

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2022 AND 2021



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WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
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INDEPENDENT AUDITORS' REPORT

West Virginia Higher Education
Policy Commission
Charleston, 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 aggregate discretely presented component units of the West Virginia Higher Education Fund (the Fund), a component unit of the State of West Virginia, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

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

We did not audit the financial statements of Fairmont State University, West Virginia Council for Community and Technical College Education, and the West Virginia School of Osteopathic Medicine (collectively, the Other Institutions), which statements represent 16%, 24%, and 15%, respectively, of total assets, total net position, and total revenues of the Fund as of June 30, 2022. We did not audit the financial statements of the Other Institutions and Glenville State University, which represent 18%, 25%, and 15%, respectively, of total assets, total net position and total revenues of the Fund as of June 30, 2021. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Other Institutions and Glenville State University as of June 30, 2021, is based solely on the report of the auditors.

We also did not audit the financial statements of the discretely presented component units defined in Note 2 to the financial statements, other than the Blue Ridge Community and Technical College Foundation, Inc. (collectively, the Other Discretely Presented Component Units), which statements represent 100% of total assets, total net position, and total revenues of the discretely presented component units as of and for the years ended June 30, 2022 and 2021. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Other Discretely Presented Component Units, is based solely on the report of the other auditors.

Emphasis of Matter – Adoption of Accounting Principle

During fiscal year ended June 30, 2022, the Fund adopted Government Accounting Standards Board Statement No. 87, *Leases*, as disclosed in Note 2. As a result of the implementation of this standard, the Fund reported a restatement for the change in accounting principle. Our opinions are not modified with respect to this matter.

Emphasis of Matter – Going Concern, Component Unit

The independent auditors' report of other auditors on the 2022 financial statements of Provident Group – Marshall Properties, LLC (Provident – Marshall), a discretely presented component unit, contained an emphasis of a matter paragraph. As discussed in Note 20 to the financial statements, Provident – Marshall has debt obligations due within a year that will likely not be met, as a result of the expiration of a letter of credit that collateralizes the debt. This raises substantial doubt about Provident – Marshall's ability to continue as a going concern. At June 30, 2022 and 2021, Provident – Marshall did not meet the debt service coverage ratio requirement under the terms of the Reimbursement Agreement with the letter of credit provider. Management's plans in regard to these matters are described in Note 20. The financial statements of Provident – Marshall do not include any adjustments that might result from the outcome of this uncertainty. Our opinions are not modified with respect to this matter.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The discretely presented component unit's financial statements, other than the Shepard University Foundation Inc. and Supporting Organization, were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

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 the Fund'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.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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 Fund'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 Fund'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 audits.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's basic financial statements. The Schedule of Combining Net Position Information and Schedule of Combining Revenues, Expenses, and Changes in Net Position Information (the Supplementary Information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 audits 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 GAAS. In our opinion, based on our audits and the reports of other auditors, the Schedule of Combining Net Position Information and Schedule of Combining Revenues, Expenses, and Changes in Net Position Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022 on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 31, 2022

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2022
(UNAUDITED)

Overview of the Financial Statements and Financial Analysis

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

Governmental Accounting Standards Board (GASB) standards require the audited financial statements of certain institutions' component units to be separately presented as a discrete component unit in the institution's and Fund's financial statements for the fiscal years ended June 30, 2022 and 2021. These component units are private nonprofit organizations that report under the Financial Accounting Standards Board (FASB). A supplemental information schedule is provided presenting these statements on a consolidated GASB basis to meet the State's reporting requirements.

The following discussion and analysis of the Fund's financial statements provides an overview of its financial activities for Fiscal Years 2022 and 2021 and is required supplemental information. The emphasis of discussions about these statements will focus on current year data in comparison to prior year. There are three financial statements presented: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows.

Statements of Net Position

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

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

WEST VIRGINIA HIGHER EDUCATION FUND
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2022
(UNAUDITED)

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

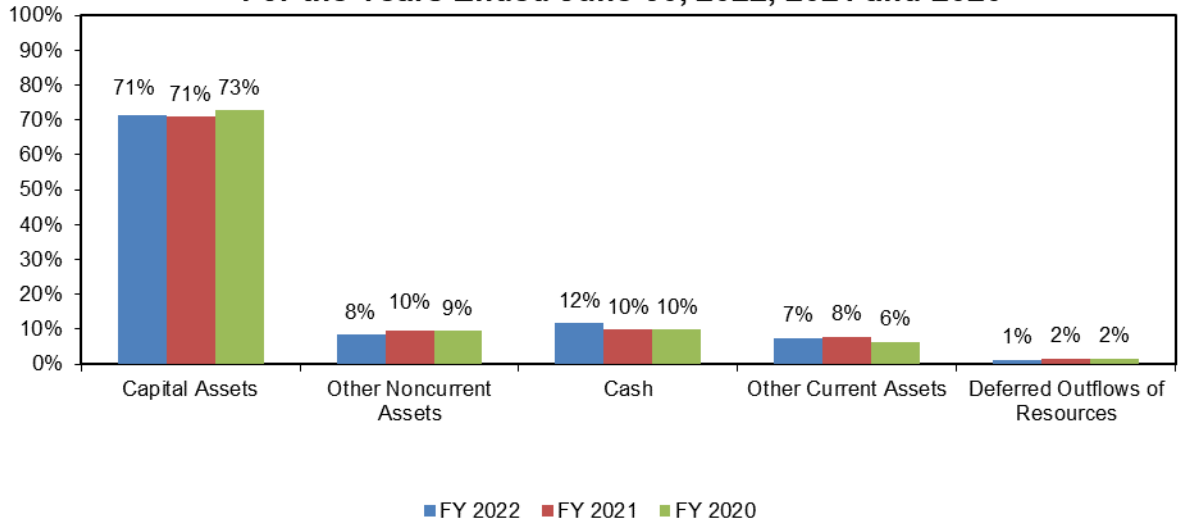
Condensed Schedules of Net Position
(In thousands of dollars)

	<u>2022</u>	<u>2021</u> <u>(As Restated)</u>	<u>2020</u>
Assets			
Current Assets	\$ 892,703	\$ 834,514	\$ 719,740
Capital Assets, Net	3,346,238	3,343,262	3,212,488
Other Noncurrent Assets	394,287	457,455	415,846
Total Assets	<u>4,633,228</u>	<u>4,635,231</u>	<u>4,348,074</u>
Deferred Outflows of Resources	<u>59,250</u>	<u>78,759</u>	<u>71,790</u>
Total	<u>\$ 4,692,478</u>	<u>\$ 4,713,990</u>	<u>\$ 4,419,864</u>
Liabilities			
Current Liabilities	\$ 490,875	\$ 413,157	\$ 411,228
Noncurrent Liabilities	1,626,576	1,726,106	1,724,026
Total Liabilities	<u>2,117,451</u>	<u>2,139,263</u>	<u>2,135,254</u>
Deferred Inflows of Resources	<u>199,094</u>	<u>232,402</u>	<u>150,372</u>
Total	<u>2,316,545</u>	<u>2,371,665</u>	<u>2,285,626</u>
Net Position			
Net Investment in Capital Assets	2,068,083	2,080,963	2,111,067
Restricted-expendable	205,834	199,670	134,475
Restricted-nonexpendable	33,337	35,204	35,843
Unrestricted	68,679	26,488	(147,147)
Total Net Position	<u>2,375,933</u>	<u>2,342,325</u>	<u>2,134,238</u>
Total	<u>\$ 4,692,478</u>	<u>\$ 4,713,990</u>	<u>\$ 4,419,864</u>

**WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2022
(UNAUDITED)**

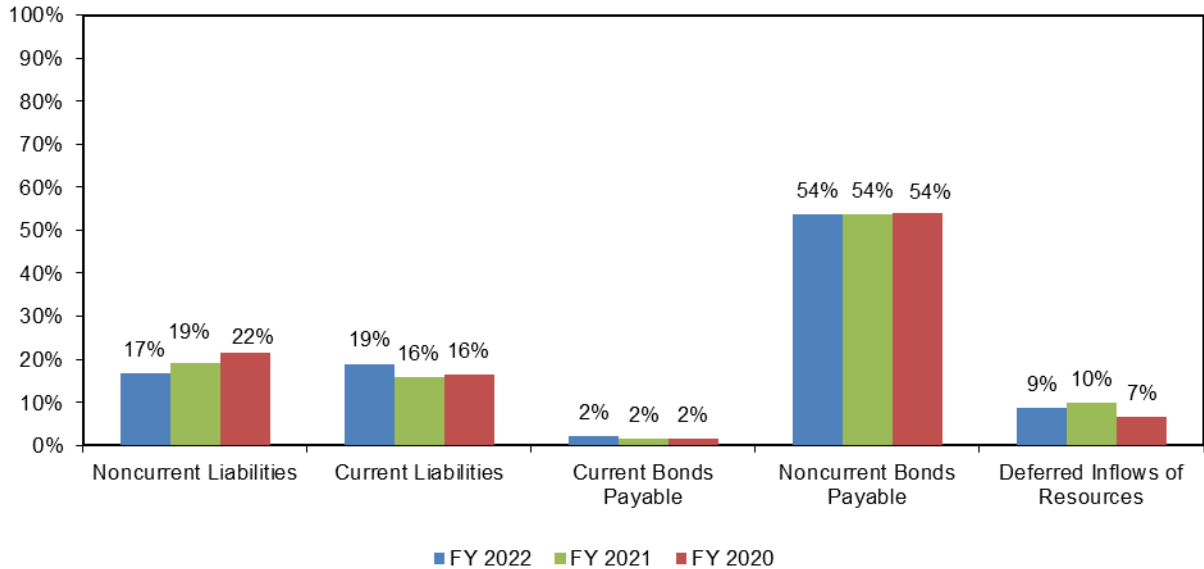
Assets and Deferred Outflows Composition

For the Years Ended June 30, 2022, 2021 and 2020



Liabilities and Deferred Inflows Composition

For the Years Ended June 30, 2022, 2021 and 2020



WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2022
(UNAUDITED)

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

- Total current assets of \$892.7 million exceeded total current liabilities of \$490.9 million as of June 30, 2022 for net working capital of \$401.8 million as compared to net working capital of \$421.3 million and \$308.5 million as of June 30, 2021 and 2020, respectively. Current assets increased by \$58.2 million from 2021 to 2022 and increased \$114.8 million from 2020 to 2021, while current liabilities increased by \$77.7 million from 2021 to 2022 and increased by \$2.0 million from 2020 to 2021.
- The major components of current assets include cash and cash equivalents of \$546.1 million, \$462.1 million, and \$435.2 million and net accounts receivable of \$176.6 million, \$165.6 million, and \$134.3 million as of June 30, 2022, 2021, and 2020, respectively. The majority of the cash and cash equivalents represent interest earning assets invested through the office of the West Virginia State Treasurer which invested with Board of Treasury Investments at June 30, 2022, 2021 and 2020.
- The major components of current liabilities include \$162.5 million, \$113.8 million, and \$107.8 million of unearned revenue, \$86.4 million, \$70.7 million, and \$87.4 million, in accounts payable, \$110.5 million, \$103.8 million, and \$100.1 million of accrued liabilities, \$53.5 million, \$54.1 million, and \$53.7 million in accrued compensated absences, and \$51.0 million, \$39.1 million, and \$36.1 million in current portion of bonds payable as of June 30, 2022, 2021, and 2020, respectively.
- The changes from last year in the level of most of the current assets and liabilities reflect normal fluctuations in business operations; current construction projects activities and changes in grant activities.
- Noncurrent assets total \$3,740.5 million, \$3,800.7 million, and \$3,628.3 million and noncurrent liabilities total \$1,626.6 million, \$1,726.1 million, and \$1,724.0 million as of June 30, 2022, 2021, and 2020, respectively. Noncurrent assets decreased by \$60.2 million from 2021 to 2022 and increased by \$172.4 million from 2020 to 2021 while noncurrent liabilities decreased by \$99.5 million from 2021 to 2022 and increased \$2.1 million from 2020 to 2021.
- The primary noncurrent asset is \$3,346.2 million, \$3,343.3 million, and \$3,212.5 million, of net capital assets as of June 30, 2022, 2021, and 2020, respectively. Also included as noncurrent assets are cash and cash equivalents primarily for capital purposes of \$112.7 million, \$149.8 million, and \$120.7 million, investments for capital purposes totaling \$202.4 million, \$229.6 million, and \$232.2 million, and net loans to students of \$25.9 million, \$32.1 million, and \$36.7 million as of June 30, 2022, 2021, and 2020, respectively.

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2022
(UNAUDITED)

- Major components of noncurrent liabilities include long-term bonds payable totaling \$1,241.4 million, \$1,275.3 million, and \$1,231.6 million, lease liabilities of \$95.3 million, \$99.1 million, and \$91.3 million, advances from federal sponsors of \$19.8 million, \$29.2 million, and \$31.1 million, notes payable of \$115.0 million, \$108.6 million, and \$66.1 million, and accruals for other post employment benefit liability of \$-0-, \$54.2 million, and \$204.2 million, as of June 30, 2022, 2021, and 2020, respectively. In addition, the net pension liability recorded was \$4.5 million, \$11.6 million and \$11.4 million, as of June 30, 2022, 2021 and 2020, respectively.
- Other post-employment benefit (OPEB) liability decreased by \$54.2 million, \$150.0 million and \$58.0 million, as of June 30, 2022, 2021, and 2020, respectively. In 2022, the Fund's fiduciary net position exceeded the total OPEB liability resulting in a net OPEB asset based on the actuarial valuation. Based on this actuarial study and an experience study review, the total OPEB liability was reduced as of June 30, 2022 was a net OPEB asset of \$3.7 million.
- Deferred outflows of resources increased from \$71.8 million, as of June 30, 2020, to \$78.8 million, as of June 30, 2021 and decreased to \$59.3 million as of June 30, 2022. The 2022 decrease is the result of a decrease in the deferred loss on refunding of \$3.2 million, and decrease in the OPEB of \$15.7 million, offset by an increase in deferred outflows related to pensions of \$0.6 million. The 2021 increase is the result of an increase in the deferred loss on refunding of \$5.5 million and increase in the OPEB of \$1.1 million and deferred outflows related to pensions of \$0.3 million.
- Most of the FY 2022, \$33.3 million decrease in deferred inflows was a result of a decrease in the inflows related to OPEB of \$38.8 million and an increase of inflows related to pensions of \$3.2 million, an increase in leases of \$3.8 million, offset by a decrease in service concession arrangements of \$.8 million.
- The net position of the Fund totaled \$2,375.9 million, \$2,342.3 million, and \$2,134.2 million as of June 30, 2022, 2021, and 2020, respectively, an increase of \$33.6 million from 2021 to 2022 and \$269.7 million from 2020 to 2021.
 - Net investment in capital assets totaled \$2,068.1 million, \$2,081.0 million, and \$2,111.1 million as of June 30, 2022, 2021, and 2020, respectively.
 - Restricted expendable net position totaled \$205.8 million, \$199.7 million, and \$134.5 million and included \$67.1 million, \$73.3 million, \$52.2 million for sponsored projects, \$18.2 million, \$12.2 million, and \$12.4 million for capital projects, and \$18.3 million, \$17.3 million, and \$16.7 million for loan programs as of June 30, 2022, 2021, and 2020, respectively.
 - Unrestricted net position totaled \$68.7 million, \$26.5 million, and (\$147.1) million as of June 30, 2022, 2021, and 2020, respectively, and represents net position available to the Fund for any lawful purpose of the Fund.
- The increase in net position is more fully explained in the following section.

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2022
(UNAUDITED)

Statements of Revenues, Expenses, and Changes in Net Position

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

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

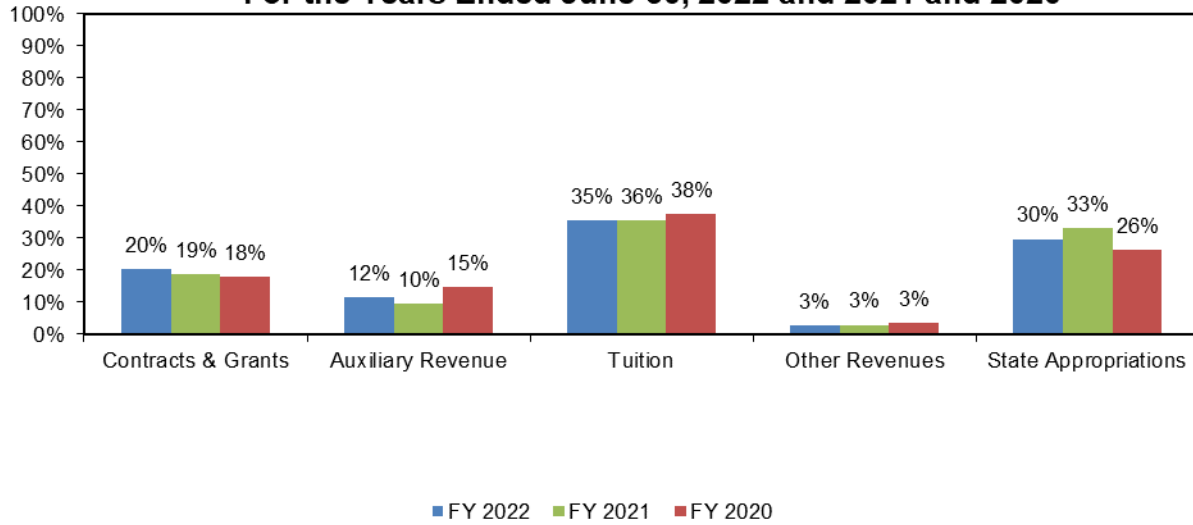
Condensed Schedules of Revenues, Expenses, and Changes in Net Position
(In thousands of dollars)

	2022	2021 (As Restated)	2020
Operating Revenues	\$ 1,231,749	\$ 1,159,331	\$ 1,180,402
Operating Expenses	2,026,797	1,883,503	1,923,645
Operating Loss	(795,048)	(724,172)	(743,243)
Net Nonoperating Revenues	768,907	869,719	774,317
Income (Loss) Before Other Revenues, Expenses, Gains and Losses	(26,141)	145,547	31,074
Capital Grants, Appropriations and Gifts	61,202	122,762	24,503
Capital Bond Proceeds from the State	-	919	435
Capital Payments Made on Behalf of the Fund	1,214	470	800
Loss on Disposal of Operations	(2,667)	-	-
Increase in Net Position	<u>\$ 33,608</u>	<u>\$ 269,698</u>	<u>\$ 56,812</u>

**WEST VIRGINIA HIGHER EDUCATION FUND
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2022
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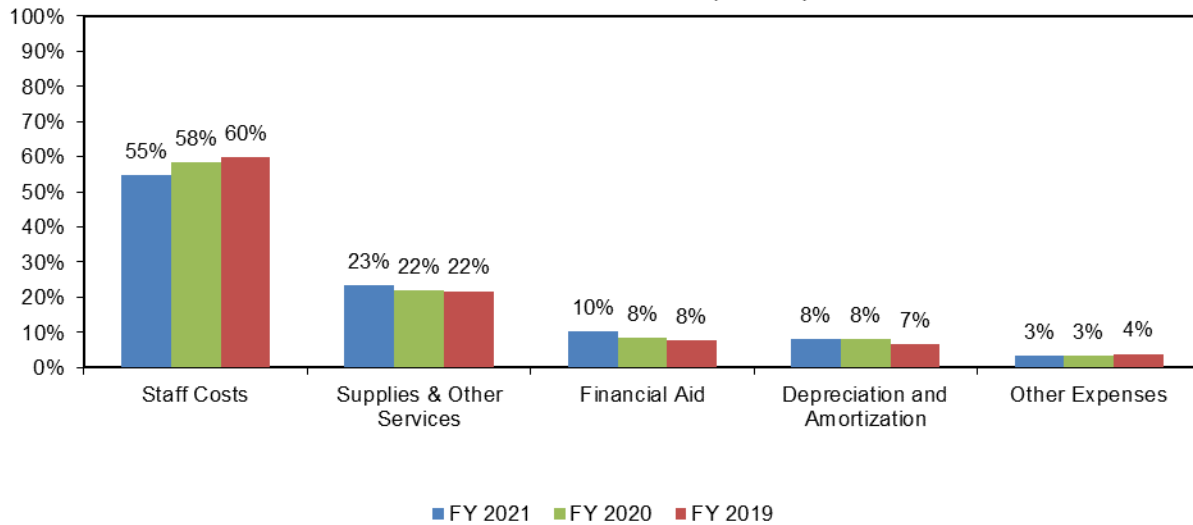
Operating Revenues and State Appropriations

For the Years Ended June 30, 2022 and 2021 and 2020



Total Operating Expenses

For the Years Ended June 30, 2022, 2021 and 2020



WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2022
(UNAUDITED)

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

- Operating Revenues of the Fund totaled \$1,231.7 million, \$1,159.3 million, and \$1,180.4 million for the years ended June 30, 2022, 2021, and 2020, respectively, an increase of \$72.4 million from 2021 to 2022 and a decrease of \$21.1 million from 2020 to 2021.
 - Student tuition and fees revenues totaled \$620.3 million in FY 2022, \$616.0 million in FY 2021 and \$629.0 million in FY 2020, an increase of \$4.3 million or .7% in FY 2022 and a decrease of \$13.0 million or (2.1)% in FY 2021. Tuition is reported net of scholarship allowances totaling \$219.5 million, \$213.8 million, and \$215.9 million for the years ended June 30, 2022, 2021, and 2020, respectively. The increase in FY 2022 is primarily a result of increases in scholarships and allowances and higher student enrollment. The changes in other years are a combination of increases in tuition offset by a decrease in the number of students.
 - Federal grant and contracts totaled \$174.7 million, \$155.6 million, and \$145.0 million, for the years ended June 30, 2022, 2021, and 2020, respectively. The increase of \$19.1 million in FY 2022 mainly represents additional awards received during the year. The increase of \$10.6 million in FY21 represents additional awards received during the year.
 - Auxiliary enterprises generated revenues of \$204.6 million, \$165.2 million, and \$206.0 million, net of \$24.2 million, \$24.7 million, and \$24.0 million, of scholarship allowances for the years ended June 30, 2022, 2021, and 2020, respectively. FY 2022 net auxiliary revenues increased by \$39.4 million or 23.8%. FY 2021 net auxiliary revenues decreased by \$40.8 million or 19.8%.
 - State grants and contracts totaled \$40.8 million, \$39.5 million, and \$23.8 million for the years ended June 30, 2022, 2021, and 2020, respectively, an increase of \$1.3 million from 2021 to 2022 and an increase of \$15.7 million from 2020 to 2021. Private grants and contracts totaled \$140.7 million, \$130.2 million, and \$121.4 million for the years ended June 30, 2022, 2021, and 2020, respectively, an increase of \$10.5 million from 2021 to 2022 and increase of \$8.8 million from 2020 to 2021. These changes represent normal fluctuations in grant activities.
- Operating expenses totaled \$2,026.8 million, \$1,883.5 million, and \$1,923.6 million for the years ended June 30, 2022, 2021, and 2020, respectively, an increase of \$143.3 million from 2021 to 2022 and a decrease of \$40.1 million from 2020 to 2021.
 - Staff salary costs totaled \$948.3 million, \$911.9 million, and \$914.4 million, an increase of \$36.4 million or 4.0% from 2021 to 2022 and a decrease of \$2.5 million or .3% from 2020 to 2021. The FY 2022 increase is attributed to increases in salaries for faculty and both classified and non-classified staff. Also, wages paid to students, including graduate and research assistants, increased due to the return to normal campus operations.
 - Supplies and other services totaled \$472.2 million, \$413.4 million, and \$418.3 million for the years ended June 30, 2022, 2021, and 2020, respectively, an increase of \$58.8 million or 14.2% from 2021 to 2022 and a decrease of \$4.9 million or 1.2% from 2020 to 2021.

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2022
(UNAUDITED)

- Scholarships and fellowships totaled \$209.2 million, \$159.1 million, and \$150.2 million for the years ended June 30, 2022, 2021, and 2020, respectively, an increase of \$50.1 million or 31.5% from 2021 to 2022 and an increase of \$8.9 million or 5.9% from 2020 to 2021.
- Depreciation and amortization totaled \$166.3 million, \$150.4 million, and \$129.8 million for the years ended June 30, 2022, 2021, and 2020, respectively, an increase of \$15.9 million from 2021 to 2022 and \$20.6 million from 2020 to 2021.
- The result from operations was a net operating loss of \$795.0 million, \$724.2 million, and \$743.3 million for the years ended June 30, 2022, 2021, and 2020, respectively, which excludes State appropriations of \$520.6 million, \$573.6 million, and \$536.2 million, and Federal Pell grants of \$90.5 million, \$95.5 million, and \$103.9 million for the years ended June 30, 2022, 2021 and 2020, respectively. The net operating loss increase of \$70.8 million in FY 2022 was the outcome of increased salaries and benefits expense. The net operating loss decrease of \$19.1 million in FY 2021 was the outcome of decreased auxiliary revenue and a decrease in benefits expense.
- Net nonoperating revenue totaled \$768.9 million, \$869.7 million, and \$774.3 million for the years ended June 30, 2022, 2021, and 2020, respectively, a decrease of \$100.8 million from 2021 to 2022 and an increase of \$95.4 million from 2020 to 2021.
 - State general revenue and lottery appropriations totaled \$520.6 million, \$573.6 million, and \$536.2 million for the years ended June 30, 2022, 2021, and 2020, respectively, a decrease of \$53.0 million from 2021 to 2022 and an increase of \$37.4 million from 2020 to 2021. The State provided an additional appropriation near the end of fiscal 2021; consequently, these funds are reflected as revenues and an amount due From Primary Government for FY 2021.
 - Interest incurred on indebtedness totaled \$56.7 million, \$57.0 million, and \$49.0 million for the years ended June 30, 2022, 2021, and 2020, a decrease of \$.3 million from 2021 to 2022 and a decrease of \$8.0 million from 2020 to 2021.
 - Investment income (loss) totaled (\$42.7) million, \$76.4 million, and \$18.4 million for the years ended June 30, 2022, 2021, and 2020, respectively, a decrease of \$119.1 million from 2021 to 2022 and an increase of \$58.0 million from 2020 to 2021. The FY 2022 decrease is a result of less favorable investment performance in FY 2022 as compared to FY 2021. The FY2021 increase is a result of favorable investment performance in FY 2021 as compared to FY 2020.

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2022
(UNAUDITED)

- Other revenues consist of capital grants and gifts totaling \$61.2 million, \$122.8 million, \$24.5 million, for the years ended June 30, 2022, 2021, and 2020, respectively, a decrease of \$61.6 million from 2021 to 2022 and an increase of \$93.3 million from 2020 to 2021. The increase in 2021 is related to West Virginia University receiving a donation of right-to-use software.
- The activity for FY 2022 resulted in an increase of net position totaling \$33.6 million as compared to the FY 2021 increase of net position totaling \$269.7 million, and an increase of \$56.8 million FY 2020.
- As reported below on a functional expenditure basis, expenditures for Educational and General Expenses were \$1,456.6 million, \$1,398.0 million, and \$1,451.9 million for the years ended June 30, 2022, 2021, and 2020, respectively, an increase of 58.6 million or 4.2% from FY 2021 and a decrease of \$53.9 million or 3.7% from FY 2020. Cost of instruction constitutes 40.3%, 41.7%, and 42.3% of total educational and general expenses for the years ended June 30, 2022, 2021, and 2020, respectively.

	FY 22	% of	FY 21	% of	FY 20	% of
	Total	E&G Total	Total (As Restated)	E&G Total	Total	E&G Total
Instruction	\$ 587,156	40.3%	\$ 582,383	41.7%	\$ 613,820	42.3%
Research	186,151	12.8%	173,790	12.4%	164,349	11.3%
Public Service	105,731	7.3%	97,077	6.9%	95,687	6.6%
Academic Support	104,894	7.2%	100,643	7.2%	102,897	7.1%
Student Services	88,744	6.1%	81,840	5.9%	91,488	6.3%
Plant Operations	120,977	8.3%	106,819	7.6%	124,558	8.6%
Institutional Support	262,977	18.1%	255,458	18.3%	259,061	17.8%
Total E & G Expenses	1,456,630	100.0%	1,398,010	100.0%	1,451,860	100.0%
Financial Aid	179,982		147,367		155,721	
Auxiliary Enterprises	186,048		166,716		175,001	
Depreciation and Amortization	166,326		150,398		129,763	
Other	37,811		21,012		11,300	
Total Operating Expenses	\$ 2,026,797		\$ 1,883,503		\$ 1,923,645	

Statements of Cash Flows

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

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2022
(UNAUDITED)

Condensed Schedules of Cash Flows
(In thousands of dollars)

	2021		
	2022	(As Restated)	2020
Cash Provided (Used) by:			
Operating Activities	\$ (672,019)	\$ (608,461)	\$ (572,939)
Noncapital Financing Activities	903,040	773,926	734,685
Capital Financing Activities	(187,163)	(161,053)	(78,195)
Investing Activities	40,171	22,435	(73,802)
Increase in Cash and Cash Equivalents	84,029	26,847	9,749
Cash and Cash Equivalents, beginning of year	462,088	435,241	425,492
Cash and Cash Equivalents, end of year	<u>\$ 546,117</u>	<u>\$ 462,088</u>	<u>\$ 435,241</u>

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

- Cash expended from operating revenues was exceeded by cash expended for operating activities by \$672.0 million, \$608.5 million, and \$572.9 million for the years ended June 30, 2022, 2021, and 2020, respectively, primarily due to the reporting of State appropriations and Federal Pell grants as noncapital financing activities. Primary sources of cash from operating activities during FY 2022, 2021, and 2020, respectively, were student tuition and fees of \$636.6 million, \$622.8 million, and \$646.4 million; contracts and grants of \$359.6 million, \$318.5 million, and \$301.6 million; and auxiliary enterprise charges of \$197.1 million, \$166.4 million, and \$189.0 million. Primary uses of cash for FY 2022, 2021, and 2020, respectively, included payments to and on behalf of employees of \$1,190.9 million, \$1,151.1 million, and \$1,155.0 million and payments to suppliers of \$430.6 million, \$373.5 million, and \$384.3 million.
- Net cash provided from noncapital financing activities for FY 2022, 2021, and 2020, respectively, totaled \$903.0 million, \$773.9 million, and \$734.7 million, of which \$545.8 million, \$529.8 million, and \$526.8 million was from State General Revenue and Lottery appropriations, \$90.5 million, \$96.3 million, and \$104.0 million was from Federal Pell Grants, and \$218.3 million, \$95.9 million, and \$13.6 million was from COVID relief grants.
- Net cash used by capital financing activities for FY 2022 totaled \$187.2 million. Other sources include proceeds from bond issuances and borrowings of \$58.2 million, proceeds from direct placements of \$6.6 million, offset by purchases of capital assets totaling \$126.1 million, and principal and interest paid on notes, bonds and leases of \$142.8 million.
- Net cash used by capital financing activities for FY 2021 totaled \$161.1 million. Other sources include proceeds from bond issuances and borrowings of \$135.1 million, offset by purchases of capital assets totaling \$185.7 million, payoff of refinanced bonds of \$9.2 million, and principal and interest paid on notes, bonds and leases of \$127.1 million.

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2022
(UNAUDITED)

- Net cash provided (used) by investing activities for FY 2022, 2021, and 2020 totaled \$40.2 million, \$22.4 and (\$73.8) million. The FY 2022 change is a result of a decrease in purchases and sales of investments offset and a decrease in investment income due to unfavorable market conditions. The FY 2021 change is a result of a decrease in purchases and sales of investments offset by an increase in investment income due to favorable market conditions.
- Net cash for FY 2022 increased by \$84.0 million compared to an increase in net cash for FY 2021 of \$26.8 million and an increase for FY 2020 of \$9.7 million, respectively. These changes are the net result of all the previous activity discussed.

Capital Asset and Long-Term Debt Activity

The Fund continued to expand its capital facilities to further its mission of providing quality programs to students and to provide expanded research capabilities. Cash used for capital assets totaled \$126.1 million in FY 2022, as compared to \$185.7 million in FY 2021. Institutional projects at all the institutions are under way due to institutional bond issues in, 2010, 2012, 2014, 2020 and 2021 and 2015 system bond issues in FY 2009, 2010, 2011 and 2012, and a State bond issue in FY 2011. For FY 2022, expenditures at West Virginia University and Marshall University accounted for \$68.4 million and \$14.4 million of the total. For FY 2021, expenditures at West Virginia University and Marshall University accounted for \$146.3 million and \$14.4 million of the total.

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

The Commission made all required debt service payments and repaid principal of \$15.4 million in FY 2022, \$14.9 million in FY 2021 and \$14.4 million in FY 2020, respectively. See Notes 10 and 11 to the financial statements for further detail of long-term debt.

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2022
(UNAUDITED)

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

During FY 2022, West Virginia University issued \$20 million of taxable revenue bonds to finance THE design, acquisition, construction, and equipping of certain capital improvements. At June 30, 2022, the University's bonds were rated as Aa3, AA- and A/Stable by Moody's, Fitch and Standard and Poor's, respectively.

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

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

Economic Outlook

For FY 2023, the Governor has asked state agencies, including public higher education, to submit appropriation requests equal to the fiscal year 2022 amounts. The FY 2022 state appropriations for higher education did not change significantly compared to the previous year.

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

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

Requests for Information

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

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021
(DOLLARS IN THOUSANDS)

	2022	2021 (As Restated)
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 546,117	\$ 462,088
Investments	129,036	147,677
Appropriations Due from Primary Government	14,790	33,368
Accounts Receivable, Net	176,591	165,608
Loans Receivable, Current Portion	8,021	7,535
Other Current Assets	14,419	14,702
Inventories	3,729	3,536
Total Current Assets	892,703	834,514
NONCURRENT ASSETS		
Cash and Cash Equivalents	112,724	149,800
Investments	202,406	229,609
Loans Receivable, Net of allowance of \$8,244 and \$9,775 In 2022 and 2021, Respectively	25,902	32,051
Net Other Postretirement Benefit Asset	3,709	-
Right of Use Leased Assets, Net	39,821	45,483
Other Assets	35,919	32,624
Capital Assets, Net	3,320,044	3,311,150
Total Noncurrent Assets	3,740,525	3,800,717
Total Assets	4,633,228	4,635,231
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding	36,534	39,710
Deferred Outflows Related to Pensions	2,108	2,721
Deferred Outflows Related to OPEB	20,608	36,328
Total Deferred Outflows of Resources	59,250	78,759
Total Assets and Deferred Inflows of Resources	\$ 4,692,478	\$ 4,713,990

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2022 AND 2021
(DOLLARS IN THOUSANDS)

LIABILITIES	<u>2022</u>	<u>2021</u> (As Restated)
CURRENT LIABILITIES		
Accounts Payable	\$ 86,391	\$ 70,679
Due to State of West Virginia	70	48
Accrued Liabilities	110,486	103,808
Unearned Revenue	162,480	113,838
Deposits	4,181	3,777
Real Estate Purchase Agreements Payable, Current Portion	285	273
Other Liabilities, Current Portion	674	516
Compensated Absences, Current Portion	53,497	54,138
Notes Payable, Current Portion	5,314	7,944
Lease Liabilities, Current Portion	6,106	8,605
Financed Purchases Payable, Current Portion	774	763
Interest Payable	9,568	9,664
Bonds Payable, Current Portion	<u>51,049</u>	<u>39,104</u>
Total Current Liabilities	490,875	413,157
NONCURRENT LIABILITIES		
Advances from Federal Sponsors	19,778	29,195
Real Estate Purchase Agreement Payable	10,610	10,922
Compensated Absences	4,669	5,028
Notes Payable	115,034	108,575
Lease Liabilities	95,335	99,083
Financed Purchases Payable	56,937	57,680
Future Interest Payable	28,603	30,617
Bonds Payable	1,241,423	1,275,296
Net Other Postemployment Benefit Liability	-	54,245
Net Pension Liability	4,452	11,620
Other Noncurrent Liabilities	<u>49,735</u>	<u>43,845</u>
Total Noncurrent Liabilities	<u>1,626,576</u>	<u>1,726,106</u>
 Total Liabilities	 2,117,451	 2,139,263

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2022 AND 2021
(DOLLARS IN THOUSANDS)

	2022	2021 (As Restated)
DEFERRED INFLOWS OF RESOURCES		
Service Concession Arrangements	\$ 36,596	\$ 37,422
Deferred Inflows Related to Pensions	9,045	5,869
Deferred Inflows Related to OPEB	133,834	172,642
Deferred Inflows Related to Leases	11,336	7,569
Other	8,283	8,900
Total Deferred Inflows of Resources	199,094	232,402
Total Liabilities and Deferred Inflows of Resources	2,316,545	2,371,665
NET POSITION		
Net Investment in Capital Assets	2,068,083	2,080,963
Restricted for:		
Expendable:		
Scholarships	13,040	9,444
Sponsored Projects	67,144	73,285
Loans	18,328	17,284
Capital Projects	18,157	12,159
Debt Service	22,771	27,059
Other	66,394	60,439
Total Restricted Expendable	205,834	199,670
Nonexpendable	33,337	35,204
Unrestricted	68,679	26,488
Total Net Position	2,375,933	2,342,325
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 4,692,478	\$ 4,713,990

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2022 AND 2021
(DOLLARS IN THOUSANDS)

	2022	2021 (As Restated)
OPERATING REVENUES		
Student Tuition and Fees, Net of Scholarship Allowance of \$219,483 in 2022 and \$213,783 in 2021	\$ 620,343	\$ 616,005
Federal and Local Land Grants	10,372	9,285
Contracts and Grants:		
Federal	174,652	155,628
State	40,810	39,485
Local	1,390	1,552
Private	140,710	130,198
Interest on Student Loans Receivable	759	935
Sales and Services of Educational Activities	14,389	11,392
Auxiliary Enterprise Revenue, Net of Scholarship Allowance of \$24,166 in 2022 and \$24,730 in 2021	204,557	165,233
Other Operating Revenues	23,767	29,618
Total Operating Revenues	1,231,749	1,159,331
OPERATING EXPENSES		
Salaries and Wages	948,312	911,863
Benefits	160,565	186,473
Supplies and Other Services	472,159	413,445
Utilities	65,452	59,366
Student Financial Aid, Scholarships and Fellowships	209,221	159,117
Depreciation and Amortization	166,269	150,398
Other Operating Expenses	4,819	2,841
Total Operating Expenses	2,026,797	1,883,503
OPERATING LOSS	(795,048)	(724,172)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	464,328	517,312
State Lottery Appropriations	56,259	56,257
Federal Pell Grants	90,462	95,466
COVID Relief Grants	164,812	109,019
Gifts	83,524	81,221
Investment Income, Including Unrealized (Loss) Gain of (\$42,789) in 2022 and \$34,295 in 2021	(42,680)	76,443
Interest on Indebtedness	(56,732)	(56,990)

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021
(DOLLARS IN THOUSANDS)

	2022	2021 (As Restated)
NONOPERATING REVENUES (EXPENSES) (CONTINUED)		
Payments Made on Behalf of the Fund	\$ (1,971)	\$ 9,197
Student Financial Aid and Other Payments to Institutions	(22,159)	(9,171)
Federal Revenue	31,412	-
Other Nonoperating Expense, Net	1,652	(9,035)
Net Nonoperating Revenues	768,907	869,719
 LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	 (26,141)	 145,547
 CAPITAL GRANTS, APPROPRIATIONS, AND GIFTS	 61,202	 122,762
 CAPITAL BOND PROCEEDS FROM THE STATE	 -	 919
 LOSS ON DISPOSAL OF OPERATIONS	 (2,667)	 -
 CAPITAL PAYMENTS MADE ON BEHALF OF THE FUND	 1,214	 470
 INCREASE IN NET POSITION	 33,608	 269,698
Net Position - Beginning of Year, As Restated	2,342,325	2,072,627
 NET POSITON - END OF YEAR	 \$ 2,375,933	 \$ 2,342,325

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021
(DOLLARS IN THOUSANDS)

	2022	2021 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Student Tuition and Fees	\$ 636,570	\$ 622,788
Federal and Local Land Grants	10,372	9,284
Contracts and Grants	359,602	318,491
Payments to and on Behalf of Employees	(1,190,899)	(1,151,126)
Payments to Suppliers	(430,597)	(373,539)
Payments to Utilities	(64,168)	(58,625)
Payments for Scholarships and Fellowships	(187,977)	(156,054)
Loans Issued to Students	(1,257)	(1,239)
Collection of Loans to Students	3,322	2,376
Sales and Services of Educational Activities	13,920	11,853
Interest Earned on Loans to Students	443	640
Auxiliary Enterprise Charges	197,146	166,420
Other Receipts, Net	(18,496)	270
Net Cash Used by Operating Activities	(672,019)	(608,461)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	545,858	529,842
Federal Pell Grants	90,467	96,266
COVID Relief Grants	218,330	95,906
Payments to Other Institutions	(16,534)	(6,387)
Gift Receipts	58,836	57,103
Direct Lending Receipts	351,167	373,829
Direct Lending Payments	(350,621)	(372,843)
Other Nonoperating Receipts, Net	5,537	210
Net Cash Provided by Noncapital Financing Activities	903,040	773,926
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Proceeds from Bond Issuances and Borrowings	58,200	135,075
Direct Placement Proceeds	6,640	
Proceeds from Capital Asset Disposals and Sale of Natural Resources	-	568
Proceeds from Leases	-	1,091
Capital Bond Proceeds from State	-	357
Proceeds from Sale of Assets	56	-
Issuance Costs on New Debt	-	(459)
Capital Grants and Gifts Received	9,781	26,918
Purchases of Capital Assets	(126,070)	(185,658)
Principal Paid on Notes, Bonds, and Leases	(84,149)	(67,916)
Payoff of Refinanced Bonds	-	(9,245)
Interest Paid on Notes, Bonds, and Leases	(58,623)	(59,135)
Other	7,002	(2,649)
Net Cash Used by Capital Financing Activities	(187,163)	(161,053)

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021
(DOLLARS IN THOUSANDS)

	2022	2021 (As Restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts from Sales/Maturities of Investments	\$ 18,140	\$ 76,020
Purchases of Investments	(27,176)	(47,708)
Withdrawals from Noncurrent Cash and Cash Equivalents	27,604	29,303
Deposits to Noncurrent Cash and Cash Equivalents	9,407	(58,437)
Investment Income	12,196	23,257
Net Cash Provided (Used) by Investing Activities	40,171	22,435
INCREASE IN CASH AND CASH EQUIVALENTS	84,029	26,847
Cash and Cash Equivalents - Beginning of Year	462,088	435,241
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 546,117	\$ 462,088
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (795,048)	\$ (724,172)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation and Amortization Expense	166,247	149,585
Donated/Noncapitalized Expense	22,549	23,271
Accretion on Bond Premium/Discount	(2)	(2)
Loan Cancellations and Write-offs	259	105
Expenses Paid on Behalf of the Fund	(2,715)	5,583
Changes in Assets and Liabilities:		
Receivables, Net	(12,889)	(12,548)
Leases Receivable	(2,379)	-
Loans Receivable, Net	6,323	4,529
Prepaid Expenses	(153)	1,284
Inventories	(193)	278
Accounts Payable	4,802	10,661
Accrued Liabilities	(26,528)	(76,168)
Defined Benefit Pension	(5,787)	10,755
Compensated Absences	(1,052)	(1,684)
Unearned Revenue	23,230	13,153
Deposits	467	(96)
Other Postemployment Benefit Liability	(41,294)	(7,935)
Advances from Federal Sponsors	(9,025)	(1,671)
Other	1,169	(3,389)
Net Cash Used by Operating Activities	\$ (672,019)	\$ (608,461)

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021
(DOLLARS IN THOUSANDS)

	2022	2021 (As Restated)
SIGNIFICANT NONCASH TRANSACTIONS		
Construction in Progress and Capital Asset Additions Included in Accounts Payable and Accrued Liabilities	\$ 7,578	\$ 8,194
Donated Capital Assets	\$ 46,914	\$ 92,657
Loss on Disposal of Fixed Assets	\$ (693)	\$ (9,671)
Unrealized Gain on Investment	\$ (42,789)	\$ 34,295
Bond and Real Estate Agreements, Payable Discounts, Premiums, Losses	\$ -	\$ 7
Gift of Noncapital Asset	\$ (24,691)	\$ 24,145
Capital Assets Obtained under Capital Leases	\$ -	\$ 433
Other Non Cash Property Additions	\$ -	\$ 1,146
Expenses Paid on Behalf	\$ 1,406	\$ 10,026
Transfers	\$ -	\$ 282
Deferred Gain on Refunding	\$ 45	\$ 11
Acquisition of Right-of-Use Assets	\$ 2,444	\$ 419

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
COMPONENT UNITS – STATEMENTS OF NET ASSETS
JUNE 30, 2022

	Big Green Scholarship Foundation Inc.	Bluefield State College Foundation Inc.	Concord University Foundation, Inc.	Fairmont State Foundation Inc.	The Glenville State College Foundation, Inc.	The Marshall University Foundation, Inc.	New River Community and Technical College Foundation, Inc.	Provident Group- Marshall Properties, LLC	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc.*	West Liberty University Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.	Blue Ridge Community & Technical College Foundation, Inc.	Total
ASSETS																	
Cash and Cash Equivalents	\$ 2,288,107	\$ 2,391,433	\$ 676,269	\$ 1,418,310	\$ 100,219	\$ 31,107,533	\$ 262,296	\$ 1,043,684	\$ 4,416,083	\$ 203,077	\$ 121,583	\$ 113,604	\$ 410,947	\$ 3,713,304	\$ 151,227	\$ 377,071	\$ 48,794,747
Investments	10,490,956	12,370,612	46,011,742	31,828,083	17,738,595	268,825,338	1,610,785	-	31,881,937	4,446,925	20,312,268	5,853,966	52,342,758	11,024,095	12,478,197	888,259	528,104,516
Pledges and Contributions Receivable, Net	2,866,802	226,339	302,245	1,373,070	-	21,976,173	25,000	218,353	503,937	163,707	417,502	-	190,332	1,969,285	-	5,825	30,238,570
Other Assets	126,895	91,033	723,924	52,865	1,444,802	2,240,348	2,775	6,184,509	506,155	23,415	63,473	4,035	18,182	752,064	2,014	6,391	12,242,880
Beneficial Interests	636,618	-	-	3,120,594	-	9,807,326	1,344,155	-	-	-	2,295,852	1,147,926	250,000	241,052	-	-	18,843,523
Property and Equipment, Net	84,386	-	2,048	346,459	2,884,832	12,602,344	-	46,755,392	17,630,731	-	-	-	40,000	2,074,972	1,007,864	-	83,429,028
Total	\$ 16,493,764	\$ 15,079,417	\$ 47,716,228	\$ 38,139,381	\$ 22,168,448	\$ 346,559,062	\$ 3,245,011	\$ 54,201,938	\$ 54,938,843	\$ 4,837,124	\$ 23,210,678	\$ 7,119,531	\$ 53,252,219	\$ 19,774,772	\$ 13,639,302	\$ 1,277,546	\$ 721,653,264

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
COMPONENT UNITS – STATEMENTS OF NET ASSETS (CONTINUED)
JUNE 30, 2022

	Big Green Scholarship Foundation Inc.	Bluefield State College Foundation Inc.	Concord University Foundation, Inc.	Fairmont State Foundation Inc.	The Glenville State College Foundation, Inc.	The Marshall University Foundation, Inc.	New River Community and Technical College Foundation, Inc.	Provident Group- Marshall Properties, LLC	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc.*	West Liberty University Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.	Blue Ridge Community & Technical College Foundation, Inc.	Total
LIABILITIES AND NET ASSETS																	
LIABILITIES																	
Accounts Payable	\$ 20,346	\$ -	\$ 41,314	\$ 88,018	\$ 7,486	\$ 1,972,895	\$ 950	\$ 211,175	\$ 5,802	\$ 47,000	\$ -	\$ 506	\$ -	\$ 80,011	\$ 129	\$ -	\$ 2,475,632
Other Accrued Liabilities	68,570	-	-	-	79,389	492,612	194,750	968,640	721,890	-	-	-	-	-	-	625	2,526,476
Amounts Held on Behalf of Others	-	64,410	5,589,734	505,215	58,330	72,940,794	-	-	1,329,446	-	-	-	46,694,059	-	126,291	-	127,308,279
Annuity Obligations	-	-	27,009	3,299	-	596,116	-	9,557,750	61,048	-	13,240	-	-	-	-	-	10,258,462
Bonds and Notes Payable	40,000	-	-	-	2,898,363	-	-	83,355,655	20,922,819	-	-	-	-	1,480,800	-	-	108,697,637
Total Liabilities	128,916	64,410	5,658,057	596,532	3,043,568	76,002,417	195,700	94,093,220	23,041,005	47,000	13,240	506	46,694,059	1,560,811	126,420	625	251,266,486
NET ASSETS (DEFICIT)																	
Without Donor Restrictions	3,289,968	10,915,484	516,316	3,437,606	1,073,665	18,856,252	33,708	(39,891,282)	(4,070,148)	513,721	1,654,987	977,171	1,524,731	914,644	1,411,577	214,985	1,373,385
With Donor Restrictions	13,074,880	4,099,523	41,541,855	34,105,243	18,051,215	251,700,393	3,015,603	-	35,967,986	4,276,403	21,542,451	6,141,854	5,033,429	17,299,317	12,101,305	1,061,936	469,013,393
Total Net Assets (Deficit)	16,364,848	15,015,007	42,058,171	37,542,849	19,124,880	270,556,645	3,049,311	(39,891,282)	31,897,838	4,790,124	23,197,438	7,119,025	6,558,160	18,213,961	13,512,882	1,276,921	470,386,778
Total	\$ 16,493,764	\$ 15,079,417	\$ 47,716,228	\$ 38,139,381	\$ 22,168,448	\$ 346,559,062	\$ 3,245,011	\$ 54,201,938	\$ 54,938,843	\$ 4,837,124	\$ 23,210,678	\$ 7,119,531	\$ 53,252,219	\$ 19,774,772	\$ 13,639,302	\$ 1,277,546	\$ 721,653,264

* December 31 year-end

See accompanying Notes to Financial Statements.

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

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

* December 31 year-end

See accompanying Notes to Financial Statements.

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

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

* December 31 year-end

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
COMPONENT UNITS – STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Big Green Scholarship Foundation Inc.	Bluefield State College Foundation Inc.	Concord University Foundation, Inc.	Fairmont State Foundation Inc.	The Glenville State College Foundation, Inc.	The Marshall University Foundation, Inc.	New River Community and Technical College Foundation, Inc.	Provident Group- Marshall Properties, LLC	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc. *	West Liberty University Foundation, Inc.	West Virginia Northern College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.	Blue Ridge Community & Technical College Foundation, Inc.	Total
REVENUES, GAINS, AND OTHER SUPPORT																	
Without Donor Restrictions:																	
Gifts, Contributions, and Other	\$ 5,082,048	\$ 65,679	\$ 263,523	\$ 87,233	\$ 713,690	\$ 1,344,740	\$ 175,898	\$ 9,722,532	\$ 2,597,272	\$ 118,116	\$ 494,104	\$ 94,665	\$ 441,801	\$ 389,004	\$ 36,233	\$ 29,530	\$ 21,656,068
Investment Income (Loss)	419,314	(673,760)	(112,702)	(159,830)	257,229	(1,388,604)	(8,216)	7,811,166	909	7,129	(24,627)	(108,753)	(201,194)	208,557	(48,005)	1,511	5,980,124
Reclassifications	-	263,831	1,989,494	2,540,141	179,815	14,618,789	239,743	-	1,980,053	114,402	1,457,396	143,410	161,475	1,908,294	431,331	122,717	26,150,891
With Donor Restrictions:																	
Gifts, Contributions, and Other	396,520	401,361	1,748,113	3,187,445	3,010,579	14,468,118	154,027	-	2,885,194	306,470	1,875,291	267,826	385,106	2,758,001	160,212	222,722	32,226,985
Investment Income (Loss)	(2,436,342)	(354,194)	(6,177,302)	(4,821,975)	(2,269,541)	(13,358,806)	(408,849)	-	(5,078,008)	701,228	(2,981,157)	(861,275)	(435,194)	(895,676)	(1,558,716)	(74,135)	(41,009,942)
Reclassifications	-	(263,831)	(1,989,494)	(2,540,141)	(179,815)	(14,618,789)	(239,743)	-	(1,980,053)	(114,402)	(1,457,396)	(143,410)	(161,475)	(1,908,294)	(431,331)	(122,717)	(26,150,891)
Total Revenues, Gains, and Other Support	3,461,540	(560,914)	(4,278,368)	(1,707,127)	1,711,957	1,065,448	(87,140)	17,533,698	405,367	1,132,943	(636,389)	(607,537)	190,519	2,459,886	(1,410,276)	179,628	18,853,235
EXPENSES																	
Scholarships, Awards, and Grants	2,500	312,986	845,971	1,984,471	664,688	5,367,754	269,911	-	2,098,882	118,116	514,248	104,393	366,056	551,792	148,049	122,717	13,472,534
College Support	4,163,684	573,791	1,075,260	430,966	1,449,748	6,081,443	88,391	-	2,543,502	102,154	331,184	38,026	-	1,356,502	52,422	43,478	18,330,551
Management and General	1,216,223	32,423	49,242	624,021	351,090	4,072,722	43,430	12,312,638	684,618	251,848	1,117,937	26,012	318,178	504,095	289,845	580	21,894,902
Total Expenses	5,382,407	919,200	1,970,473	3,039,458	2,465,526	15,521,919	401,732	12,312,638	5,327,002	472,118	1,963,369	168,431	684,234	2,412,389	490,316	166,775	53,697,987
CHANGE IN NET ASSETS																	
Without Donor Restrictions	118,955	(1,263,450)	169,842	(571,914)	(1,314,792)	(946,994)	5,693	5,221,060	(748,768)	(232,471)	(36,496)	(39,109)	(282,152)	93,466	(70,757)	(13,017)	89,096
With Donor Restrictions	(2,039,822)	(216,664)	(6,418,683)	(4,174,671)	561,223	(13,509,477)	(494,565)	-	(4,172,867)	893,296	(2,563,262)	(736,859)	(211,563)	(45,969)	(1,829,835)	25,870	(34,933,848)
Total Change in Net Assets	(1,920,867)	(1,480,114)	(6,248,841)	(4,746,585)	(753,569)	(14,456,471)	(488,872)	5,221,060	(4,921,635)	660,825	(2,599,758)	(775,968)	(493,715)	47,497	(1,900,592)	12,853	(34,844,752)
Net Assets (Deficit) - Beginning of Year	18,285,715	16,495,121	48,307,012	42,289,434	19,878,449	285,013,116	3,538,183	(45,112,342)	36,819,473	4,129,299	25,797,196	7,894,993	7,051,875	18,166,464	15,413,474	1,264,068	505,231,530
NET ASSETS (DEFICIT) - END OF YEAR	\$ 16,364,848	\$ 15,015,007	\$ 42,058,171	\$ 37,542,849	\$ 19,124,880	\$ 270,556,645	\$ 3,049,311	\$ (39,891,282)	\$ 31,897,838	\$ 4,790,124	\$ 23,197,438	\$ 7,119,025	\$ 6,558,160	\$ 18,213,961	\$ 13,512,882	\$ 1,276,921	\$ 470,386,778

* December 31 year-end

See accompanying Notes to Financial Statements.

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

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

* December 31 year-end

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
(DOLLARS IN THOUSANDS)

NOTE 1 ORGANIZATION

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

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

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

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

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

The Fund applies GASB discretely presented component unit requirements and, as a result, the financial statements of certain component units as first presented in the Component Units – Statement of Net Assets are discretely presented here with the Fund's financial statements. The component units are the separate private nonprofit organizations of each applicable institution that are required to be reported under GASB. These discretely presented component unit organizations report under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The component units consist of foundations and other entities which meet the criteria for inclusion under GASB discretely presented component unit requirements.

Financial Statement Presentation

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

Net Investment in Capital Assets – This represents the Fund's total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

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

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

Restricted Net Position – Nonexpendable – This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted Net Position – Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational activities. These resources are used for transactions relating to the educational and general operations of the Fund, and may be used at the discretion of the respective governing boards to meet current expenses for any purpose.

Basis of Accounting

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

Cash and Cash Equivalents

For purposes of the statements of net position, the Fund considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Cash and cash equivalents balances on deposit with the State of West Virginia Treasurer's Office (the State Treasurer) are pooled by the State Treasurer with other available funds of the State for investment purposes by the West Virginia Board of Treasury Investments (BTI). These funds are transferred to the BTI and the BTI is directed by the State Treasurer to invest the funds in specific external investment pools in accordance with West Virginia Code, policies set by the BTI, the provisions of bond indentures, and the trust agreements, when applicable. Balances in the investment pools are recorded at fair value or amortized cost, which approximates fair value. Fair value is determined by a third party pricing service based on asset portfolio pricing models and other sources in accordance with GASB.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (Continued)

The BTI was established by the State Legislature and is subject to oversight by the State Legislature. Fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. The amounts on deposit are available for immediate withdrawal or on the first day of each month for the WV Short Term Bond Pool and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

The BTI maintains the Consolidated Fund investment fund which consists of eight investment pools and participant-directed accounts, three of which the state and local governmental agencies may invest in. These pools have been structured as multi-participant variable net position funds to reduce risk and offer investment liquidity diversification to the Fund participants. Funds not required to meet immediate disbursement needs are invested for longer periods. A more detailed discussion of the BTI's investment operations pool can be found in its annual audited financial report. A copy of that annual audited financial report can be obtained from the following address: 1900 Kanawha Boulevard East, Room E-122, Charleston, West Virginia 25305 or <http://www.wvbt.com>.

Appropriations Due from Primary Government

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

Investments

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

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

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

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

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

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

Allowance for Doubtful Accounts

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

Inventories

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

Noncurrent Cash, Cash Equivalents, and Investments

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

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets include property, plant, and equipment, books and materials that are part of a catalogued library, and infrastructure assets. Capital assets are stated at cost at the date of acquisition or construction, or acquisition value at the date of donation in the case of gifts. Capital assets under service concession arrangements are recorded at acquisition value at the commencement of the agreement. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and infrastructure, 20 years for land improvements, 7 to 20 years for library assets, and 3 to 10 years for furniture and equipment. The estimated useful life of intangible assets varies. The financial statements reflect all adjustments required by GASB.

Unearned Revenue

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

Compensated Absences and Other Postemployment Benefits

GASB provides standards for the measurement, recognition, and display of other postemployment benefit (OPEB) expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State. Effective July 1, 2007, the Fund was required to participate in this multiple employer cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State. Details regarding this plan and its stand-alone financial statements can be obtained by contacting West Virginia Public Employees Insurance Agency (PEIA), State Capitol complex, Building 5, Room 1001, 1900 Kanawha Boulevard East, Charleston, West Virginia 25305-071 or <http://www.wvpeia.com>.

GASB requires entities to accrue for employees' rights to receive compensation for vacation leave, or payments in lieu of accrued vacation or sick leave, as such benefits are earned and payment becomes probable. The Fund's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination. Full-time employees also earn 1-1/2 sick leave days for each month of service and are entitled to extend their health or life insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. Generally, two days of accrued sick leave extends health insurance for one month of single coverage and three days extends health insurance for one month of family coverage. For employees hired after 1988 or who were hired before 1988 but did not choose such coverage until after 1988 but before July 1, 2001, the employee shares in the cost of the extended benefit coverage to the extent of 50% of the premium required for the extended coverage. Employees hired on July 1, 2001, or later will no longer receive sick leave credit toward insurance premiums when they retire. Additionally, all retirees have the option to purchase continued coverage regardless of their eligibility for premium credits. This liability is provided for under the multiple employer cost-sharing plan sponsored by the State.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences and Other Postemployment Benefits (Continued)

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

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

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

Net Pension Liability

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

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources

Consumption of net position by the Fund that is applicable to a future fiscal year is reported as a deferred outflow of resources on the statements of net position. As of June 30, 2022 and 2021, the Fund had a deferred loss on refunding of approximately \$36,534 and \$39,710, respectively, deferred outflows of resources related to pensions of approximately \$2,108 and \$2,721, respectively (Note 14), and deferred outflows of resources related to other postemployment benefits of \$20,608 and \$36,328, respectively (Note 8). Deferred outflows are either accreted over the periods of the refinancing bond issue related to the deferred loss on refinancing or the remaining service lives for employees for the pension and other postemployment benefits plans.

Deferred Inflows of Resources

An acquisition of net position by the Fund that is applicable to a future fiscal year is reported as a deferred inflow of resources on the statements of net position. Deferred inflows related to service concession arrangements are accreted over the periods of the service concession arrangements. As of June 30, 2022 and 2021, the Fund had total deferred inflows of resources of approximately \$36,596 and \$37,422 related to service concession arrangements. As of June 30, 2022 and 2021, the deferred inflows related to pensions were approximately \$9,045 and \$5,869 (Note 14). As of June 30, 2022 and 2021, the deferred inflows related to other postemployment benefits were approximately \$133,834 and \$172,642, respectively (Note 8). As of June 30, 2022 and 2021, the Fund had deferred inflows of resources related to leases of \$11,336 and \$7,569, respectively. Other deferred inflows of resources include deferred gains on refunding and deferred inflows related to a contracts with a food service providers of \$8,283 and \$8,900 as of June 30, 2022 and 2021, respectively.

Risk Management

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

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

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management (Continued)

The WVU and Marshall Schools of Medicine (SOMs) have established a \$250 deductible program under BRIM's professional liability coverage for the SOMs effective July 1, 2005. Starting July 1, 2005, the SOMs assumed the risk and responsibility for any and all indemnity amounts up to \$250 per occurrence and all loss expenses associated with medical malpractice claims and/or suits in exchange for a reduction in its premium for medical malpractice insurance. For fiscal year 2022, BRIM will provide coverage for indemnity amounts between \$250 and \$1,664 per occurrence. For fiscal year 2021, BRIM will provide coverage for indemnity amounts between \$250 and \$1,641 per occurrence. After June 30, 2016, BRIM coverage may increase annually based on the Consumer Price Index until it reaches a maximum of \$2,000 per occurrence. Prior to July 1, 2005, the SOMs were totally covered by BRIM at a limit of \$1,000 per occurrence.

Under the program, the SOMs entered into an agreement with BRIM whereby the SOMs have on deposit \$4.6 million and \$4.5 million as of June 30, 2022 and 2021, respectively, in escrow accounts created in the State Treasury from which BRIM may withdraw amounts to pay indemnity costs and allocated expenses in connection with medical malpractice claims against the SOMs. Additionally, the WVU Health Sciences Center also has on deposit \$43.3 million and \$51.1 million as of June 30, 2022 and 2021, respectively, in an investment account with the West Virginia University Foundation to cover the liabilities under this program. Marshall has a receivable from the University Physicians & Surgeons, Inc. for the funding it has agreed to provide for the self-insurance liability of \$9.5 million and \$11.5 million as of June 30, 2022 and 2021, respectively. Based on actuarial valuations of this self-insurance program, the Fund has recorded a liability of \$44.2 million and \$40.4 million to reflect projected claim payments at June 30, 2022 and 2021, respectively, for both WVU's and Marshall's SOMs.

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

Classification of Revenues

The Fund has classified its revenues according to the following criteria:

Operating Revenues

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most federal, state, local, and nongovernmental grants and contracts, (4) federal appropriations for land grant institutions, (5) sales and services of educational activities, and (6) revenue from leasing.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Revenues (Continued)

Nonoperating Revenues

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

Other Revenues

Other revenues consist primarily of capital grants and gifts.

Use of Restricted Net Position

The Fund has not adopted a formal policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Generally, the Fund attempts to utilize restricted net position first when practicable. Certain Institutions have adopted a policy to utilize restricted net position first.

Federal Financial Assistance Programs

The Fund makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through the institutions within the Fund. Direct student loan receivables are not included in the Fund's statements of net position. In 2022 and 2021, the Fund received and disbursed, or awarded, approximately \$351.6 million and \$375.4 million, respectively, under the Direct Loan Program, which is not included as revenue and expense in the statements of revenues, expenses, and changes in net position.

The Fund also distributes other student financial assistance funds on behalf of the federal government to students under the Federal Pell Grant, Supplemental Educational Opportunity Grant, and College Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2022 and 2021, the Fund received and disbursed approximately \$108.7 million and \$106.2 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 the Fund, and the amount that is paid by students and/or third parties making payments on the students' behalf.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Scholarship Allowances (Continued)

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending is accounted for as a third party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash.

Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on an institution basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

Government Grants and Contracts

Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to audit. The Fund recognizes revenue associated with direct costs as the eligibility requirements are met. Recovery of related indirect costs is generally recorded at fixed rates negotiated for a period of one to five years.

Income Taxes

The Fund is exempt from income taxes, except for unrelated business income, as a nonprofit organization under federal income tax laws and regulations of the Internal Revenue Service.

Cash Flows

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

Use of Estimates

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

Risk and Uncertainties

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

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease Receivable

Leases receivable includes amounts due from external parties for long-term leases of land and building space, recorded at the present value of lease payments expected to be received during the lease term.

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

The Fund has implemented GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, 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 deferred inflows of resources.

The Fund adopted the requirements of the guidance effective July 1, 2020 and has applied the provisions of this standard to the beginning of the period of adoption. As a result of the implementation, net position as of July 1, 2020, was restated by \$61,611 to record the impact of recording right-to-use lease assets and related lease liabilities for the lessee arrangements and lease receivable and related deferred inflows of resources for the lessor arrangements. The statement of revenue, expenses, and changes in net position for the period ending June 30, 2021 was also restated to reflect the impact of adoption which resulted in a decrease in operating revenues, supplies and other services, and other non-operating expenses-net, and an increase in amortization expense and interest on capital asset related debt. The statement of cash flows for the period ending June 30, 2021 was also restated which primarily resulted in a reclassification of cash flows used in operating activities to cash flows used in capital and related financing activities.

Net position - Beginning of Year, as Previously Stated	\$ 2,134,238
Impact of adoption	(61,611)
Net Position - Beginning of Year, as Restated	\$ 2,072,627

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NOTE 3 CASH AND CASH EQUIVALENTS

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

	2022		
	Current	Noncurrent	Total
State Treasurer	\$ 464,379	\$ 13,013	\$ 477,392
Municipal Bond Commission	1,635	-	1,635
Trustee	-	95,135	95,135
Bank	70,571	-	70,571
Cash Equivalents	9,480	-	9,480
Escrowed Cash	-	4,576	4,576
On Hand	52	-	52
Total	\$ 546,117	\$ 112,724	\$ 658,841
	2021		
	Current	Noncurrent	Total
State Treasurer	\$ 394,242	\$ 10,052	\$ 404,294
Municipal Bond Commission	1,713	-	1,713
Trustee	1	135,115	135,116
Bank	60,445	126	60,571
Cash Equivalents	5,607	-	5,607
Escrowed Cash	-	4,507	4,507
On Hand	80	-	80
Total	\$ 462,088	\$ 149,800	\$ 611,888

Amounts held by the Municipal Bond Commission or trustee represent various project revenue, debt service, and other repair and replacement reserve funds required to be escrowed by various bond trust indentures. Other amounts held by the State Treasurer include \$33.7 million and \$26.5 million of restricted cash at June 30, 2022 and 2021, respectively. Cash equivalents are primarily related to amounts held in money markets, repurchase agreements, and savings accounts.

The combined carrying amounts of cash in the bank at June 30, 2022 and 2021, were \$74.9 million and \$60.5 million, as compared with the combined bank balance of \$79.2 million and \$66.2 million, respectively. The difference is primarily caused by outstanding checks and items in transit. The bank balances were covered by federal depository insurance as noted below or were secured by financial instruments held as collateral by the State's agent. Regarding federal depository insurance, interest bearing accounts are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000.

Amounts with the State Treasurer as of June 30, 2022 and 2021 are comprised of approximately \$206.9 million and \$134.3 million, respectively, held by the State Treasury Fund and not invested, and three investment pools, the WV Money Market Pool, the WV Government Money Market Pool and the WV Short Term Bond Pool.

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NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

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

External Pool	2022		2021	
	Carrying Value (in Thousands)	S & P Rating	Carrying Value (in Thousands)	S & P Rating
WV Money Market Pool	\$ 262,531	AAAm	\$ 261,789	AAAm
WV Government Money Market Pool	\$ 1,625	AAAm	\$ 1,713	AAAm
WV Short-Term Bond Pool	\$ 6,232	Not Rated	\$ 6,449	Not Rated

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

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

External Pool	2022		2021	
	Carrying Value (in Thousands)	WAM (Days)	Carrying Value (in Thousands)	WAM (Days)
WV Money Market Pool	\$ 262,531	21	\$ 261,377	52
WV Government Money Market Pool	\$ 1,625	19	\$ 1,787	45

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

External Pool	2022		2021	
	Carrying Value (in Thousands)	Effective Duration (Days)	Carrying Value (in Thousands)	Effective Duration (Days)
WV Short-Term Bond Pool	\$ 6,232	584	\$ 6,449	638

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NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

Cash in Bank with Trustee

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

	Carrying Value	
	2022 (in Thousands)	2021 (in Thousands)
Investment Type:		
Money Market Fund	\$ 95,135	\$ 135,116

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

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

NOTE 4 INVESTMENTS

The Fund categorizes its fair value measurements within the fair value hierarchy established by GAAP. The Fund had the following recurring fair value measurements comprised of investments as of June 30, 2022 and 2021 (dollars in thousands):

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NOTE 4 INVESTMENTS (CONTINUED)

	2022			
	Fair Value	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
U.S. Government Investments:				
Cash	\$ 3,830	\$ 3,830	\$ -	\$ -
Agency Obligations	628	-	628	-
Treasury Obligations	13,327	9,367	3,960	-
Mutual Money Market Funds	11	11	-	-
Corporate Bonds	11,911	6,828	5,083	-
Mutual Bond Funds:				
Guggenheim TR Bond	6,813	100	6,347	366
iShares Barclays 1-3 Year Treasury	12,829	811	12,018	-
Muzinich Credit Opportunities Fund	6,447	-	6,447	-
Allspring High Yield Bond - A	6	6	-	-
Fixed Income Funds:				
IR&M Core Bond	9,924	-	9,924	-
Other	2,602	2,602	-	-
Mutual Stock Funds:				
Allspring Opportunity - A	601	601	-	-
Artisan International Small Cap	2,388	868	1,520	-
Baillie Gifford	8,487	1,230	7,257	-
Cohen Steers Ins Rty	2,553	2,487	52	14
Eaton Vance	1,168	1,168	-	-
Equity Mutual Funds	35,808	35,808	-	-
Invesco	22,179	14,295	7,884	-
Ishares US Fin Serv	2,223	2,223	-	-
Jensen Quality Growth	5,805	5,805	-	-
Maingate MLP Fund	4,333	4,333	-	-
MFS International Value Fund	10,816	10,816	-	-
MFS Investment Management	9,369	9,369	-	-
REMS RE	2,311	2,311	-	-
Vanguard Russell 2000	4,605	4,605	-	-
Vanguard S&P 500ETF	11,375	11,375	-	-
Vanguard Total Stock Market	27,776	27,776	-	-
Vanguard Finan EFT	2,318	2,318	-	-
Vanguard FTSE	4,672	718	3,950	4
Wellington EM	6,269	6,139	130	-
Hedge Funds:				
Capstone Convex PF	3,098	59	3,039	-
Penso Neg Cor Alpha	4,151	939	3,212	-
Limited Partnership Equity:				
TI Platform Fund I	1,740	-	-	3,005
TI Platform Fund II	514	-	-	1,740
TI Platform Fund III	3,005	-	-	514
747 Stuyvesant VI LP	1,164	-	-	1,164
747 Stuyvesant VI LP II	315	-	-	315
Investments Held by Marshall University Foundation				
Foundation	72,897	-	72,897	-
Other	957	-	-	957
Total	<u>321,225</u>	<u>\$ 168,798</u>	<u>\$ 144,348</u>	<u>\$ 8,079</u>
Investments Measured at Net Asset Value (NAV):				
Morgan Stanley	10,217			
Total Investments	<u>\$ 331,442</u>			

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NOTE 4 INVESTMENTS (CONTINUED)

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

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NOTE 4 INVESTMENTS (CONTINUED)

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

As of June 30, 2022 and 2021, WVU's investments held with the Foundation were \$171.9 million and \$203.2 million, respectively. WVU's investments held with the Foundation are governed by investment policies and an investment management agency agreement that determine the permissible investments by category. The holdings include investment cash accounts, commingled equity funds, exchange traded funds (EFT), mutual bond funds, mutual stock funds, fixed income commingled funds, and limited partnership and hedge fund investments. The investment management agency agreement outlines the acceptable exposure to each category of investment and generally outlines a liquidity goal. The agreement also states that at no time will illiquid investment assets (defined as those assets that cannot be converted into cash within 90 days) exceed 10% of any portfolio.

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

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

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

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NOTE 4 INVESTMENTS (CONTINUED)

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

	2022			
	Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period
Morgan Stanley Private:				
Renaissance Institutional Equities	\$ 2,399	None	Monthly	60 Days
HP Millennium International	632	None	Quarterly	30 Days
Mudrick Distressed Opportunity Fund	5,306	None	Quarterly	90 Days
KKR Dislocation Fund	1,880	\$ 769	n/a	n/a
Total Investments Measured at the NAV	<u>\$ 10,217</u>			
	2021			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Morgan Stanley Private:				
Renaissance Institutional Equities	\$ 1,996	None	Monthly	60 Days
HP Millennium International	1,130	None	Quarterly	30 Days
Mudrick Distressed Opportunity Fund	5,906	None	Quarterly	90 Days
KKR Dislocation Fund	1,288	\$ 1,625	n/a	n/a
Total Investments Measured at the NAV	<u>\$ 10,320</u>			

Credit Risk

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

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

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NOTE 4 INVESTMENTS (CONTINUED)

Credit Risk (Continued)

At June 30, 2022 and 2021, Standard & Poor's (S&P) credit ratings were as follows:

<u>Investment Type</u>	<u>Standard & Poor's Rating</u>	
	<u>2022</u>	<u>2021</u>
Bank of America Corp	A-	A-
Cheniere Corpus Christi Holdings LLC	BBB-	BBB-
Citigroup	-	BBB+
Discovery Communications	BBB-	-
Energy Transfer	BBB-	-
General Motors Financial	BBB	BBB
Goldman Sachs Group	BBB+	BBB+
Guggenheim TR Bond	A3	A3
HollyFrontier Corp	-	BBB-
IR&M Core Bond	Aa2	Aa2
iShares Barclays 1-3 Year Treasury	Aaa	-
iShares Barclays 3-7 Year Treasury	-	Aaa
iShares Barclays 7-10 Year Treasury	-	Aaa
JP Morgan Chase & Co	A-	A-
Morgan Stanley	A-	BBB+
Muzinich Credit Opportunities Fund	A	Ba2
Utah Acquisition Corp.	BBB-	BBB-
Wells Fargo & Co	BBB+	BBB+

Remaining investments have not been rated.

Interest Rate Risk

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

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NOTE 4 INVESTMENTS (CONTINUED)

Interest Rate Risk (Continued)

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

<u>Investment Type</u>	2022				
	Investment Maturities				
	Value	One Year	1-5 Years	6-10 Years	10 Years
Fixed Income Commingled	\$ 9,924	\$ 496	\$ 4,188	\$ 3,374	\$ 1,866
Fixed Income ETF	12,829	193	12,636	-	-
Mutual Bond Funds	13,260	1,340	4,742	4,285	2,893
Total	<u>\$ 36,013</u>	<u>\$ 2,029</u>	<u>\$ 21,566</u>	<u>\$ 7,659</u>	<u>\$ 4,759</u>

U.S. Treasury Notes and Mutual Bond Funds	2021				
	Investment Maturities				
	Value	One Year	1-5 Years	6-10 Years	10 Years
	\$ 8,994	-	-	\$ 8,988	\$ 6
Total	<u>\$ 8,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,988</u>	<u>\$ 6</u>

For WVU, interest rate risk is managed by limiting the time period or duration of the specific investment. The following tables show the maturities for WVSOM at June 30 (dollars in thousands):

<u>Bond Maturity</u>	2022		2021	
	Market Value	% of Bond Market Value	Market Value	% of Bond Market Value
Less than 1 Year	\$ 2,442	15.1 %	\$ 1,942	12.4 %
1 to 5 Years	13,754	84.9	13,696	87.6
Total	<u>\$ 16,196</u>	<u>100.0 %</u>	<u>\$ 15,638</u>	<u>100.0 %</u>

Concentration of Credit Risk

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

At June 30, 2022 and 2021, WVU's investments were not subject to concentration of credit risk.

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NOTE 4 INVESTMENTS (CONTINUED)

Concentration of Credit Risk (Continued)

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

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

Custodial Credit Risk

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

For Fund investments, at June 30, 2022 and 2021, there was no custodial credit risk.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

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NOTE 4 INVESTMENTS (CONTINUED)

Foreign Currency Risk (Continued)

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

<u>Currency</u>	<u>2022</u>	<u>2021</u>
Australian Dollar	\$ 648	\$ 1,105
Brazilian Real	692	639
British Pence	-	4,065
British Pound Sterling	-	1,046
British Pound	4,535	-
Canadian Dollar	1,682	1,535
Czech Koruna	56	65
Chilean Peso	23	-
China Renminbi	988	936
Columbian Peso	5	-
Danish Krone	1,098	1,188
Egyptian Pound	5	-
Euro	9,925	13,598
Hong Kong Dollar	4,716	4,754
Hungarian Forint	37	-
Indian Rupee	2,055	1,192
Indonesian Rupiah	294	93
Israeli Arorot	24	636
Japanese Yen	4,463	5,286
Kenyan Shilling	37	38
Korean Won	633	441
Kuwaiti Fil	42	-
Malaysian Ringgit	89	-
Mexican Peso	313	183
New Taiwan Dollar	-	1,137
Norwegian Krone	125	100
Philippine Peso	108	97
Polish Zloty	-	28
Qatari Riyal	47	-
Rand	-	130
Romanian Leu	5	-
Russian Ruble	107	1
Saudi Arabia Riyal	251	-
Singapore Dollar	44	249
South African Rand	500	320
South Korean Won	195	1,438
Swedish Krona	1,142	1,306
Swiss Franc	2,840	3,434
Taiwanese Dollar	1,930	900
Thai Baht	297	175
Turkish Lira	23	41
UAE Dirham	74	-
U.S. Dollar	143,993	170,300
Total	<u>\$ 184,041</u>	<u>\$ 216,456</u>

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NOTE 5 ACCOUNTS RECEIVABLE

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

	<u>2022</u>	<u>2021</u> <u>(As Restated)</u>
Students, Net of Allowance of \$26,059 and \$30,139 in 2022 and 2021, Respectively	\$ 20,436	\$ 21,999
Grants and Contracts, Net of Allowance of \$3,558 and \$1,916 in 2022 and 2021, Respectively	85,567	72,989
Auxiliary Services, Net of Allowance of \$786 and \$1,947 in 2022 and 2021, Respectively	3,679	4,868
Due from State and State Agencies	7,444	5,795
Other, Net of Allowance of \$1,000 and \$3,140 in 2022 and 2021, Respectively	59,465	59,957
Total	<u>\$ 176,591</u>	<u>\$ 165,608</u>

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NOTE 6 CAPITAL ASSETS

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

	2022			
	Beginning Balance (As Restated)	Additions	Reductions	Ending Balance
Capital Assets not being Depreciated or Amortized:				
Land	\$ 174,624	\$ 484	\$ 1,802	\$ 173,306
Construction in Progress	127,486	89,436	75,289	141,633
Other	121	-	-	121
Total Capital Assets not being Depreciated or Amortized	302,231	89,920	77,091	315,060
Other Capital Assets:				
Land Improvements	107,164	2,401	(29)	109,594
Infrastructure	472,046	10,333	279	482,100
Buildings	3,832,201	63,333	903	3,894,631
Equipment	485,176	32,391	32,625	484,942
Software	71,341	1,261	59	72,543
Library Books	212,897	4,564	312	217,149
Intangibles and Others	207,044	42,565	25	249,584
Right of Use Asset Building	50,291	4,123	3,505	50,909
Right of Use Asset Equipment	1,353	86	22	1,417
Right of Use Asset Software	1,349	111	150	1,310
Total Other Capital Assets	5,440,862	161,168	37,851	5,564,179
Less Accumulated Depreciation and Amortization for:				
Land Improvements	71,220	5,735	-	76,955
Infrastructure	335,597	9,425	278	344,744
Buildings	1,209,288	78,782	1,191	1,286,879
Equipment	350,102	29,041	29,800	349,343
Software	65,408	2,226	56	67,578
Library Books	193,319	5,433	231	198,521
Intangibles and Others	154,016	27,545	22	181,539
Right of Use Asset Building	6,962	6,552	1,324	12,190
Right of Use Asset Equipment	169	368	15	522
Right of Use Asset Software	379	875	151	1,103
Total Accumulated Depreciation and Amortization	2,386,460	165,982	33,068	2,519,374
Other Capital Assets, Net	3,054,402	(4,814)	4,783	3,044,805
Capital Assets, Net	<u>\$ 3,356,633</u>	<u>\$ 85,106</u>	<u>\$ 81,874</u>	<u>\$ 3,359,865</u>
Right-of-Use Leased Assets, Net				<u>\$ 39,821</u>
Capital Assets, Net				<u>\$ 3,320,044</u>

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NOTE 6 CAPITAL ASSETS (CONTINUED)

Capital asset summary:

Capital Assets not being Depreciated or Amortized:	\$ 302,231	\$ 89,920	\$ 77,091	\$ 315,060
Other Capital Assets	<u>5,440,862</u>	<u>161,168</u>	<u>37,851</u>	<u>5,564,179</u>
 Total Cost of Capital Assets	 5,743,093	 251,088	 114,942	 5,879,239
 Less Accumulated Depreciation and Amortization	 <u>2,386,460</u>	 <u>165,982</u>	 <u>33,068</u>	 <u>2,519,374</u>
 Capital Assets, Net	 <u><u>\$ 3,356,633</u></u>	 <u><u>\$ 85,106</u></u>	 <u><u>\$ 81,874</u></u>	 <u><u>\$ 3,359,865</u></u>

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NOTE 6 CAPITAL ASSETS (CONTINUED)

	2021			
	(As Restated)			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital Assets not being Depreciated or Amortized:				
Land	\$ 170,885	\$ 4,219	\$ 480	\$ 174,624
Construction in Progress	100,187	128,470	101,171	127,486
Other	121	-	-	121
Total Capital Assets not being Depreciated or Amortized	271,193	132,689	101,651	302,231
Other Capital Assets:				
Land Improvements	104,633	4,702	2,171	107,164
Infrastructure	469,321	2,733	8	472,046
Buildings	3,758,356	100,990	27,145	3,832,201
Equipment	451,553	44,834	11,211	485,176
Software	67,402	4,483	544	71,341
Library Books	208,908	4,367	378	212,897
Intangibles and Others	140,158	66,886	-	207,044
Right of Use Asset Building	18,777	31,514	-	50,291
Right of Use Asset Equipment	172	1,181	-	1,353
Right of Use Asset Software	863	486	-	1,349
Total Other Capital Assets	5,220,143	262,176	41,457	5,440,862
Less Accumulated Depreciation and Amortization for:				
Land Improvements	67,332	5,778	1,890	71,220
Infrastructure	325,467	10,138	8	335,597
Buildings	1,145,462	76,511	12,685	1,209,288
Equipment	332,454	27,611	9,963	350,102
Software	62,913	2,767	272	65,408
Library Books	187,622	5,997	300	193,319
Intangibles and Others	138,274	15,742	-	154,016
Right of Use Asset Building	-	6,962	-	6,962
Right of Use Asset Equipment	-	169	-	169
Right of Use Asset Software	-	379	-	379
Total Accumulated Depreciation and Amortization	2,259,524	152,054	25,118	2,386,460
Other Capital Assets, Net	2,960,619	110,122	16,339	3,054,402
Capital Assets, Net	<u>\$ 3,231,812</u>	<u>\$ 242,811</u>	<u>\$ 117,990</u>	<u>\$ 3,356,633</u>
Right-of-Use Leased Assets, Net				<u>\$ 45,483</u>
Capital Assets, Net				<u>\$ 3,311,150</u>

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NOTE 6 CAPITAL ASSETS (CONTINUED)

Capital asset summary:

Capital Assets not being Depreciated or Amortized:	\$ 271,193	\$ 132,689	\$ 101,651	\$ 302,231
Other Capital Assets	<u>5,220,143</u>	<u>262,176</u>	<u>41,457</u>	<u>5,440,862</u>
 Total Cost of Capital Assets	 5,491,336	 394,865	 143,108	 5,743,093
 Less Accumulated Depreciation and Amortization	 <u>2,259,524</u>	 <u>152,054</u>	 <u>25,118</u>	 <u>2,386,460</u>
 Capital Assets, Net	 <u>\$ 3,231,812</u>	 <u>\$ 242,811</u>	 <u>\$ 117,990</u>	 <u>\$ 3,356,633</u>

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

The Fund has construction commitments at June 30, 2022, of approximately the following (dollars in thousands):

Fairmont	\$ 516
Marshall	4,165
New River	662
Northern	581
Pierpont	1,808
Policy Commission	581
WVSOM	1,035
WVSU	187
WVU	<u>4,700</u>
Total	<u>\$ 14,235</u>

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

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

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NOTE 7 LONG-TERM LIABILITIES

The following, for the years ended June 30, 2022 and 2021, is a summary of long-term obligation transactions for the Fund (dollars in thousands):

	2022				
	Beginning Balance (As Restated)	Additions	Reductions	Ending Balance	Current Portion
Bonds, Capital Leases, and Notes Payable:					
Notes Payable - Direct Placement	\$ 116,519	\$ 12,074	\$ (8,245)	\$ 120,348	\$ 5,314
Lease Liabilities	107,688	7,492	(13,739)	101,441	6,106
Financed Purchases Payable	58,443	40	(772)	57,711	774
Bonds Payable	<u>1,314,400</u>	<u>52,486</u>	<u>(74,414)</u>	<u>1,292,472</u>	51,049
Total Bond, Capital Leases, and Notes Payable	1,597,050	72,092	(97,170)	1,571,972	-
Advances from Federal Sponsors	29,195	-	(9,417)	19,778	-
Real Estate Purchase Agreements Payable	11,195	-	(300)	10,895	285
Accrued Compensated Absences	59,166	1,976	(2,976)	58,166	53,497
Future Interest Payable	35,620	-	(1,904)	33,716	5,113 *
Other Noncurrent Liabilities	<u>44,361</u>	<u>14,600</u>	<u>(8,552)</u>	<u>50,409</u>	674
Total Long-Term Liabilities	<u>\$ 1,776,587</u>	<u>\$ 88,668</u>	<u>\$ (120,319)</u>	<u>\$ 1,744,936</u>	

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

	2021 (As Restated)				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds, Capital Leases, and Notes Payable:					
Notes Payable - Direct Placement	\$ 111,057	\$ 53,791	\$ (48,329)	\$ 116,519	\$ 7,944
Lease Liabilities	45,931	101,082	(39,325)	107,688	8,605
Financed Purchases Payable	59,477	434	(1,468)	58,443	763
Bonds Payable	<u>1,230,785</u>	<u>131,001</u>	<u>(47,386)</u>	<u>1,314,400</u>	39,104
Total Bond, Capital Leases, and Notes Payable	1,447,250	286,308	(136,508)	1,597,050	-
Advances from Federal Sponsors	31,109	6	(1,920)	29,195	-
Real Estate Purchase Agreements Payable	11,487	-	(292)	11,195	273
Accrued Compensated Absences	58,646	2,377	(1,857)	59,166	54,138
Future Interest Payable	37,192	-	(1,572)	35,620	5,003 *
Other Noncurrent Liabilities	<u>45,611</u>	<u>10,972</u>	<u>(12,222)</u>	<u>44,361</u>	516
Total Long-Term Liabilities	<u>\$ 1,631,295</u>	<u>\$ 299,663</u>	<u>\$ (154,371)</u>	<u>\$ 1,776,587</u>	

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

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NOTE 8 OTHER POSTEMPLOYMENT BENEFITS

Following is the Fund's other postemployment benefits (asset) liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, revenues, and other postemployment benefits expense and expenditures for the fiscal years ended June 30, 2022 and 2021 (dollars in thousands):

	2022	2021
Net OPEB (Asset) Liability	\$ (3,709)	\$ 54,245
Deferred Outflows of Resources	20,608	36,328
Deferred Inflows of Resources	133,834	172,642
Revenues	(3,309)	5,202
OPEB Expense	(68,337)	(44,695)
Contributions Made by the Fund	13,017	22,288

Plan Description

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

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

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

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NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided

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

Contributions

Pay as you go premiums (paygo) are established by the Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The active premiums subsidize the retirees' health care.

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

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

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

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

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

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NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Contributions (Continued)

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

Basis of Allocation

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

Assumptions

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

- Actuarial cost method: Entry age normal cost method.
- Amortization method and period: Level percentage of payroll over 20 years.
- Investment rate of return: 6.65%, net of OPEB Plan investment expense, including inflation.
- Rates based on 2015-2020 OPEB experience study and dependent on plan participation and attained age, and range from 2.75% to 5.18%, including inflation.
- 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.

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NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

- Inflation rate: 2.75%.
- Discount Rate: 6.65%
- Mortality rates: Postretirement, Pub-2010 general Healthy Retiree Mortality Tables (100% males, 108% females) projected with MP-2019. Pre-retirement, Pub-2010 general Healthy Retiree Mortality Tables (100% males, 100% females) projected with MP-2019.

The long-term investment 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 West Virginia Investment Management Board (IMB) and an expected short-term rate of return of 2.5% for assets invested with the WV Board of Treasury Investments (BTI).

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

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

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NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

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

<u>Asset Class</u>	2021	
	Long- Term Expected Real Rate of Return	Target Target Allocation
Global Equity	4.8 %	55.0 %
Core Plus Fixed Income	2.1	15.0
Core Real Estate	4.1	10.0
Private Equity	2.4	10.0
Hedge Funds	6.8	10.0

<u>Asset Class</u>	2020	
	Long- Term Expected Real Rate of Return	Target Target Allocation
Global Equity	6.8 %	55.0 %
Core Plus Fixed Income	4.1	15.0
Core Real Estate	6.1	10.0
Private Equity	8.8	10.0
Hedge Funds	4.4	10.0

Discount rate. The single discount rate of 6.65% was used to measure the OPEB (asset) liability. 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 these 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 (asset) liability.

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NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

Sensitivity of the net pension (asset) liability to changes in the discount rate. The following presents the Fund's proportionate share of the net OPEB (asset) liability as of June 30, 2022 and 2021, respectively, calculated using the discount rate of 6.65%, as of June 30, 2022 and June 30, 2021, respectively, as well as what the Fund's net OPEB (asset) liability would be if it were calculated using a discount rate that is one percentage point lower (5.65%) or one percentage point higher (7.65%) than the current rate (dollars in thousands).

	<u>1% Decrease (5.65%)</u>	<u>Current Discount Rate (6.65%)</u>	<u>1% Increase (7.65%)</u>
Net OPEB (Asset) Liability 2022	\$ 17,117	\$ (3,709)	\$ (23,099)
Net OPEB Liability 2021	\$ 77,361	\$ 54,245	\$ 34,894

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

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Net OPEB (Asset) Liability 2022	\$ (27,282)	\$ (3,709)	\$ 25,125
Net OPEB Liability 2021	32,639	54,245	79,707

OPEB (Asset) Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. The net OPEB (assets) liabilities at June 30, 2022 and 2021 were measured as of June 30, 2021 and 2020. The total OPEB (assets) liabilities at June 30, 2022 and 2021 were determined by actuarial valuations as of June 30, 2020, with the 2020 valuation rolled forward to the measurement dates.

At June 30, 2022 and 2021, the amount recognized as the Fund's proportionate share of the net OPEB (asset) liability was \$(3,709) and \$54,245, respectively. At June 30, 2022 and 2021, the nonemployer contributing entity's (State of West Virginia) portion of the collective net OPEB liability was \$(593) and \$12,459, respectively. At June 30, 2022 and 2021, the total net OPEB (asset) liability attributable to the Fund is \$(4,302) and \$66,704, respectively.

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NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

OPEB (Asset) Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. (Continued)

The allocation percentage assigned to each contributing employer is based on the employer's proportionate share of employer contributions to the RHBT for the fiscal years ended June 30, 2021 and June 30, 2020. Employer contributions are recognized when due. At June 30, 2021, the Fund's proportion was 12.4766418%, an increase of 0.1949121% from its proportion of 12.2817297% calculated as of June 30, 2020. At June 30, 2020, the Fund's proportion was 12.2817297%, an increase of 0.0325117% from its proportion of 12.2492179% calculated as of June 30, 2019.

For the year ended June 30, 2022 and 2021, the Fund recognized OPEB expense of \$(68.3) million and \$(44.7) million, respectively. Of this amount, \$(65.0) million and \$(49.9) million was recognized as the Fund's proportionate share of the OPEB expense, and \$(3.3) million and \$5.2 million as the amount of OPEB expense attributed to special funding. The Fund also recognized revenue of \$(3.3) million and \$5.2 million, respectively, for support provided by the State.

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

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in Expected and Actual Experience	\$ -	\$ 25,564	\$ 79	\$ 35,172
Changes in Proportion and Difference Between Employer Contributions an Proportionate Share of Contributions	7,591	2,850	9,871	11,760
Net Difference between Projected and Actual investment earnings	-	25,597	4,090	26
Changes in Assumptions	-	78,543	-	122,469
Contributions after measurement date	13,017		22,288	
Reallocation after opt-out	-	1,280	-	3,215
	<u>\$ 20,608</u>	<u>\$ 133,834</u>	<u>\$ 36,328</u>	<u>\$ 172,642</u>

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NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The Fund will recognize the \$13,017 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability in the year ended June 30, 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 (dollars in thousands):

<u>Year Ending June 30,</u>	<u>Amortization</u>
2023	\$ (62,332)
2024	(47,786)
2025	(8,700)
2026	(7,425)
Total	<u>\$ (126,243)</u>

NOTE 9 LEASES

Lease Obligations

The Fund leases certain property and equipment for various terms under long-term, noncancelable lease agreements. Total future minimum lease payments under lease agreements are as follows: (dollars in thousands):

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Amount</u>
2023	\$ 6,106	\$ 2,889	\$ 8,995
2024	6,081	2,684	8,765
2025	5,007	2,526	7,533
2026	4,500	2,401	6,901
2017	3,900	2,290	6,190
2028-2032	14,583	9,968	24,551
2033-2037	6,001	8,447	14,448
2038-2042	5,220	7,650	12,870
2043-2047	5,979	6,891	12,870
2048-2052	6,396	5,993	12,389
5052-2056	6,104	5,138	11,242
2058-2062	6,948	4,179	11,127
2063-2067	8,055	3,072	11,127
2068-2072	9,339	1,789	11,128
2073-2076	7,222	380	7,602
Total	<u>\$ 101,441</u>	<u>\$ 66,297</u>	<u>\$ 167,738</u>

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NOTE 9 LEASES (CONTINUED)

Lease Receivables

The Fund leases various facilities as a lessor. Rental rates, terms, cancellations, and other provisions vary based on the agreement, but generally lease payments are at a monthly fixed rate operating lease agreements. As of June 30, 2022 and 2021, lease receivables are included in other assets on the statements of net position. The following is a schedule by year of minimum future rental payments (dollars in thousands):

<u>Year Ending June 30,</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
2023	\$ 1,422	\$ 471	\$ 1,893
2024	1,311	364	1,675
2025	1,264	277	1,541
2026	1,153	178	1,331
2027	729	92	821
2028-2032	1,484	222	1,706
2033-2037	569	95	664
2038-2042	246	9	255
Total	<u>\$ 8,178</u>	<u>\$ 1,708</u>	<u>\$ 9,886</u>

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

WVU leases certain real estate to external parties. During the years ended June 30, 2022 and 2021, the University recognized revenue related to these lease arrangements of \$974 and \$1,279, respectively. This includes amortization of deferred inflows and interest income. The general terms of these lease agreements are as follows:

<u>Lease Type</u>	<u>Description</u>	<u>Rate</u>	<u>Lease Term</u>	<u>Payment Frequency</u>	<u>Payment Amount</u>	<u>Other Terms</u>
Real Estate	Cell Tower - Arnold Apartments	2.96%	7/25/2012 to 4/30/2024	Monthly	\$ 4,096	Escalating 3% annually
Real Estate	Land - Research Park	2.96%	3/4/2016 to 3/3/2056	Annually	42,500	
Real Estate	Cell Tower - Brooke Tower	2.96%	7/25/2012 to 4/30/2023	Monthly	2,896	Escalating 3% annually
Real Estate	Cell Tower - Dadisman Hall	3.05%	rolling 24 month notice period	Monthly	3,360	Escalating 3% annually
Real Estate	Cell Tower - Braxton Tower	3.05%	rolling 24 month notice period	Monthly	3,360	Escalating 3% annually
Real Estate	Cell Tower - Wise Library	2.96%	5/1/2019 to 4/30/2024	Monthly	2,896	Escalating 3% annually
Real Estate	Cell Tower - Summit Hall	2.96%	5/1/2019 to 4/30/2024	Monthly	3,847	Escalating 3% annually
Real Estate	Cell Tower - Knapp Hall	3.05%	rolling 24 month notice period	Monthly	2,832	Escalating 3% annually
Real Estate	Cell Tower - Chestnut Ridge Research Building	3.05%	rolling 24 month notice period	Monthly	2,575	Escalating 3% annually
Real Estate	Restaurant Space in Mountainlair	2.96%	8/1/2012 to 8/31/2027	Monthly	1,667	
Real Estate	Medical Education Building - Charleston, WV	2.96%	7/1/2020 to 6/30/2025	Monthly	12,803	Escalating 3% annually
Real Estate	Research space at the HSC	3.05%	1/1/2021 to 12/31/2022	Monthly	1,652	
Real Estate	Cell Tower - Carter Hall - Beckley, WV	2.96%	5/1/2020 to 4/30/2025 with 5 year assumed renewal 3/28/2018 to 3/27/2023 with assumed 5 year extension	Monthly	1,800	
Real Estate	Land - Montgomery, WV	2.96%		Monthly	214	

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NOTE 10 NOTES PAYABLE – DIRECT PLACEMENTS

During February 2014, WV State signed a promissory note with Capital One Equipment Finance Corp borrowing \$2,700 at an interest rate of 6.65% to be used to partially finance the construction of a new athletic complex. The note matures in 2033, with principal payments due annually on October 1 starting in 2014. Interest payments are due annually on April 1 and October 1 starting in April 2014. The note balance at June 30, 2022 and 2021 was approximately \$1,968 and \$2,076, respectively.

On December 10, 2020, WV State signed a promissory note with the WVSU Foundation borrowing \$1,000 at an interest rate of 1.50% calculated annually. The note matures on April 10, 2025, with principal and interest payments due quarterly beginning on July 10, 2021. The note balance at June 30, 2022 and 2021 was \$756 and \$1,000, respectively.

In May 2021, the West Virginia State University Board of Governors entered into a Capital Project Loan Agreement with Rice Capital Access Program, LLC for up to \$40,500 for the purpose of financing or refinancing the costs of capital projects. The proceeds from the direct placement were used to repay the outstanding balances of the 2012 Bonds, the 2013 Bonds, and the capital lease. The direct placement matures on August 1, 2045 with debt service payments due starting February 1, 2022. Interest on the direct placement will be equal to and payable at the same time as interest due on the Series A 2021-1 Bonds. The University will need to make monthly deposits for principal and interest as well as pro rate fees starting July 2021. The full amount of the principal and interest due on for each payment must be on hand with the Trustee two months before the payment is due. The direct placement requires the University to expend not less than the annual Replacement Fund Reserve Requirement on capital improvements. The initial Replacement Fund Reserve Requirement is \$550 and will increase on July 1st each year by 3%. The University has a rate covenant that pledged revenues (auxiliary capital fees and gross operating revenues) will be equal to 120% of the maximum annual debt services on the 2021 loan and any additional long-term debt. Failure to meet this rate covenant during any fiscal year, will cause the University to immediately fund a separate and dedicated West Virginia State University Liquidity Reserve Account maintained and held by the Trustee. As of June 30, 2021, the University was in compliance with the rate covenants. A loss on refinancing was recorded as a deferred outflow in the amount of \$7,039 and 7,498 at June 30, 2022 and 2021, respectively. The principal on the direct placement that was outstanding at June 30, 2021 was \$36,253 and \$36,862, respectively.

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NOTE 10 NOTES PAYABLE - DIRECT PLACEMENTS (CONTINUED)

In December 2012, WVU refinanced various Health Sciences Center (HSC) construction loans with United Bank, Inc. in the principal amount of \$22.1 million at an interest rate, initially of 1.90%, resetting every five years. Beginning August 2014, the loan agreement allows the Corporation to prepay the loan with 60 days-notice and without any penalty or premium, and it allows the bank to “put” all or part of the loan to the Corporation with 60 days’ notice and without any penalty. The loan is pledged by facilities and administrative revenue received by the University under any grants, contracts, and other agreements on behalf of the HSC. Total principal to be paid at June 30, 2022 and June 30, 2021 was approximately \$15.5 million and \$16.2 million, respectively.

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

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

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

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

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NOTE 10 NOTES PAYABLE - DIRECT PLACEMENTS (CONTINUED)

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

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

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

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

During fiscal year 2013, Glenville entered into a \$3,000 note collateralized by a first lien on equipment installed in various buildings on campus. Interest is 3.10% with semiannual principal payments of \$132. The note matures June 2028. The note balance at June 30, 2022 and 2021 was approximately \$1,434 and \$1,649, respectively.

During fiscal year 2020, Glenville entered into a \$1,000 promissory note to the Glenville State College Foundation, bearing interest at 4%. The balance was paid in full October 2020 and no amounts were borrowed in 2022.

During fiscal year 2019, Glenville entered into a \$400 note collateralized by rental properties. Interest is 4% with payments due in full upon request. The note balance at June 30, 2022 and 2021 was \$-0- and \$50, respectively.

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

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NOTE 10 NOTES PAYABLE - DIRECT PLACEMENTS (CONTINUED)

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

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

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

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

Annual minimum payments for the years ending after June 30, 2022, are as follows (dollars in thousands):

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 5,314	\$ 3,690	\$ 9,004
2024	5,443	3,500	8,943
2025	5,587	3,349	8,936
2026	5,416	3,197	8,613
2027	5,114	3,050	8,164
2028-2032	27,389	13,364	40,753
2033-2037	22,366	9,369	31,735
2038-2042	14,880	6,845	21,725
2043-2047	9,631	5,043	14,674
2048-2052	8,038	3,427	11,465
2053-2057	10,037	1,428	11,465
2058-2062	1,133	15	1,148
Total	<u>\$ 120,348</u>	<u>\$ 56,277</u>	<u>\$ 176,625</u>

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NOTE 11 INSTITUTION BONDS PAYABLE

The Institutions within the Fund, at June 30, 2022 and 2021, have the following outstanding bonds payable (dollars in thousands):

	Maximum Interest Rate	Annual Installments	Principal Outstanding	
			2022	2021
Concord University - Revenue Bonds 2014 Series, due through 2044	2.25-5%	\$320-\$950	\$ 14,256	\$ 14,656
Fairmont State University - Facilities Improvement Revenue Bonds, 2006, Series, due through 2026	1.74% (10 year reset)	343-611	2,152	2,667
Fairmont State University - Revenue Refunding Bonds, 2012, Series A, due through 2032	5.00	730-1,155	-	12,850
Fairmont State University - Revenue Refunding Bonds, 2012, Series B, due through 2032	5.00	1,080-1,720	-	19,150
Fairmont State University - Revenue Refunding Bonds, 2015, Series A, due through 2045	1.75-5.00	580-1,665	26,415	27,110
Fairmont State University - Revenue Refunding Bonds, 2015, Series A, due through 2045	5.00	1,930-2,995	24,270	-
Glenville State University - Improvement and Refunding Revenue Bonds, Series 2017, due in 2047	3.25-5.25	735-850	34,150	34,885
Marshall University - University Bonds 2020A, due through 2050	3.00-5.00	2,260-5,330	56,035	56,035
Marshall University - University Bonds 2020B due through 2039	2.26-3.67	1,935-3,595	41,890	44,025
Mountwest Community and Technical College Revenue Bonds, due through 2022	4.125	0-229	-	230
Shepherd University - Refinance Revenue Bonds, due through 2033	3.00-4.375	435-460	3,400	3,835
Shepherd University - Refunding Revenue Bond, due through 2037	3.65	1,427-1,649	27,699	29,126
West Liberty University - Revenue Refunding Bonds 2013, due through 2028	1.30-2.68	580-765	4,195	4,870

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NOTE 11 INSTITUTION BONDS PAYABLE (CONTINUED)

	Maximum Interest Rate	Annual Installments	Principal Outstanding	
			2022	2021
Concord University - Revenue Bonds 2014 Series, due through 2044	2.25-5%	\$320-\$950	\$ 14,256	\$ 14,656
Fairmont State University - Facilities Improvement Revenue Bonds, 2006, Series, due through 2026	1.74% (10 year reset)	343-611	2,152	2,667
Fairmont State University - Revenue Refunding Bonds, 2012, Series A, due through 2032	5.00	730-1,155	-	12,850
Fairmont State University - Revenue Refunding Bonds, 2012, Series B, due through 2032	5.00	1,080-1,720	-	19,150
Fairmont State University - Revenue Refunding Bonds, 2015, Series A, due through 2045	1.75-5.00	580-1,665	26,415	27,110
Fairmont State University - Revenue Refunding Bonds, 2015, Series A, due through 2045	5.00	1,930-2,995	24,270	-
Glenville State University - Improvement and Refunding Revenue Bonds, Series 2017, due in 2047	3.25-5.25	735-850	34,150	34,885
Marshall University - University Bonds 2020A, due through 2050	3.00-5.00	2,260-5,330	56,035	56,035
Marshall University - University Bonds 2020B due through 2039	2.26-3.67	1,935-3,595	41,890	44,025
Mountwest Community and Technical College Revenue Bonds, due through 2022	4.125	0-229	-	230
Shepherd University - Refinance Revenue Bonds, due through 2033	3.00-4.375	435-460	3,400	3,835
Shepherd University - Refunding Revenue Bond, due through 2037	3.65	1,427-1,649	27,699	29,126
West Liberty University - Revenue Refunding Bonds 2013, due through 2028	1.30-2.68	580-765	4,195	4,870

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NOTE 11 INSTITUTION BONDS PAYABLE (CONTINUED)

	Maximum Interest Rate	Annual Installments	Principal Outstanding	
			2022	2021
West Virginia University - Revenue Bonds, 2020 Series A, due through 2045	3.11	\$0-\$7,430	\$ 25,670	\$ 25,670
West Virginia University - Revenue Bonds, 2020 Series B, due through 2042	3.06	0-7,125	45,005	45,005
West Virginia University - Revenue Bonds, 2022 Series A, due through 2036	2.6	575-1,630	20,000	-
Total			988,279	995,348
Add Unamortized Bond Premium			37,079	34,900
Less Unamortized Bond Discount			(98)	(105)
Total			<u>\$ 1,025,260</u>	<u>\$ 1,030,143</u>

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

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

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

The current and advance refundings resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$3,122. This difference, reported in the accompanying statement of net position as a deferred outflow of resources, will be amortized to interest expense through the year 2050 using the effective-interest method. The primary purpose of the 2020A current refunding and 2020B advanced refunding was to restructure the existing outstanding bonds, effectively creating short-term cash flow savings through a level debt service structure. This new level debt service structure will strengthen

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NOTE 11 INSTITUTION BONDS PAYABLE (CONTINUED)

Marshall University's strategic positioning and allow immediate growth of Marshall University reserves. The debt restructure provides a net economic gain (difference between the present value of the old and new debt service payments) of \$2,747. Total gross debt service over the next 30 years will increase by \$11,761 as a result of the strategic level debt service restructure.

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

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

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

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

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

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

For the years ended June 30, 2022 and 2021, WVU recorded a deferred loss on refunding of \$13,824 and \$14,506, respectively, on the statement of net position.

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NOTE 11 INSTITUTION BONDS PAYABLE (CONTINUED)

A summary of the annual aggregate principal payments for years subsequent to June 30, 2022, is as follows (dollars in thousands):

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 35,087	\$ 32,615	\$ 67,702
2024	30,665	31,868	62,533
2025	37,477	31,006	68,483
2026	38,528	30,074	68,602
2027	41,629	28,978	70,607
2028-2032	191,671	129,229	320,900
2033-2037	197,300	100,493	297,793
2038-2042	214,945	63,735	278,680
2043-2047	173,028	20,418	193,446
2048-2052	27,949	3,266	31,215
Total	<u>\$ 988,279</u>	<u>\$ 471,682</u>	<u>\$ 1,459,961</u>

NOTE 12 SYSTEM BONDS PAYABLE

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

The State has chartered the Fund with the responsibility to construct or renovate, finance, and maintain various academic and other facilities of the State's universities and colleges, including certain facilities within the Fund. Financing for these facilities was provided through revenue bonds issued by various former governing boards which are now administered by the Policy Commission.

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

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NOTE 12 SYSTEM BONDS PAYABLE (CONTINUED)

The Commission, at June 30, 2022 and 2021, has the following outstanding bonds payable (dollars in thousands):

	Maximum Interest Rate	Original Range of Annual Installments	Principal Outstanding	
			2022	2021
Series 2017 - Community and Technical College Capital Improvement Revenue Refunding Bonds	5.00%	\$3-\$4,760	\$ 58,390	\$ 60,365
Series 2017 - Revenue Refunding Bonds Higher Education Facilities	5.00	1,205-3,885	15,715	19,075
Series 2012A - Revenue Refunding Bonds, due through 2034	5.00	1,425-42,100	87,060	92,320
Series 2012B - Revenue Bonds, due through 2034	5.00	200-2,400	5,110	5,450
Series 2010B - Revenue Bonds, due through 2040	7.65	10,800-39,465	50,265	50,265
Series 2000A - University System Bonds, due through 2031	6.26	0-3,264	11,948	13,745
Series 1998 - University System Bonds, due through 2028	5.25	1,065-3,625	19,220	21,890
Total			247,708	263,110
Add Bond Premium			19,504	21,147
Total			<u>\$ 267,212</u>	<u>\$ 284,257</u>

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NOTE 12 SYSTEM BONDS PAYABLE (CONTINUED)

A summary of the annual aggregate principal and interest payments for years subsequent to June 30, 2022 is as follows (dollars in thousands):

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 15,962	\$ 17,721	\$ 33,683
2024	16,573	17,108	33,681
2025	17,231	16,453	33,684
2026	17,257	15,750	33,007
2027	18,106	15,038	33,144
2027-2031	78,184	58,039	136,223
2032-2036	56,010	16,995	73,005
2037-2041	28,385	3,439	31,824
Total	<u>\$ 247,708</u>	<u>\$ 160,543</u>	<u>\$ 408,251</u>

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

The 2017 advance refundings created irrevocable trust funds, the securities and earnings therein are considered sufficient to fully service the bonds until they are called or mature. For financial reporting purposes the bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. At June 30, 2021, the amount of defeased bonds outstanding was \$58,705 related to the 2007 Series A Bonds and \$10,875 related to the 2010 Series A Revenue Bonds.

NOTE 13 UNRESTRICTED NET POSITION

The Fund's unrestricted net position at June 30, 2022 and 2021, includes certain designated net position as follows (dollars in thousands):

	<u>2022</u>	<u>2021</u> <u>(As Restated)</u>
Designated for Auxiliaries	\$ 7,539	\$ 6,770
Designated for Repair, Replacement, and New Property	7,473	8,643
Other	9,624	11,661
Undesignated	44,043	53,659
Total Unrestricted Net Assets before OPEB Liability	<u>68,679</u>	<u>80,733</u>
Less: OPEB Liability	-	54,245
Total Unrestricted Net Assets	<u>\$ 68,679</u>	<u>\$ 26,488</u>

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NOTE 14 RETIREMENT PLANS

Substantially all full-time employees of the Fund participate in either the TRS or the Teachers' Insurance and Annuities Association — College Retirement Equities Fund (TIAA-CREF). Previously, upon full-time employment, all employees were required to make an irrevocable selection between the TRS and TIAA-CREF. Effective July 1, 1991, the TRS was closed to new participants. Current participants in the TRS are permitted to make a one-time election to cease their participation in that plan and commence contributions to the West Virginia Teachers' Defined Contribution Plan (TDC). Contributions to and participation in the TDC by Fund employees have not been significant to date. Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have an option to switch to the New Educators Money 401(a) basic retirement plan (Educators Money). New hires have the choice of either plan. Educators Money was a brand utilized by Great West Financial; this has since transitioned to Empower Retirement.

Defined Contribution Benefit Plans

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

Total contributions to Empower Retirement for the years ended June 30, 2022, 2021 and 2020, were approximately \$204, \$361 and \$438, respectively, which consisted of approximately \$102, \$181, and \$219, respectively, from the covered employees in 2022, 2021 and 2020, respectively.

Total contributions to the TIAA-CREF for the years ended June 30, 2022, 2021 and 2020, were approximately \$103,085 million, \$99.6 million, and \$98.8 million,, respectively, which consisted of approximately \$51.5 million, \$49.8 million, and \$49.3 million, from the Fund in 2022, 2021 and 2020, respectively, and approximately \$51.6 million, \$49.9 million, and \$49.5 million, from the covered employees in 2022, 2021 and 2020, respectively.

The Fund's total payroll for the years ended June 30, 2022, 2021 and 2020, was approximately \$946.1 million, \$905.6 million, and \$907.3 million, respectively, and total covered employees' salaries in the TIAA-CREF and Empower Retirement were approximately \$833.3 million, and \$2.0 million for the year ended June 30, 2022; \$805.2 million, and \$2.1 million for the year ended June 30, 2021; and \$796.3 million, and \$3.8 million for the year ended June 30, 2020.

Defined Benefit Plan

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

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NOTE 14 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

Following is the Fund's pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, revenues, and the pension expense and expenditures for the fiscal years ended June 30, 2022 and 2021 (dollars in thousands):

	2022	2021
Net Pension Liability	\$ 4,452	\$ 11,620
Deferred Outflows of Resources	2,108	2,721
Deferred Inflows of Resources	9,045	5,869
Revenues	(239)	2,778
Pension Expense	(2,670)	1,863
Contributions Made by the Fund	910	1,181

Plan Description

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

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

Benefits Provided

TRS provides retirement, death, and disability benefits. A member is eligible for normal retirement at age 60 with five years of service, age 55 with 30 years of service or any age with 35 years of service. A member may retire with 30 years of credited service at any age with the pension reduced actuarially if the member retires before age 55. Terminated members with at least five, but less than 20, years of credited service who do not withdraw their accumulated contributions are entitled to a deferred retirement commencing at age 62. Retirement benefits are equivalent to 2% of average annual salary multiplied by years of service. Average salary is the average of the 5 highest fiscal years of earnings during the last 15 fiscal years of earnings. Chapter 18, Article 7A of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan, including contribution rates, to the State Legislature.

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NOTE 14 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

Contributions

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

Member Contributions

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

Employer Contributions

Employers make the following contributions:

The State (including institutions of higher education) contributes:

1. 15% of gross salary of their State-employed members hired prior to July 1, 1991;
2. 15% of School Aid Formula (SAF) covered payroll of county-employed members;
3. 7.5% of SAF-covered payroll of members of the TDCRS;
4. a certain percentage of fire insurance premiums paid by State residents, and
5. under WV State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the TRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2022 and 2021, respectively, the Fund's proportionate share attributable to this special funding subsidy was \$(1,374) and \$1,066.

The Fund's contributions to TRS for the years ended June 30, 2022, 2021, and 2020 were approximately \$.9 million, \$1.2 million, and \$1.4 million, respectively.

Assumptions

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2020 and 2019, respectively, and rolled forward to the measurement dates of June 30, 2021 and June 30, 2020 respectively.

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NOTE 14 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

Assumptions (Continued)

The following actuarial assumptions were used and applied to all periods included in the measurement:

- Actuarial cost method: Entry age normal cost with level percentage of payroll
- Asset valuation method: Investments are reported at fair value
- Amortization method and period: Level dollar, fixed period through fiscal year 2034
- Investment rate of return of 7.25% and 7.50%, as of July 1, 2021 and 2020, respectively, net of investment expenses
- Projected salary increases: Teachers 2.75% - 5.90% as of June 30, 2021 and 3.00% - 6.16% as of June 30, 2020, and nonteachers 2.75% - 6.0% as of June 30, 2021 and 3.00% - 6.76% as of June 30, 2020, based on age
- Inflation rate of 2.75% and 3.0% as of June 30, 2021 and 2020, respectively
- Discount rate of 7.25% and 7.50% as of June 30, 2021 and 2020, respectively
- Mortality rates based on RP-2000 Mortality Tables
- Withdrawal rates: Teachers 7.00% - 35% and nonteachers 2.30% - 18.00%
- Disability rates: 0.004% - 0.563%
- Retirement age: An age-related assumption is used for participants not yet receiving payments
- Retirement rates: 15% - 100%
- Ad hoc cost-of-living increases in pensions are periodically granted by the State Legislature. However, the retirement system makes no automatic provision for such increases.

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

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

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NOTE 14 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

Assumptions (Continued)

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

<u>Asset Class</u>	2021	
	Long-Term Expected Real Rate of Return	Target Allocation
	Domestic Equity	5.1 %
International Equity	5.2	27.5
Fixed Income	1.5	15.0
Real Estate	5.8	10.0
Private Equity	9.3	10.0
Hedge Funds	3.8	10.0

<u>Asset Class</u>	2020	
	Long-Term Expected Real Rate of Return	Target Allocation
	Domestic Equity	5.5 %
International Equity	7.0	27.5
Fixed Income	2.2	15.0
Real Estate	6.6	10.0
Private Equity	8.5	10.0
Hedge Funds	4.0	10.0

Discount rate

The discount rate used to measure the total TRS pension liability was 7.25% and 7.50% as of June 30, 2021 and 2020, 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, TRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on TRS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

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NOTE 14 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability 2022	\$ 7,867	\$ 4,452	\$ 1,551
	Current Discount Rate (7.50%)	1% Decrease (6.50%)	1% Increase (8.50%)
Net Pension Liability 2021	15,697	11,620	8,135

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

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

At June 30, 2022 and 2021, the Fund's proportionate share of the TRS net pension liability was \$13.2 and \$36.4 million, respectively. Of this amount, the Fund recognized approximately \$4.5 and \$11.6 million, respectively, as its proportionate share on the statements of net position. The remainder of \$8.7 and \$24.8 million, respectively, denotes the Fund's proportionate share of net pension liability attributable to the special funding.

The allocation percentage assigned to each participating employer and nonemployer-contributing entity is based on their proportionate share of employer and nonemployer contributions to TRS for each of the fiscal years ended June 30, 2021 and 2020. Employer contributions are recognized when due. At June 30, 2021, the Fund's proportion was 0.2917080%, a decrease of 0.0048520% from its proportion of 0.3607500% calculated as of June 30, 2020. At June 30, 2020, the Fund's proportion was 0.36075000%, a decrease of 0.0207350% from its proportion of 0.3814850% calculated as of June 30, 2019.

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NOTE 14 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

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

For the years ended June 30, 2022 and 2021, the Fund recognized TRS pension expense of \$(2.7) million and \$1.9 million, respectively. Of this amount, \$(1.5) million and \$.8 million, respectively, was recognized as the Fund's proportionate share of the TRS expense, \$(1.2) million and \$1.1 million, respectively, as the amount of pension expense attributable to special funding from a nonemployer contributing entity and \$-0- million and \$.2 million, respectively as the amount of pension expense from a nonemployer contributing entity not attributable to a special funding situation. The Fund also recognized revenue of (\$.2) million and \$2.8 million, respectively, for support provided by the State.

At June 30, 2022 and 2021, deferred outflows of resources and deferred inflows of resources related to the TRS pension are as follows (dollars in thousands).

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference between Employer Contributions and Proportionate Share of Contributions	\$ 280	\$ 5,261	\$ 408	\$ 5,614
Net Difference between Projected and Actual Experience	338	301	348	207
Net Difference between Projected and Actual Investment Earnings	26	3,478	621	48
Change in Assumptions	554	5	163	-
Contributions after the Measurement Date	910	-	1,181	-
Total	\$ 2,108	\$ 9,045	\$ 2,721	\$ 5,869

The Fund will recognize the \$.9 million reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the TRS net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in TRS pension expense as follows (dollars in thousands).

Fiscal Year Ending June 30,	Amortization
2023	\$ (3,045)
2024	(2,082)
2025	(1,297)
2026	(1,408)
2027	(15)
Total	\$ (7,847)

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NOTE 14 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

Payables to the Pension Plan

The Fund did not report any amounts payable for normal contributions to the TRS as of June 30, 2022 and 2021.

NOTE 15 FOUNDATIONS

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

The West Virginia University Foundation, Inc. is appropriately not included as a discretely presented component unit of West Virginia University as the economic resources held do not entirely or almost entirely benefit the West Virginia University, and its net assets (including unrealized gains) totaled \$1.2 billion at both June 30, 2022 and 2021, respectively. The Bridgemont Community and Technical College Foundation, Inc., The Eastern West Virginia Community and Technical College Foundation, Inc., The Kanawha Valley Community and Technical College Foundation, Inc., Mountwest Foundation, Inc., and Tech Foundation, Inc. are not included for the years ended June 30, 2022 and 2021 within the individual Institution's financial statements, because they were not significant to their Institutions. The Higher Education Foundation is not included for the years ended June 30, 2022 and 2021, because it was not significant to the Fund.

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

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NOTE 16 OTHER DISCRETE COMPONENT UNITS

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

NOTE 17 AFFILIATED ORGANIZATIONS

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

NOTE 18 CONCESSION SERVICE ARRANGEMENTS

West Virginia University (WVU) has identified one contract for services that meets the four criteria of a service concession arrangement (SCA) per GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. SCAs are defined as a contract between a government and an operator, another government or a private entity, in which the operator provides services, the operator collects and is compensated by fees from third parties, the government still has control over the services provided, and the government retains ownership of the assets at the end of the contract.

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

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NOTE 18 CONCESSION SERVICE ARRANGEMENTS (CONTINUED)

During fiscal year 2015, WVU recorded a capital asset with a fair market value of \$34,952 and a deferred inflow of resources. This deferred inflow is being amortized to auxiliary revenue over the term of the agreement (40 years). WVU has recorded an accounts receivable of \$76 and \$78 at June 30, 2022 and 2021, respectively. At June 30, 2022, WVU recognized management fee revenue and its share of the net revenue of \$92 and \$206, respectively. At June 30, 2020, WVU recognized management fee revenue and its share of the net revenue of \$83 and \$130, respectively. This revenue is included in revenue from auxiliary enterprises on the statement of revenues, expense and changes in net position.

Marshall University (Marshall) has a contract with Sodexo to provide food services within Marshall's facilities on the Huntington campus. These services provide Marshall with the best, most accurate and appropriate campus-dining program that enhances the student's quality of life and is supportive of the education experience. The current contract began on August 16, 2009, and allows for nine annual renewals. Sodexo provides meal plans to students through the University as well as offering cash sales to the University community. Marshall receives annual commission payments from Sodexo calculated as a contractually agreed percentage of cash sales and Marshall pays Sodexo for the meal plans from fees collected by Marshall from students. In 2022, Marshall received \$338 in commissions from Sodexo. In 2021, the University did not receive any commissions from Sodexo as part of a temporary contract revision due to COVID-19. Sodexo did not make any renovations that were capitalized by Marshall during 2022 or 2021. Renovations totaling \$2,286 were done during 2020 as part of the agreement for the new contract that began August 16, 2019. These renovations are accreted over the remaining life of the contract and if the contract is not renewed, Marshall will be required to pay Sodexo for the unaccreted portion of these renovations. At June 30, 2022 and 2021, Marshall has a deferred inflow of \$2,437 and \$2,778, respectively, for the unaccreted inflow for renovations, and an accrued service concession liability of \$741 and \$845, respectively, for estimated insurance and maintenance costs that Marshall will be required to pay through the end of the contract.

Fairmont State University (Fairmont) has a contract with Aladdin that was effective on July 1, 2018 to provide food products and nonalcoholic beverages at its food service facilities. Aladdin provides food service in the Falcon Center, Chick-fil-A, Chilaca, Starbucks, Conference Center, Coffee Shop, Cafeteria, concessions, soda, snack and food vending at mutually agreed upon locations for Fairmont. Aladdin is paid a fixed administrative fee that increases 5% per year. Aladdin provides vendor contract revenues to Fairmont based on contractual agreement. The vendor contract revenues from Aladdin in fiscal years 2022 and 2021 were \$358 and \$442, respectively. As part of the agreement, Aladdin agreed to pay for certain improvements to the food services facilities on behalf of Fairmont. Fairmont reports the improvements as a capital asset with a cost of \$2,208. Fairmont reports unearned revenue in the amount of \$1,408 and \$1,608 at June 30, 2022 and 2021, respectively. According to the agreement, the related revenue will be earned over a period of ten years. In the event the agreement is terminated early, Fairmont will require the incoming food service operator to pay Aladdin any remaining balance of the donation or Fairmont will assume responsibility for repayment. Aladdin also provides \$100 annually to Fairmont during the term of the agreement for student scholarships.

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NOTE 18 CONCESSION SERVICE ARRANGEMENTS (CONTINUED)

Fairmont has a contract with Follett to operate a bookstore for Fairmont State. The contract is for a period of 10 years and may be renewed if both parties agree. Fairmont State will cover the cost of the store remodeling as required by Follett in order to properly operate and prepare store premises for business up to \$50 over the term of the agreement. Follett pays commission to Fairmont State based on the contractual agreement. Follett provided vendor contract revenues to Fairmont State in fiscal year 2022 and 2021 in the amount of \$128 and \$122, respectively. In addition to the commission, Follett pays rent of \$60 per year in monthly installments for rental of the space in the Falcon Center. Follett also provides \$15 annually to Fairmont State during the term of the agreement for student scholarships.

NOTE 19 CONTINGENCIES AND COMMITMENTS

Contingencies

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

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

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

The Fund and Institutions within the Fund own various buildings that are known to contain asbestos. The Fund is not required by federal, state, or local law to remove the asbestos from the buildings. The Fund is required by federal environmental, health, and safety regulations to manage the presence of asbestos in the buildings in a safe condition. Significant problems of dangerous asbestos conditions are abated as the condition becomes known. The Fund also addresses the presence of asbestos as building renovation or demolition projects are undertaken and through asbestos operation and maintenance programs directed at containing, managing, or operating with the asbestos in a safe condition.

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NOTE 19 CONTINGENCIES AND COMMITMENTS (CONTINUED)

Commitments

WVU has signed an agreement providing for the purchase of steam through the year 2027 from a nearby facility that commenced operations in late 1992. Under the agreement, WVU has an annual minimum steam purchase requirement, purchased at an operating rate calculated in accordance with the agreement. This operating rate is adjusted quarterly based on actual production costs and other cost indices. Management believes that the rate is comparable to market rates. At June 30, 2022, WVU was committed to an additional purchase of \$2.1 million to meet the minimum steam purchase requirement for the contract year ended September 30, 2022. WVU anticipates substantially meeting the minimum steam purchase requirement for the remaining term of its commitment; however, payment in future years will be dependent on actual operating costs and other cost indices in those years.

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

NOTE 20 COMPONENT UNITS' DISCLOSURES

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

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

Basis of Presentation

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

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NOTE 20 COMPONENT UNITS' DISCLOSURES (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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

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

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

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

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

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

Investments

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

Property and Equipment

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

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NOTE 20 COMPONENT UNITS' DISCLOSURES (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Gift Annuities

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

Contributions

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

Endowments

See separately issued component unit financial statements for endowment related disclosures. For the years ended June 30, 2022 and 2021, there were no material reclasses among net asset classes nor were there material changes in the endowments.

Pledges Receivable

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

Funds Held in Custody for Others

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

Student Housing Facility Project and Construction in Progress

During 2016, the Shepherd University Foundation Supporting Organization (Supporting Organization) began the design and construction of a new student housing facility on the Shepherd campus. The Supporting Organization received interim financing for the project in the form of bond anticipation notes issued by the West Virginia Economic Development Authority. The Supporting Organization has received a rural development loan commitment for a 40-year permanent loan from the United States Department of Agriculture that will retire the West Virginia bond anticipation notes at the completion of construction and upon obtaining an occupancy permit. The Supporting Organization will own the building and associated equipment and furnishings and has entered into a ground lease with Shepherd. The ground lease began in June 2016 and will expire upon the repayment of all associated outstanding debt borrowed by the Supporting Organization. Upon the expiration of the lease, the building and associated equipment and furnishings will be transferred to Shepherd. The ground lease agreement requires annual rental payments due 30 days after the receipt of the Supporting Organization's audited financial statements. Rental payments will equal the net available cash flow generated from the student housing facility project. Rent expense due to Shepherd for the ground lease amounted to \$683,682 and \$57,010 for the years ended June 30, 2022 and 2021, respectively.

WEST VIRGINIA HIGHER EDUCATION FUND
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NOTE 20 COMPONENT UNITS' DISCLOSURES (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Student Housing Facility Project and Construction in Progress (Continued)

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

Management's Plan for Continuing Operations

Provident-Marshall does not believe it is in compliance with the debt service coverage ratio requirement of the Reimbursement Agreement as of June 30, 2022. A waiver has been obtained for the periods ending June 30, 2020 through June 30, 2022. Provident-Marshall's senior tax-exempt revenue bonds payable are secured by an irrevocable letter of credit issued by a financial institution which expires January 30, 2023. Therefore, the bonds, as well as the related interest and interest rate swap agreement are classified as a current obligation as of June 30, 2022. Without the renewal of the letter of credit, Marshall-Provident has substantial doubt about its ability to continue as a going concern within one year after the date that the financial statements are issued.

Prior to the maturity of the letter of credit, Marshall-Provident will consider a variety of options regarding means of securing the senior tax-exempt bonds, including but not limited to extending the letter of credit to ensure the long-term financial viability of Marshall-Provident.

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

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

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

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NOTE 20 COMPONENT UNITS' DISCLOSURES (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

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

		2022																
		Bluefield	Concord	Fairmont	The	The	New River	The	Southern	West	West	West	West	Blue Ridge				
		State	University	State	Glenville	Marshall	Community	Shepherd	Virginia	Virginia	Northern	School of	Virginia	Community				
		College	Foundation	State	College	University	College	University	College	University	College	Medicine	University	WVU at				
		Foundation	Foundation	College	Foundation	Foundation	Foundation	Foundation	Foundation	Foundation	Foundation	Foundation	Foundation	Parkeburg				
		Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	College				
		Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Foundation				
		Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Foundation				
Cash and Temporary Investments	\$ 40,162	\$ -	\$ -	\$ 696,048	\$ 1,716,616	\$ -	\$ 13,053	\$ 700,275	\$ 56,009	\$ 613,133	\$ 541,363	\$ 1,782,776	\$ 355,307	\$ -	\$ -	\$ -	\$ 6,514,742	
U.S. Government Securities	-	-	10,241,691	-	-	-	11,871	1,831,808	-	99,594	99,860	9,370,237	-	-	-	-	21,655,061	
Corporate and Municipal Bonds and Notes	-	625,964	4,240	6,249,974	2,372,999	-	568,271	1,746,406	-	2,716,767	220,673	9,589,685	2,410,990	856,840	48,429	27,411,268		
Mutual Funds	9,584,268	6,181,500	34,183,828	20,602,232	4,098,707	42,229,655	147,636	21,759,475	-	4,817,967	3,129,325	-	8,257,798	7,400,617	839,830	163,232,838		
Equity Investments	844,216	5,462,148	1,578,780	73,822	8,692,226	128,062,988	856,475	2,639,044	4,390,916	10,758,348	1,847,145	18,558,704	-	4,102,052	-	187,867,864		
Other	22,310	100,070	3,203	4,206,007	858,047	98,532,666	13,470	3,254,929	-	1,306,458	15,600	13,040,358	-	118,698	-	121,422,743		
Total	\$ 10,490,956	\$ 12,370,612	\$ 46,011,742	\$ 31,828,083	\$ 17,738,595	\$ 268,825,338	\$ 1,610,785	\$ 31,881,937	\$ 4,446,925	\$ 20,312,268	\$ 5,853,966	\$ 52,342,758	\$ 11,024,095	\$ 12,478,197	\$ 888,259	\$ 528,104,516		

		2021																
		Bluefield	Concord	Fairmont	The	The	New River	The	Southern	West	West	West	West	Blue Ridge				
		State	University	State	Glenville	Marshall	Community	Shepherd	Virginia	Virginia	Northern	School of	Virginia	Community				
		College	Foundation	State	College	University	College	University	College	University	College	Medicine	University	WVU at				
		Foundation	Foundation	College	Foundation	Foundation	Foundation	Foundation	Foundation	Foundation	Foundation	Foundation	Foundation	Parkeburg				
		Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	College				
		Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Foundation				
		Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Inc.	Foundation				
Cash and Temporary Investments	\$ 77,637	\$ -	\$ -	\$ 860,462	\$ 2,766,930	\$ -	\$ -	\$ 699,087	\$ 60,757	\$ 560,566	\$ 443,560	\$ 830,512	\$ 117,692	\$ -	\$ -	\$ 6,417,203		
U.S. Government Securities	-	-	11,912,227	-	-	-	18,509	1,481,617	-	102,918	102,535	8,897,516	-	-	-	22,475,322		
Corporate and Municipal Bonds and Notes	-	1,563,410	3,800	9,416,380	1,949,164	-	466,009	2,074,206	-	2,228,580	288,126	9,555,489	2,008,496	685,342	40,777	30,270,779		
Mutual Funds	11,075,795	7,342,519	38,410,904	24,350,187	4,297,088	64,089,365	423,142	25,470,946	-	5,319,206	2,894,237	-	10,048,027	8,579,648	849,063	203,240,127		
Equity Investments	1,003,754	6,498,148	2,408,712	105,692	8,826,576	147,081,017	890,616	3,168,786	3,726,690	12,853,523	2,364,049	21,114,077	-	4,847,437	-	214,889,077		
Other	23,996	100,730	3,203	2,034,077	628,043	68,493,448	15,501	1,914,814	-	1,517,252	228,796	13,944,585	-	195,167	-	89,099,612		
Total	\$ 12,181,182	\$ 15,504,807	\$ 52,738,846	\$ 36,766,798	\$ 18,467,801	\$ 279,663,830	\$ 1,813,777	\$ 34,809,456	\$ 3,787,447	\$ 22,582,045	\$ 6,411,303	\$ 54,302,179	\$ 12,174,215	\$ 14,307,594	\$ 889,840	\$ 566,401,120		

Fair Value Measurement

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

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

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

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

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

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NOTE 20 COMPONENT UNITS' DISCLOSURES (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (Continued)

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

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

	2022			
	Fair Value	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
U.S. Government Investments:				
Cash	\$ 6,539	\$ 4,822	\$ 1,717	\$ -
Mortgage Pools	208	-	208	-
Bonds	1,576	1,348	228	-
Agency Obligations	9,713	11	9,702	-
Treasury Obligations	2,124	1,308	816	-
Other	10,242	10,242	-	-
Mutual Money Market Funds	1,579	1,579	-	-
Certificates of Deposit	61	61	-	-
Corporate Equities	4	4	-	-
Corporate Bonds	15,023	2,373	12,650	-
Real Estate Securities	3,154	3,154	-	-
Debt Securities	3,271	-	3,271	-
Equity Securities	28,044	28,044	-	-
Bonds:				
Communication Services	42	-	42	-
Consumer Cyclical	47	-	47	-
Consumer Defensive	144	-	144	-
Consumer Discretionary	232	-	232	-
Energy	49	-	49	-
Financials	148	-	148	-
Healthcare	99	-	99	-
Industrials	46	-	46	-
Miscellaneous	50	-	50	-
Mutual Bond Funds:				
Diversifying Asset	34,184	34,184	-	-
Other	7,838	7,838	-	-

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NOTE 20 COMPONENT UNITS' DISCLOSURES (CONTINUED)

Fair Value Measurement (Continued)

	2022			
	Fair Value	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds:				
US large Cap	\$ 8,690	\$ 8,690	\$ -	\$ -
US Small and Mid Cap	2,052	2,052	-	-
International Equity	1,667	1,667	-	-
Inflations Protected Bond	1,280	1,280	-	-
Relative Value Arbitrage	508	508	-	-
International Large Growth	21	21	-	-
Large Blend	1,055	1,055	-	-
Large Growth	45	45	-	-
Multi Sector Bond	1,198	1,198	-	-
High Yield Bond	2,131	2,131	-	-
Long-Short Equity	138	138	-	-
Balanced	48	48	-	-
Energy Limited Partnership	832	832	-	-
Foreign Large Blend	1,261	1,261	-	-
Option Based Equity	1,683	1,683	-	-
S&P 500 index	334	334	-	-
S&P midcap 400 index	164	164	-	-
S&P smallcap 600 index	71	71	-	-
Intermediate Term Bond	395	395	-	-
Diversified Alternatives	2,091	2,091	-	-
Other	40,992	40,992	-	-
Mutual Stock Funds:				
Publicly Traded	21,731	21,731	-	-
Domestic Mutual Fund	555	555	-	-
International Mutual Fund	18,288	18,288	-	-
Other	8	8	-	-
Stocks:				
Consumer Goods	1,466	1,466	-	-
Consumer Discretionary	459	459	-	-
Communication	370	370	-	-
Energy	777	777	-	-
Financials	2,217	2,044	173	-
Healthcare	1,931	1,931	-	-
Industrial goods	1,227	1,227	-	-
IT	909	909	-	-
Materials	452	452	-	-
Real estate	259	259	-	-
Services	646	646	-	-
Technology	1,672	1,672	-	-
Utilities	411	411	-	-
US Small and Mid Cap	799	799	-	-
US large Cap	308	308	-	-
International Equity	1,597	1,597	-	-
Domestic Large Cap	344	344	-	-
Domestic Mid Cap	32	32	-	-
Domestic Small Cap	24	24	-	-
Index Funds	145	145	-	-
Other	4,460	4,460	-	-

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NOTE 20 COMPONENT UNITS' DISCLOSURES (CONTINUED)

Fair Value Measurement (Continued)

	2022			
	Fair Value	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Income:				
Domestic Mutual Funds	\$ 19,595	\$ 19,595	\$ -	\$ -
International Mutual Fund	14,733	14,733	-	-
Other	-	-	-	-
Public Real Asset	78	78	-	-
Other	15,500	5,495	10,005	-
Total	<u>302,066</u>	<u>\$ 262,439</u>	<u>\$ 39,627</u>	<u>\$ -</u>
Investments Measured at Net Asset Value (NAV):				
Comingled Domestic Fund	9,757			
Comingled Global Fund	4,686			
Global Equity	110,027			
Commingled Hedge Fund	39,810			
Real Asset Fund	9,479			
Private Capital Fund	19,347			
Private Equity	2,664			
Private Infrastructure	2,239			
Private Real Estate	12,000			
Natural Resources	10,676			
Venture	2,201			
Distressed Debt	38			
Multi Strategy	3,112			
Nonrecurring FMV	2			
Total Investments	<u>\$ 528,104</u>			

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NOTE 20 COMPONENT UNITS' DISCLOSURES (CONTINUED)

Fair Value Measurement (Continued)

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

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NOTE 20 COMPONENT UNITS' DISCLOSURES (CONTINUED)

Fair Value Measurement (Continued)

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

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NOTE 20 COMPONENT UNITS' DISCLOSURES (CONTINUED)

Fair Value Measurement (Continued)

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

Property and Equipment

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

	2022										Total
	Big Green Scholarship Foundation Inc.	Concord University Foundation, Inc.	Fairmont State Foundation, Inc.	The Glenville State College Foundation, Inc.	The Marshall University Foundation, Inc.	Provident Group-Marshall Properties, LLC	The Shepherd University Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.	
Land and Land Improvements	\$ -	\$ -	\$ 68,000	\$ 564,403	\$ 1,642,000	\$ -	\$ -	\$ -	\$ -	\$ 36,092	\$ 2,310,495
Buildings	-	-	272,000	3,133,358	10,823,230	77,514,460	20,082,300	-	2,877,149	1,224,930	115,927,427
Equipment	-	8,631	53,769	43,780	1,165,783	7,823,860	20,272	-	17,015	3,900	9,137,010
Furniture	-	-	-	-	-	-	1,012,802	-	-	77,065	1,089,867
Other	124,484	-	-	193,771	3,480,364	31,810	-	100,000	-	-	3,930,429
Accumulated Depreciation	(40,098)	(6,583)	(47,310)	(1,050,480)	(4,509,033)	(38,614,738)	(3,484,643)	(60,000)	(819,192)	(334,123)	(48,966,200)
Property and Equipment, Net	<u>\$ 84,386</u>	<u>\$ 2,048</u>	<u>\$ 346,459</u>	<u>\$ 2,884,832</u>	<u>\$ 12,602,344</u>	<u>\$ 46,755,392</u>	<u>\$ 17,630,731</u>	<u>\$ 40,000</u>	<u>\$ 2,074,972</u>	<u>\$ 1,007,864</u>	<u>\$ 83,429,028</u>

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

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NOTE 21 SEGMENT INFORMATION

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

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

West Virginia Board of Governors Revenue Bonds 2022 Series A (Taxable) (2022 Bonds)

On April 14, 2022, the West Virginia Board issued \$20,000 in revenue bonds to finance the design, acquisition, construction, and equipping of certain capital improvements as part of the University's annual capital improvements program and to pay the costs of issuance.

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

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

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

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

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

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

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

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NOTE 21 SEGMENT INFORMATION (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

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

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NOTE 21 SEGMENT INFORMATION (CONTINUED)

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

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

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

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

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

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

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NOTE 21 SEGMENT INFORMATION (CONTINUED)

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

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

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

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

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

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NOTE 21 SEGMENT INFORMATION (CONTINUED)

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

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

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

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

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

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NOTE 21 SEGMENT INFORMATION (CONTINUED)

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

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

Concord University Revenue Bonds, Series 2014

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

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

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

Fairmont State University Facilities Construction Bonds 2015, Series A

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

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

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

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NOTE 21 SEGMENT INFORMATION (CONTINUED)

Fairmont State Facilities Improvement Revenue Bonds, 2006 Series

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

Fairmont State Refunding Bonds, 2021 Series A

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

Shepherd University, Refunding Revenue Bonds 2013

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

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

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

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

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

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NOTE 21 SEGMENT INFORMATION (CONTINUED)

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

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

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

On September 20, 2018, West Liberty University issued Capital Improvement Revenue Bonds, Series 2018 for \$5,132. The proceeds of the bonds were issued to finance certain capital improvements to the University. The bond proceeds are being expensed from the trustee as funds are requested for payment on capital projects that were preapproved by the Board of Governors of the University.

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

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

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

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

Board of Governors of West Liberty University, Capital Improvement Revenue Bonds, 2021 Series

On May 20, 2021, West Liberty University issued Revenue Bonds, Series 2021, amounting to \$3,020 to finance certain capital improvements and pay costs of issuance.

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NOTE 21 SEGMENT INFORMATION (CONTINUED)

	2022								
	WVU Auxiliaries	Marshall Revenue Series 2020A and 2020B	Fairmont Improvement Series 2006	Fairmont Revenue Refunding Bonds 2015 and Housing Construction Series 2015	Shepherd Revenue Refunding 2013	Shepherd Revenue Refunding 2017	West Liberty Revenue Refunding 2018	West Liberty Revenue Refunding 2013	West Liberty Capital Improvement 2012
CONDENSED STATEMENT OF NET POSITION									
Assets:									
Current Assets	\$ 65,441	\$ 11,190	\$ 3	\$ 26,747	\$ 5,138	\$ (297)	\$ 379	\$ 5,391	\$ 1,027
Noncurrent Assets	1,272,743	167,048	5,190	70,427	9,062	34,931	5,663	8,706	7,933
Total Assets	<u>1,338,184</u>	<u>178,238</u>	<u>5,193</u>	<u>97,174</u>	<u>14,200</u>	<u>34,634</u>	<u>6,042</u>	<u>14,097</u>	<u>8,960</u>
Deferred Outflows of Resources	14,591	-	-	-	-	-	-	39	-
Total	<u>\$ 1,352,775</u>	<u>\$ 178,238</u>	<u>\$ 5,193</u>	<u>\$ 97,174</u>	<u>\$ 14,200</u>	<u>\$ 34,634</u>	<u>\$ 6,042</u>	<u>\$ 14,136</u>	<u>\$ 8,960</u>
Liabilities:									
Current Liabilities	\$ 64,036	\$ 4,252	\$ 530	\$ 3,869	\$ 653	\$ 2,838	\$ 228	\$ 711	\$ 748
Noncurrent Liabilities	852,751	113,143	1,628	53,325	2,980	26,219	4,322	3,505	3,560
Total Liabilities	<u>916,787</u>	<u>117,395</u>	<u>2,158</u>	<u>57,194</u>	<u>3,633</u>	<u>29,057</u>	<u>4,550</u>	<u>4,216</u>	<u>4,308</u>
Deferred Inflows of Resources	45,957	2,436	-	120	-	-	-	-	-
Total	<u>962,744</u>	<u>119,831</u>	<u>2,158</u>	<u>57,314</u>	<u>3,633</u>	<u>29,057</u>	<u>4,550</u>	<u>4,216</u>	<u>4,308</u>
Net Position:									
Net Investment in Capital Assets	450,292	51,415	3,035	13,618	5,637	7,226	2,278	4,937	6,503
Restricted/Designated	59,892	-	-	26,242	-	-	-	-	-
Unrestricted	(120,153)	6,992	-	-	4,930	(1,649)	(786)	4,983	(1,851)
Total Net Position	<u>390,031</u>	<u>58,407</u>	<u>3,035</u>	<u>39,860</u>	<u>10,567</u>	<u>5,577</u>	<u>1,492</u>	<u>9,920</u>	<u>4,652</u>
Total	<u>\$ 1,352,775</u>	<u>\$ 178,238</u>	<u>\$ 5,193</u>	<u>\$ 97,174</u>	<u>\$ 14,200</u>	<u>\$ 34,634</u>	<u>\$ 6,042</u>	<u>\$ 14,136</u>	<u>\$ 8,960</u>
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION									
Operating:									
Operating Revenues	\$ 112,780	\$ 20,656	\$ -	\$ 7,974	\$ 2,401	\$ 9,811	\$ -	\$ 1,670	\$ 960
Operating Expenses	(146,493)	(19,178)	-	(4,651)	(275)	(10,797)	-	-	-
Other	15,694	-	-	-	-	-	-	-	-
Net Operating Income (Loss)	<u>(18,019)</u>	<u>1,478</u>	<u>-</u>	<u>3,323</u>	<u>2,126</u>	<u>(986)</u>	<u>-</u>	<u>1,670</u>	<u>960</u>
Nonoperating:									
Transfers from Institution	(19,854)	(1,188)	-	(852)	88	580	-	-	-
Nonoperating Revenues	18,722	451	513	-	(221)	(1,053)	-	-	-
Nonoperating Expenses	(25,004)	(4,863)	(257)	(2,026)	-	-	1,377	(1,634)	(447)
INCREASE (DECREASE) IN NET POSITION	<u>(44,155)</u>	<u>(4,122)</u>	<u>256</u>	<u>445</u>	<u>1,993</u>	<u>(1,459)</u>	<u>1,377</u>	<u>36</u>	<u>513</u>
Net Position - Beginning of Year	498,955	62,529	2,779	39,415	8,574	7,036	115	9,884	4,139
NET POSITION - END OF YEAR	<u>\$ 454,800</u>	<u>\$ 58,407</u>	<u>\$ 3,035</u>	<u>\$ 39,860</u>	<u>\$ 10,567</u>	<u>\$ 5,577</u>	<u>\$ 1,492</u>	<u>\$ 9,920</u>	<u>\$ 4,652</u>
CONDENSED STATEMENT OF CASH FLOWS									
Net Cash Provided (Used) by Operating Activities	\$ 1,028	\$ 8,902	\$ 559	\$ 5,374	\$ 1,856	\$ 446	\$ -	\$ 1,670	\$ 960
Net Cash Provided (Used) by Noncapital Financing Activities	11,804	-	(559)	(5,184)	-	-	-	-	-
Net Cash Provided (Used) by Capital Financing Activities	(62,095)	(9,881)	-	-	(1,356)	(1,991)	30	(2,054)	(816)
Net cash Provided by Investing Activities	31	-	-	11	-	-	-	-	-
INCREASE (DECREASE) IN CASH	<u>(49,232)</u>	<u>(979)</u>	<u>-</u>	<u>201</u>	<u>500</u>	<u>(1,545)</u>	<u>30</u>	<u>(384)</u>	<u>144</u>
Cash - Beginning of Year	159,212	12,118	-	10,225	4,376	928	410	5,774	883
CASH - END OF YEAR	<u>\$ 109,980</u>	<u>\$ 11,139</u>	<u>\$ -</u>	<u>\$ 10,426</u>	<u>\$ 4,876</u>	<u>\$ (617)</u>	<u>\$ 440</u>	<u>\$ 5,390</u>	<u>\$ 1,027</u>

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NOTE 21 SEGMENT INFORMATION (CONTINUED)

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

WEST VIRGINIA HIGHER EDUCATION FUND
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NOTE 22 NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

For the year ended June 30, 2022, the following table represents operating expenses within both natural and functional classifications (dollars in thousands):

	2022							Total
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation/ Amortization	Other	
Instruction	\$ 440,977	\$ 66,507	\$ 78,497	\$ 536	\$ 189	\$ -	\$ 450	\$ 587,156
Research	82,893	32,683	70,170	387	-	-	18	186,151
Public Service	59,787	11,101	34,347	266	145	-	85	105,731
Academic Support	64,159	10,306	29,919	324	9	-	177	104,894
Student Services	51,759	12,543	24,023	116	149	-	154	88,744
Operations and Maintenance of Plant	34,737	5,587	36,512	44,023	-	-	118	120,977
General Institutions Support	143,225	11,806	103,311	1,653	2,509	-	473	262,977
Total Education and General	877,537	150,533	376,779	47,305	3,001	-	1,475	1,456,630
Student Financial Aid	231	31	532	-	178,950	-	-	179,744
Auxiliary Enterprises	69,183	9,578	92,367	14,920	-	-	238	186,286
Depreciation and Amortization	-	-	57	-	-	166,269	-	166,326
Administration of Leasing Activities	1,361	423	1,764	3,227	-	-	-	6,775
Other	-	-	660	-	27,270	-	3,106	31,036
Total	\$ 948,312	\$ 160,565	\$ 472,159	\$ 65,452	\$ 209,221	\$ 166,269	\$ 4,819	\$ 2,026,797

For the year ended June 30, 2021 (as restated), the following table represents operating expenses within both natural and functional classifications (dollars in thousands):

	2021							Total
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation/ Amortization	Other	
Instruction	\$ 429,171	\$ 81,561	\$ 70,172	\$ 1,005	\$ 25	\$ -	\$ 449	\$ 582,383
Research	79,197	32,493	61,596	433	-	-	71	173,790
Public Service	56,005	10,211	30,485	362	-	-	14	97,077
Academic Support	62,939	11,444	25,818	238	-	-	204	100,643
Student Services	50,449	13,484	17,774	110	-	-	23	81,840
Operations and Maintenance of Plant	33,798	7,035	26,946	39,039	-	-	1	106,819
General Institutions Support	137,554	20,120	96,436	1,228	43	-	77	255,458
Total Education and General	849,113	176,348	329,227	42,415	68	-	839	1,398,010
Student Financial Aid	171	26	435	3	146,396	-	336	147,367
Auxiliary Enterprises	61,480	9,754	81,808	13,674	-	-	-	166,716
Depreciation and Amortization	-	-	-	-	-	150,398	-	150,398
Administration of Leasing Activities	1,099	345	1,053	3,274	-	-	-	5,771
Other	-	-	922	-	12,653	-	1,666	15,241
Total	\$ 911,863	\$ 186,473	\$ 413,445	\$ 59,366	\$ 159,117	\$ 150,398	\$ 2,841	\$ 1,883,503

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NOTE 23 RISKS AND UNCERTAINTIES

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

NOTE 24 SUBSEQUENT EVENTS

In September 2022, the Policy Commission received notification from the state of West Virginia to send back approximately \$9,637 of unused Coronavirus Relief funds.

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NOTE 25 CONDENSED BLENDED COMPONENT UNIT INFORMATION

Condensed combining information for the Fund's blended component units for the year ended June 30, 2022 is as follows:

Condensed Combining Statements of Net Position
June 30, 2022

	Bluefield State College	Concord University	West Liberty University	Shepherd University	Glenville State College	Fairmont State University	West Virginia State University	West Virginia University	Marshall University	West Virginia School of Osteopathic Medicine	Policy Commission	Council	Eliminating/ Reclassification Entries	Total
ASSETS														
Inter-Entity Receivables	\$ 23	\$ -	\$ -	\$ 25	\$ -	\$ -	\$ -	\$ 1,722	\$ -	\$ 21	\$ -	\$ 153	\$ (1,944)	\$ -
Other Current Assets	5,013	13,329	12,007	17,118	6,375	51,799	12,584	359,388	90,151	88,960	107,552	138,974	(10,547)	892,703
Capital Assets, Net	39,263	58,886	74,940	104,118	72,967	133,116	74,166	1,963,551	453,668	76,871	63,297	231,395	-	3,346,238
Other Noncurrent Assets	599	5,025	2,968	1,065	5,257	13,832	1,466	192,802	153,839	4,667	58,709	4,048	(49,990)	394,287
Total Assets	44,898	77,240	89,915	122,326	84,599	198,747	88,216	2,517,463	697,658	170,519	229,558	374,570	(62,481)	4,633,228
DEFERRED OUTFLOWS OF RESOURCES														
	334	410	655	466	726	872	7,562	25,556	5,549	628	12,946	3,546	-	59,250
Total Assets and Deferred Outflows	\$ 45,232	\$ 77,650	\$ 90,570	\$ 122,792	\$ 85,325	\$ 199,619	\$ 95,778	\$ 2,543,019	\$ 703,207	\$ 171,147	\$ 242,504	\$ 378,116	\$ (62,481)	\$ 4,692,478
LIABILITIES														
Inter-Entity Payables	\$ 47	\$ -	\$ -	\$ 32	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93	\$ (172)	\$ -
Other Current Liabilities	5,396	8,926	6,739	9,391	6,125	14,924	14,095	264,879	60,587	6,731	58,374	47,027	(12,319)	490,875
Other Long-Term Liabilities	271	16,748	19,939	38,047	37,229	55,941	38,081	977,819	182,957	1,377	289,885	18,272	(49,990)	1,626,576
Total Liabilities	5,714	25,674	26,678	47,470	43,354	70,865	52,176	1,242,698	243,544	8,108	348,259	65,392	(62,481)	2,117,451
DEFERRED INFLOWS OF RESOURCES														
	2,291	3,953	3,422	4,224	4,429	6,296	4,207	121,621	24,542	3,064	7,406	13,639	-	199,094
Total Liabilities and Deferred Inflows of Resources	8,005	29,627	30,100	51,694	47,783	77,161	56,383	1,364,319	268,086	11,172	355,665	79,031	(62,481)	2,316,545
Net Position														
Net Investment in Capital														
Assets														
Restricted	39,263	43,386	56,110	65,978	36,153	73,659	35,190	1,045,119	313,624	76,871	56,961	225,769	-	2,068,083
Nonexpendable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expendable	578	2,425	-	-	-	-	-	15,108	15,176	-	-	50	-	33,337
Unrestricted	52	2,173	733	3,055	4,207	21,818	1,233	61,311	21,333	11,060	57,963	20,896	-	205,834
	(2,666)	39	3,627	2,065	(2,818)	26,981	2,972	57,162	84,988	72,044	(228,085)	52,370	-	68,679
Total Net Position	37,227	48,023	60,470	71,098	37,542	122,458	39,395	1,178,700	435,121	159,975	(113,161)	299,085	-	2,375,933
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 45,232	\$ 77,650	\$ 90,570	\$ 122,792	\$ 85,325	\$ 199,619	\$ 95,778	\$ 2,543,019	\$ 703,207	\$ 171,147	\$ 242,504	\$ 378,116	\$ (62,481)	\$ 4,692,478

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NOTE 25 CONDENSED BLENDED COMPONENT UNIT INFORMATION (CONTINUED)

Condensed Combining Statements of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2022

	Bluefield State College	Concord University	West Liberty University	Shepherd University	Glenville State College	Fairmont State University	West Virginia State University	West Virginia University	Marshall University	West Virginia School of Osteopathic Medicine	Policy Commission	Council	Eliminating/ Reclassification Entries	Total
OPERATING REVENUES														
Student Tuition and Fees, Net	\$ 4,994	\$ 7,276	\$ 14,893	\$ 13,829	\$ 7,109	\$ 12,143	\$ 8,747	\$ 417,624	\$ 70,641	\$ 35,695	\$ -	\$ 27,392	\$ -	\$ 620,343
Federal, State, Local Contracts and Grants	5,851	10,563	5,092	6,013	3,480	10,763	15,469	294,535	91,757	2,283	4,318	19,644	(101,834)	367,934
Sales and Services of Educational Activity	65	4	-	29	829	-	-	12,057	431	-	3,131	679	(2,836)	14,389
Auxiliary Enterprise Revenue	577	8,456	7,593	10,537	3,090	9,660	3,057	124,564	28,823	593	5,814	1,793	-	204,557
Other Operating Revenues	20	672	212	371	1,888	969	1,720	7,261	8,506	541	3,414	2,581	(3,629)	24,526
Total Operating Revenues	11,507	26,971	27,790	30,779	16,396	33,535	28,993	856,041	200,158	39,112	16,677	52,089	(108,299)	1,231,749
OPERATING EXPENSES														
Operations	24,810	40,767	38,575	48,568	25,710	54,488	43,899	1,067,424	289,801	44,840	24,341	163,542	(6,237)	1,860,528
Depreciation and Amortization	1,944	2,535	4,591	5,607	2,541	5,773	3,338	104,084	17,338	3,855	2,603	12,060	-	166,269
Total Operating Expenses	26,754	43,302	43,166	54,175	28,251	60,261	47,237	1,171,508	307,139	48,695	26,944	175,602	(6,237)	2,026,797
Operating Loss	(15,247)	(16,331)	(15,376)	(23,396)	(11,855)	(26,726)	(18,244)	(315,467)	(106,981)	(9,583)	(10,267)	(123,513)	(102,062)	(795,048)
NONOPERATING REVENUES (EXPENSES)														
State Appropriations	6,287	10,476	8,966	12,494	6,350	19,100	14,123	165,739	57,362	9,463	128,294	81,933	-	520,587
Federal Pell Grants	3,045	3,127	3,119	3,780	3,540	5,159	3,358	25,855	15,637	-	-	23,842	-	90,462
COVID Relief Grants	6,788	4,901	5,373	8,084	3,530	9,912	6,692	53,961	28,130	577	-	36,864	-	164,812
Other Nonoperating Revenues (Expenses)	(143)	(1,541)	318	204	(1,072)	(1,985)	(2,370)	17,501	(14,366)	(2,943)	(99,788)	(2,401)	101,632	(6,954)
Total Nonoperating Revenues	15,977	16,963	17,776	24,562	12,348	32,186	21,803	263,056	86,763	7,097	28,506	140,238	101,632	768,907
Capital Grants, Appropriations, and Gifts	-	536	-	-	-	-	1,285	55,470	3,346	31	-	534	-	61,202
Net Other Transfers Made and Received	-	-	-	-	1,137	76	-	(2,667)	-	-	(1,381)	952	430	(1,453)
INCREASE (DECREASE) IN NET POSITION	730	1,168	2,400	1,166	1,630	5,536	4,844	392	(16,872)	(2,455)	16,858	18,211	-	33,608
Net Position - Beginning of Year (As Restated)	36,497	46,855	58,070	69,932	35,912	116,922	34,551	1,178,308	451,993	162,430	(130,019)	280,874	-	2,342,325
NET POSITION - END OF YEAR	\$ 37,227	\$ 48,023	\$ 60,470	\$ 71,098	\$ 37,542	\$ 122,458	\$ 39,395	\$ 1,178,700	\$ 435,121	\$ 159,975	\$ (113,161)	\$ 299,085	\$ -	\$ 2,375,933

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NOTE 25 CONDENSED BLENDED COMPONENT UNIT INFORMATION (CONTINUED)

Condensed Combining Statements of Cash Flows
Year Ended June 30, 2022

	Bluefield State College	Concord University	West Liberty University	Shepherd University	Glenville State College	Fairmont State University	West Virginia State University	West Virginia University	Marshall University	West Virginia School of Osteopathic Medicine	Policy Commission	Council	Eliminating/ Reclassification Entries	Total
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES														
Operating Activities	\$ (13,546)	\$ (13,909)	\$ (12,698)	\$ (20,670)	\$ (7,248)	\$ (21,567)	\$ (17,762)	\$ (230,283)	\$ (99,969)	\$ (5,517)	\$ (8,079)	\$ (116,972)	\$ (103,799)	\$ (672,019)
Noncapital Financing Activities	16,671	19,392	12,085	26,235	14,784	35,681	24,158	321,248	112,179	9,273	65,841	142,170	103,323	903,040
Capital Financing Activities	(3,082)	(3,403)	(2,646)	(1,837)	(3,950)	(7,906)	(2,687)	(96,317)	(23,474)	(5,459)	(25,443)	(11,328)	369	(187,163)
Investing Activities	4,226	(802)	2,989	16	100	67	9	3,653	3,221	(517)	1,471	160	25,578	40,171
INCREASE (DECREASE) IN CURRENT CASH AND CASH EQUIVALENTS	4,269	1,278	(270)	3,744	3,686	6,275	3,718	(1,699)	(8,043)	(2,220)	33,790	14,030	25,471	84,029
Cash - Beginning of Year	2,984	5,769	10,175	10,385	1,296	42,507	5,851	205,459	66,683	43,088	56,194	111,042	(99,345)	462,088
CASH - END OF YEAR	\$ 7,253	\$ 7,047	\$ 9,905	\$ 14,129	\$ 4,982	\$ 48,782	\$ 9,569	\$ 203,760	\$ 58,640	\$ 40,868	\$ 89,984	\$ 125,072	\$ (73,874)	\$ 546,117

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NOTE 25 CONDENSED BLENDED COMPONENT UNIT INFORMATION (CONTINUED)

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

Condensed Combining Statements of Net Position
June 30, 2021 (As Restated)

	Bluefield State College	Concord University	West Liberty University	Shepherd University	Glenville State College	Fairmont State University	West Virginia State University	West Virginia University	Marshall University	West Virginia School of Osteopathic Medicine	Policy Commission	Council	Eliminating/ Reclassification Entries	Total
ASSETS														
Inter-Entity Receivables	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 308	\$ -	\$ -	\$ -	\$ 32	\$ (343)	\$ -
Other Current Assets	5,460	12,447	12,307	12,430	4,067	45,953	11,151	344,354	105,743	93,127	72,096	125,598	(10,219)	834,514
Capital Assets, Net	37,521	58,984	74,446	104,554	72,641	138,299	75,872	1,957,884	458,858	74,645	59,032	230,526	-	3,343,262
Other Noncurrent Assets	636	3,533	7,222	1,219	3,770	15,281	74	245,885	165,232	4,724	64,247	3,512	(57,880)	457,455
Total Assets	43,617	74,967	93,975	118,203	80,478	199,533	87,097	2,548,431	729,833	172,496	195,375	359,668	(68,442)	4,635,231
DEFERRED OUTFLOWS OF RESOURCES														
	534	728	1,154	991	1,046	1,997	8,567	34,321	8,653	1,039	14,199	5,530	-	78,759
Total Assets and Deferred Outflows	\$ 44,151	\$ 75,695	\$ 95,129	\$ 119,194	\$ 81,524	\$ 201,530	\$ 95,664	\$ 2,582,752	\$ 738,486	\$ 173,535	\$ 209,574	\$ 365,198	\$ (68,442)	\$ 4,713,990
LIABILITIES														
Inter-Entity Payables	\$ 132	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 683	\$ (815)	\$ -
Other Current Liabilities	3,314	6,497	8,510	8,116	4,190	13,665	13,593	230,948	58,915	4,572	30,512	39,995	(9,670)	413,157
Other Long-Term Liabilities	1,437	18,312	24,115	35,756	38,356	63,052	42,217	1,029,562	196,978	2,714	305,021	26,543	(57,957)	1,726,106
Total Liabilities	4,883	24,809	32,625	43,872	42,546	76,717	55,810	1,260,510	255,893	7,286	335,533	67,221	(68,442)	2,139,263
DEFERRED INFLOWS OF RESOURCES														
	2,771	4,031	4,434	5,390	3,066	7,891	5,303	143,934	30,600	3,819	4,060	17,103	-	232,402
Total Liabilities and Deferred Inflows of Resources	7,654	28,840	37,059	49,262	45,612	84,608	61,113	1,404,444	286,493	11,105	339,593	84,324	(68,442)	2,371,665
Net Position														
Net Investment in Capital Assets	37,521	42,431	55,443	70,114	36,774	74,645	35,934	1,054,694	317,285	74,645	58,172	223,305	-	2,080,963
Restricted Nonexpendable	578	2,425	-	-	-	-	-	16,975	15,176	-	-	50	-	35,204
Expendable	-	2,939	170	(148)	4,283	21,256	-	71,555	21,431	10,578	54,280	13,326	-	199,670
Unrestricted	(1,602)	(940)	2,457	(34)	(5,145)	21,021	(1,383)	35,084	98,101	77,207	(242,471)	44,193	-	26,488
Total Net Position	36,497	46,855	58,070	69,932	35,912	116,922	34,551	1,178,308	451,993	162,430	(130,019)	280,874	-	2,342,325
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 44,151	\$ 75,695	\$ 95,129	\$ 119,194	\$ 81,524	\$ 201,530	\$ 95,664	\$ 2,582,752	\$ 738,486	\$ 173,535	\$ 209,574	\$ 365,198	\$ (68,442)	\$ 4,713,990

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
(DOLLARS IN THOUSANDS)

NOTE 25 CONDENSED BLENDED COMPONENT UNIT INFORMATION (CONTINUED)

Condensed Combining Statements of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2021 (As Restated)

	Bluefield State College	Concord University	West Liberty University	Shepherd University	Glennville State College	Fairmont State University	West Virginia State University	West Virginia University	Marshall University	West Virginia School of Osteopathic Medicine	Policy Commission	Council	Eliminating/ Reclassification Entries	Total
OPERATING REVENUES														
Student Tuition and Fees, Net	\$ 4,803	\$ 6,794	\$ 15,766	\$ 14,679	\$ 5,671	\$ 13,895	\$ 10,154	\$ 401,855	\$ 77,049	\$ 36,757	\$ -	\$ 28,582	\$ -	\$ 616,005
Federal, State, Local Contracts and Grants	6,239	8,141	4,733	5,732	4,387	10,937	8,718	256,270	88,469	2,395	7,476	15,953	(83,302)	336,148
Sales and Services of Educational Activity	137	2	-	-	1,395	-	-	9,504	94	-	3,434	400	(3,574)	11,392
Auxiliary Enterprise Revenue	424	7,735	7,900	8,376	2,545	10,661	2,158	94,400	24,171	508	5,086	1,269	-	165,233
Other Operating Revenues	85	759	123	235	724	1,347	732	11,960	8,995	577	3,944	5,235	(4,163)	30,553
Total Operating Revenues	11,688	23,431	28,522	29,022	14,722	36,840	21,762	773,989	198,778	40,237	19,940	51,439	(91,039)	1,159,331
OPERATING EXPENSES														
Operations	20,655	34,446	40,060	45,728	21,311	52,979	45,094	997,449	272,520	42,217	22,941	145,206	(7,501)	1,733,105
Depreciation and Amortization	1,383	2,560	3,284	6,026	2,413	5,269	2,515	90,724	17,517	3,770	2,642	12,295	-	150,398
Total Operating Expenses	22,038	37,006	43,344	51,754	23,724	58,248	47,609	1,088,173	290,037	45,987	25,583	157,501	(7,501)	1,883,503
Operating Loss	(10,350)	(13,575)	(14,822)	(22,732)	(9,002)	(21,408)	(25,847)	(314,184)	(91,259)	(5,750)	(5,643)	(106,062)	(83,538)	(724,172)
NONOPERATING REVENUES (EXPENSES)														
State Appropriations	6,479	10,476	9,238	12,875	6,544	18,600	14,293	200,218	75,756	9,730	128,958	80,402	-	573,569
Federal Pell Grants	2,868	3,550	3,402	4,283	3,646	5,980	3,441	26,722	16,279	-	-	25,295	-	95,466
COVID Relief Grants	4,473	3,461	3,500	4,977	5,468	4,579	9,464	35,859	18,069	695	-	18,474	-	109,019
Other Nonoperating Revenues (Expenses)	268	823	502	777	(1,589)	(3,302)	(1,193)	87,122	16,185	8,278	(99,742)	708	82,828	91,665
Total Nonoperating Revenues	14,088	18,310	16,642	22,912	14,069	25,857	26,005	349,921	126,289	18,703	29,216	124,879	82,828	869,719
Capital Grants, Appropriations, and Gifts	22,383	377	-	-	-	-	2,309	91,667	3,540	5	-	2,481	-	122,762
Net Other Transfers Made and Received	-	-	-	-	-	28,625	-	648	-	-	(1,996)	(26,598)	710	1,389
INCREASE (DECREASE) IN NET POSITION	26,121	5,112	1,820	180	5,067	33,074	2,467	128,052	38,570	12,958	21,577	(5,300)	-	269,698
Net Position - Beginning of Year, As Restated	10,376	41,743	56,250	69,752	30,845	83,848	32,084	1,050,256	413,423	149,472	(151,596)	286,174	-	2,072,627
NET POSITION - END OF YEAR	\$ 36,497	\$ 46,855	\$ 58,070	\$ 69,932	\$ 35,912	\$ 116,922	\$ 34,551	\$ 1,178,308	\$ 451,993	\$ 162,430	\$ (130,019)	\$ 280,874	\$ -	\$ 2,342,325

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
(DOLLARS IN THOUSANDS)

NOTE 25 CONDENSED BLENDED COMPONENT UNIT INFORMATION (CONTINUED)

Condensed Combining Statements of Cash Flows
Year Ended June 30, 2021 (As Restated)

	Bluefield State College	Concord University	West Liberty University	Shepherd University	Glenville State College	Fairmont State University	West Virginia State University	West Virginia University	Marshall University	West Virginia School of Osteopathic Medicine	Policy Commission	Council	Eliminating/ Reclassification Entries	Total
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES														
Operating Activities	\$ (10,854)	\$ (12,041)	\$ (14,973)	\$ (17,933)	\$ (10,369)	\$ (15,901)	\$ (24,820)	\$ (222,952)	\$ (85,840)	\$ (3,601)	\$ (3,511)	\$ (102,825)	\$ (82,841)	\$ (608,461)
Noncapital Financing Activities	12,553	16,296	12,642	23,804	15,657	30,644	27,183	291,867	98,801	10,089	38,356	114,178	81,856	773,926
Capital Financing Activities	(632)	(2,763)	2,828	(5,515)	(4,026)	(7,551)	619	(85,294)	(24,883)	(3,125)	(25,016)	(6,685)	990	(161,053)
Investing Activities	4	1,351	(2,209)	15	(775)	54	3	39,952	11,308	541	3,022	198	(31,029)	22,435
INCREASE (DECREASE) IN CURRENT CASH AND CASH EQUIVALENTS	1,071	2,843	(1,712)	371	487	7,246	2,985	23,573	(614)	3,904	12,851	4,866	(31,024)	26,847
Cash - Beginning of Year	1,913	2,926	11,887	10,014	809	35,261	2,866	181,886	67,297	39,184	43,343	106,176	(68,321)	435,241
CASH - END OF YEAR	\$ 2,984	\$ 5,769	\$ 10,175	\$ 10,385	\$ 1,296	\$ 42,507	\$ 5,851	\$ 205,459	\$ 66,683	\$ 43,088	\$ 56,194	\$ 111,042	\$ (99,345)	\$ 462,088

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
(DOLLARS IN THOUSANDS)

NOTE 26 FINAL SEPARATION AGREEMENTS

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

Under the Final Separation Agreement, Pierpont received transfers of property from Fairmont, including the Gaston Caperton Center in Clarksburg, the real property and any improvements located adjacent to the Gaston Caperton Center, and the Braxton County Center located in Braxton County High School. As of June 30, 2021, the assets retained by Pierpont had a net book value of \$5,168. Fairmont retained full ownership of all other assets that were previously jointly owned with a net book value of \$55,449.

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

Fairmont shall be responsible for submitting debt service payments on the Series 2012 Bonds and paying the costs of operating, maintaining, and repairing the facilities refinanced with the Series 2012 Bonds. In addition to the full and final separation of assets and liabilities, it was determined that Pierpont shall pay Fairmont a total of \$16,300 through 2032 for a portion of the debt service on the 2012 Bonded Indebtedness. Pierpont shall pay Fairmont \$1,300 in fiscal year 2022. For fiscal years 2023 through 2032, Pierpont shall pay Fairmont \$1,500 per year. As of June 30, 2022 and 2021, the amount due from Pierpont was \$15,000 and \$16,300, respectively.

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

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

As a result of the Final Separation Agreement, Pierpont recognized a loss on final separation and Fairmont recognized a gain of \$27,873 during fiscal year 2021 which has been eliminated in preparation of the Fund's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**WEST VIRGINIA HIGHER EDUCATION FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPORTIONATE SHARE OF TRS NET PENSION LIABILITY
AND EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2022 AND 2021
(UNAUDITED)**

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

Measurement Date	Fund's Proportionate Share as a Percentage of Net Pension Liability	Fund's Proportionate Share	State's Proportionate Share	Total Proportionate Share	Fund's Covered Employee Payroll	Fund's Proportionate Share as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2021	0.2917080 %	\$ 4,452	\$ 8,775	\$ 13,227	\$ 6,786	70%	86.38 %
June 30, 2020	0.3607500 %	\$ 11,620	\$ 24,822	\$ 36,442	\$ 9,229	126 %	70.89 %
June 30, 2019	0.3814850 %	\$ 11,350	\$ 27,285	\$ 38,636	\$ 8,527	133 %	72.64 %
June 30, 2018	0.0442048 %	\$ 13,808	\$ 35,596	\$ 49,404	\$ 9,707	142 %	71.20 %
June 30, 2017	0.0579326 %	\$ 20,016	\$ 44,262	\$ 64,278	\$ 12,290	163 %	67.85 %
June 30, 2016	0.6837370 %	\$ 28,100	\$ 53,520	\$ 81,620	\$ 13,893	202 %	61.42 %
June 30, 2015	0.6763590 %	\$ 23,450	\$ 53,422	\$ 76,872	\$ 15,069	156 %	66.25 %
June 30, 2014	0.0075941 %	\$ 25,755	\$ 58,191	\$ 83,946	\$ 16,084	160 %	65.95 %

TRS Schedule of Employer Contributions

Measurement Date	Actuarially Determined Contributions	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
June 30, 2021	\$ 1,121	\$ 942	\$ 179	\$ 6,602	14.27 %
June 30, 2020	\$ 1,541	\$ 1,181	\$ 298	\$ 9,229	12.80 %
June 30, 2019	\$ 1,790	\$ 1,485	\$ 305	\$ 8,527	17.42 %
June 30, 2018	\$ 2,021	\$ 1,806	\$ 215	\$ 9,707	18.61 %
June 30, 2017	\$ 2,513	\$ 2,092	\$ 421	\$ 12,290	17.02 %
June 30, 2016	\$ 2,625	\$ 2,542	\$ 83	\$ 13,893	18.30 %
June 30, 2015	\$ 2,902	\$ 2,823	\$ 79	\$ 15,069	18.73 %
June 30, 2014	\$ 3,399	\$ 3,439	\$ (40)	\$ 16,084	21.38 %

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

**Notes to Required Supplementary Information
For the Year Ended June 30, 2022**

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

**WEST VIRGINIA HIGHER EDUCATION FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPORTIONATE SHARE OF NET OTHER
POSTEMPLOYMENT (ASSET) LIABILITY
AND EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2022 AND 2021
(UNAUDITED)**

Schedule of Proportionate Share of Net Other Postemployment Liability (Asset)

Measurement Date	Fund's Proportionate Share as a Percentage of	Fund's	State's	Total	Fund's	Fund's	Plan
	OPEB Liability (Asset)	Proportionate Share	Proportionate Share	Proportionate Share	Covered Employee Payroll	Share as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total OPEB Liability
June 30, 2021	12.4766642 %	\$ (3,709)	\$ (593)	\$ (4,302)	\$ 296,072	-1%	25.10 %
June 30, 2020	12.2837300 %	\$ 54,245	\$ 12,484	\$ 66,730	\$ 298,983	18%	73.49 %
June 30, 2019	12.2492179 %	\$ 204,248	\$ 41,591	\$ 245,839	\$ 310,502	31%	36.69 %
June 30, 2018	12.2307243 %	\$ 262,154	\$ 54,235	\$ 316,389	\$ 312,470	83%	30.98 %
June 30, 2017	11.5442668 %	\$ 283,628	\$ 58,634	\$ 342,262	\$ 310,818	91%	25.10 %

Schedule of Employer Contributions

Measurement Date	Actuarially	Actual	Contribution	Covered	Actual Contribution as a Percentage of Covered
	Determined Contributions	Contribution	Deficiency (Excess)		
June 30, 2021	\$ 20,622	\$ 13,017	\$ 7,605	\$ 302,759	4%
June 30, 2020	\$ 23,517	\$ 22,288	\$ 1,154	\$ 298,983	8%
June 30, 2019	\$ 24,901	\$ 23,321	\$ (1,580)	\$ 310,502	4%
June 30, 2018	\$ 24,641	\$ 24,437	\$ (204)	\$ 312,470	8%
June 30, 2017	\$ 24,070	\$ 24,070	\$ -	\$ 310,818	8%

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

**Notes to Required Supplementary Information
For the Year Ended June 30, 2022**

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

SUPPLEMENTARY INFORMATION

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
SCHEDULE OF COMBINING NET POSITION INFORMATION
JUNE 30, 2022
(DOLLARS IN THOUSANDS)

ASSETS	Higher Education Fund	Aggregate Discretely Presented Component Units	Total
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 546,117	\$ 41,119	\$ 587,236
Short-Term Investments	129,036	36,741	165,777
Appropriations Due from Primary Government	14,790	-	14,790
Accounts Receivable, Net	176,591	7,494	184,085
Loans Receivable - Current Portion	8,021	562	8,583
Other Current Assets	14,419	2,981	17,400
Inventories	3,729	3	3,732
Total Current Assets	<u>892,703</u>	<u>88,900</u>	<u>981,603</u>
NONCURRENT ASSETS			
Cash and Cash Equivalents	112,724	7,676	120,400
Investments	202,406	491,364	693,770
Loans Receivable - Net of Allowance of \$8,244	25,902	752	26,654
Other Post Employment Benefits Asset	3,709	-	3,709
Right-of-Use Assets, Net	39,821	-	39,821
Other Assets	35,919	49,532	85,451
Capital Assets, Net	3,320,044	83,429	3,403,473
Total Noncurrent Assets	<u>3,740,525</u>	<u>632,753</u>	<u>4,373,278</u>
Total Assets	4,633,228	721,653	5,354,881
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Refunding	36,534	-	36,534
Deferred Outflows Related to Pensions	2,108	-	2,108
Deferred Outflows Related to OPEB	20,608	-	20,608
Total Deferred Outflows of Resources	<u>59,250</u>	<u>-</u>	<u>59,250</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,692,478</u>	<u>\$ 721,653</u>	<u>\$ 5,414,131</u>

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
SCHEDULE OF COMBINING NET POSITION INFORMATION (CONTINUED)
JUNE 30, 2022
(DOLLARS IN THOUSANDS)

LIABILITIES	Higher Education Fund	Aggregate Discretely Presented Component Units	Total
CURRENT LIABILITIES			
Accounts Payable	\$ 86,391	\$ 2,476	\$ 88,867
Due to State of West Virginia	70	-	70
Accrued Liabilities	110,486	2,380	112,866
Unearned Revenue	162,480	82	162,562
Deposits/Custodial/Annuity Liabilities	4,181	127,308	131,489
Real Estate Purchase Agreements Payable - Current Portion	285	-	285
Other Liabilities - Current Portion	674	6,626	7,300
Compensated Absences - Current Portion	53,497	-	53,497
Notes Payable - Current Portion	5,314	700	6,014
Lease Liabilities - Current Portion	6,106	27	6,133
Financed Purchases Payable - Current Portion	774	-	774
Interest Payable	9,568	-	9,568
Bonds Payable - Current Portion	51,049	75,508	126,557
Total Current Liabilities	490,875	215,107	705,982
NONCURRENT LIABILITIES			
Advances from Federal Sponsors	19,778	-	19,778
Real Estate Purchase Agreement Payable	10,610	-	10,610
Compensated Absences	4,669	-	4,669
Notes Payable	115,034	24,642	139,676
Lease Liabilities	95,335	37	95,372
Financed Purchases Payable	56,937	-	56,937
Future Interest Payable	28,603	-	28,603
Bonds Payable	1,241,423	7,848	1,249,271
Net Pension Liability	4,452	-	4,452
Other Noncurrent Liabilities	49,735	3,633	53,368
Total Noncurrent Liabilities	1,626,576	36,160	1,662,736
Total Liabilities	2,117,451	251,267	2,368,718

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
SCHEDULE OF COMBINING NET POSITION INFORMATION (CONTINUED)
JUNE 30, 2022
(DOLLARS IN THOUSANDS)

	Higher Education Fund	Aggregate Discretely Presented Component Units	Total
DEFERRED INFLOWS OF RESOURCES			
Service Concession Arrangement	\$ 36,596	\$ -	\$ 36,596
Deferred Inflows Related to Pensions	9,045	-	9,045
Deferred Inflows Related to OPEB	133,834	-	133,834
Deferred Inflows Related to Leases	11,336	-	11,336
Other	8,283	-	8,283
Total Deferred Inflows of Resources	<u>199,094</u>	<u>-</u>	<u>199,094</u>
Total Liabilities and Deferred Inflows of Resources	2,316,545	251,267	2,567,812
NET POSITION			
Net Investment in Capital Assets	2,068,083	(24,532)	2,043,551
Restricted for:			
Expendable:			
Scholarships	13,040	42,305	55,345
Sponsored Projects	67,144	862	68,006
Loans	18,328	-	18,328
Capital Projects	18,157	2,299	20,456
Debt Service	22,771	-	22,771
Other	66,394	99,419	165,813
Total Restricted Expendable	<u>205,834</u>	<u>144,885</u>	<u>350,719</u>
Nonexpendable	33,337	324,128	357,465
Unrestricted	<u>68,679</u>	<u>25,905</u>	<u>94,584</u>
Total Net Position	<u>2,375,933</u>	<u>470,386</u>	<u>2,846,319</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u><u>\$ 4,692,478</u></u>	<u><u>\$ 721,653</u></u>	<u><u>\$ 5,414,131</u></u>

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
SCHEDULE OF COMBINING REVENUES, EXPENSES, AND
CHANGES IN NET POSITION INFORMATION
YEAR ENDED JUNE 30, 2022
(DOLLARS IN THOUSANDS)

	Higher Education Fund	Aggregate Discretely Presented Component Units	Total
OPERATING REVENUES			
Student Tuition and Fees, Net of Scholarship			
Allowance of \$219,483	\$ 620,343	\$ -	\$ 620,343
Gift and Contributions	-	39,957	39,957
Federal and Local land Grants	10,372	-	10,372
Contracts and Grants:			
Federal	174,652	-	174,652
State	40,810	-	40,810
Local	1,390	-	1,390
Private	140,710	-	140,710
Interest on Student Loans Receivable	759	-	759
Sales and Services of Educational Activities	14,389	-	14,389
Auxiliary Enterprise Revenue Net of Scholarship			
Allowance of \$24,166	204,557	11,666	216,223
Other Operating Revenues	23,767	-	23,767
Total Operating Revenues	<u>1,231,749</u>	<u>51,623</u>	<u>1,283,372</u>
OPERATING EXPENSES			
Salaries and Wages	948,312	8,973	957,285
Benefits	160,565	145	160,710
Supplies and Other Services	472,159	1,927	474,086
Utilities	65,452	340	65,792
Student Financial Aid - Scholarships and Fellowships	209,221	13,616	222,837
Depreciation and Amortization	166,269	4,478	170,747
Other Operating Expenses	4,819	20,627	25,446
Total Operating Expenses	<u>2,026,797</u>	<u>50,106</u>	<u>2,076,903</u>
OPERATING (LOSS) INCOME	(795,048)	1,517	(793,531)

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)
SCHEDULE OF COMBINING REVENUES, EXPENSES, AND
CHANGES IN NET POSITION INFORMATION (CONTINUED)
YEAR ENDED JUNE 30, 2022
(DOLLARS IN THOUSANDS)

	Higher Education Fund	Aggregate Discretely Presented Component Units	Total
NONOPERATING REVENUES (EXPENSES)			
State Appropriations	\$ 464,328	\$ -	\$ 464,328
State Lottery Appropriations	56,259	-	56,259
Federal Pell Grants	90,462	-	90,462
COVID Relief Grants	164,812	-	164,812
Gifts	83,524	-	83,524
Investment Income, Net	(42,680)	(30,798)	(73,478)
Interest on Indebtedness	(56,732)	(3,592)	(60,324)
Payments made on Behalf of the Fund	(1,971)	-	(1,971)
Student Financial Aid and Other Payments to Institutions	(22,159)	-	(22,159)
Federal Revenue	31,412	-	31,412
Other Nonoperating Expenses, Net	1,652	(1,972)	(320)
Net Nonoperating Revenues (Expenses)	<u>768,907</u>	<u>(36,362)</u>	<u>732,545</u>
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(26,141)	(34,845)	(60,986)
CAPITAL GRANTS, APPROPRIATIONS AND GIFTS	61,202	-	61,202
LOSS ON DISPOSAL OF OPERATIONS	(2,667)	-	(2,667)
CAPITAL PAYMENTS MADE ON BEHALF OF THE FUND	<u>1,214</u>	<u>-</u>	<u>1,214</u>
INCREASE (DECREASE) IN NET POSITION	33,608	(34,845)	(1,237)
Net Position - Beginning of Year, As Restated	<u>2,342,325</u>	<u>505,231</u>	<u>2,847,556</u>
NET POSITION - END OF YEAR	<u>\$ 2,375,933</u>	<u>\$ 470,386</u>	<u>\$ 2,846,319</u>



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

West Virginia Higher Education
Policy Commission
Charleston, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the West Virginia Higher Education Fund (the Fund), (a component unit of the State of West Virginia), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated October 31, 2022. Our report includes a reference to other auditors who audited the financial statements of Fairmont State University, West Virginia Council for Community and Technical College Education, the West Virginia School of Osteopathic Medicine, and all discretely presented component units, except Blue Ridge Community and Technical College Foundation, Inc, as described in our report on the Fund's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by the auditors of the entities noted above. The financial statements of the Fund's discretely presented component units, except for the Shepherd University Foundation, Inc. and Supporting Organization, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component units of the Fund.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule and findings and responses as items 2022-001 and 2022-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

West Virginia Higher Education Fund’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Fund’s response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Fund’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 31, 2022

**WEST VIRGINIA HIGHER EDUCATION FUND
SCHEDULE FINDINGS AND RESPONSES
YEARS ENDED JUNE 30, 2022 AND 2021**

2022-001

Type of Finding: Material Weakness in Internal Control over Financial Reporting – Glenville State University

Condition: Management did not provide a complete trial balance and had to post manual entries to capture financial activity not recorded in the general ledger. During the performance of the audit, it was noted that revenue for certain grants and insurance recoveries were incorrectly recorded.

Criteria or Specific Requirement: Management's responsibilities include recording significant financial reporting processes, including controls over procedures used to enter transaction totals into the general ledger; initiate, authorize, record and process journal entries into the general ledger; record recurring and nonrecurring adjustments to the financial statements and safeguarding University assets. Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Effect: Audit adjustments were recorded to properly state revenues and expenses for the year ended June 30, 2022.

Cause: Management should ensure all financial activity is under the control of the general ledger. The University did not have proper internal controls in place related to accounting for grant revenue and insurance recoveries.

Recommendation: We recommend the University evaluate its process for capturing all financial activity and evaluate its policies and procedures regarding recognition of grant revenue to ensure recorded amounts are in accordance with U.S. GAAP.

Repeat Finding: This is not a repeat finding.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and will evaluate their process for capturing all financial activity in the general ledger and will incorporate controls and procedures to ensure grant revenue and insurance recovery transactions are properly recorded.

**WEST VIRGINIA HIGHER EDUCATION FUND
SCHEDULE FINDINGS AND RESPONSES
YEARS ENDED JUNE 30, 2022 AND 2021**

2022-002

Type of Finding: Material Weakness in Internal Control over Financial Reporting – West Liberty University

Condition: During our audit, we identified certain misstatements of the University's financial statements related to depreciation expense and grant revenue.

Criteria or Specific Requirement: The University's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Effect: The misstatements were material to the University's financial statements.

Cause: The University's internal controls over financial reporting did not identify the misstatements that were uncovered as a result of our testing.

Recommendation: We recommend the University evaluate its process for capturing all financial activity and evaluate its policies and procedures to ensure recorded amounts are in accordance with U.S. GAAP.

Repeat Finding: This is not a repeat finding.

Views of Responsible Officials and Planned Corrective Actions: West Liberty University utilizes depreciation software purchased from an outside vendor. The depreciation schedule was advanced from the prior year and the program ran only the current year fourth quarter depreciation. The software didn't calculate the entire year depreciation and being unfamiliar with the software the incorrect calculation went unnoticed. We contacted the vendor and was given a tutorial on the workings of the software. The annual depreciation calculation has since been corrected as of the date of the audit report and all future depreciation schedules will be accurate.

The Grant Revenue was calculated incorrectly but due to turnover the schedule was not reviewed.

Corrective action: all calculations and workpapers will be prepared by staff, controller or CFO and reviewed by either the Controller or CFO and signed off.