30, 2022, and 2021 are as follows:

	2022					
	Beginning Balance	Transfers	Additions	Reductions	Ending Balance	Current Portion
Bonds payable	$ 61,777,177	$ -	$ 26,305,000	$ (35,245,114)	$ 52,837,063	$ 3,184,116
Add (less) deferred amounts:						
Premium on issuance	1,697,841	-	6,179,024	(1,945,804)	5,931,061	630,675
Total bonds payable - net	63,475,018	-	32,484,024	(37,190,918)	58,768,124	3,814,791
Other long-term liabilities:						
Compensated absences	1,576,362	-	1,007,727	(1,053,128)	1,530,961	1,052,650
Lease liability	916,139	-	-	(346,967)	569,172	195,317
Total long-term liabilities	$ 65,967,519	$ -	$ 33,491,751	$ (38,591,013)	$ 60,868,257	$ 5,062,758

*Transfers represent the ownership change from FY21 to FY22

	(Restated) 2021					
	Beginning Balance	Transfers	Additions	Reductions	Ending Balance	Current Portion
Bonds payable	$ 65,258,444	$ -	$ -	$ (3,481,267)	$ 61,777,177	$ 3,595,114
Add (less) deferred amounts:						
Premium on issuance	1,837,803	-	-	(139,962)	1,697,841	139,962
Total bonds payable - net	67,096,247	-	-	(3,621,229)	63,475,018	3,735,076
Other long-term liabilities:						
Compensated absences	1,556,112	-	1,000,594	(980,344)	1,576,362	1,105,767
Payable to the Commission	1,089,563	(955,431)	-	(134,132)	-	-
Lease liability	862,583	-	418,859	(365,303)	916,139	346,967
Total long-term liabilities	$ 70,604,505	$ (955,431)	$ 1,419,453	$ (5,101,008)	$ 65,967,519	$ 5,187,810

*Transfers represent the ownership change from FY20 to FY21

8. BONDS PAYABLE

Bonds payable at June 30, 2022 and 2021, are summarized as follows (in thousands):

	Interest Rates	Annual Principal Installments	2022 Principal Outstanding	2021 Principal Outstanding
Facilities Improvement Revenue Bonds 2006 Series, due through 2026	1.74% (10-year reset)	\$343 - \$611	\$ 2,152	\$ 2,667
Revenue Refunding Bonds 2012, Series A, due through 2032	2.00 - 5.00	730 - 1,155	-	12,850
Revenue Refunding Bonds 2012, Series B, due through 2032	2.00 - 5.00	1,080 - 1,720	-	19,150
Revenue Refunding Bonds 2015, Series A, due through 2045	1.75 - 5.00	580 - 1,665	26,415	27,110
Revenue Refunding Bonds 2021, Series A, due through 2032	5.00	1,930 - 2,995	24,270	-
Total outstanding principal			52,837	61,777
Add unamortized bond premium			5,931	1,698
Total			\$ 58,768	\$ 63,475
Current			\$ 3,815	\$ 3,735
Noncurrent			54,953	59,740
Total			\$ 58,768	\$ 63,475

Fairmont State has issued the following revenue bonds:

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

b. *Revenue Refunding Bonds, 2012 Series A* - On June 12, 2012, Fairmont State University, in conjunction with Pierpont, issued Revenue Refunding Bonds Series A (the 2012A Bonds) amounting to \$20,165,000. The 2012A Bonds were issued to (1) currently refund in full the outstanding 2002A and 2002B Bonds and (2) pay the costs of issuance of the Series 2012A Bonds and related costs. The issuance of the 2012A Bonds resulted in a loss of \$561,866 and an economic gain of \$3,866,063. Fairmont State refunded these bonds during fiscal year 2022. See item (e) below.

8. BONDS PAYABLE (CONTINUED)

c. *Revenue Refunding Bonds, 2012 Series B* - On June 12, 2012, Fairmont State, in conjunction with Pierpont, issued Revenue Refunding Bonds Series B (the 2012B Bonds) amounting to $30,160,000. The 2012B Bonds were issued to (1) advance refund in full the outstanding 2003A and 2003B Bonds and (2) pay the costs of issuance of the Series 2012B Bonds and related costs. The issuance of the 2012B Bonds resulted in a loss of $1,713,791 and an economic gain of $3,503,626. Fairmont State refunded these bonds during fiscal year 2022. See item (e) below.

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

e. *Revenue Refunding Bonds, 2021 Series A* – On July 27, 2021, Fairmont State issued Revenue Bonds Series A (the 2021 Bonds) amounting to $26,305,000. The 2021 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 Bonds and related costs. The issuance of the 2021 Bonds resulted in a gain of $130,650 and an economic gain of $5,283,238.

The bond issues are special obligations of Fairmont State and are secured by and payable from certain pledge revenues held under the Bond Indenture (the Indenture). The bonds shall not be deemed to be general obligations or debts of the State within the meaning of the Constitution of the State; neither the credit nor the taxing power of the State is pledged for the payment of the bonds.

The 2015 and 2021 Bonds’ covenants require that the schedules of rent, charges, and fees shall at all times be adequate to produce revenues from the auxiliary facilities sufficient to pay operating expenses and, when combined with infrastructure fees (as defined in the Indenture), to make the prescribed payments into the funds and accounts created hereunder, and that such schedule or schedules of rents, charges, and fees, that shall be revised from time to time to provide for all reasonable operating expenses and leave gross revenues, when combined with other monies legally available to be used for such purposes, each year equal at least 100% of the maximum annual debt service of the 2015 and 2021 Bonds of $4,875,856. The maximum annual debt service of the 2012A, 2012B, and 2015 Bonds prior to the 2012A and 2012B Bonds’ refunding and issuance of 2021 Bonds was $5,389,074.

For the year ended June 30, 2022, Fairmont State had gross revenues that approximated 190% of the maximum annual debt service of the 2015 and 2021 Bonds of $4,875,856. For the year ended June 30, 2021, Fairmont State had gross revenues that approximated 173% of the maximum annual debt service of the 2012A, 2012B, and 2015 Bonds of $5,389,074.

8. BONDS PAYABLE (CONTINUED)

Future debt service requirements to maturity for the revenue bonds at June 30, 2022, are as follows:

Years Ending June 30,	Principal	Interest	Total
2023	$ 3,184,116	$ 2,248,532	$ 5,432,648
2024	3,323,275	2,106,373	5,429,648
2025	3,477,595	1,957,553	5,435,148
2026	3,627,077	1,801,321	5,428,398
2027-2031	17,665,000	6,684,431	24,349,431
2032-2036	8,575,000	3,211,569	11,786,569
2037-2041	6,680,000	1,952,063	8,632,063
2042-2045	6,305,000	602,063	6,907,063
Total	$ 52,837,063	$ 20,563,905	$ 73,400,968

9. LEASES

Fairmont State leases equipment and buildings for various terms under long-term, noncancelable lease agreements. The leases have monthly installments ranging between $1,357 and $16,008 plus interest ranging between 1.99% and 3.76% with due dates ranging from April 2022 to July 2025.

Future annual minimum lease payments on leases for years subsequent to June 30, 2022, are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total Payments
2023	$ 195,317	$ 14,515	$ 209,832
2024	201,209	8,624	209,833
2025	167,597	2,710	170,307
2026	5,049	16	5,065
	$ 569,172	$ 25,865	$ 595,037

10. OTHER POSTEMPLOYMENT BENEFITS

As related to the implementation of GASB 75, following are Fairmont State's net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, revenues, and the OPEB expense and expenditures for the fiscal years ended June 30, 2022 and 2021:

	2022	2021
Net OPEB liability (asset)	$ (129,465)	$ 1,827,622
Deferred outflows of resources	820,836	1,145,745
Deferred inflows of resources	5,819,498	7,647,193
Revenues	(118,521)	169,227
OPEB expense	(3,121,333)	(2,222,234)
Contributions made by Fairmont State	477,005	793,996

Plan Description

The West Virginia Other Postemployment Benefit (OPEB) Plan (the Plan) is a cost-sharing, multiple employer, defined benefit other postemployment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code. Financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State established July 1, 2006 as an irrevocable trust. The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with the approval of the PEIA Finance Board. The plan provides medical and prescription drug insurance, as well as life insurance, benefits to certain retirees of State agencies, colleges and universities, county boards of education, and other government entities who receive pension benefits under the PERS, STRS, TDCRS, TIAA-CREF, Plan G, Troopers Plan A, or Troopers Plan B pension systems, as administered by the West Virginia Consolidated Public Retirement Board (CPRB). The plan is closed to new entrants.

The Plan's fiduciary net position has been determined on the same basis used by the Plan. The RHBT is accounted for as a fiduciary fund, and its financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with GAAP for fiduciary funds as prescribed or permitted by the GASB. The primary sources of revenue are plan members and employer contributions. Members' contributions are recognized in the period in which the contributions are due. Employer contributions and related receivables to the trust are recognized pursuant to a formal commitment from the employer or statutory or contractual requirement, when there is a reasonable expectation of collection. Benefits and refunds are recognized when due and payable.

RHBT is considered a component unit of the State of West Virginia for financial reporting purposes, and, as such, its financial report is also included in the State of West Virginia's Comprehensive Annual Financial Report. RHBT issues publicly available financial statements and required supplementary information for the OPEB plan. Details regarding this plan and a copy of the RHBT financial report may be obtained by contacting PEIA at 601 57th Street SE, Suite 2, Charleston, West Virginia 25304-2345, or by calling (888) 680-7342.

10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

The medical and prescription drug insurance is provided through two options:

- Self-Insured Preferred Provider Benefit Plan – primarily for non-Medicare-eligible retirees and spouses
- External Managed Care Organizations – primarily for Medicare-eligible retirees and spouses

Contributions

Employer contributions from the RHBT billing system represent what the employer was billed during the respective year for its portion of the pay-as-you-go (paygo) premiums, retiree leave conversion billings, and other matters, including billing adjustments.

Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The paygo rates related to the measurement date of June 30, 2021 and 2020 were:

	2021	2020
Paygo premium	$ 160	$ 168

Members retired before July 1, 1997 pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years of service. Members retired after July 1, 1997 or hired before June 30, 2010 pay a subsidized rate depending on the member's years of service. Members hired on or after July 1, 2010 pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

Retiree leave conversion contributions from the employer depend on the retiree's date of hire and years of service at retirement as described below:

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

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

10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Fairmont State's contributions to the OPEB plan for the years ended June 30, 2022, 2021, and 2020, were $477,005, $793,996, and $799,951, respectively.

Assumptions

The June 30, 2022 OPEB liability (asset) for financial reporting purposes was determined by an actuarial valuation as of June 30, 2020 and a measurement date of June 30, 2021. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Inflation rate: 2.25%.
- Salary increase: Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation.
- Investment rate of return: 6.65%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates: Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2020, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022. 9.15% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
- Actuarial cost method: Entry age normal cost method.
- Amortization method: Level percentage of payroll over a 20-year closed period beginning June 30, 2017.
- Wage inflation: 2.75%.
- Retirement age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2020 actuarial valuation.
- Aging factors: Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
- Expenses: Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.
- Mortality post retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females.
- Mortality pre-retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019.

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

There were no assumption changes from the actuarial valuation as of June 30, 2020, measured at June 30, 2020 and rolled forward to a measurement date of June 30, 2021.

The long-term expected rate of return of 6.65% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.00% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 2.50% for assets invested with the West Virginia Board of Treasury Investments (WV-BTI).

10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

Asset Class	Target Allocation	Long-term Expected Real Return
Global equity	55.0%	4.8%
Core plus fixed income	15.0%	2.1%
Core real estate	10.0%	4.1%
Hedge fund	10.0%	2.4%
Private equity	10.0%	6.8%

Single discount rate. A single discount rate of 6.65% was used to measure the total OPEB liability (asset). This single discount rate was based on the expected rate of return on OPEB plan investments of 6.65%. 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. Based on those assumptions, 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 (asset).

Sensitivity of the net OPEB liability (asset) to changes in the discount rate. The following presents the net OPEB liability (asset) of the Plan as of June 30, 2022 and 2021 calculated using a discount rate that is one percentage point lower (5.65%) or one percentage point higher (7.65%) than the current rate.

	1% Decrease (5.65%)	Current Discount Rate (6.65%)	1% Increase (7.65%)
Net OPEB liability (asset)			
2022	$ 694,730	$ (129,465)	$ (813,784)
2021	2,606,431	1,827,622	1,175,655

Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rate. The following presents Fairmont State's proportionate share of the net OPEB liability (asset) as of June 30, 2022 and 2021 calculated using the healthcare cost trend rate, as well as what Fairmont State's net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB liability (asset)			
2022	$ (955,910)	$ (129,465)	$ 877,236
2021	1,099,695	1,827,622	2,706,807

10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

The June 30, 2022 net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2020, rolled forward to the measurement date of June 30, 2021. The June 30, 2021 net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2020, which is the measurement date.

At June 30, 2022, Fairmont State's proportionate share of the net OPEB liability (asset) was $(154,957). Of this amount, Fairmont State recognized $(129,465) as its proportionate share on the statement of net position. The remainder of $(25,492) denotes Fairmont State's proportionate share of net OPEB liability (asset) attributable to the special funding.

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

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to OPEB for each of the fiscal years ended June 30, 2021 and 2020. Employer contributions are recognized when due. At the June 30, 2021 measurement date, Fairmont State's proportion was 0.435404353%, an increase of 0.021626848% from its proportion of 0.413777505% calculated as of June 30, 2020. At the June 30, 2020 measurement date, Fairmont State's proportion was 0.413777505%, an increase of 0.029092192% from its proportion of 0.384685313% calculated as of June 30, 2019.

For the year ended June 30, 2022, Fairmont State recognized OPEB expense of $(3,121,333). Of this amount, $(3,002,812) was recognized as Fairmont State's proportionate share of OPEB expense and $(118,521) as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. Fairmont State also recognized revenue of $(118,521) for support provided by the State.

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

10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

At June 30, 2022, and 2021, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 891,829
Changes in proportion and differences between employer contributions and proportionate share of contributions	343,831	1,238,299
Net difference between projected and actual investment earnings	-	893,483
Changes in assumptions	-	2,739,564
Reallocation of opt-out employer change in proportionate share	-	56,323
Contributions after the measurement date	477,005	-
Total	$ 820,836	$ 5,819,498

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

10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Fairmont State will recognize the $477,005 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction (increase) of the net OPEB liability (asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30,	Amortization
2023	$ (2,811,728)
2024	(2,163,591)
2025	(243,342)
2026	(257,006)
	$ (5,475,667)

Payables to the OPEB Plan

Fairmont State had amounts payable for normal contributions to the OPEB plan of $23,628 and $0, respectively, as of June 30, 2022 and 2021.

11. STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

Fairmont State is a State institution of higher education and receives a State appropriation to finance its operations. In addition, it is subject to the legislative and administrative mandates of State government. Those mandates affect all aspects of Fairmont State’s operations, its tuition and fee structure, its personnel policies, and its administrative practices.

The State has chartered the Commission with the responsibility to construct or renovate, finance, and maintain various academic and other facilities of the State’s universities and colleges, including certain facilities of Fairmont State. Financing for these facilities was provided through revenue bonds issued by the former Board of Regents or the former Boards of University and College Systems (the Boards). These obligations administered by the Municipal Bond Commission are the direct and total responsibility of the Commission, as successor to the former Boards.

11. STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS (CONTINUED)

The Municipal Bond Commission has the authority to assess each public institution of higher education for payment of debt service on these system bonds. The tuition and registration fees of the members of the former State University System are generally pledged as collateral for the Commission's bond indebtedness. Student fees collected by the institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance including payment of institution debt. Although the bonds remain as a capital obligation of the Commission, an estimate of the obligation of each institution is reported as a long-term payable by each institution and as a receivable by the Commission. During 2021, Fairmont State reduced its debt to the Commission against the debt obligation by $134,132. Per the Final Separation Agreement signed April 1, 2021 (Final Separation Agreement) between Fairmont State and Pierpont, Pierpont assumed the remaining portion of the total debt obligation to the Commission that was previously shared with Fairmont State. This resulted in a decrease to Fairmont State's liability at June 30, 2021 of $955,431. The amount due to Commission at June 30, 2021 was $0.

12. NET POSITION

Fairmont State's net position at June 30, 2022 and 2021 includes certain designated net position, as follows:

	2022		
	Net Position Before Net OPEB Liability (Asset)	**Net OPEB Liability (Asset)**	**Total Net Position**
Net investment in capital assets	$ 73,659,135	$ -	$ 73,659,135
Restricted for - expendable:			
Capital projects	6,684,290	-	6,684,290
Debt service	15,005,049	-	15,005,049
Total restricted	21,689,339	-	21,689,339
Unrestricted:			
Designated for auxiliaries	6,497,913	(9,800)	6,507,713
Designated for fund managers	4,766,695	-	4,766,695
Undesignated	15,715,746	(119,665)	15,835,411
Total unrestricted	26,980,354	(129,465)	27,109,819
Total net position	$ 122,328,828	$ (129,465)	$ 122,458,293

12. NET POSITION (CONTINUED)

	(Restated) 2021		
	Net Position Before Net OPEB Liability (Asset)	Net OPEB Liability (Asset)	Total Net Position
Net investment in capital assets	$ 74,645,333	$ -	$ 74,645,333
Restricted for - expendable:			
Capital projects	4,946,739	-	4,946,739
Debt service	16,308,816	-	16,308,816
Total restricted	21,255,555	-	21,255,555
Unrestricted:			
Designated for auxiliaries	6,055,533	138,352	5,917,181
Designated for fund managers	4,282,669	-	4,282,669
Undesignated	12,511,011	1,689,270	10,821,741
Total unrestricted	22,849,213	1,827,622	21,021,591
Total net position	$ 118,750,101	$ 1,827,622	$ 116,922,479

13. RETIREMENT PLANS

Substantially all full-time employees of Fairmont State participate in either the West Virginia Teachers' Retirement System (STRS) or the Teachers' Insurance and Annuities Association - College Retirement Equities Fund (TIAA-CREF). Previously, upon full-time employment, all employees were required to make an irrevocable selection between the STRS and TIAA-CREF. Effective July 1, 1991, the STRS was closed to new participants. Current participants in the STRS are permitted to make a one-time election to cease their participation in that plan and commence contributions to the West Virginia Teachers' Defined Contribution Plan. Contributions to and participation in the West Virginia Teachers' Defined Contribution Plan by Fairmont State employees have not been significant to date.

Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF. These employees had an option to switch to the Educators Money 401(a) basic retirement plan (Educators Money) plan through June 30, 2020. New hires had the choice of either plan through June 30, 2020. Beginning in fiscal year 2021, Educators Money is no longer offered.

DEFINED BENEFIT PENSION PLAN

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

13. RETIREMENT PLANS (CONTINUED)

As related to the implementation of GASB 68, following are Fairmont State's net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, revenues, and the pension expense and expenditures for the fiscal years ended June 30, 2022 and 2021:

STRS	2022	2021
Net pension liability	$ 135,727	$ 444,232
Deferred outflows of resources	50,762	81,007
Deferred inflows of resources	356,701	244,040
Revenues	(5,167)	101,255
Pension expense	(149,289)	3,946
Contributions made by Fairmont State	22,856	37,624

Plan Description

STRS is a multiple employer defined benefit cost-sharing public employee retirement system providing retirement benefits as well as death and disability benefits. It covers all full-time employees of the 55 county public school systems in the State of West Virginia (the State) and certain personnel of the 13 State-supported institutions of higher education, State Department of Education, and the Higher Education Policy Commission hired prior to July 1, 1991. Employees of the State-supported institutions of higher education and the Higher Education Policy Commission hired after June 30, 1991 are required to participate in the Higher Education Retirement System. STRS closed membership to new hires effective July 1, 1991. However, effective July 1, 2005, all new employees hired for the first time are required to participate in STRS.

STRS is considered a component unit of the State of West Virginia for financial reporting purposes, and, as such, its financial report is also included in the State of West Virginia's Comprehensive Annual Financial Report. STRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained from the STRS website at https://www.wvretirement.com/Publications.html#AnnualReport.

Benefits Provided

STRS provides retirement, death, and disability benefits. A member is eligible for normal retirement at age 60 with five years of service, age 55 with 30 years of service or any age with 35 years of service. A member may retire with 30 years of credited service at any age with the pension reduced actuarially if the member retires before age 55. Terminated members with at least five, but less than 20, years of credited service who do not withdraw their accumulated contributions are entitled to a deferred retirement commencing at age 62. Retirement benefits are equivalent to 2% of average annual salary multiplied by years of service. Average salary is the average of the five highest fiscal years of earnings during the last 15 fiscal years of earnings. Chapter 18, Article 7A of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan, including contribution rates, to the State Legislature.

13. RETIREMENT PLANS (CONTINUED)

Contributions

The funding objective of the CPRB pension trust funds is to meet long-term benefit requirements through contributions, which remain relatively level as a percent of member payroll over time, and through investment earnings. A member who withdraws from service for any cause other than death or retirement may request that the accumulated employee contributions plus interest be refunded.

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

Employer Contributions: The State (including institutions of higher education) contributes:

- 15% of gross salary of their State-employed members hired prior to July 1, 1991;
- 7.5% of the gross salary of their TRS covered employees hired for the first time after July 1, 2005 and for those TDCRS members who elected to transfer to TRS effective July 1, 2008;
- a certain percentage of fire insurance premiums paid by State residents; and
- under WV State code section 18-9-A-6a, an amount determined by the State Actuary as being needed to eliminate the STRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2022 and 2021, Fairmont State's proportionate share attributable to this special funding subsidy was $(5,167) and $101,255, respectively.

Fairmont State's contributions to STRS for the years ended June 30, 2022, 2021, and 2020, were $22,856, $37,624, and $57,411, respectively.

Assumptions

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2020 and 2019 and rolled forward to June 30, 2021 and 2020, respectively. The following actuarial assumptions were used and applied to the current period 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, 1994 through fiscal year 2034.
- Investment rate of return: 7.25%, net of pension plan administrative and investment expenses.
- Projected salary increases: Teachers 2.75-5.90% and non-teachers 2.75-6.50%, based on age.
- Inflation rate: 2.75%.
- Discount rate: 7.25%.
- Mortality rates based on Pub-2010 Mortality Tables.
- Withdrawal rates: State 7.00-35.00% and nonstate 2.30-18.00%.
- Disability rates: 0.004-0.563%.

13. RETIREMENT PLANS (CONTINUED)

- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Retirement rates: 15.00-100.00%.
- Ad hoc cost-of-living increases in pensions are periodically granted by the Legislature. However, the retirement system makes no automatic provision for such increases.

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

The long-term expected rate of return on pension plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term geometric real rates of return for each major asset class included in TRS' target asset allocation as of June 30, 2021 and 2020, are summarized below.

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

Discount rate. The discount rate used to measure the total STRS pension liability was 7.25% and 7.50% for fiscal years 2022 and 2021, respectively. 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, STRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on STRS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

13. RETIREMENT PLANS (CONTINUED)

Sensitivity of the net pension liability to changes in the discount rate. The following presents Fairmont State's proportionate share of the STRS net pension liability as of June 30, 2022 and 2021 calculated using the discount rate of 7.25% (7.50% in 2021), as well as what Fairmont State's STRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25% in 2022; 6.50% in 2021) or one percentage point higher (8.25% in 2022; 8.50% in 2021) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability			
2022	$ 239,840	$ 135,727	$ 47,258
2021	600,120	444,232	311,405

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

The June 30, 2022 STRS net pension liability was measured as of June 30, 2021, and the total pension liability was determined by an actuarial valuation as of July 1, 2020, rolled forward to the measurement date of June 30, 2021. The June 30, 2021 STRS net pension liability was measured as of June 30, 2020, and the total pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to the measurement date of June 30, 2020.

At June 30, 2022, Fairmont State's proportionate share of the STRS net pension liability was $439,199. Of this amount, Fairmont State recognized $135,727 as its proportionate share on the statement of net position. The remainder of $303,472 denotes Fairmont State's proportionate share of net pension liability attributable to the special funding.

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

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to STRS for each of the fiscal years ended June 30, 2021 and 2020. Employer contributions are recognized when due. At the June 30, 2021 measurement date, Fairmont State's proportion was 0.008685%, a decrease of 0.005107% from its proportion of 0.013792% calculated as of June 30, 2020. At the June 30, 2020 measurement date, Fairmont State's proportion was 0.013792%, a decrease of 0.000577% from its proportion of 0.014369% calculated as of June 30, 2019.

13. RETIREMENT PLANS (CONTINUED)

For the year ended June 30, 2022, Fairmont State recognized STRS pension expense of $(149,289). Of this amount, $(144,122) was recognized as Fairmont State's proportionate share of the STRS expense and $(5,167) as the amount of pension expense attributable to special funding from a non-employer contributing entity. Fairmont State also recognized revenue of $(5,167) for support provided by the State.

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

At June 30, 2022 and 2021, deferred outflows of resources and deferred inflows of resources related to the STRS pension are as follows.

June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 11,057	$ 3,974
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	244,251
Net difference between projected and actual investment earnings	-	108,476
Changes in assumptions	16,849	-
Contributions after the measurement date	22,856	-
Total	$ 50,762	$ 356,701

13. RETIREMENT PLANS (CONTINUED)

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

Fairmont State will recognize the $22,856 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the STRS net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in STRS pension expense as follows:

Fiscal Year Ended June 30,	Amortization
2023	$ (118,398)
2024	(94,228)
2025	(53,410)
2026	(62,759)
	$ (328,795)

Payables to the Pension Plan

Fairmont State did not report any amounts payable for normal contributions to the STRS as of June 30, 2022 and 2021.

DEFINED CONTRIBUTION BENEFIT PLANS

The TIAA-CREF and Educators Money are defined contribution benefit plans in which benefits are based solely upon amounts contributed, plus investment earnings. Employees who elect to participate in these plans are required to make a contribution equal to 6% of total annual compensation for the years ended June 30, 2022, 2021, and 2020. Fairmont State matches the employees' 6% contribution. Contributions are immediately and fully vested. In addition, employees may elect to make additional contributions to TIAA-CREF and Educators Money, which are not matched by Fairmont State. Beginning in fiscal year 2021, Educators Money was no longer offered to employees.

13. RETIREMENT PLANS (CONTINUED)

Total contributions to the TIAA-CREF for the years ended June 30, 2022, 2021, and 2020, were $2,812,610, $2,851,650, and $2,759,746, respectively, which consisted of equal contributions from Fairmont State and covered employees of $1,406,305, $1,425,825, and $1,379,873, respectively.

Total contributions to Educators Money for the years ended June 30, 2022, 2021, and 2020, were $0, $0, and $43,978, respectively, which consisted of equal contributions from Fairmont State and covered employees of $0, $0, and $21,989, respectively.

Fairmont State's total payroll for the year ended June 30, 2022, was $27,204,740, and total covered employees' salaries in the Educators Money, STRS, and TIAA-CREF were $0, $152,372, and $23,438,418, respectively.

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

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

14. FAIRMONT STATE FOUNDATION, INC.

The Foundation is a separate nonprofit organization incorporated in the State whose purpose is to benefit the work and services of Fairmont State and its affiliated nonprofit organizations. In carrying out its responsibilities, the board of directors of the Foundation employs management, forms policy, and maintains fiscal accountability over funds administered by the Foundation. Although Fairmont State does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of Fairmont State by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, Fairmont State, the Foundation is considered a component unit of Fairmont State and is discretely presented with Fairmont State's financial statements in accordance with GASB.

Total funds expended by the Foundation in support of Fairmont State activities totaled $3,028,557 and $2,754,605 during 2021 and 2020, respectively.

15. AFFILIATED ORGANIZATIONS AND OTHER STATE AGENCIES

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

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

	2022	2021
Due from:		
Adjutant General	$ -	$ 1,643
Division of Rehabilitation	-	3,716
	$ -	$ 5,359
Due to:		
WVNET	$ 93,288	$ -
Department of Administration	-	57
State Attorney General	555	375
State Treasurer's Office	3,021	5,546
HEPC	13,204	26,191
West Virginia School of Osteopathic Medicine	-	3,000
Division of Motor Vehicles	-	175
RHBT	23,628	-
PEIA	1,690	-
	$ 135,386	$ 35,344

16. RELATED-PARTY TRANSACTIONS

During fiscal years 2022 and 2021, Fairmont State and Pierpont entered into a fee for service agreement that establishes the amount Pierpont will pay Fairmont State toward the costs of operation for shared ownership campuses. While Fairmont State and Pierpont continue to share a campus, Fairmont State will continue to provide physical plant administration and related services, liability insurance coverage, and limited network services to Pierpont. For fiscal year 2021, Pierpont paid Fairmont State $1,173,778 under the fee for service agreement. For fiscal year 2022, Pierpont paid Fairmont State $650,000 under the fee for service agreement in accordance with the Final Separation Agreement. For fiscal year 2023, Pierpont's Aviation program will continue at Fairmont State's National Aerospace Education Center, and the fee for service agreement will require Pierpont to pay Fairmont State $450,000.

16. RELATED-PARTY TRANSACTIONS (CONTINUED)

Fiscal year 2022 and 2021 transfers associated with the fee for service agreement are as follows:

	2022	2021
Revenues:		
Auxiliary support service revenue	$ -	$ 405,549
Operating costs revenue	650,000	1,173,778
E&G capital and debt service support revenue	-	319,081
Expenses:		
Assessment for E&G capital and debt service costs	-	349,177

Fairmont State does not show any expense for auxiliary support services due to its ownership of the auxiliaries. Due to the Final Separation Agreement executed in fiscal year 2021, only revenues related to the fee for service agreement remain during fiscal year 2022.

17. FINAL SEPARATION AGREEMENT

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

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

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

Fairmont State shall be responsible for submitting debt service payments on the Series 2012 Bonds and paying the costs of operating, maintaining, and repairing the facilities refinanced with the Series 2012 Bonds. Fairmont State agreed to refund the Series 2012 Bonds provided that a debt service savings was achieved by carrying out such refunding. See additional information in note 8.

17. FINAL SEPARATION AGREEMENT (CONTINUED)

In addition to the full and final separation of BOG Support assets and liabilities, it was determined that Pierpont shall pay Fairmont State a total of $16,300,000 through 2032 for a portion of the debt service on the 2012 Bonded Indebtedness (now the Series 2021 Bonds after refunding of the Series 2012 Bonds). Pierpont paid Fairmont State $1,300,000 in fiscal year 2022. For fiscal years 2023 through 2032, Pierpont shall pay Fairmont State $1,500,000 per year. As of June 30, 2022 and 2021, the amount due from Pierpont is $15,000,000 and $16,300,000, respectively.

Fairmont State received a special appropriation of State funds through the West Virginia Legislature for fiscal year 2022 in the amount of $500,000. This special appropriation was received by the West Virginia Council for Community and Technical College Education (the Council) and remitted to Fairmont State during fiscal year 2022.

As a result of the Final Separation Agreement, Fairmont State recognized a gain on final separation from Pierpont of $27,872,673 during fiscal year 2021. The following table summarizes the components of the gain on final separation for the year ended June 30, 2021:

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

18. CONTINGENCIES

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

Under the terms of federal grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Fairmont State's management believes disallowances, if any, will not have a significant financial impact on Fairmont State's financial position.

The Internal Revenue Code of 1986 establishes rules and regulations for arbitrage rebates. There are no arbitrage rebate liabilities that have been recorded in the financial statements as of June 30, 2022 and 2021, respectively.

18. CONTINGENCIES (CONTINUED)

Fairmont State owns various buildings that are known to contain asbestos. Fairmont State is not required by federal, state, or local laws to remove the asbestos from its buildings. Fairmont State is required by federal environmental, health, and safety regulations to manage the presence of asbestos in its buildings in a safe condition. Fairmont State addresses its responsibility to manage the presence of asbestos in its buildings on a case-by-case basis. Significant problems of dangerous asbestos conditions are abated as the conditions become known. Fairmont State also addresses the presence of asbestos as building renovation or demolition projects are undertaken and through asbestos operation and maintenance programs directed at containing, managing, or operating with the asbestos in a safe condition.

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

19. SERVICE CONCESSION AGREEMENTS

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

19. SERVICE CONCESSION AGREEMENTS (CONTINUED)

In the agreement with Aladdin that was effective on July 1, 2018, Fairmont State granted to Aladdin the exclusive right to provide food products and nonalcoholic beverages at its food service facilities. Aladdin provides food service in the Falcon Center, Chick-fil-A, Chilaca, Starbucks, Conference Center, Coffee Shop, Cafeteria, concessions, soda, snack, and food vending at mutually agreed-upon locations for Fairmont State. Aladdin operates the food service operation under a contract fee agreement. Aladdin is paid a fixed administrative fee that increases 5% per year. Aladdin provides vendor contract revenues to Fairmont State based on contractual agreement. The vendor contract revenues from Aladdin in fiscal years 2022 and 2021 were $357,847 and $442,337, respectively. As part of the agreement, Aladdin agreed to pay for certain improvements to the food service facilities on behalf of Fairmont State. Fairmont State reports the improvements as a capital asset with a cost of $2,207,865. The net book value of the improvements is $2,046,342 and $2,103,184 at June 30, 2022 and 2021, respectively. Fairmont State reports unearned revenue in the amount of $1,407,865 and $1,607,865 at June 30, 2022 and 2021, respectively. According to the terms of the agreement, the related revenue will be earned over a period of ten years. In the event the agreement is terminated early, Fairmont State will require the incoming food service operator to pay Aladdin any remaining balance of the donation or Fairmont State will assume responsibility for repayment. Aladdin also provides $100,000 annually to Fairmont State during the term of the agreement for student scholarships.

The bookstore operating agreement was entered into on April 14, 2011 between Fairmont State and Follett. The agreement is for Follett to operate a bookstore for Fairmont State. The contract is for a period of 10 years and may be renewed if both parties agree. Fairmont State will cover the cost of store remodeling as required by Follett in order to properly operate and prepare store premises for business up to $50,000 over the term of the agreement. Follett pays commission to Fairmont State based on the contractual agreement. Follett provided vendor contract revenues to Fairmont State in fiscal year 2022 and 2021 in the amount of $128,010 and $121,911, respectively. In addition to the commission, Follett pays rent of $60,000 per year in monthly installments for rental of the space in the Falcon Center. Follett also provides $15,000 annually to Fairmont State during the term of the agreement for student scholarships.

20. COMPONENT UNIT DISCLOSURES

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

FAIRMONT STATE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

1. Organization and nature of activities:

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

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

2. Summary of significant accounting policies:

A. Basis of accounting:

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

B. Cash equivalents:

For purposes of the Statements of Cash Flows, the Foundation considers all liquid investments having initial maturities of three (3) months or less to be cash equivalents.

C. Investments:

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

D. Property and equipment:

The Foundation capitalizes all expenditures for property and equipment in excess of $500. Property and equipment is carried at cost or, if donated, at the approximate value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of five to forty years. Depreciation expense was $7,905 and $7,782 for the years ended June 30, 2022 and 2021, respectively.

2. Summary of significant accounting policies (Continued):

E. Net assets:

The Foundation presents its net assets and all balances and transactions based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Foundation. These net assets may be used at the discretion of the Foundation's management and Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

F. Support and revenue:

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

Unconditional promises to give are reported at net realizable value if, at the time the promise is made, payment is expected to be received in one year or less. Unconditional promises for the support of future operations, programs, and activities are recorded at the present value of the estimated future cash flows. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity.

2. Summary of significant accounting policies (Continued):

G. Functional expense and cost allocation:

The costs of providing program and other activities have been listed on a function basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among program, management and general, and fundraising expenses. The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and wages	Time and effort
Employee benefits	Time and effort
Payroll taxes	Time and effort
Copying and printing	Time and effort
Dues and subscriptions	Time and effort
Insurance	Time and effort
Meetings	Time and effort
Merchant fees	Time and effort
Miscellaneous	Time and effort
Office supplies	Time and effort
Occupancy	Time and effort
Software maintenance	Time and effort
Telephone and internet	Time and effort
Training and education	Time and effort
Travel	Time and effort
Depreciation	Square footage and usage

H. Beneficial interest in perpetual trusts:

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

I. Income tax status:

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

2. Summary of significant accounting policies (Continued):

I. Income tax status (Continued):

All required federal information returns for the Foundation have been filed up to and including the tax year ended June 30, 2021. The Foundation's federal information returns for the tax years ended June 30, 2019, 2020 and 2021, remain subject to examination by the Internal Revenue Service.

J. Retirement plan:

The Foundation has a 401(k) Plan covering substantially all employees. Retirement plan expense was $10,959 and $19,874 for the years ended June 30, 2022 and 2021, respectively.

K. Estimates:

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

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

Donated assets or use of assets are reflected as contributions in the accompanying statements at their estimated fair value at date of receipt or over the period of use. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Volunteers have donated significant amounts of time for the Foundation's programs that are not recognized as contributions in the financial statements since the recognition criteria were not met, with the exception of services received during the year ended June 30, 2022 with a fair value of $75,000 that did meet the recognition criteria.

M. Endowment funds:

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

2. Summary of significant accounting policies (Continued):

N. Advertising:

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

O. Accounting for uncertain tax positions:

The Foundation has adopted the provisions of Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, relating to unrecognized tax benefits. This standard requires an entity to recognize a liability for tax positions when there is a 50% or greater likelihood that the position will not be sustained upon examination. The Foundation is liable for taxes to the extent of any unrelated business income as defined by IRS regulations. The Foundation believes that it has not engaged in any unrelated business income as defined by IRS regulations and that it is more likely than not that this position would be sustained upon examination. As such, there were no liabilities recorded for uncertain tax positions as of June 30, 2022 and 2021.

P. Recently issued accounting pronouncements:

Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The new guidance will require all leases to be recorded as assets and liabilities on the state of financial position. This update would require capitalization of the “right-of-use” asset and recognition of an obligation for future lease payments for most leases currently classified as operating leases. Other leases currently classified as capital leases will be referred to as financing leases and will continue to be recorded as assets and liabilities in a similar manner. In June 2020, the FASB issued ASU No. 2020-05 which defers the effective date one year making it effective for annual reporting periods beginning after December 15, 2021, with early adoption permitted. The provisions of this ASU are to be applied using the modified retrospective approach. The Foundation is currently evaluating the impact this standard will have on its financial statements.

Contributed Nonfinancial Assets

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. In addition to enhanced disclosures for contributed nonfinancial assets, this ASU requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021.

3. Liquidity and availability:

Financial assets available for general expenditure, that is, without donor restrictions limiting their use within one year of the Statements of Financial Position date, comprise the following:

	2022	2021
Cash and cash equivalents	$ 1,418,310	$ 1,016,074
Unconditional promises to give	1,373,070	1,913,209
Investments	31,828,083	36,766,798
Beneficial interest in perpetual trusts	3,120,594	3,573,219
	37,740,057	43,269,300
Less financial assets held to meet donor-imposed restrictions:		
Donor-restricted net assets (Note 11)	(30,984,649)	(34,706,695)
Beneficial interests in perpetual trusts	(3,120,594)	(3,573,219)
Less financial assets not available within one year:		
Unconditional promises to give	(821,567)	(1,209,503)
Amount available for general expenditures within one year	$ 2,813,247	$ 3,779,883

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

As part of the Foundation's liquidity management plan, cash in excess of daily requirements is invested in money market funds, short-term investments, and long-term investments.

4. Concentrations of credit risk:

The Foundation's investments consist primarily of financial instruments including cash equivalents, equity securities, fixed income securities, certificates of deposit, and money market funds. These financial instruments may subject the Foundation to concentrations of credit risk as, from time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC). In addition, the market value of securities is dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values. Certain receivables also subject the Foundation to concentrations of credit risk. Management believes that risk with respect to these balances is minimal, due to the high credit quality of the institutions used.

The Foundation maintains cash balances at local financial institutions. Accounts at the institutions are insured by the FDIC. The Foundation's cash deposits exceeded the FDIC limits at various times during the fiscal year ended June 30, 2022. The amounts on deposit at June 30, 2022 exceeded the federally insured limit by $562,215.

FAIRMONT STATE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

5. Unconditional promises to give:

Unconditional promises to give at June 30, 2022 and 2021 consist of the following:

	2022	2021
Receivable in less than one year	$ 551,503	$ 703,706
Receivable in one to five years	874,203	1,229,039
Receivable in six to ten years	1,000	2,000
Total unconditional promises to give	1,426,706	1,934,745
Less discounts to net present value	(43,407)	(11,307)
Less allowance for uncollectible receivables	(10,229)	(10,229)
Net unconditional promises to give	1,373,070	1,913,209
Less current portion	(551,503)	(703,706)
Long-term portion	$ 821,567	$ 1,209,503

When estimating the fair value of unconditional promises to give, management considers promises of $100,000 or more individually. The relationship with the donor, the donor's past history of making timely payments, and the donor's overall creditworthiness are considered and incorporated into a fair value measurement computed using present value techniques. Unconditional promises to give less than $100,000 are measured in the aggregate using present value techniques that consider historical trends of collection, the type of donor, general economic conditions in the geographic area in which the majority of the Foundation's donors live, the Foundation's policies concerning enforcement of promises to give, and market interest rate assumptions. The average discount rates used on promises to give less than $100,000 that are expected to be collected in more than one year was 2.95% and 0.58% at June 30, 2022 and 2021, respectively. The interest element resulting from amortization of the discount for the time value of money, computed using the effective interest rate method, is reported as contribution revenue.

FAIRMONT STATE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

6. Investments:

Investments are carried at market value at June 30, 2022 as follows:

Securities	Cost	Fair Value	Unrealized Gain (Loss)
Investments – Truist Bank Holdings			
Cash equivalents	$ 625,524	$ 625,524	$ -
Mutual funds	18,749,507	17,021,908	(1,727,599)
Bond mutual funds	5,170,923	4,724,157	(446,766)
Corporate bonds	400,324	397,471	(2,853)
Government bonds	1,038,404	1,033,675	(4,729)
Private equity and alternatives	4,254,351	4,203,736	(50,615)
Total Investments – Truist Bank Holdings	30,239,033	28,006,471	(2,232,562)
Investments – Gift Annuities			
Cash equivalents	576	576	-
Mutual funds	23,429	20,000	(3,429)
Bond mutual funds	8,348	7,806	(542)
Private equity and alternatives	2,397	2,289	(108)
Total Investments – Gift Annuities	34,750	30,671	(4,079)
Investments – Other (Pioneer)			
Mutual funds	706,313	645,271	(61,042)
Investments – Other (Business)			
Cash equivalents	43,487	43,487	-
Mutual funds	2,499,088	2,729,279	230,191
Municipal bonds	60,498	59,605	(893)
Corporate bonds	20,348	27,260	6,912
Total Investments – Other (Business)	2,623,421	2,859,631	236,210
Investments – Other (Student Fund)			
Cash equivalents	22,230	22,230	-
Mutual funds	19,617	21,209	1,592
Stocks	64,647	73,822	9,175
Total Investments – Other (Student Fund)	106,494	117,261	10,767
Investments – Other			
Cash equivalents	4,213	4,213	-
Mutual funds	188,924	164,565	(24,359)
Total Investments – Other	193,137	168,778	(24,359)
Total Investments	$ 33,903,148	$ 31,828,083	$ (2,075,065)

FAIRMONT STATE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

6. Investments (Continued):

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

Securities	Cost	Fair Value	Unrealized Gain (Loss)
Investments – Truist Bank Holdings			
Cash equivalents	$ 819,604	$ 819,604	$ -
Mutual funds	17,697,911	20,251,545	2,553,634
Bond mutual funds	9,258,641	9,258,929	288
Corporate bonds	-	-	-
Government bonds	-	-	-
Private equity and alternatives	1,898,531	1,968,312	69,781
Total Investments – Truist Bank Holdings	29,674,687	32,298,390	2,623,703
Investments – Gift Annuities			
Cash equivalents	1,175	1,175	-
Mutual funds	117,361	124,300	6,939
Bond mutual funds	36,110	36,692	582
Private equity and alternatives	8,600	8,681	81
Total Investments – Gift Annuities	163,246	170,848	7,602
Investments – Other (Pioneer)			
Mutual funds	704,168	704,741	573
Investments – Other (Business)			
Cash equivalents	27,705	27,705	-
Mutual funds	2,741,448	3,118,243	376,795
Municipal bonds	76,853	89,839	12,986
Corporate bonds	20,348	30,919	10,571
Total Investments – Other (Business)	2,866,354	3,266,706	400,352
Investments – Other (Student Fund)			
Cash equivalents	7,765	7,765	-
Mutual funds	19,617	25,876	6,259
Stocks	72,061	105,692	33,631
Total Investments – Other (Student Fund)	99,443	139,333	39,890
Investments – Other			
Cash equivalents	4,213	4,213	-
Mutual funds	224,638	182,567	(42,071)
Total Investments – Other	228,851	186,780	(42,071)
Total Investments	$33,736,749	$36,766,798	$ 3,030,049

FAIRMONT STATE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

6. Investments (Continued):

The following schedule summarizes the investment income and its classification in the Statements of Activities for the years ended June 30, 2022 and 2021.

June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Interest	$ 4,834	$ -	$ 4,834
Dividends	103,698	475,167	578,865
Realized and unrealized gains (losses)	(300,315)	(4,854,910)	(5,155,225)
Proceeds from perpetual trusts	38,005	72,501	110,506
Investment fees	(6,052)	(62,108)	(68,160)
Total investment income	$ (159,830)	$ (4,369,350)	$ (4,529,180)

June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Interest	$ 6,211	$ 133	$ 6,344
Dividends	75,698	382,832	458,530
Realized and unrealized gains (losses)	23,462	6,442,829	6,466,291
Proceeds from perpetual trusts	35,457	56,582	92,039
Investment fees	(7,149)	(58,907)	(66,056)
Total investment income	$ 133,679	$ 6,823,469	$ 6,957,148

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

Credit Risk - It is the Foundation's policy to limit its investments in fixed-income securities to not less than investment grade. As of June 30, 2022 and 2021, the Foundation's investments in government bonds were rated AAA and investments in corporate bonds were rated from A1 to BAA1 by nationally recognized statistical rating organizations. The Foundation's mutual bond fund investments were of investment grade.

6. Investments (Continued):

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2022 and 2021, the Foundation's investments evidenced by securities were 100% insured by brokerage insurance and were not subject to custodial credit risk.

Commitments - The Foundation has committed $1,381,803 to Private Equity funds. The source of these funds will come from equities currently invested in the main Endowment fund.

7. Fair value measurements:

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

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

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis. There have been no changes in the methodologies used at June 30, 2022.

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

7. Fair value measurements (Continued):

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

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

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

Fair values of assets measured on a recurring basis at June 30, 2022 is as follows:

June 30, 2022	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Investments			
Mutual funds	$ 20,602,232	$ -	$ 20,602,232
Bond mutual funds	4,731,963	-	4,731,963
Stocks	73,822	-	73,822
Private equity and alternatives	-	4,206,025	4,206,025
Government bonds	-	1,033,675	1,033,675
Corporate bonds	-	424,731	424,731
Municipal bonds	-	59,605	59,605
Promises to give	-	1,373,070	1,373,070
Beneficial interest in perpetual trusts	-	3,120,594	3,120,594
Total	$ 25,408,017	$ 10,217,700	$ 35,625,717

FAIRMONT STATE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

7. Fair value measurements (Continued):

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

June 30, 2021	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Investments			
Mutual funds	$ 24,407,272	$ -	$ 24,407,272
Bond mutual funds	9,295,621	-	9,295,621
Stocks	105,692	-	105,692
Private equity and alternatives	-	1,976,993	1,976,993
Government bonds	-	-	-
Corporate bonds	-	30,919	30,919
Municipal bonds	-	89,839	89,839
Promises to give	-	1,913,209	1,913,209
Beneficial interest in perpetual trusts	-	3,573,219	3,573,219
Total	$ 33,808,585	$ 7,584,179	$ 41,392,764

8. Property and equipment, net:

A summary of property and equipment at June 30, 2022 and 2021 is as follows:

	2022	2021
Land	$ 68,000	$ 68,000
Buildings and improvements	272,000	272,000
Furniture and equipment	53,769	21,063
	393,769	361,063
Less accumulated depreciation	(47,310)	(41,810)
	$ 346,459	$ 319,253

9. Funds held in custody for other:

The Foundation holds $505,215 and $1,283,260 as of June 30, 2022 and 2021, respectively, for the benefit of Pierpont Foundation, Inc., another unrelated 501(c)(3) organization.

10. Charitable gift annuities:

The Foundation has entered into several charitable gift annuity agreements with a number of donors. These agreements require the Foundation to pay the donor a rate of return on his/her contribution until his/her death. The present value of the estimated future payments is computed by Truist Bank at the origination of the annuity. The present value of those estimated future payments is recorded in the restricted operating fund at June 30, 2022 and 2021, as follows:

	2022	2021
Lifetime annuities	$ 3,299	$ 5,631
Less current portion	(551)	(2,332)
Non-current portion	$ 2,748	$ 3,299

Expected future payments by year are as follows:

Fiscal year ending June 30,	Interest	Principal	Total Payments
2023	$ 1,191	$ 551	$ 1,742
2024	291	284	575
2025	291	284	575
2026-2030	1,457	1,417	2,874
2031-2035	641	763	1,404
	$ 3,871	$ 3,299	$ 7,170

11. Net assets:

Net assets without donor restrictions at June 30, 2022 and 2021 consist of the following:

	2022	2021
Without donor restrictions		
Undesignated	$ 2,997,118	$ 3,312,727
Board-designated endowment funds	440,488	696,793
	$ 3,437,606	$ 4,009,520

Net assets with donor restrictions at June 30, 2022 and 2021 consist of the following:

	2022	2021
With donor restrictions		
Various education purposes	$ 2,592,953	$ 2,580,033
Scholarships	1,356,578	1,191,080
Beneficial interest in perpetual trusts	3,120,594	3,573,219
Promises to give to endowed scholarship funds	547,307	731,296
For subsequent periods	26,487,811	30,204,286
	$ 34,105,243	$ 38,279,914

12. Endowment funds:

The Foundation's endowment consists of 235 individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

12. Endowment funds (Continued):

The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

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

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

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

June 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 26,967,262	$ 26,967,262
Board-designated endowment funds	440,488	1,036,097	1,476,585
	$ 440,488	$ 28,003,359	$ 28,443,847

FAIRMONT STATE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

12. Endowment funds (Continued):

June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 30,008,699	$ 30,008,699
Board-designated endowment funds	696,793	1,036,097	1,732,890
	$ 696,793	$ 31,044,796	$ 31,741,589

Changes in endowment net assets are as follows:

For Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 696,793	$ 31,044,796	$ 31,741,589
Contributions	-	2,055,875	2,055,875
Investment Income	(161,580)	(3,142,160)	(3,303,740)
Amounts appropriated for expenditure	(94,725)	(1,955,152)	(2,049,877)
Reclassifications	-	-	-
Endowment net assets, end of year	$ 440,488	$ 28,003,359	$ 28,443,847

For Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 388,408	$ 24,896,919	$ 25,285,327
Contributions	2,100	1,795,588	1,797,688
Investment Income	395,260	6,711,909	7,107,169
Amounts appropriated for expenditure	(87,142)	(2,361,453)	(2,448,595)
Reclassifications	(1,833)	1,833	-
Endowment net assets, end of year	$ 696,793	$ 31,044,796	$ 31,741,589

13. Conditional promise to give:

In the normal course of operations, the Foundation has been notified as being designated to receive various deferred gifts from alumni and friends in support of the University that are not recorded in the financial statements because of their contingent nature. The Foundation facilitates tracking deferred gifts through the use of memorandums of understanding (MOU) and other documentation detailing the donor's intent and stipulations for administration of gifts such as bequests. The balance of these gifts at June 30, 2022 and 2021 totaled $3,155,615. All of the gifts are to be received at the death of the donor.

14. Related party transactions:

Although independently governed, the Foundation raised and managed funds that benefited Pierpont Community and Technical College (PCTC) for the fiscal year ended June 30, 2021. Effective July 1, 2013, by agreement, the Foundation ceased soliciting on behalf of PCTC, but continued to manage their funds. Effective September 30, 2021 the MOU agreement with PCTC terminated. PCTC paid the Foundation $2,000 and $12,000 for these services during the years ended June 30, 2022 and 2021, respectively.

15. Reclassifications:

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

16. Subsequent events:

The Foundation has evaluated all subsequent events through September 29, 2022, the date the financial statements were available to be issued.

21. SEGMENT INFORMATION

Under the auspices of the State and the Board of Governors of Fairmont State (formerly Fairmont State College), Fairmont State issued revenue bonds to finance certain of its auxiliary enterprise and facilities improvement activities. Investors in the auxiliary bonds rely solely on the revenues generated by the activities of the auxiliaries for repayment. The Board of Governors of Fairmont State recognizes that it is bound by all bond covenants and is legally obligated for the bond debt payments. The facilities improvement bonds are special obligations of Fairmont State and payable from system fees held under the Indenture. Although Pierpont is no longer bound through the bond indenture to provide pledged revenues through direct student fees, the Final Separation Agreement obligates Pierpont to make payments to Fairmont State that Fairmont State will use to support the debt service. See note 17 for more details.

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

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

On June 12, 2012, Fairmont State, in conjunction with Pierpont, issued Revenue Refunding Bonds Series A and Revenue Refunding Bonds Series B (the 2012 Bonds) amounting to $20,165,000 and $30,160,000, respectively. The 2012A Bonds were issued to (1) currently refund in full the outstanding 2002A and 2002B Bonds and (2) pay the costs of issuance of the Series 2012A Bonds and related costs. The 2012B Bonds were issued to (1) advance refund in full the outstanding 2003A and 2003B Bonds and (2) pay the costs of issuance of the Series 2012B Bonds and related costs. Fairmont State refunded these bonds during fiscal year 2022.

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

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

The 2006 Bonds outstanding are $2,152,063 at June 30, 2022. The 2006 Bonds incurred interest at the rate of 4.18% until (but not including) May 1, 2016. On May 1, 2016, the interest rate on the 2006 Bonds automatically adjusted to the reset rate of 1.74% and shall bear the reset rate from May 1, 2016 to maturity. In accordance with the Final Separation Agreement, Fairmont State accepted full legal and sole financial responsibility for the 2006 Bonds outstanding at June 30, 2021.

21. SEGMENT INFORMATION (CONTINUED)

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

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

The 2015A Bonds outstanding consist of $6,845,000 serial bonds with varying interest rates from 3.00% to 5.00%, which mature serially through June 1, 2030, and term bonds as follows:

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

d. Revenue Refunding Bonds 2021, Series A

On July 27, 2021, Fairmont State issued Revenue Bonds Series A (the 2021 Bonds) amounting to $26,305,000. The 2021 Series A Bonds were issued to (1) currently refund in full the outstanding 2012A and 2012B Bonds and (2) pay the costs of issuance of the 2021 Series A Bonds and related costs.

The 2021A Bonds outstanding consist of $24,270,000 serial bonds with interest rates of 5.00%, which mature serially through June 1, 2032.

Fairmont State has fixed, and will maintain, just and equitable rules, regulations, rents, charges, and fees for the use and occupancy of apartments, housing, and parking facilities, and the student activities center. Fairmont State must fix rents, charges, and fees to produce revenues from these sufficient to pay operating expenses and to make the prescribed payments into the funds and accounts created under the Indenture, and such schedule of rents, charges, and fees shall be revised from time to time to provide for all reasonable operating expenses and provide gross operating revenues equal to at least 100% of maximum annual debt service for the 2015 and 2021 Bonds combined. For the year ended June 30, 2022, Fairmont State had gross revenues that approximated 190% of the maximum annual debt service of the 2015 and 2021 Bonds of $4,875,856. For the year ended June 30, 2021, Fairmont State had gross revenues that approximated 173% of the maximum annual debt service of the 2012A, 2012B, and 2015 Bonds of $5,389,074.

21. SEGMENT INFORMATION (CONTINUED)

Fairmont State has pledged all university fees as defined in the Indenture. University fees are the amounts remaining from the system fees after Fairmont State has fulfilled their debt obligations of the Series 2006 bonds. All remaining university fees are allocated for the repair and replacement of the facilities financed with the system bonds.

Condensed financial information for each of Fairmont State's segments as of and for the years ended June 30, 2022 and 2021 follows:

FAIRMONT STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021
21. SEGMENT INFORMATION (CONTINUED)

	2022	
	Facilities Improvement Bonds 2006, As of/Year Ended June 30, 2022	**Housing Construction Bonds 2015 and Revenue Refunding Bonds 2021 As of/Year Ended June 30, 2022**
CONDENSED SCHEDULE OF NET POSITION		
Assets:		
Current assets	$ 2,624	$ 26,747,428
Noncurrent and capital assets	5,190,439	70,426,932
Total assets	5,193,063	97,174,360
Deferred outflows of resources	-	-
Liabilities:		
Current liabilities	530,357	3,868,992
Noncurrent liabilities	1,627,947	53,325,387
Total liabilities	2,158,304	57,194,379
Deferred inflows of resources	-	119,218
Net position:		
Net investment in capital assets	3,034,759	13,618,371
Restricted/expendable	-	26,242,392
Total net position	$ 3,034,759	$ 39,860,763
CONDENSED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
Operating revenues	$ -	$ 7,974,189
Operating expenses	-	(4,650,800)
Operating income	-	3,323,389
Net nonoperating revenues (expenses)	512,188	(852,129)
Depreciation	(256,735)	(2,026,281)
Increase in net position	255,453	444,979
Net position — beginning of year	2,779,306	39,415,784
Net position — end of year	$ 3,034,759	$ 39,860,763
CONDENSED SCHEDULE OF CASH FLOWS		
Net cash provided by operating activities	$ 559,292	$ 5,374,495
Net cash used in capital and related financing activities	(559,292)	(5,184,144)
Net cash provided by investing activities	-	11,210
Increase in cash and cash equivalents	-	201,561
Cash and cash equivalents — beginning of year	-	10,226,568
Cash and cash equivalents — end of year	$ -	$ 10,428,129

Note 1: Pursuant to debt service requirements, the activities of the 2015 Series and 2021 Series Bonds have been combined for segment reporting.
Note 2: For purposes of the maximum annual debt service calculation, payments received from Pierpont in line with the Final Separation Agreement of $1,300,000 during fiscal year 2022 are added to operating revenues. This amount is not included in operating revenues noted above.

FAIRMONT STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021
21. SEGMENT INFORMATION (CONTINUED)

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

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

22. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

Operating expenses within both natural and functional classifications for the years ended June 30, 2022 and 2021, are represented as follows:

2022

	Salaries and Wages	Benefits	Supplies and Others	Utilities	Scholarships	Depreciation and Amortization	Loan Cancellations	Fees Assessed by the Commission	Function Total
Auxiliary enterprises	$ 3,070,230	$ 211,511	$ 2,727,861	$ 888,667	$ -	$ -	$ -	$ -	$ 6,898,269
Instruction	12,705,063	973,173	1,466,572	14,238	151,230	-	-	-	15,310,276
Research	30,642	2,717	83,159	-	-	-	-	-	116,518
Public service	395,642	65,749	362,969	-	-	-	-	-	824,360
Academic support	2,918,562	492,379	1,035,194	-	-	-	-	-	4,446,135
Student services	2,988,720	292,733	1,225,027	-	2,598	-	-	-	4,509,078
General institutional support	3,841,449	154,982	2,861,591	1,215	199,845	-	-	21,852	7,080,934
Student financial aid	132,802	30,793	-	-	10,382,787	-	-	-	10,546,382
Operation and maintenance	1,121,630	75,521	1,942,251	1,104,067	-	-	-	-	4,243,469
Depreciation and amortization	-	-	-	-	-	5,772,909	-	-	5,772,909
Loan cancellations and write-offs	-	-	-	-	-	-	512,827	-	512,827
TOTAL	$ 27,204,740	$ 2,299,558	$ 11,704,624	$ 2,008,187	$ 10,736,460	$ 5,772,909	$ 512,827	$ 21,852	$ 60,261,157

(Restated)
2021

	Salaries and Wages	Benefits	Supplies and Others	Utilities	Scholarships	Depreciation and Amortization	Loan Cancellations	Fees Assessed by the Commission	Function Total
Auxiliary enterprises	$ 3,024,730	$ 290,950	$ 2,347,538	$ 919,587	$ -	$ -	$ -	$ -	$ 6,582,805
Instruction	13,022,871	3,105,450	1,356,516	13,690	-	-	-	-	17,498,527
Research	53,714	1,943	14,903	-	-	-	-	-	70,560
Public service	304,343	83,659	379,269	-	-	-	-	-	767,271
Academic support	2,633,111	659,045	1,147,173	-	-	-	-	-	4,439,329
Student services	2,886,743	800,825	951,789	-	-	-	-	-	4,639,357
General institutional support	3,502,762	1,085,247	2,578,408	1,440	43,470	-	-	14,993	7,226,320
Student financial aid	101,973	25,690	-	-	7,172,087	-	-	-	7,299,750
Operation and maintenance	1,134,420	426,394	1,503,399	1,117,468	-	-	-	-	4,181,681
Depreciation and amortization	-	-	-	-	-	5,269,329	-	-	5,269,329
Loan cancellations and write-offs	-	-	-	-	-	-	273,087	-	273,087
TOTAL	$ 26,664,667	$ 6,479,203	$ 10,278,995	$ 2,052,185	$ 7,215,557	$ 5,269,329	$ 273,087	$ 14,993	$ 58,248,016

ADDITIONAL INFORMATION

FAIRMONT STATE UNIVERSITY

SCHEDULE OF NET POSITION INFORMATION
JUNE 30, 2022

ALL FUNDS	Board of Governors Support Fund	Auxiliary Funds	Unrestricted, Restricted, and Other Funds	Internal Fund Eliminations	Total Institution
ASSETS AND DEFERRED OUTFLOWS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 6,252,887	$ 10,228,385	$ 32,299,025	$ -	$ 48,780,297
Accounts receivable — net	3,492	95,686	1,681,517	(406,718)	1,373,977
Due from Pierpont — current portion	251,015	1,248,985	-	-	1,500,000
Inventories	-	-	92,104	-	92,104
Other current assets	-	-	52,398	-	52,398
Total current assets	6,507,394	11,573,056	34,125,044	(406,718)	51,798,776
NONCURRENT ASSETS:					
Cash and cash equivalents	155	2,013	-	-	2,168
Due from Pierpont	2,259,134	11,240,866	-	-	13,500,000
Other noncurrent assets	-	7,719	193,961	-	201,680
Net OPEB asset	-	9,800	119,665	-	129,465
Capital assets — net	52,606,337	75,393,890	5,115,421	-	133,115,648
Total noncurrent assets	54,865,626	86,654,288	5,429,047	-	146,948,961
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred outflows related to pensions	-	-	50,762	-	50,762
Deferred outflows related to OPEB	-	64,283	756,553	-	820,836
Total deferred outflows of resources	-	64,283	807,315	-	871,598
TOTAL	$ 61,373,020	$ 98,291,627	$ 40,361,406	$ (406,718)	$ 199,619,335
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION					
CURRENT LIABILITIES:					
Accounts payable	$ 49,372	$ 541,981	$ 756,410	$ (406,718)	$ 941,045
Accrued liabilities — payroll	-	252,937	3,710,991	-	3,963,928
Accrued interest payable	19,834	170,853	463	-	191,150
Unearned revenue and deposits	-	2,438,190	2,327,329	-	4,765,519
Compensated absences — current portion	-	82,720	969,930	-	1,052,650
Lease liability — current portion	-	101,070	94,247	-	195,317
Bonds payable — current portion	866,610	2,948,181	-	-	3,814,791
Total current liabilities	935,816	6,535,932	7,859,370	(406,718)	14,924,400
NONCURRENT LIABILITIES:					
Compensated absences	-	23,301	455,010	-	478,311
Lease liability	-	207,681	166,174	-	373,855
Bonds payable	5,305,786	49,647,547	-	-	54,953,333
Net pension liability	-	-	135,727	-	135,727
Total noncurrent liabilities	5,305,786	49,878,529	756,911	-	55,941,226
DEFERRED INFLOWS OF RESOURCES:					
Deferred inflows related to pensions	-	-	356,701	-	356,701
Deferred inflows related to OPEB	-	440,535	5,378,963	-	5,819,498
Deferred gain on refunding	76,254	31,485	11,478	-	119,217
Total deferred inflows of resources	76,254	472,020	5,747,142	-	6,295,416
NET POSITION:					
Net investment in capital assets	46,357,687	22,457,926	4,843,522	-	73,659,135
Restricted for — expendable:					
Capital projects	6,184,290	-	500,000	-	6,684,290
Debt service	2,513,187	12,491,862	-	-	15,005,049
Total restricted	8,697,477	12,491,862	500,000	-	21,689,339
Unrestricted E&G Plant and President’s Control	-	-	15,835,411	-	15,835,411
Unrestricted Auxiliary and Fund Manager Funds	-	6,455,358	4,819,050	-	11,274,408
Total unrestricted	-	6,455,358	20,654,461	-	27,109,819
Total net position	55,055,164	41,405,146	25,997,983	-	122,458,293
TOTAL	$ 61,373,020	$ 98,291,627	$ 40,361,406	$ (406,718)	$ 199,619,335

See note to schedules.

FAIRMONT STATE UNIVERSITY

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION INFORMATION
YEAR ENDED JUNE 30, 2022

ALL FUNDS	Board of Governors Support Fund	Auxiliary Funds	Unrestricted, Restricted, and Other Funds	Internal Fund Eliminations	Total Institution
OPERATING REVENUES:					
Student tuition and fees — net	$ -	$ -	$ 12,142,753	$ -	$ 12,142,753
Student activity support revenue	-	-	315,457	(315,457)	-
Auxiliary enterprise revenue	-	5,782,470	3,877,255	-	9,659,725
Auxiliary support services revenue	-	4,211,915	-	(4,211,915)	-
Contracts and grants:					
Federal	-	-	1,375,522	-	1,375,522
State	-	-	6,016,454	-	6,016,454
Private	-	-	3,370,575	-	3,370,575
Operating costs revenue	-	-	650,000	-	650,000
Miscellaneous — net	48,452	78,237	192,337	-	319,026
Total operating revenues	48,452	10,072,622	27,940,353	(4,527,372)	33,534,055
OPERATING EXPENSES:					
Salaries and wages	-	2,334,543	24,870,197	-	27,204,740
Benefits	-	124,189	2,175,369	-	2,299,558
Supplies and other services	333,879	2,816,831	8,553,914	-	11,704,624
Utilities	-	681,484	1,326,703	-	2,008,187
Student financial aid — scholarships and fellowships	-	442,000	10,294,460	-	10,736,460
Depreciation and amortization	2,681,653	2,397,559	693,697	-	5,772,909
Assessment for student activity costs	-	-	315,457	(315,457)	-
Assessment for auxiliary fees and debt service	-	-	4,211,915	(4,211,915)	-
Loan cancellations and write-offs	-	179,338	333,489	-	512,827
Fees assessed by the Commission for operations	21,852	-	-	-	21,852
Total operating expenses	3,037,384	8,975,944	52,775,201	(4,527,372)	60,261,157
OPERATING (LOSS) INCOME	(2,988,932)	1,096,678	(24,834,848)	-	(26,727,102)
NONOPERATING REVENUES (EXPENSES):					
State appropriations	-	-	19,100,341	-	19,100,341
Pell grant revenues	-	-	5,159,419	-	5,159,419
Federal HEERF revenue	-	-	9,376,352	-	9,376,352
Federal GEER revenue	-	-	535,291	-	535,291
E&G capital and debt service support revenue	1,839,460	-	-	(1,839,460)	-
Investment income	10,090	15,765	43,439	-	69,294
Gifts	-	7,000	202,227	-	209,227
Interest expense	(85,762)	(1,323,872)	(1,592)	-	(1,411,226)
Bond issuance costs	(142,362)	(78,325)	-	-	(220,687)
Gain (loss) on disposal of capital assets	5,119	(106,668)	(529,858)	-	(631,407)
Assessment for E&G capital and debt service costs	-	-	(1,839,460)	1,839,460	-
Total net nonoperating revenues (expenses)	1,626,545	(1,486,100)	32,046,159	-	32,186,604
CHANGE IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS	(1,362,387)	(389,422)	7,211,311	-	5,459,502
PAYMENTS MADE AND EXPENSES INCURRED (OFFSET) ON BEHALF OF FAIRMONT STATE	-	190,495	(114,183)	-	76,312
CHANGE IN NET POSITION BEFORE TRANSFERS	(1,362,387)	(198,927)	7,097,128	-	5,535,814
TRANSFERS	1,222,975	436,868	(1,659,843)	-	-
CHANGE IN NET POSITION	(139,412)	237,941	5,437,285	-	5,535,814
NET POSITION — Beginning of year	55,194,576	41,167,205	20,560,698	-	116,922,479
NET POSITION — End of year	$ 55,055,164	$ 41,405,146	$ 25,997,983	$ -	$ 122,458,293

See note to schedules.

FAIRMONT STATE UNIVERSITY

SCHEDULE OF CASH FLOW INFORMATION
YEAR ENDED JUNE 30, 2022

	Board of Governors Support Fund	Auxiliary Funds	Unrestricted, Restricted, and Other Funds	Internal Fund Eliminations	Total Institution
CASH FLOWS FROM OPERATING ACTIVITIES:					
Student tuition and fees	$ -	$ -	$ 11,857,849	$ -	$ 11,857,849
Contracts and grants	-	-	11,924,481	-	11,924,481
Payments to and on behalf of employees	-	(2,779,038)	(29,955,759)	-	(32,734,797)
Payments to suppliers	(296,143)	(2,034,818)	(8,287,530)	-	(10,618,491)
Payments to utilities	-	(681,484)	(1,326,703)	-	(2,008,187)
Payments for scholarships and fellowships	-	(442,000)	(10,294,460)	-	(10,736,460)
Auxiliary enterprise charges	-	5,750,138	3,877,255	-	9,627,393
Fees assessed by the Commission	(21,852)	-	-	-	(21,852)
Other receipts — net	48,452	252,529	192,337	-	493,318
Student activity support revenue	-	-	315,457	(315,457)	-
Auxiliary fees and debt service support revenue	-	4,211,915	-	(4,211,915)	-
Assessment for student activity costs	-	-	(315,457)	315,457	-
Assessment for auxiliary fees and debt service	-	-	(4,211,915)	4,211,915	-
Operating support services revenue	-	-	650,000	-	650,000
Net cash (used in) provided by operating activities	(269,543)	4,277,242	(25,574,445)	-	(21,566,746)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
State appropriations	-	-	19,100,341	-	19,100,341
Pell grant revenues	-	-	5,159,419	-	5,159,419
Federal HEERF revenue	-	-	9,376,352	-	9,376,352
Federal GEER revenue	-	-	535,291	-	535,291
Payments from Pierpont	215,000	1,085,000	-	-	1,300,000
Gift receipts	-	7,000	202,227	-	209,227
William D. Ford direct lending receipts	-	-	12,706,440	-	12,706,440
William D. Ford direct lending payments	-	-	(12,706,440)	-	(12,706,440)
Transfers	868,676	434,322	(1,302,998)	-	-
Net cash provided by noncapital financing activities	1,083,676	1,526,322	33,070,632	-	35,680,630
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
E&G capital and debt service support revenue	1,839,460	-	-	(1,839,460)	-
Purchases of capital assets	(838,788)	(241,610)	(145,667)	-	(1,226,065)
Proceeds from sale of capital assets	5,119	-	-	-	5,119
Payments on leases	-	(110,949)	(258,968)	-	(369,917)
Assessment for E&G capital and debt service costs	-	-	(1,839,460)	1,839,460	-
Proceeds from bond issuance	4,366,558	28,117,466	-	-	32,484,024
Principal paid on bonds	(4,526,751)	(30,155,730)	(562,633)	-	(35,245,114)
Interest paid on bonds	(370,127)	(2,940,066)	(24,764)	-	(3,334,957)
Bond issuance costs	(142,362)	(78,325)	-	-	(220,687)
Bond interest income	191	1,624	9	-	1,824
Net cash provided by (used in) capital financing activities	333,300	(5,407,590)	(2,831,483)	-	(7,905,773)
CASH FLOW FROM INVESTING ACTIVITY — Interest on investments	9,899	14,141	43,430	-	67,470
CHANGE IN CASH AND CASH EQUIVALENTS	1,157,332	410,115	4,708,134	-	6,275,581
CASH AND CASH EQUIVALENTS — Beginning of year	5,095,710	9,820,283	27,590,891	-	42,506,884
CASH AND CASH EQUIVALENTS — End of year	$ 6,253,042	$ 10,230,398	$ 32,299,025	$ -	$ 48,782,465

(Continued)

FAIRMONT STATE UNIVERSITY

SCHEDULE OF CASH FLOW INFORMATION
YEAR ENDED JUNE 30, 2022

	Board of Governors Support Fund	Auxiliary Funds	Unrestricted, Restricted, and Other Funds	Total Institution
RECONCILIATION OF NET OPERATING (LOSS) INCOME TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:				
Operating (loss) income	$ (2,988,932)	$ 1,096,678	$ (24,834,848)	$ (26,727,102)
Adjustments to reconcile net operating (loss) income to net cash (used in) provided by operating activities:				
Depreciation and amortization	2,681,653	2,397,559	693,697	5,772,909
Pension expense (offset) — special funding situation	-	-	(5,167)	(5,167)
OPEB expense (offset) — special funding situation	-	(9,505)	(109,016)	(118,521)
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Accounts receivable — net	(3,385)	150,195	475,313	622,123
Inventories	-	-	58,273	58,273
Net OPEB asset	-	(9,800)	(119,665)	(129,465)
Deferred outflows of resources	69,270	713,328	343,128	1,125,726
Accounts payable	(70,716)	67,109	336,888	333,281
Accrued liabilities	(587)	2,272	305,386	307,071
Retainages payable	(33,100)	-	-	(33,100)
Unearned revenue and deposits	-	174,292	830,279	1,004,571
Compensated absences	-	(59,662)	14,261	(45,401)
Net OPEB liability	-	(138,352)	(1,689,270)	(1,827,622)
Net pension liability	-	-	(308,505)	(308,505)
Deferred inflows of resources	76,254	(106,872)	(1,565,199)	(1,595,817)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (269,543)	$ 4,277,242	$ (25,574,445)	$ (21,566,746)
NONCASH TRANSACTIONS:				
Transfers	$ 354,299	$ 2,546	$ (356,845)	$ -
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION:				
Cash and cash equivalents classified at current	$ 6,252,887	$ 10,228,385	$ 32,299,025	$ 48,780,297
Cash and cash equivalents classified at noncurrent	155	2,013	-	2,168
	$ 6,253,042	$ 10,230,398	$ 32,299,025	$ 48,782,465

(Concluded)

See note to schedules.

FAIRMONT STATE UNIVERSITY

SCHEDULE OF NATURAL VS. FUNCTIONAL CLASSIFICATIONS INFORMATION
YEAR ENDED JUNE 30, 2022

INTERNAL FUND: BOG SUPPORT

Function	Salaries and Wages	Benefits	Supplies and Others	Utilities	Scholarships	Depreciation and Amortization	Loan Cancellations	Fees Assessed by the Commission	Function Total
Auxiliary enterprises	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Instruction	-	-	-	-	-	-	-	-	-
Research	-	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-	-
Student services	-	-	-	-	-	-	-	-	-
General institutional support	-	-	-	-	-	-	-	21,852	21,852
Student financial aid	-	-	-	-	-	-	-	-	-
Operation and maintenance	-	-	333,879	-	-	-	-	-	333,879
Depreciation and amortization	-	-	-	-	-	2,681,653	-	-	2,681,653
Loan cancellations and write-offs	-	-	-	-	-	-	-	-	-
TOTAL	$ -	$ -	$ 333,879	$ -	$ -	$ 2,681,653	$ -	$ 21,852	$ 3,037,384

See note to schedules.

(Continued)

FAIRMONT STATE UNIVERSITY

SCHEDULE OF NATURAL VS. FUNCTIONAL CLASSIFICATIONS INFORMATION
YEAR ENDED JUNE 30, 2022

INTERNAL FUND: AUXILIARY

Function	Salaries and Wages	Benefits	Supplies and Others	Utilities	Scholarships	Depreciation and Amortization	Loan Cancellations	Function Total
Auxiliary enterprises	$ 2,100,417	$ 103,322	$ 2,529,564	$ 681,484	$ -	$ -	$ -	$ 5,414,787
Instruction	-	-	-	-	-	-	-	-
Research	-	-	-	-	-	-	-	-
Public service	19,755	2,963	13,164	-	-	-	-	35,882
Academic support	-	-	-	-	-	-	-	-
Student services	57,035	3,259	3,336	-	-	-	-	63,630
General institutional support	121,194	5,705	101,090	-	-	-	-	227,989
Student financial aid	-	-	-	-	442,000	-	-	442,000
Operation and maintenance	36,142	8,940	169,677	-	-	-	-	214,759
Depreciation and amortization	-	-	-	-	-	2,397,559	-	2,397,559
Loan cancellations and write-offs	-	-	-	-	-	-	179,338	179,338
TOTAL	$ 2,334,543	$ 124,189	$ 2,816,831	$ 681,484	$ 442,000	$ 2,397,559	$ 179,338	$ 8,975,944

See note to schedules.

(Continued)

FAIRMONT STATE UNIVERSITY

SCHEDULE OF NATURAL VS. FUNCTIONAL CLASSIFICATIONS INFORMATION
YEAR ENDED JUNE 30, 2022

INTERNAL FUND: UNRESTRICTED, RESTRICTED, AND OTHER FUNDS

Function	Salaries and Wages	Benefits	Supplies and Others	Utilities	Scholarships	Depreciation and Amortization	Assessment for Student Activity Costs	Assessment for Auxiliary Fees and Debt Service	Loan Cancellations	Function Total
Auxiliary enterprises	$ 969,813	$ 108,189	$ 198,297	$ 207,183	$ -	$ -	$ -	$ 4,211,915	$ -	$ 5,695,397
Instruction	12,705,063	973,173	1,466,572	14,238	151,230	-	-	-	-	15,310,276
Research	30,642	2,717	83,159	-	-	-	-	-	-	116,518
Public service	375,887	62,786	349,805	-	-	-	-	-	-	788,478
Academic support	2,918,562	492,379	1,035,194	-	-	-	-	-	-	4,446,135
Student services	2,931,685	289,474	1,221,691	-	2,598	-	315,457	-	-	4,760,905
General institutional support	3,720,255	149,277	2,760,501	1,215	199,845	-	-	-	-	6,831,093
Student financial aid	132,802	30,793	-	-	9,940,787	-	-	-	-	10,104,382
Operation and maintenance	1,085,488	66,581	1,438,695	1,104,067	-	-	-	-	-	3,694,831
Depreciation and amortization	-	-	-	-	-	693,697	-	-	-	693,697
Loan cancellations and write-offs	-	-	-	-	-	-	-	-	333,489	333,489
TOTAL	$ 24,870,197	$ 2,175,369	$ 8,553,914	$ 1,326,703	$ 10,294,460	$ 693,697	$ 315,457	$ 4,211,915	$ 333,489	$ 52,775,201

See note to schedules.

(Concluded)

REQUIRED SUPPLEMENTARY INFORMATION

FAIRMONT STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2022

State Teachers' Retirement System
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fairmont State's proportion of the net pension liability (asset) (percentage)	0.008685%	0.013792%	0.014369%	0.019626%	0.021664%	0.024067%	0.032680%	0.040054%		
Fairmont State's proportionate share of the net pension liability (asset)	$ 135,727	$ 444,232	$ 427,502	$ 612,774	$ 748,485	$ 989,102	$ 1,132,445	$ 1,381,799		
State's proportionate share of the net pension liability (asset)	303,472	965,233	956,671	1,587,733	1,655,218	1,883,975	2,583,977	3,122,299		
Total proportionate share of the net pension liability (asset)	$ 439,199	$ 1,409,465	$ 1,384,173	$ 2,200,507	$ 2,403,703	$ 2,873,077	$ 3,716,422	$ 4,504,098		
Fairmont State's covered payroll	$ 250,828	$ 380,750	$ 430,279	$ 576,374	$ 597,892	$ 622,017	$ 988,972	$ 1,226,834		
Fairmont State's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	54.11%	116.67%	99.35%	106.32%	125.19%	159.02%	114.51%	112.63%		
Plan fiduciary net position as a percentage of the total pension liability	86.38%	70.89%	72.64%	71.20%	67.85%	61.42%	66.25%	65.95%		

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year (measurement date).
This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Fairmont State should present information for those years for which information is available.

FAIRMONT STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
JUNE 30, 2022

State Teachers' Retirement System
Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 22,856	$ 37,624	$ 57,411	$ 63,581	$ 86,001	$ 89,684	$ 93,303	$ 148,605		
Contributions in relation to the contractually required contribution	(22,856)	(37,624)	(57,411)	(63,581)	(86,001)	(89,684)	(93,303)	(148,605)		
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
Fairmont State's covered payroll	$ 152,372	$ 250,828	$ 380,750	$ 430,279	$ 576,374	$ 597,892	$ 622,017	$ 988,972		
Contributions as a percentage of covered payroll	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%		

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

FAIRMONT STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
JUNE 30, 2022

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fairmont State's proportion of the net OPEB liability (asset) (percentage)	0.435404353%	0.413777505%	0.384685313%	0.387761292%	0.369685982%					
Fairmont State's proportionate share of the net OPEB liability (asset)	$ (129,465)	$ 1,827,622	$ 6,382,441	$ 8,319,171	$ 9,090,538					
State's proportionate share of the net OPEB liability (asset)	(25,492)	394,010	1,306,132	1,719,350	1,867,207					
Total proportionate share of the net OPEB liability (asset)	$ (154,957)	$ 2,221,632	$ 7,688,573	$ 10,038,521	$ 10,957,745					
Fairmont State's covered-employee payroll	$ 20,061,628	$ 19,723,043	$ 19,895,139	$ 19,811,760	$ 20,782,693					
Fairmont State's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	(0.65)%	9.27%	32.08%	41.99%	43.74%					
Plan fiduciary net position as a percentage of the total OPEB liability	101.81%	73.49%	39.69%	30.98%	25.10%					

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year (measurement date).
This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Fairmont State should present information for those years for which information is available.

FAIRMONT STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
JUNE 30, 2022

Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	$ 477,005	$ 793,996	$ 799,951	$ 826,561	$ 827,995					
Contributions in relation to the statutorily required contribution	(477,005)	(793,996)	(799,951)	(826,561)	(827,995)					
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -					
Fairmont State's covered-employee payroll	$ 19,705,710	$ 20,061,628	$ 19,723,043	$ 19,895,139	$ 19,811,760					
Contributions as a percentage of covered-employee payroll	2.42%	3.96%	4.06%	4.15%	4.18%					

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

FAIRMONT STATE UNIVERSITY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2022 AND 2021

Amounts reported reflect changes in assumptions to more closely reflect actual experience. Significant changes in assumptions are related to projected salary increases, inflation rate, and mortality tables.

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
2021	2.75%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 5.90%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 6.50%.	7.25%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired: Healthy males – 100% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019.	7.25%
2020	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.16%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.75%.	7.5%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired healthy males – 108% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019.	7.5%

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
2019	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: Healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; Disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%
2018	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%
2017	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%
2016	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%

FAIRMONT STATE UNIVERSITY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2022 AND 2021

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
2015	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.75 to 5.25%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.40 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant monthly mortality table. Retired: RP2000 healthy annuitant, scale AA; Disabled: RP2000 disabled annuitant mortality table, scale AA.	7.5%
2014	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.75 to 5.25%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.40 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant monthly mortality table; Retired: RP2000 healthy annuitant, scale AA; Disabled: RP2000 disabled annuitant mortality table, scale AA.	7.5%

There are no other significant factors that affect trends in the amounts reported, such as a change of benefit terms or other assumptions. Additional information, if necessary, can be obtained from the CPRB Comprehensive Annual Financial Report for the corresponding year.

Actuarial Changes Other Postemployment Benefits Plan

The actuarial assumptions used in the total OPEB liability (asset) calculation can change from year to year. Please see table below which summarizes the actuarial assumptions used for the respective measurement dates.

	Inflation Rate	Salary Increases	Wage Inflation Rate	Investment Rate of Return & Discount Rate	Mortality	Retirement Age	Aging Factors	Expenses	Healthcare Cost Trend Rates
2021	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2020, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
2020	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, 6.5% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
2019	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
2018	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.0% and 10.0% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.
2017	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.

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

Board of Governors
Fairmont State University
Fairmont, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Fairmont State University (Fairmont State), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Fairmont State's financial statements, and have issued our report thereon dated October 13, 2022, which states reliance on another auditor for the discretely presented component unit. Our report includes a reference to other auditors who audited the financial statements of the Fairmont State Foundation, Inc. (the Foundation), as described in our report on Fairmont State's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards.* Accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation. Our report also includes an emphasis of matter paragraph for the adoption of GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fairmont State's internal control over financial reporting (internal control) 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 Fairmont State's internal control. Accordingly, we do not express an opinion on the effectiveness of Fairmont State's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fairmont State's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
October 13, 2022