

**WEST VIRGINIA HIGHER EDUCATION
POLICY COMMISSION**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2022 AND 2021



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**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
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INDEPENDENT AUDITORS' REPORT

West Virginia Higher Education Policy Commission
Charleston, West Virginia

Report on the Audit of the Financial Statements

Opinion

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

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

We did not audit the financial statements of West Virginia Regional Technology Park Corporation (the Corporation), which represent 32%, (52)%, and 5%, respectively, of the assets, net position, and revenues of the Commission as of June 30, 2022 and 33%, (39)%, and 5%, respectively, of the assets, net position, and revenues of the Commission 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 Corporation, is based solely on the report of such other auditors.

Basis for Opinion

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 opinion.

Emphasis of Matter

During fiscal year ended June 30, 2022, the Commission adopted Government Accounting Standards Board Statement No. 87, *Leases*, as disclosed in Note 16. As a result of the implementation of this standard, the Commission reported a restatement for the change in accounting principle. Our auditors' opinion was not modified with respect to this matter.

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 Commission'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 opinion. 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 Commission'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 Commission's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

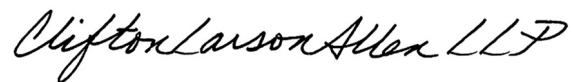
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Proportionate Share of TRS Net Pension Liability, Schedule of Employer Contributions, Schedule of Proportionate Share of Net OPEB Liability, and Schedule of Employer Contributions, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's financial statements. The combining schedule of net position and combining schedule of revenues, expenses, and changes in net position (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 auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of other auditors, the combining schedule of net position and combining schedule of revenues, expenses, and changes in net position 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 17, 2022 on our consideration of the Commission'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 Commission'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 Commission's internal control over financial reporting and compliance. That report does not include consideration of the internal controls over financial reporting for the West Virginia Regional Technology Park Corporation, which was audited by other auditors.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 17, 2022

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
MANAGEMENT DISCUSSION AND ANALYSIS (RSI) (UNAUDITED)
YEARS ENDED JUNE 30, 2022 AND 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

The Management's Discussion and Analysis is required supplementary information and has been prepared in accordance with the requirements of Governmental Accounting Standards Board (GASB) Standards.

The following discussion and analysis of the West Virginia Higher Education Policy Commission's (the Commission) financial statements provides an overview of its financial activities for the years ended June 30, 2022 and 2021, with a primary focus on the current year. Three years of comparative data are provided for discussion and analysis purposes. 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.

Statement of Net Position

The statement of net position presents the assets, liabilities, deferred outflows, and deferred inflows of resources and net position of the Commission as of June 30, 2022 and 2021. The statement of net position 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 Commission. The statement of net position presents end-of-year data concerning Assets (current and noncurrent), Deferred Outflows, Liabilities (current and noncurrent), Deferred Inflows, and Net Position (assets and deferred outflows minus liabilities and deferred inflows).

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

Net position is divided into three major categories. The first category, net investment in capital assets provides the Commission's equity in land, buildings, furniture, and equipment owned by the Commission, net of any related debt. 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 Commission does not use the nonexpendable category because it does not have an endowment program. The expendable restricted category reflects amounts that are available for expenditure by the Commission 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 Commission. The deficit is primarily attributable to the 2004, 2007, 2010, 2012 and the two 2017 bond issuances proceeds which were transferred to the Institutions for their capital projects without any assets being received by the Commission in return.

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
MANAGEMENT DISCUSSION AND ANALYSIS (RSI) (UNAUDITED)
YEARS ENDED JUNE 30, 2022 AND 2021**

Statement of Net Position (Continued)

Condensed Statements of Net Position
(in thousands of dollars)

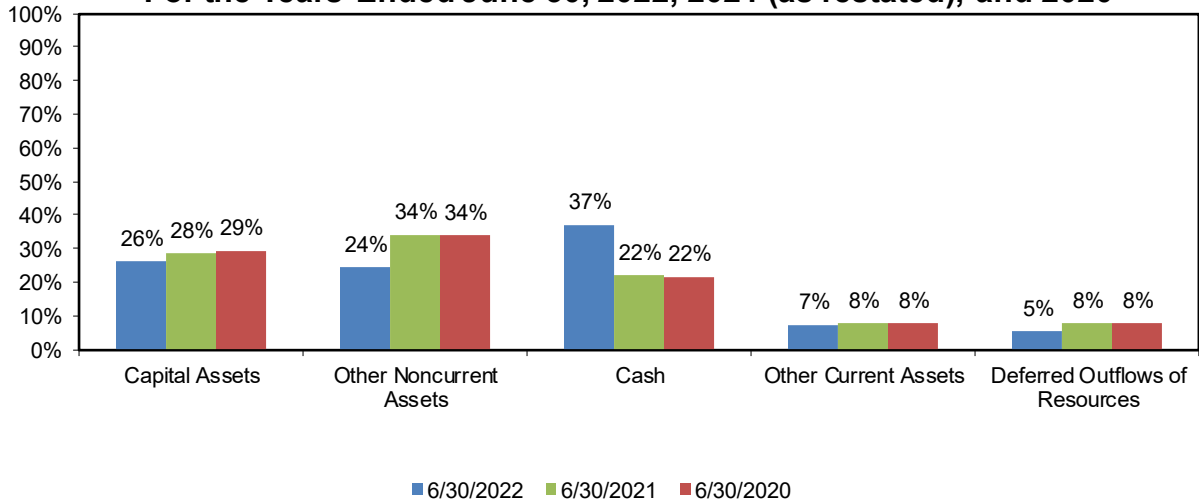
	<u>2022</u>	<u>2021</u> (As Restated)	<u>2020</u>
Assets			
Current Assets	\$ 107,552	\$ 72,097	\$ 58,371
Other Noncurrent Assets	58,709	64,246	67,354
Capital Assets, Net	<u>63,297</u>	<u>59,032</u>	<u>58,634</u>
Total Assets	229,558	195,375	184,359
Deferred Outflows	<u>12,946</u>	<u>14,199</u>	<u>15,278</u>
Total Assets and Deferred Outflows	<u>\$ 242,503</u>	<u>\$ 209,574</u>	<u>\$ 199,637</u>
Liabilities			
Current Liabilities	\$ 58,374	\$ 30,512	\$ 28,328
Noncurrent Liabilities	289,885	305,022	321,743
Total Liabilities	<u>348,260</u>	<u>335,534</u>	<u>350,071</u>
Deferred Inflows	7,406	4,060	1,163
Net Position			
Invested in Capital Assets	56,961	58,172	58,069
Restricted - Expendable	57,926	54,280	41,055
Unrestricted	<u>(228,048)</u>	<u>(242,472)</u>	<u>(250,721)</u>
Total Net Position	<u>(113,162)</u>	<u>(130,020)</u>	<u>(151,597)</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 242,503</u>	<u>\$ 209,574</u>	<u>\$ 199,637</u>

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
MANAGEMENT DISCUSSION AND ANALYSIS (RSI) (UNAUDITED)
YEARS ENDED JUNE 30, 2022 AND 2021**

Statement of Net Position (Continued)

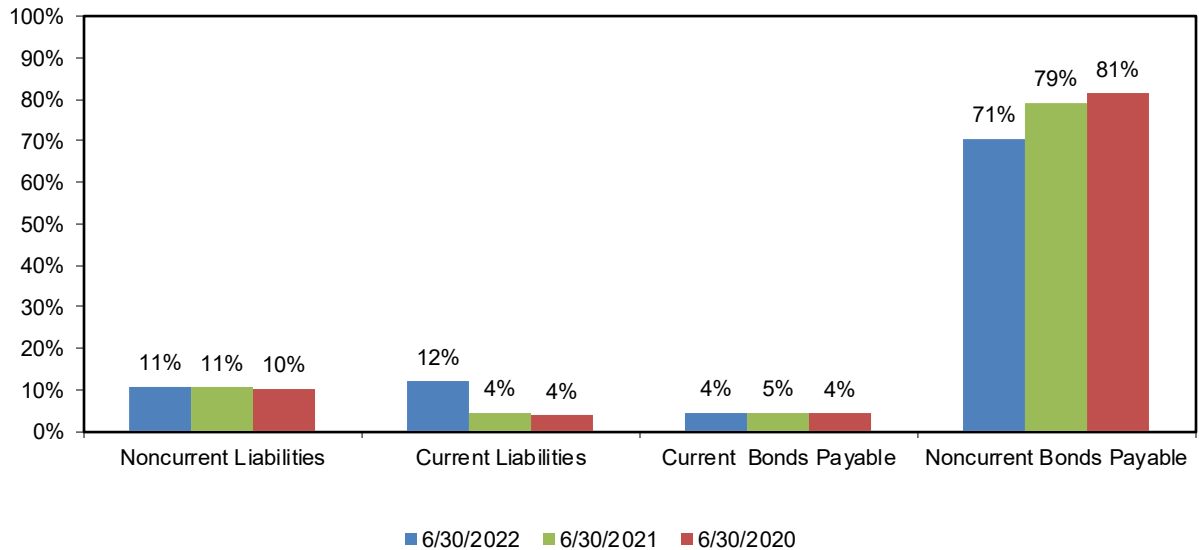
Assets and Deferred Outflows Composition

For the Years Ended June 30, 2022, 2021 (as restated), and 2020



Liabilities Composition

For the Years Ended June 30, 2022, 2021 (as restated), and 2020



**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
MANAGEMENT DISCUSSION AND ANALYSIS (RSI) (UNAUDITED)
YEARS ENDED JUNE 30, 2022 AND 2021**

Statement of Net Position (Continued)

Major items of note in the statements of net position include:

- As of June 30, 2022, the Commission's financial statements reflect a receivable from the higher education institutions (an internal obligation) related to principal payments owed by the Commission on system-wide debt obligations that were issued on behalf of the University and College Systems before the 2004 issuance. Prior to fiscal year 2002, the system debt had been reflected solely as an obligation of the Commission and the requirement of the institutions to contribute funds to repay this debt was disclosed in a footnote. The internal assignment of this liability was shown as a transfer in the statement of revenue, expenses, and changes in net position during fiscal year 2002. On the statement of net position as of June 30, 2022, a receivable has been recorded for Institutional obligations totaling \$38.5 million out of the total amount due from Institutions of \$42.9 million as compared to \$64.9 million in debt including outstanding University System Bonds of \$31.2 million plus future interest payable of \$33.7 million, but not including bond premiums. As discussed later, the Commission debt for bonds issued in fiscal year 2005 (2004 Series B Bonds), fiscal year 2009 (2009 Series A Bonds), and fiscal year 2011 (2010 Series A, B, and C Bonds) and fiscal year 2012 (Series A and B Bonds) is not allocated to the Institutions as the funding will be forthcoming from excess Lottery Commission proceeds.
- As of June 30, 2022, total current assets of \$107.6 million exceeded total current liabilities of \$58.4 million. As of June 30, 2021, total current assets of \$72.1 million exceeded total current liabilities of \$30.5 million. As of June 30, 2020, total current assets of \$58.4 million exceeded total current liabilities of \$28.3 million. By the nature of the Commission, significant funds flow through the operations reported in these financial statements with further distribution to the West Virginia public institutions in subsequent years based on the decisions of the Commission.
 - Current cash balances at June 30, 2022 were \$90.0 million compared to cash balances as of June 30, 2021 and 2020 of \$56.2 million and \$43.3 million, respectively.
 - Current receivables from the Institutions totaled approximately \$6.9 million as of June 30, 2022, and \$6.8 million and \$6.9 million as of June 30, 2021 and 2020, respectively. These receivables primarily represent the Institutions' current obligations for principal payments to be paid on the University and College system-wide bond obligations.
 - Current liabilities total \$58.4 million, \$30.5 million, and \$28.3 million as of June 30, 2022, 2021, and 2020, respectively. Unearned grant revenues increased \$26.9 million as a result of federal COVID-19 related grants from the State. Accounts payable increased approximately \$222,000, and the current portion of bonds payable increased approximately \$560,000. In addition, the amounts due to institutions and affiliates increased approximately \$361,000. The current portion of notes payable decreased approximately \$254,000.

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
MANAGEMENT DISCUSSION AND ANALYSIS (RSI) (UNAUDITED)
YEARS ENDED JUNE 30, 2022 AND 2021**

Statement of Net Position (Continued)

- As of June 30, 2022, 2021, and 2020, noncurrent assets totaled \$122.0 million, \$123.3 million, and \$126.0 million, respectively.
 - Except for capital assets, the most significant portion of noncurrent assets are the receivables from the Institutions that are primarily related to the University and College system-wide bonds. These obligations totaled \$35.9 million as of June 30, 2022 compared to \$41.8 million at June 30, 2021 and \$46.6 million at June 30, 2020. The other amounts due from Institutions reflect the advances made to certain Institutions.
 - Noncurrent cash totaled \$14.0 million as of June 30, 2022, compared to \$15.4 million as of June 30, 2021 and \$18.4 million as of June 30, 2020. In FY 2008, the Legislature appropriated \$7.0 million for an energy savings program. During FY 2021, these loans exceeded loan repayments by \$928,000. During FY 2020, the amount of the repayments for these loans exceeded loans by \$1.5 million. The Commission expended about \$1.4 million in cash for institutional capital projects during FY 2022 and about \$2.0 million in FY 2021. During FY 2021, the Commission received about \$7.2 million in proceeds from the issuance of the 2017 Series Community and technical College Capital Improvements Revenue Refunding Bonds. The amounts on deposit on June 30, 2022 and 2021, and payable on July 1, 2022 and 2021 for the 2020 bond principal payments were \$2.1 and \$2.0 million, respectively.
- The primary noncurrent liability represents the actual system-wide bonds outstanding, as further described in Note 8 to the financial statements. At June 30, 2022, 2021, and 2020 noncurrent bonds payable totaled \$251.2 million, \$268.9 million, and \$285.9 million, respectively, plus future interest payable on bonds of \$28.6 million as of June 30, 2022, \$30.6 million as of June 30, 2021, and \$32.3 million as of June 30, 2020. The future interest includes payments, which commenced in FY 2014 and are classified as a current liability. In FY 2022, FY 2021, and FY 2020, the related current liability is \$5.0 million, \$4.9 million, and \$4.8 million, respectively.
- Total net position of the Commission was a deficit of \$113.2 million, \$130.1 million, and \$151.6 million, as of June 30, 2022, 2021, and 2020, respectively.
 - Net investment in capital assets of \$56.5 million is primarily the capital assets of the West Virginia Regional Technology Park.
 - The unrestricted net deficit of \$227.6 million is primarily because of bonds outstanding where the funds were provided to the institutions for capital additions but the repayments will be made from excess Lottery funds, if available.

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
MANAGEMENT DISCUSSION AND ANALYSIS (RSI) (UNAUDITED)
YEARS ENDED JUNE 30, 2022 AND 2021**

Statement of Revenues, Expenses, and Changes in Net Position

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

Operating revenues are fees from the Institutions that the Commission by statute can assess them to support the Commission's operations and various initiatives. Additional operating revenue comes from the sale of various services to public and private higher education institutions, public and private K-12, and other state government agencies. Revenue is also received in the form of federal and state grants. 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 Commission. 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 Legislature to the Commission without the Legislature directly receiving commensurate goods and services for those revenues.

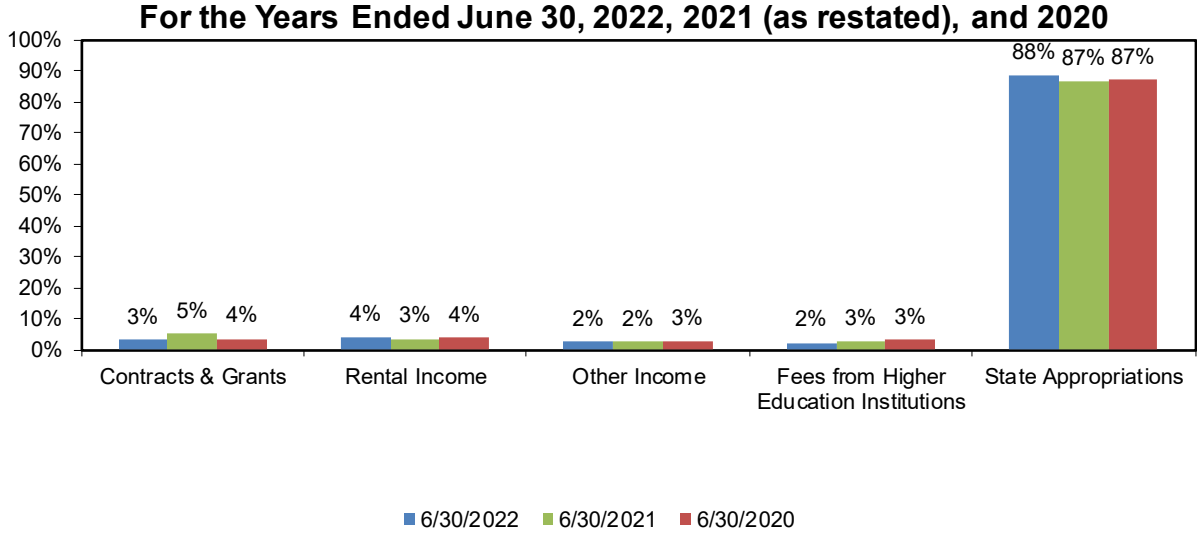
Condensed Statements of Revenues, Expenses, and Changes in Net Position
(in thousands of dollars)

	<u>2022</u>	2021 (As Restated)	<u>2020</u>
Operating Revenues	\$ 16,678	\$ 19,939	\$ 17,648
Operating Expenses	<u>26,944</u>	<u>25,583</u>	<u>26,181</u>
Operating Loss	(10,267)	(5,644)	(8,533)
Net Nonoperating Revenues	<u>28,507</u>	<u>29,217</u>	<u>21,553</u>
Gain Before Other Revenues, Expenses, Gains, Losses, or Transfers	18,240	23,572	13,020
Capital Payments and Transfers to Institutions and Outside Entities	<u>(1,381)</u>	<u>(1,996)</u>	<u>(3,641)</u>
Increase in Net Position	16,859	21,576	9,379
Net Position - Beginning of Year	<u>(130,020)</u>	<u>(151,596)</u>	<u>(169,332)</u>
Net Position - End of Year	<u>\$ (113,161)</u>	<u>\$ (130,020)</u>	<u>\$ (159,953)</u>

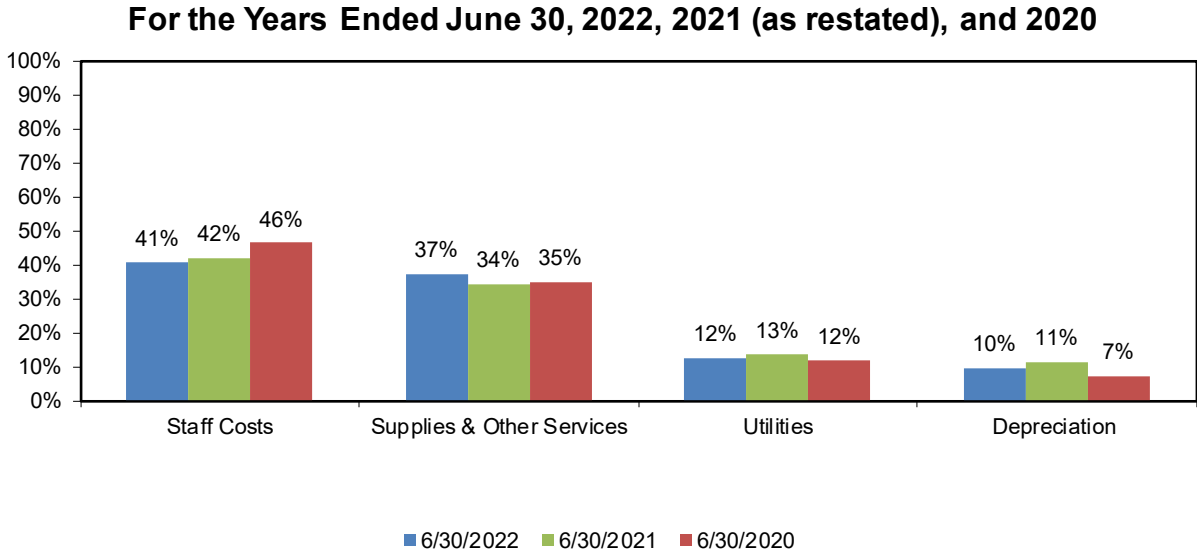
**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
MANAGEMENT DISCUSSION AND ANALYSIS (RSI) (UNAUDITED)
YEARS ENDED JUNE 30, 2022 AND 2021**

Statement of Revenues, Expenses, and Changes in Net Position (Continued)

Total Revenues



Total Operating Expenses



**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
MANAGEMENT DISCUSSION AND ANALYSIS (RSI) (UNAUDITED)
YEARS ENDED JUNE 30, 2022 AND 2021**

Statement of Revenues, Expenses, and Changes in Net Position (Continued)

Major items of note in the statements of revenue, expenses, and change in net position include:

- Operating revenues of the Commission totaled \$16.7 million in FY 2022 compared to \$19.9 million in FY 2021 and \$17.6 million in FY 2020.
 - The amount of fees collected from higher education institutions for the operations of the Commission totaled about \$3.3 million for FY 2022, \$3.8 million for FY 2021, and \$4.1 million for FY 2020. Institutional collections by WVNET decreased \$532,000 in FY2022 and increased \$279,000 in FY 2021.
 - Federal, state, and local grants totaled \$4.3 million in FY 2022 compared to \$7.5 million in FY 2021 and \$4.9 million in FY 2020.
 - Rental income was \$5.8 million, \$5.2 million, and \$5.1 million in FY 2022, FY 2021, and FY 2020, respectively, and is received from tenants occupying space within the West Virginia Regional Technology Park. Lease and service revenues are from four major tenants. The increase in rental income is due to additional space occupied by existing tenants and additional revenues received from new tenants.
- Operating expenses totaled \$26.9 million in FY 2022, \$25.7 million in FY 2021, and \$26.2 in FY 2020. During FY 2022, supplies and other services as well as utility expenses increased over previous years. These increases were offset by savings realized from vacant positions and significant reduction in the OPEB liability.
- Net nonoperating revenue of \$28.5 million in FY 2022 compared to \$29.2 million in FY 2021 and \$21.6 million in FY 2020.
 - State general revenue and lottery appropriations were \$128.3 million in FY 2022 compared to \$129.0 million in FY 2021 and \$121.5 million in FY 2020.
 - Expenditures for student financial aid and other payments to institutions totaled \$124.0 million in FY 2022 compared to \$98.8 million in FY 2021 and \$92.3 million in FY 2020. The Commission expended \$16.1 million to pay for COVID-19 related expenses in FY 2022 that were funded through federal revenues compared to \$6.3 million in FY2021.
 - Interest on indebtedness declined from \$15.8 million in FY 2021 to \$15.1 million in FY 2022.
 - FY 2022 federal COVID related revenues increased \$25.1 million over FY 2021.

Statement of Cash Flows

The final statement presented by the Commission is the statement of cash flows. The statement of cash flows presents detailed information about the cash activity of the Commission during the year.

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
MANAGEMENT DISCUSSION AND ANALYSIS (RSI) (UNAUDITED)
YEARS ENDED JUNE 30, 2022 AND 2021**

Statement of Cash Flows (Continued)

The statement is divided into five parts. The first section deals with operating cash flows and shows the net cash provided or used by the operating activities of the Commission. 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. 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 in operating activities to the operating income or loss reflected on the statements of revenues, expenses, and changes in net position.

Condensed Statements of Cash Flows
(in thousands of dollars)

	2022	2021 (As Restated)	2020
Cash Provided (Used) by:			
Operating Activities	\$ (8,079)	\$ (3,511)	\$ (7,683)
Noncapital Financing Activities	65,841	38,356	31,398
Capital Financing Activities	(24,047)	(22,094)	(23,470)
Investing Activities	74	100	114
Increase in Cash and Cash Equivalents	33,789	12,850	359
Cash and Cash Equivalents - Beginning of Year	56,191	43,341	42,230
Cash and Cash Equivalents - End of Year	<u>\$ 89,981</u>	<u>\$ 56,191</u>	<u>\$ 42,589</u>

Major items of note in the cash flow statement include:

- Net cash used by operating activities in FY 2022, FY 2021, and FY 2020, was (\$8.5) million, (\$4.0) million, and (\$7.7) million, respectively. Major reconciling items in all fiscal years from the operating loss reported on the statements of revenue, expenses, and changes in net position include depreciation expense and fluctuations in accounts receivable, accounts payable, and accrued liabilities.
- Net cash provided by noncapital financing activities in FY 2022, FY 2021, and FY 2020, was \$65.8 million, \$38.4 million and \$31.4 million, respectively. Noncapital financing sources and uses of funds include state appropriations, receipts for fiduciary governmental entities and disbursements to fiduciary governmental entities and payments to institutions.
- Net cash used in capital financing activities totaled \$23.6 million, \$21.6 million, and \$27.2 million, in FY 2022, FY 2021, and FY 2020, respectively. Capital payments to institutions, purchases of capital assets, disbursements of bond principal and interest payments were offset by the receipt of bond proceeds and capital grants.
- Net cash provided by investing activities totaled \$74,000 in FY 2022, \$100,000 in FY 2021, and \$926,000 in FY 2020.
- Total cash increased by \$33.8 million, \$12.9 million, and \$1.1 million in FY 2022, FY 2021, and FY 2020, respectively, ending the years at \$90.0 million at June 30, 2022, \$56.2 million at June 30, 2021, and \$43.3 million at June 30, 2020.

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
MANAGEMENT DISCUSSION AND ANALYSIS (RSI) (UNAUDITED)
YEARS ENDED JUNE 30, 2022 AND 2021**

Long-Term Debt Activity

On November 7, 2017, the Commission issued Series 2017 West Virginia Higher Education Policy Commission Community and Technical Colleges Capital Improvement Revenue Refunding Bonds to advance refund the outstanding principal amount of the state of West Virginia Higher Education Policy Commission Community and Technical Colleges Capital Improvement Revenue Refunding Bonds, 2009 Series A and to provide funds to finance the acquisition, construction, equipping or improvement of community and technical college facilities located in the state of West Virginia. The bonds refunded \$66,340,000 in outstanding 2009 Series A bonds.

On December 21, 2017, the Commission issued the state of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities Series 2017). The bonds were issued to provide funds to advance refund the West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities) 2007 Series A bonds (the 2007 Series A Bonds), and a portion of the West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities) 2010 Series A bonds (the 2010 Series A Bonds) to reduce debt service payments and to pay the costs associated with the bonds. The bonds refunded and defeased the \$15,765,000 in outstanding 2007 Series A Bonds and \$12,880,000 of the 2010 Series A Bonds.

On June 26, 2012, the Commission issued \$132,165,000 of Series A Bonds and \$11,130,550 of Series B Bonds to refund \$124,585,000 of Series 2004B Revenue Bonds. The savings in annual payment and transfers from the Series 2004B Revenue Bonds construction fund netted approximately \$8 million for additional capital projects. The annual debt service for the 2012 bonds and the remaining 2004B Bonds is equal to that of the 2004B bonds before the refunding. On December 17, 2010, the Commission issued \$16,520,000 of Series A Bonds, \$50,265,000 of Series B Bonds, and \$10,080,000 of Series C Bonds. State Lottery proceeds of a maximum of \$20,000,000 per year are used to pay bond debt service. In addition to the Lottery revenues, registration and tuition fees and educational and general capital fees collected at the institutions (Universities and Colleges) from students are used for the Commission's bond indebtedness.

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, related to the bonds outstanding. See Notes 7 and 8 to the financial statements for further detail of long-term debt.

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

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% 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.

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
MANAGEMENT DISCUSSION AND ANALYSIS (RSI) (UNAUDITED)
YEARS ENDED JUNE 30, 2022 AND 2021**

**Other Factors Impacting the Financial Position and Results of Operations of the Commission
(Continued)**

The achievement of the West Virginia Climb goal for the higher education system is dependent upon many factors, one of which is adequate resources to implement the strategies necessary to achieve the goals. At the present time, the Commission itself maintains a strong financial condition. Although the net position of the Commission is reported as a deficit of \$113.2 million, \$33.7 million of future interest payable on the 2000 Series A Bonds (repayment on these bonds began during FY 2014) and the \$97.8 million of debt on the 2012 Series A and B Bonds will be paid by Lottery Commission excess proceeds, if available. In addition, \$58.4 million of debt on 2017 Series Community and Technical College Capital Improvement Revenue Refunding Bonds will be paid by the Lottery Commission excess proceeds, if available, and \$50.2 million of debt on the 2010 Series A and B Facilities Bonds will also be paid by the Lottery Commission excess proceeds, if available. In the event that excess Lottery Commission proceeds are not available, the Institutions will be responsible for providing the moneys for repayment of the debt except on the 2017 Community and Technical College Capital Improvement Revenue Refunding Bonds Series A. The vast majority of the funding that is reported in the financial statements of the Commission is ultimately assigned to the public higher education institutions in the state for capital projects, grants, scholarships, and special projects. This funding is critical to the success of the higher education system in meeting the compact goals.

The Commission entered into an agreement on February 25, 2011 with the Union Carbide Corporation (UCC) a wholly owned subsidiary of The Dow Chemical Company (Dow) for the donation of property known as Union Carbide Corporation's Technology Park in the City of South Charleston, County of Kanawha, and state of West Virginia. This property consists of 258 acres, several major buildings, and infrastructure. On December 15, 2011, the deed for the property transferred to the Commission. The Commission has opened the Tech Park to other business to enhance economic development opportunities. Kanawha Valley Community and Technical College has relocated their campus to the site with the renovation of one of the existing buildings and there and an Advanced Technology Center for community college technical training and education was completed. The net value of the capital gifts of equipment and buildings was \$21.0 million, which was recognized in FY 2012. During FY 2022, the West Virginia Regional Technology Park's operating revenues totaled \$8.0 million, including \$5.8 million in rental income. Total operating expenses for FY 2022, were \$8.3 million, including \$3.2 million for utilities.

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.

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 POLICY COMMISSION
STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2022	2021 (As Restated)
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 89,980,841	\$ 56,192,038
Appropriations Due from Primary Government	3,951,136	4,861,135
Accounts Receivable - Net	5,256,569	3,414,085
Leased Asset Receivable	872,809	270,264
Interest Receivable	252,703	5,785
Prepaid Expense	249,809	527,191
Other Assets	117,518	-
Receivable from Institutions - Current Portion	6,870,311	6,825,583
Total Current Assets	107,551,696	72,096,081
NONCURRENT ASSETS		
Cash and Cash Equivalents	14,046,817	15,443,660
Accounts Receivable	2,454,133	2,060,126
Leased Asset Receivable	4,456,877	2,779,928
Receivable from Institutions	35,922,724	41,768,035
Net OPEB Asset	37,390	-
Right of Use Leased Assets - Net	1,791,058	2,194,859
Capital Assets - Net	63,297,208	59,031,879
Total Noncurrent Assets	122,006,207	123,278,487
Total Assets	229,557,903	195,374,568
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding	12,520,089	13,620,220
Deferred Outflows Related to OPEB	293,833	409,030
Deferred Outflows Related to Pensions	131,645	169,575
Total Deferred Outflows of Resources	12,945,567	14,198,825
Total Assets and Deferred Outflows of Resources	\$ 242,503,470	\$ 209,573,393

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2022 AND 2021

	2022	2021 (As Restated)
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 2,196,974	\$ 1,975,327
Amounts Due to Institutions and Affiliates	1,852,763	1,491,273
Accrued Liabilities	980,518	903,782
Deposits	3,420	5,701
Unearned Grants Revenue	26,854,449	-
Unearned Revenue - Services	93,865	28,815
Compensated Absences - Current Portion	694,346	630,754
Interest Payable	9,007,886	9,092,232
Lease Obligation	386,794	386,613
Notes Payable - Current Portion	341,531	595,633
Bonds Payable - Current Portion	15,961,944	15,402,104
Total Current Liabilities	58,374,490	30,512,234
NONCURRENT LIABILITIES		
Compensated Absences	277,754	283,621
Future Interest Payable	28,603,067	30,617,212
Net Pension Liability	177,985	523,113
Other Postemployment Benefit Liability	-	534,965
Lease Obligation	1,361,226	1,748,020
Notes Payable	8,216,007	2,459,388
Bonds payable	251,249,086	268,855,142
Total Noncurrent Liabilities	289,885,125	305,021,461
Total Liabilities	348,259,615	335,533,695
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to OPEB	1,402,718	1,819,482
Deferred Inflows Related to Pensions	281,481	48,563
Deferred Inflows Related to Leases	5,721,472	2,192,014
Total Deferred Inflows of Resources	7,405,671	4,060,059
Total Liabilities and Deferred Inflows of Resources	355,665,286	339,593,754
NET POSITION		
Net Investment in Capital Assets	56,960,560	58,171,717
Restricted - Expendable	57,925,860	54,279,598
Unrestricted	(228,048,236)	(242,471,676)
Total Net Position	(113,161,816)	(130,020,361)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 242,503,470	\$ 209,573,393

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021 (As Restated)
OPERATING REVENUES		
Institutional Collections	\$ 3,260,283	\$ 3,792,454
Contracts and Grants:		
Federal	3,447,088	3,782,079
State	779,240	3,645,210
Private	92,130	48,468
Rental Income	5,814,190	5,085,517
Sales and Services of Educational Activities	3,130,906	3,433,635
Miscellaneous - Net	153,975	151,584
Total Operating Revenues	16,677,812	19,938,947
OPERATING EXPENSES		
Salaries and Wages	9,486,753	9,177,318
Benefits	1,456,637	1,548,782
Supplies and Other Services	10,035,511	8,799,519
Utilities	3,362,327	3,415,229
Depreciation and Amortization	2,603,210	2,642,173
Total Operating Expenses	26,944,438	25,583,021
OPERATING LOSS	(10,266,626)	(5,644,074)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	76,279,954	76,946,239
State Lottery Appropriations	52,013,244	52,011,994
Investment Gain	127,433	79,268
Payments Made on Behalf of the Commission	51,044	192,065
Institutional Debt Service Payments from Institutions:		
Interest	6,591,121	6,677,999
Other	441,111	441,111
Interest	(15,064,344)	(15,831,276)
Student Financial Aid and Other Payments to Institutions	(123,993,345)	(98,793,150)
Federal Revenue	31,412,432	6,321,033
Other Nonoperating Revenues - Net	647,978	1,171,651
Net Nonoperating Revenues	28,506,628	29,216,934
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, LOSSES, OR TRANSFERS	18,240,002	23,572,860
CAPITAL PAYMENTS AND TRANSFERS TO INSTITUTIONS AND OUTSIDE ENTITIES	(1,381,457)	(1,996,478)
INCREASE IN NET POSITION	16,858,545	21,576,382
Net Position - Beginning of Year	(130,020,361)	(151,596,743)
NET POSITION - END OF YEAR	\$ (113,161,816)	\$ (130,020,361)

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Institutional Collections	\$ 2,989,354	\$ 4,304,602
Contracts and Grants	3,788,090	7,500,071
Payments to and on Behalf of Employees	(11,750,903)	(11,460,766)
Payments to Suppliers	(8,899,453)	(8,561,848)
Payments to Utilities	(3,718,247)	(3,035,010)
Rental Income Receipts	6,195,689	4,221,587
Sales and Service of Educational Activities	3,161,871	3,471,636
Other	154,258	48,780
Net Cash Used by Operating Activities	(8,079,341)	(3,510,948)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	129,203,197	126,871,862
Federal COVID revenues	58,169,381	6,321,033
Payments to Institutions	(121,531,986)	(94,837,206)
Net Cash Provided by Noncapital Financing Activities	65,840,592	38,355,689
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Proceeds from Debt Issuances	6,058,425	2,256,842
Institutional Receipts for Debt Service	12,994,336	12,983,174
Purchases of Capital Assets	(8,532,736)	(3,827,907)
Principal Paid on Bonds	(15,788,717)	(14,864,064)
Proceeds from Sale of Capital Assets	20,000	-
Interest Paid on Bonds	(17,043,119)	(17,556,038)
Principal Paid on Notes	(555,908)	(550,382)
Interest Paid on Notes	(120,592)	(17,186)
Capital Payments and Transfers to Institutions and Outside Entities	(1,902,028)	(2,033,292)
Capital Loans to Institutions	(1,000,000)	(2,000,000)
Capital Loan Repayments from Institutions	838,479	1,071,979
Lease Principal Payments	(399,121)	(464,026)
Interest Paid on Leases	(12,508)	(15,122)
Deposits to Noncurrent Cash and Cash Equivalents	(16,574,603)	(24,153,460)
Withdrawals from Noncurrent Cash and Cash Equivalents	17,971,445	27,075,659
Net Cash Used by Capital Financing Activities	(24,046,647)	(22,093,823)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts from Investment Income	74,199	99,513
Net Cash Provided by Investing Activities	74,199	99,513
INCREASE IN CASH AND CASH EQUIVALENTS	33,788,803	12,850,431
Current Cash and Cash Equivalents - Beginning of Year	56,192,038	43,341,607
CURRENT CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 89,980,841	\$ 56,192,038

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021 (As Restated)
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (10,266,626)	\$ (5,644,074)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation and Amortization Expense	2,603,210	2,642,173
Changes in Assets and Liabilities:		
Accounts Receivables - Net	(2,411,629)	23,248
Prepaid Expenses	277,381	(267,375)
Lease Receivable	(2,279,494)	-
Accounts Payable	426,161	469,772
Amounts due to Institutions and Affiliates	400,683	-
Accrued Liabilities	77,612	(18,348)
Other Postemployment Benefit Related Amounts	(572,355)	(1,414,035)
Defined Benefit Pension Related Amounts	(375,847)	732,568
Compensated Absences	57,726	(42,586)
Other Assets	(117,518)	-
Deposits Held in Custody for Others	(2,282)	(2,379)
Unearned Revenue	162,550	27,500
Deferred Inflows	3,529,458	-
Net Cash Used by Operating Activities	\$ (8,490,970)	\$ (3,990,096)
SIGNIFICANT NONCASH TRANSACTIONS		
Capital Transfers to Institutions Included in Accounts Payable	\$ 161,727	\$ 281,615
Expenses Paid on Behalf of the Commission	\$ 51,045	\$ 192,065

See accompanying Notes to Financial Statements.

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 ORGANIZATION

On March 19, 2000, the West Virginia Legislature enacted Senate Bill No. 653 (S.B. 653), which restructured public higher education in West Virginia.

S.B. 653 also created the West Virginia Higher Education Policy Commission (governing board) which is responsible for developing, gaining consensus around, and overseeing the implementation and development of a higher education public policy agenda except for those institutions covered by Senate Bill No. 448. The West Virginia Higher Education Policy Commission (entity) (the Commission) consists of two divisions. The first division encompasses the administrative functions and the second division accounts for the West Virginia Network for Educational Telecommuting (WVNET). Oversight of WVNET lies with the administrative division. WVNET was originally created in 1975 to provide central computing facilities and wide-area network communications services as a resource for the public colleges and universities in the state of West Virginia (the State).

On March 12, 2011, the West Virginia Legislature enacted Senate Bill 484, which allowed for the creation of a management organization for the oversight of day-to-day operations at the WV Regional Technology Park (Tech Park) which was created by the gift of the former Union Carbide Corporation Tech Center to the Commission. WV Regional Technology Park Corp. (the Corporation or WVRTC) was incorporated under the laws of the State as a nonprofit, nonstock corporation on April 13, 2011. The Commission transferred the Tech Park property to the Corporation on July 1, 2011. The Commission maintains title and is the owner to the land, buildings, and improvements that comprise the Tech Park. The Corporation is included in the financial statements as a blended component unit.

Each Institutional Governing Board (all institutions, the Commission, and the West Virginia Council for Community and Technical College Education (the Council) comprise the West Virginia Higher Education Fund, (the Fund) has certain powers and duties, including, but not limited to, the power to determine, control, supervise, and manage the financial, business, and educational policies and affairs of the institution(s) under its jurisdiction; the duty to develop a master plan for the institution; the power to prescribe the specific functions and institution's budget request; the duty to review, at least every five years, all academic programs offered at the institution; and the power to fix tuition and other fees for the different classes or categories of students enrolled at the institution(s).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity

The Commission is a statutory entity and component unit of the West Virginia Higher Education Fund and represents separate funds of the state that are not included in the state's general fund. The Commission is a separate entity, which along with all state institutions of higher education and the Council, forms the West Virginia Higher Education Fund of the State. The West Virginia Higher Education Fund is considered a component unit of the state and its financial statements are discretely presented in the state's comprehensive annual financial report.

The accompanying financial statements present all funds under the authority of the Commission, including the Corporation, which is a statutory entity and a blended component unit of the Commission. The basic criteria for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from the Commission's ability to significantly influence operations and accountability for fiscal matters of the Corporation.

Financial Statement Presentation

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

Net Investment in Capital Assets – This represents the Commission's total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to capital assets, including those on individual institutions' financial statements. 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.

Restricted Net Position – Expendable – This includes resources in which the Commission 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 (the Code). House Bill No. 101, passed in March 2004, simplified the tuition and fee restrictions to auxiliaries and capital items. These activities are fundamental to the normal ongoing operations of the related institutions. These restrictions are subject to change by future actions of the West Virginia Legislature. The Commission does not have any such Code-restricted net position at June 30, 2022 and 2021.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

Restricted Net Position – Nonexpendable – This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. There was no nonexpendable net position as of June 30, 2022 and 2021.

Unrestricted Net Position – Unrestricted net position represents liabilities in excess of resources derived from student tuition and fees, state appropriations, and sales and services of educational activities. The deficit will be funded by future amounts to be received from the Lottery Commission if such excess funds are available, or are to be billed to institutions in future years.

Basis of Accounting

For financial reporting purposes, the Commission is considered a special-purpose government engaged only in business-type activities. Accordingly, the Commission'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 Commission 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 the Code, policies set by the BTI, 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. 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.

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (Continued)

The BTI maintains the Consolidated Fund investment fund, which consists of eight investment pools and participant-directed accounts, three of which the Commission 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 report can be obtained from the following address: 1900 Kanawha Blvd 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.

Allowance for Doubtful Accounts

It is the Commission'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 Commission on such balances; and such other factors which, in the Commission's judgment, require consideration in estimating doubtful accounts.

Noncurrent Cash and Cash Equivalents

Cash and cash equivalents that are (1) externally restricted to make debt service payments and long-term loans to students, or to maintain sinking or reserve funds, (2) to purchase capital or other noncurrent assets or settle long-term liabilities for the Commission or any of its institutions, and (3) restricted nonexpendable net position, are classified as noncurrent assets in the accompanying statements of net position. As of June 30, 2022 and 2021, there was no restricted nonexpendable net position or cash and cash equivalents.

Capital Assets

Capital assets include buildings, software, intangibles, and furniture and equipment. 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. Depreciation or amortization is computed using the straight-line method over the estimated useful lives of the assets, generally 3 to 7 years for software and intangibles; 3 to 10 years for furniture and equipment; 15 years for land improvements, and 30 years for buildings. The Commission uses a capitalization policy of \$5,000.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenue

Cash received for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenue.

Compensated Absences and Other Postemployment Benefits

GASB provides standards for the measurement, recognition, and display of other postemployment benefits (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 OPEB for the state. Effective July 1, 2007, the Commission 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 the 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 25305-0710 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 Commission'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 one and one-half 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 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 now provided for under the multiple employer cost-sharing plan approved by the state.

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

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 10).

Future Interest Payable

Interest on capital accretion bonds is recognized over the life of the related bonds on the interest method.

Bonds

Bond premiums or discounts are amortized over the life of the related bonds.

Deferred Outflows of Resources

Consumption of net position by the Commission 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 Commission had a deferred loss on refunding of \$12,520,089 and \$13,620,220, respectively, and deferred outflows of resources related to pensions of \$131,645 and \$169,575 as of June 30, 2022 and 2021, respectively (Note 10). As of June 30, 2022 and 2021, the Commission had deferred outflows of resources related to OPEB of \$293,833 and \$409,030, respectively (Note 9).

Deferred Inflows of Resources

Acquisition of net position by the Commission that is applicable to a future fiscal year is reported as a deferred inflow of resources on the statements of net position. As of June 30, 2022 and 2021, the deferred inflows related to pensions were \$281,481 and \$48,563, respectively (Note 10). As of June 30, 2022 and 2021, the Commission had deferred inflows of resources related to OPEB of \$1,402,718 and \$1,819,482, respectively (Note 9). As of June 30, 2022 and 2021, the commission had deferred inflows of resources related to leases of \$5,721,472 and \$2,192,014, respectively (Note 11).

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management

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

BRIM engages an independent actuary to assist in the determination of its premiums so as to minimize the likelihood of premium adjustments to the Commission or other participants in BRIM's insurance programs. As a result, management does not expect significant differences between premiums the Commission is currently charged by BRIM and the In addition, through its participation in the PEIA and third-party insurers, the Commission 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 insurer, the Commission has transferred its risks related to health, life, prescription drug coverage, and job-related injuries.

Classification of Revenues

The Commission 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) fees from higher education institutions; (2) most federal, state, local, and nongovernmental grants, and contracts; (3) federal appropriations for land grant institutions, and (4) revenue from leasing.

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 and federal appropriations, investment income/loss, and sale of capital assets (including natural resources).

Other Revenues – Other revenues consist primarily of capital appropriations, grants, and gifts.

Use of Restricted Net Position

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

Institutional Collections

Institutional collections represent revenues earned from colleges and universities throughout the state for the use of central site (WVNET) computing services.

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Grants and Contracts

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

Interest on Indebtedness

The Commission accounts for interest on debt as an expense of the period in which it is incurred.

Student Financial Aid and Other Payments to Institutions

The Commission records financial aid and other payments to institutions as an expense of the period in which it is disbursed to the institutions.

Income Taxes

The Commission is exempt from income taxes under Section 115 of the Internal Revenue Code (IRC) as a governmental entity. It is also recognized by the Internal Revenue Service (IRS) as an organization described in Section 501(c)(3) of the IRC.

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 of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

In June 2017, the Governmental Accounting Standards Board (GASB) issued 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. The Commission recognized \$2,096,675 as leased asset receivable and deferred inflows as of July 1, 2020. The Commission recognized \$2,598,660 as right of use leased assets and lease obligations as of July 1, 2020. Net position was restated as of June 30, 2021 (Note 16).

NOTE 3 CASH AND CASH EQUIVALENTS

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

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
State Treasurer	\$ 81,617,475	\$ 5,965,134	\$ 87,582,609
Municipal Bond Commission	1,619,923	-	1,619,923
Bank	6,743,443	-	6,743,443
Trustee	-	8,081,684	8,081,684
Total	<u>\$ 89,980,841</u>	<u>\$ 14,046,818</u>	<u>\$ 104,027,659</u>

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

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
State Treasurer	\$ 48,084,625	\$ 6,200,299	\$ 54,284,924
Municipal Bond Commission	1,698,756	-	1,698,756
Bank	6,408,657	-	6,408,657
Trustee	-	9,243,361	9,243,361
Total	<u>\$ 56,192,038</u>	<u>\$ 15,443,660</u>	<u>\$ 71,635,698</u>

Cash held by the State Treasurer includes \$5,965,134 and \$6,200,299 at June 30, 2022 and 2021, respectively, of restricted cash for sponsored projects, loans, and other purposes.

Cash on deposit with trustee represents funds reserved for debt payments on the University Refunding Revenue Bonds, Series 2010 (the 2010 Bonds) and project expenditures, and debt payments on the University Revenue Bonds, Series 2012 (the 2012 Bonds) (Note 8).

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

The combined carrying amount of cash in bank at June 30, 2022 and 2021, was \$6,743,443 and \$6,408,657 as compared with the combined bank balance of \$6,743,443 and \$6,408,657, respectively. The bank balances were covered by federal depository insurance as noted below or were collateralized by securities held by the state's agent. Regarding federal depository insurance, interest-bearing accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Amounts with the State Treasurer as of June 30, 2022 and 2021, are comprised of \$25,895,127 and \$9,231,606, 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.

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	\$ 58,674,730	AAAm	\$ 42,372,578	AAAm
WV Government Money Market Pool	1,619,923	AAAm	1,698,756	AAAm
WV Short-Term Bond Pool	1,392,829	Not Rated	981,985	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	\$ 58,674,730	21	\$ 42,372,578	45
WV Government Money Market Pool	1,619,923	19	1,698,756	52

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	\$ 1,392,829	563	\$ 981,985	638

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

Cash in Bank with Trustee

Credit Risk – 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 the bond agreement.

<u>Investment Type</u>	Carrying Value	
	2022	2021
Money Market Fund	\$ 8,081,684	\$ 9,243,361

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 Commission will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Commission 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 Commission’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. The Commission does not have a formal interest rate risk policy.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable were as follows at June 30:

	2022	2021 (As Restated)
Student Loan Receivables - Net of Allowance for Doubtful Accounts of \$2,703,104 and \$2,703,104	\$ 3,322,062	\$ 2,929,204
Grants and Contracts Receivable	549,831	165,373
Due from Higher Education Institutions	584,614	193,870
Rent Receivable - Net of Allowance for Doubtful Accounts of Rent Receivable of \$97,262 and \$151,727	1,922,776	1,403,186
Employee Conversion Pay Receivable	52,336	49,329
Due from State and State Agencies	1,279,083	733,249
Total	\$ 7,710,702	\$ 5,474,211

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 5 CAPITAL ASSETS

A summary of capital asset activity for the year ended June 30, 2022, is as follows:

	Beginning Balance (As Restated)	Additions	Reductions	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 15,100,000	\$ -	\$ -	\$ 15,100,000
Construction in Progress	14,853,409	6,002,730	(13,246,258)	7,609,881
Total Capital Assets Not Being Depreciated	<u>\$ 29,953,409</u>	<u>\$ 6,002,730</u>	<u>\$ (13,246,258)</u>	<u>\$ 22,709,881</u>
Other Capital Assets:				
Buildings and Building Improvements	\$ 32,898,849	\$ 12,900,466	\$ -	\$ 45,799,315
Leasehold Improvements	83,394	-	-	83,394
Infrastructure	4,416,863	603,312	-	5,020,175
Intangible	1,468,338	-	-	1,468,338
Equipment	16,106,503	211,808	(172,673)	16,145,638
Right-to-Use Leased Assets	2,598,660	-	-	2,598,660
Total Other Capital Assets	<u>57,572,607</u>	<u>13,715,586</u>	<u>(172,673)</u>	<u>71,115,520</u>
Less Accumulated Depreciation and Amortization for:				
Buildings and Building Improvements	8,288,885	1,149,183	-	9,438,068
Leasehold Improvements	57,089	14,206	-	71,295
Infrastructure	1,950,410	302,412	-	2,252,822
Intangible	1,253,969	-	-	1,253,969
Equipment	14,345,124	733,608	(165,353)	14,913,379
Right-of-Use Leased Assets	403,801	403,801	-	807,602
Total Accumulated Depreciation and Amortization	<u>26,299,278</u>	<u>2,603,210</u>	<u>(165,353)</u>	<u>28,737,135</u>
Other Capital Assets - Net	<u>\$ 31,273,329</u>	<u>\$ 11,112,376</u>	<u>\$ (7,320)</u>	<u>\$ 42,378,385</u>
Capital Asset Summary:				
Capital Assets Not Being Depreciated or Amortized	\$ 29,953,409	\$ 6,002,730	\$ (13,246,258)	\$ 22,709,881
Other Capital Assets	<u>57,572,607</u>	<u>13,715,586</u>	<u>(172,673)</u>	<u>71,115,520</u>
Total Cost of Capital Assets	87,526,016	19,718,316	(13,418,931)	93,825,401
Less: Accumulated Depreciation and Amortization	<u>26,299,278</u>	<u>2,603,210</u>	<u>(165,353)</u>	<u>28,737,135</u>
Capital Assets - Net	<u>\$ 61,226,738</u>	<u>\$ 17,115,106</u>	<u>\$ (13,253,578)</u>	<u>\$ 65,088,266</u>

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 5 CAPITAL ASSETS (CONTINUED)

A summary of capital asset activity for the year ended June 30, 2021 (as restated), is as follows:

	Beginning Balance (As Restated)	Additions (As Restated)	Reductions (As Restated)	Ending Balance (As Restated)
Capital Assets Not Being Depreciated:				
Land	\$ 15,130,000	\$ -	\$ (30,000)	\$ 15,100,000
Construction in Progress	12,967,332	1,904,763	(18,686)	14,853,409
Total Capital Assets Not Being Depreciated	<u>\$ 28,097,332</u>	<u>\$ 1,904,763</u>	<u>\$ (48,686)</u>	<u>\$ 29,953,409</u>
Other Capital Assets:				
Buildings and Building Improvements	\$ 32,967,061	\$ 76,888	\$ (145,100)	\$ 32,898,849
Leasehold Improvements	83,394	-	-	83,394
Infrastructure	4,346,364	70,499	-	4,416,863
Intangible	1,468,338	-	-	1,468,338
Equipment	15,437,060	737,203	(67,760)	16,106,503
Right-to-Use Leased Assets	2,598,660	-	-	2,598,660
Total Other Capital Assets	<u>56,900,877</u>	<u>884,590</u>	<u>(212,860)</u>	<u>57,572,607</u>
Less Accumulated Depreciation and Amortization for:				
Buildings and Building Improvements	7,190,228	1,138,963	(40,306)	8,288,885
Leasehold Improvements	42,882	14,207	-	57,089
Infrastructure	1,657,073	293,337	-	1,950,410
Intangible	1,253,969	-	-	1,253,969
Equipment	13,621,019	791,865	(67,760)	14,345,124
Right-to-Use Leased Assets	-	403,801	-	403,801
Total Accumulated Depreciation and Amortization	<u>23,765,171</u>	<u>2,642,173</u>	<u>(108,066)</u>	<u>26,299,278</u>
Other Capital Assets - Net	<u>\$ 30,537,046</u>	<u>\$ (1,757,583)</u>	<u>\$ (104,794)</u>	<u>\$ 31,273,329</u>
Capital Asset Summary:				
Capital Assets Not Being Depreciated or Amortized	\$ 28,097,332	\$ 1,904,763	\$ (48,686)	\$ 29,953,409
Other Capital Assets	56,900,877	884,590	(212,860)	57,572,607
Total Cost of Capital Assets	<u>82,399,549</u>	<u>2,789,353</u>	<u>(261,546)</u>	<u>87,526,016</u>
Less: Accumulated Depreciation and Amortization	<u>23,765,171</u>	<u>2,642,173</u>	<u>(108,066)</u>	<u>26,299,278</u>
Capital Assets - Net	<u>\$ 58,634,378</u>	<u>\$ 147,180</u>	<u>\$ (153,480)</u>	<u>\$ 61,226,738</u>

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 5 CAPITAL ASSETS (CONTINUED)

Title to certain real property at the institutions is held by the Commission by virtue of legislative assignment from prior system-wide governing boards. Title can be transferred from the Commission to the Institutional Governing Boards upon mutual agreement. Regardless of title, all real property at the institution is recorded in the institution's financial statements.

The Commission 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 that are held for exhibition. These collections are neither disposed of for financial gain nor encumbered in any means.

At June 30, 2022 and 2021, the Commission had outstanding contractual commitments of approximately \$580,675 and \$453,527 for property, plant, and equipment expenditures, respectively.

NOTE 6 LONG-TERM LIABILITIES

A summary of long-term obligation activity is as follows for the years ended June 30:

	2022				
	Beginning Balance (As Restated)	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable	\$ 284,257,246	\$ -	\$ (17,046,216)	\$ 267,211,030	\$ 15,961,944
Notes Payable - Direct Placement	3,055,021	6,058,425	(555,908)	8,557,538	341,531
Other Long-Term Liabilities:					
Accrued Compensated Absences	914,375	57,725	-	972,100	694,346 *
Future Interest Payable	35,620,107	-	(1,903,986)	33,716,121	5,113,054
Other Postemployment Benefit Liability	534,965	-	(534,965)	-	-
Net Pension Liability	523,113	-	(345,128)	177,985	-
Lease Obligation	2,134,633	-	(386,613)	1,748,020	386,794
Total Long-Term Liabilities	<u>\$ 327,039,460</u>	<u>\$ 6,116,150</u>	<u>\$ (20,772,816)</u>	<u>\$ 312,382,794</u>	<u>\$ 22,497,669</u>

	2021 (As Restated)				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable	\$ 300,765,421	\$ -	\$ (16,508,175)	\$ 284,257,246	\$ 15,402,104
Notes Payable - Direct Placement	1,348,561	2,256,842	(550,382)	3,055,021	595,633
Other Long-Term Liabilities:					
Accrued Compensated Absences	867,115	47,260	-	914,375	630,754
Future Interest Payable	37,191,775	-	(1,571,668)	35,620,107	5,002,895 *
Other Postemployment Benefit Liability	2,086,405	-	(1,551,440)	534,965	-
Net Pension Liability	427,354	95,759	-	523,113	-
Lease Obligation	2,598,660	-	(464,027)	2,134,633	386,613
Total Long-Term Liabilities	<u>\$ 345,285,291</u>	<u>\$ 2,399,861</u>	<u>\$ (20,645,692)</u>	<u>\$ 327,039,460</u>	<u>\$ 22,017,999</u>

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

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 7 NOTE PAYABLE

On November 7, 2013, the Corporation executed a note payable to the West Virginia Economic Development Authority to finance a new boiler system for the property in the amount of \$1,485,253. 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 \$14,632. The note matures in November 2023.

On October 20, 2020, the Corporation executed a note payable to the West Virginia Infrastructure and Jobs Development Council in the amount of \$2,217,128. 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 \$18,476. The note matures in October 2033.

On May 7, 2021, the Corporation executed a construction loan agreement to Summit Community Bank to fund construction and permanent financing in the amount of \$7,500,000. 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 \$52,877. As of June 30, 2021, the Corporation had drawn \$39,714 under this agreement. The note matures in May 2037.

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 \$1,174,980. Payments are due semi-annually in installments of \$195,830. The note matures in November 2022.

A summary of the annual aggregate payments for years subsequent to June 30, 2022, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 341,531	\$ 202,710
2024	560,030	188,195
2025	572,819	176,367
2026	584,401	164,785
2027	596,366	152,820
Thereafter	5,902,391	776,518
Total	<u>\$ 8,557,538</u>	<u>\$ 1,661,395</u>

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8 BONDS PAYABLE

The state chartered the former University System of West Virginia and the former State College System of West Virginia with the responsibility to construct or renovate, finance, and maintain various academic and other facilities of the state's higher education institutions. Financing for these facilities was provided through revenue bonds issued by the former State Board of Regents, the former College and University System Boards, the Interim Governing Board, or the Commission. All bonds payables are administered by the Commission, as successor to the various former governing boards.

The Commission has the authority to assess each institution of the West Virginia Higher Education 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 Commission'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 an obligation of the Commission.

Bonds payable consisted of the following at June 30:

	Maximum Interest Rate	Original Range of Annual Principal Installment Due	Principal Amount Outstanding	
			2022	2021
2017 Series Community and Technical College Capital Improvement Revenue Refunding Bonds	5.00 %	\$30,000 to 4,760,000	\$ 58,390,000	\$ 60,365,000
2017 Series Revenue Refunding Bonds Higher Education Facilities	5.00	\$1,205,000 to 3,885,000	15,715,000	19,075,000
2012 Series A Revenue Refunding Bonds, Due through 2034	5.00	\$1,425,000 to 42,100,000	87,060,000	92,320,000
2012 Series B Revenue Bonds, Due through 2034	5.00	\$200,000 to 2,400,000	5,110,000	5,450,000
2010 Series B Revenue Bonds, Due through 2040	7.65	\$10,800,000 to 39,465,000	50,265,000	50,265,000
Series 2000A University System Bonds, Due through 2031	6.26	\$0 to 3,263,864	11,947,667	13,744,772
Series 1998 University System Bonds, Due through 2028	5.25	\$1,065,000 to 3,625,000	19,220,000	21,890,000
Subtotal			247,707,667	263,109,772
Add Bond Premium			19,503,363	21,147,474
Total			<u>\$ 267,211,030</u>	<u>\$ 284,257,246</u>

A summary of the annual aggregate payments for years subsequent to June 30, 2022, is as follows:

<u>Years Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 15,961,944	\$ 17,721,000	\$ 33,682,944
2024	16,573,176	17,108,493	33,681,669
2025	17,230,528	16,452,859	33,683,387
2026	17,257,128	15,749,578	33,006,706
2027-2031	80,999,891	67,484,779	148,484,670
2032-2036	63,130,000	20,362,829	83,492,829
Thereafter	36,555,000	5,663,108	42,218,108
Total	<u>\$ 247,707,667</u>	<u>\$ 160,542,646</u>	<u>\$ 408,250,313</u>

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8 BONDS PAYABLE (CONTINUED)

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 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 proceeds of the 2017 Series Community and Technical College Capital Improvement Revenue Refunding Bonds were used, in part, to advance refund outstanding principal amount of the 2009 Series A Community and Technical College Improvement Revenue Bonds. This refunding reduced the Commission's total debt service payments by approximately \$34,000, resulting in a net economic gain of approximately \$7,184,000.

The proceeds of the 2017 Series Revenue Refunding Bonds Higher Education Facilities were used, in part, to currently refund outstanding principal amount of the 2007 Series A Revenue Refunding Bonds, and advance refund certain maturities of the outstanding principal amount of the 2010 Series A Revenue Bonds. This refunding reduced the Commission's total debt service payments by approximately \$2,776,000 resulting in a net economic gain of approximately \$2,517,000.

The 2017 advance refunding's 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, 2022, the amount of defeased bonds outstanding was \$58,705,000 related to the 2009 Series A Bonds.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS

Employees of the Commission are enrolled in the West Virginia Other Postemployment Benefit Plan (the OPEB plan) which is administered by the West Virginia Public Employees Insurance Agency (PEIA) and the West Virginia Retiree Health Benefit Trust Fund (the RHBT).

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

	2022	2021
Net OPEB Liability (Asset)	\$ (37)	\$ 535
Deferred Outflows of Resources	294	409
Deferred Inflows of Resources	1,402	1,819
Revenues	(31)	51
OPEB Expense	(699)	(531)
Contributions Made by Commission	140	231

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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 10 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.

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.

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Contributions (Continued)

Members retired before July 1, 1997, pay retiree health care 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 health care contributions with no sponsor provided implicit or explicit subsidy.

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

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

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

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.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions

The net OPEB 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.
- 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.

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 9 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>	2022	
	Long-Term Expected Real Rate of Return	Target Allocation
	Global Equity	4.8 %
Core Plus Fixed Income	2.1	15.0
Core Real Estate	4.1	10.0
Private Equity	2.4	10.0
Hedge Fund	6.8	10.0

<u>Asset Class</u>	2021	
	Long-Term Expected Real Rate of Return	Target Allocation
	Global Equity	6.8 %
Core Plus Fixed Income	4.1	15.0
Core Real Estate	6.1	10.0
Private Equity	8.8	10.0
Hedge Fund	4.4	10.0

Discount rate – A single discount rate of 6.65% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 6.65%. 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 liability.

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the Commission’s proportionate share of the net OPEB liability (asset) as of June 30, 2022 and 2021, calculated using the discount rate of 6.65%, as of June 30, 2022 and 2021, as well as what the Commission’s net OPEB liability (asset) 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 (in thousands):

	1% Decrease (5.65%)	Current Discount Rate (6.65%)	1% Increase (7.65%)
Net OPEB Liability (Asset) 2022	\$ 200	\$ (37)	\$ (234)
Net OPEB Liability 2021	\$ 763	\$ 535	\$ 344

\$

Sensitivity of the Net OPEB Liability (Asset) to Changes in Healthcare Cost Trend Rates – The following presents the Commission’s proportionate share of the net OPEB liability (asset) as of June 30, 2022 and 2021, respectively, calculated using the current health care cost trend rates, as well as what the Commission’s net OPEB liability (asset) would be if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates (dollars in thousands):

	1% Decrease	Health Care Rate Current Discount Rate	1% Increase
Net OPEB Liability (Asset) 2022	\$ (275)	\$ (37)	\$ 252
Net OPEB Liability 2021	\$ 321	\$ 535	\$ 792

OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – The net OPEB liabilities at June 30, 2022 and 2021, were measured as of June 30, 2020. The total OPEB liabilities at June 30, 2022 and 2021, were determined by an actuarial valuations as of June 30, 2020.

At June 30, 2022 and 2021, respectively, the amount recognized as the Commission’s proportionate share of the net OPEB liability (asset) was (\$37,390) and \$534,965. At June 30, 2022 and 2021, respectively, the nonemployer contributing entity’s (state of West Virginia) portion of the collective net OPEB liability (asset) is (\$7,362) and \$115,534, and the total net OPEB liability (asset) attributable to the Commission is (\$44,752) and \$650,500.

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 2020. Employer contributions are recognized when due. At June 30, 2021, the Commission’s proportion was 0.125214%, an increase of 0.004096% from its proportion of 0.121118% calculated as of June 30, 2020. At June 30, 2020, the Commission’s proportion was 0.121118%, a decrease of 0.004908% from its proportion of 0.125753% calculated as of June 30, 2019.

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued) – For the years ended June 30, 2022 and 2021, the Commission recognized OPEB credit of (\$730,395) and (\$530,427), respectively. Of this amount, (\$699,094) and (\$580,049), respectively, was recognized as the Commission’s proportionate share of the OPEB credit, and (\$31,301) and \$49,662, respectively as the amount of OPEB expense attributed to special funding. The Commission also recognized revenue of (\$31,031) and \$49,662, respectively, for support provided by the state.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Proportion and Difference between Employer Contributions and Proportionate Share of Contributions	\$ 153,945	\$ 82,512
Net Difference Between Projected and Actual Investment Earnings	-	258,033
Contributions After the Measurement Date	139,888	-
Net Difference Between Actual and Expected Experience	-	257,555
Relocation of Opt-Out Employer Change in Proportionate Share	-	13,446
Changes in Assumptions	-	791,172
Total	<u>\$ 293,833</u>	<u>\$ 1,402,718</u>

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued) - At June 30, 2021, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Proportion and Difference between Employer Contributions and Proportionate Share of Contributions	\$ 137,825	\$ 231,751
Net Difference Between Projected and Actual Investment Earnings	40,607	-
Contributions After the Measurement Date	230,598	-
Net Difference Between Actual and Expected Experience	-	346,862
Relocation of Opt-Out Employer Change in Proportionate Share	-	33,340
Changes in Assumptions	-	1,207,529
Total	<u>\$ 409,030</u>	<u>\$ 1,819,482</u>

The Commission will recognize the \$139,888 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 ending 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 Ended June 30,</u>	<u>Amortization</u>
2023	\$ (527,480)
2024	(390,618)
2025	(256,300)
2026	(74,375)
Total	<u>\$ (1,248,773)</u>

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 10 RETIREMENT PLANS

Substantially all full-time employees of the Commission, other than those employed by the Corporation as no plan has yet been established for them, 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. Contributions to and participation in the West Virginia Teachers' Defined Contribution Plan by the Commission's employees have not been significant to date.

Defined Contribution Benefit Plans

The TIAA-CREF and Empower Retirement are defined contribution benefit plans in which benefits are based solely upon amounts contributed, plus investment earnings. Employees who elect to participate in these plans are required to make a contribution equal to 6% of total annual compensation. The Commission matches the employees' 6% contribution. Contributions are immediately and fully vested. In addition, employees may elect to make additional contributions to TIAA-CREF and Empower Retirement, which are not matched by the Commission.

Total contributions to the TIAA-CREF for the years ended June 30, 2022, 2021, and 2020, were \$950,970, \$1,031,541, and \$1,014,958, respectively, which consisted of \$475,474, \$515,771, and \$507,479 from the Commission in 2022, 2021, and 2020, respectively, and \$475,474, \$515,771, and \$507,479 from covered employees in 2022, 2021, and 2020, respectively.

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.

Total contributions to Educators Money for the years ended June 30, 2022, 2021, and 2020, were \$-0-, \$15,632, and \$3,545, respectively, which consisted of \$-0-, \$7,816, and \$1,773, from the Commission in 2022, 2021, and 2020, respectively, and \$-0-, \$7,816, and \$1,773 from covered employees in 2022, 2021, and 2020, respectively.

The Commission's total payroll for the years ended June 30, 2022 and 2021, was \$9,545,582 and \$10,143,864, respectively. Total covered employees' salaries in the TIAA-CREF and Educators Money were \$9,082,846 and \$-0-, respectively, for the year ended June 30, 2022, and \$9,537,740 and \$130,267, respectively, for the year ended June 30, 2021.

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 10 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan

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

Following is the Commission'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:

	<u>2022</u>	<u>2021</u>
Net Pension Liability	\$ 177,985	\$ 523,113
Deferred Outflows of Resources	131,645	169,575
Deferred Inflows of Resources	281,481	48,563
Revenues	(6,776)	127,640
Pension Expense	(28,953)	210,725
Contributions Made by Commission	42,555	44,758

TRS

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 and certain personnel of the 13 state-supported institutions of higher education, State Department of Education and the Higher Education Policy Commission hired prior to July 1, 1991. Employees of the state-supported institutions of higher education and the Higher Education Policy Commission hired after June 30, 1991, are required to participate in the Higher Education Retirement System. TRS closed membership to new hires effective July 1, 1991. TRS is considered a component unit of the state for financial reporting purposes, and, as such, its financial report is also included in the State'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 5, 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 Code assigns the authority to establish and amend the provisions of the plan, including contribution rates, to the State Legislature.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 10 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

TRS (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 payroll 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 West Virginia 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, 2021 and 2020, the Commission's proportionate share attributable to this special funding subsidy was (\$6,776) and \$127,640, respectively.

The Commission's contributions to TRS for the years ended June 30, 2022, 2021, and 2020, were approximately \$42,555, \$44,758, and \$61,744, 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 June 30, 2021 and 2020, respectively. The following actuarial assumptions were used and applied to all periods included in the measurement:

- Actuarial cost method: Entry age normal cost with level percentage of payroll
- Asset valuation method: Investments are reported at fair 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

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 10 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

TRS (Continued)

Assumptions (Continued)

- 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.

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, 2022 and 2021, are summarized below.

<u>Asset Class</u>	2021	
	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
Domestic Equity	5.1 %	27.5 %
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

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 10 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

TRS (Continued)

Assumptions (Continued)

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

Discount Rate – The discount rate used to measure the total 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the Commission’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 Commission’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) for 2022 and 2021.

	1% Decrease (6.25% 2022) (6.50% 2021)	Current Discount Rate (7.25% 2022) (7.50% 2021)	1% Increase (8.25% 2022) (8.50% 2021)
Net Pension Liability 2022	\$ 314,512	\$ 177,985	\$ 61,971
Net Pension Liability 2021	\$ 706,681	\$ 523,113	\$ 366,700

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 10 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

TRS (Continued)

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 Commission's proportionate share of the TRS net pension liability (asset) was (\$219,923) and \$1,662,274, respectively. Of this amount, the Commission recognized \$177,985 and \$523,113, respectively, as its proportionate share on the statements of net position. The remainder of (\$397,908) and \$1,139,161, respectively, denotes the Commission'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 Commission's proportion was 0.011389 an decrease of 0.004852% from its proportion of 0.016241% calculated as of June 30, 2020.

For the years ended June 30, 2022 and 2021, the Commission recognized TRS pension expense of (\$35,729) and \$210,725, respectively. Of this amount, (\$6,776) and \$74,946, respectively, was recognized as the Commission's proportionate share of the TRS expense, (\$28,953) and \$127,640, respectively, as the amount of pension expense attributable to special funding from a nonemployer contributing entity and \$-0- and \$8,139, respectively, as the amount of pension expense from a nonemployer contributing entity not attributable to a special funding situation. The Commission also recognized revenue of (\$6,776) and \$135,779, respectively, for support provided by the state.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 10 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

TRS (Continued)

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

At June 30, 2022, deferred outflows of resources and deferred inflows of resources related to the TRS pension are as follows:

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference between Employer Contributions and Proportionate Share of Contributions	\$ 52,496	\$ 134,021
Net Difference Between Projected and Actual Investment Earnings	-	142,249
Contributions After the Measurement Date	42,555	-
Net Difference Between Actual and Expected Experience	14,499	5,211
Changes in Assumptions	22,095	-
Total	\$ 131,645	\$ 281,481

At June 30, 2021, deferred outflows of resources and deferred inflows of resources related to the TRS pension are as follows:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference between Employer Contributions and Proportionate Share of Contributions	\$ 73,731	\$ 37,077
Net Difference Between Projected and Actual Investment Earnings	31,695	-
Contributions After the Measurement Date	44,758	-
Net Difference Between Actual and Expected Experience	12,020	11,486
Changes in Assumptions	7,371	-
Total	\$ 169,575	\$ 48,563

The Commission will recognize the \$42,555 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, 2022. 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.

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 10 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

TRS (Continued)

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

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:

<u>Year Ended June 30,</u>	<u>Amortization</u>
2023	\$ 51,198
2024	36,170
2025	37,675
2026	66,059
2027	1,289
Total	<u>\$ 192,391</u>

Payables to the Pension Plan

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

NOTE 11 LEASES

Lessor Leasing Arrangements

During the fiscal years ended June 30, 2022 and 2021, the Corporation as lessor, leased its facilities under 33 and 29 separate lease and facilities services agreements, respectively. These agreements contain lease terms with termination dates ranging through fiscal year 2039. Rent and utilities fees income for the fiscal years ended June 30, 2022 and 2021, were \$5,814,190 and \$5,085,517, respectively. Rental rates, terms, cancellations, and other provisions vary based on the agreement, but generally leases payments are at a monthly fixed rate. A portion of the monthly rate is allocated to rent and in some instances a portion is allocated to non-lease components such as services fees or utilities. Some agreements also include a payment component based upon actual utility usage by the tenant. The Corporation has determined the net present value of lease receipts based on their own estimated borrowing rate of 3.5%, which would approximate their recovery of costs associated with borrowing for park improvements.

The following is a schedule by years of minimum future rental revenues of the Tech Park:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 872,809	\$ 196,908	\$ 1,069,717
2024	684,364	144,419	828,783
2025	559,276	122,930	682,206
2026	527,253	103,839	631,092
2027	523,938	85,658	609,596
2028 - 2032	1,347,723	218,454	1,566,177
2033 - 2037	568,617	95,030	663,647
2038 - 2042	245,706	8,692	254,398
Total	<u>\$ 5,329,686</u>	<u>\$ 975,930</u>	<u>\$ 6,305,616</u>

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 11 LEASES (CONTINUED)

Lessee Leasing Arrangements (Continued)

The Entity leases equipment as well as certain operating and office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2027 and provide for renewal options ranging from three months to five years. Future annual minimum scheduled lease payments on operating leases of the Commission for years subsequent to June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 386,794	\$ 9,993	\$ 396,787
2024	385,768	7,487	393,255
2025	388,283	4,972	393,255
2026	390,814	2,441	393,255
2027	196,361	266	196,627
	<u>\$ 1,748,020</u>	<u>\$ 25,159</u>	<u>\$ 1,773,179</u>

Total rent expense for the years ended June 30, 2022 and 2021 was \$389,187 and \$389,187, respectively. The Commission has no noncancelable leases.

The primary operations of WVNET are conducted at property located on Chestnut Ridge Road in Morgantown. This property is owned by other units of the West Virginia Higher Education Fund and WVNET is not charged any rent for the use of the property. WVNET is responsible for all physical plant services, utilities, renovations, insurance, and other operating costs for this property. These operating costs are recorded in the Commission's statements of revenues, expenses, and changes in net position.

Right-to-use leased assets acquired through outstanding leases are shown below, by underlying asset class.

	<u>2021</u>	<u>2020</u>
Building	\$ 19,133	\$ 19,133
Equipment	2,579,527	2,579,527
Less: Accumulated Depreciation	(807,602)	(403,801)
Total Leased Assets	<u>\$ 1,791,058</u>	<u>\$ 2,194,859</u>

NOTE 12 CONTINGENCIES

The nature of the educational industry is such that, from time to time, claims will be presented against the Commission 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 Commission would not impact seriously on the financial status of the Commission.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 12 CONTINGENCIES (CONTINUED)

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. The Commission's management believes disallowances, if any, will not have a significant impact on the Commission's financial position.

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

WVNET and the Corporation occupy buildings that are known to contain asbestos. Neither WVNET nor the Corporation are required by federal, state, or local law to remove the asbestos from the building. WVNET and the Corporation are required by Federal Environmental, Health, and Safety Regulations to manage the presence of asbestos in the building in a safe condition. WVNET and the Corporation address their responsibility to manage the presence of asbestos in the building on a case-by-case basis. Significant problems of dangerous asbestos conditions are abated as the condition becomes known. WVNET and the Corporation also address the presence of asbestos as building renovation or demolition projects are undertaken and through asbestos operation and maintenance programs directed at containing, managing, or operation with the asbestos in a safe condition.

NOTE 13 REIMBURSED EXPENDITURES

The Commission, through WVNET, acts as a purchasing agent for the public higher education institutions of the State and other State agencies to obtain bulk-pricing discounts for maintenance and equipment purchases. In addition, the Commission, through WVNET, provides purchasing services regarding computer equipment purchases. In fiscal years 2022 and 2021, approximately \$3,8583,548 and \$3,536,774 was reimbursed by the schools and other state agencies to WVNET, respectively. The Commission treats these items as reimbursed expenditures so as not to distort total revenues and expenditures.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 14 NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

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

	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Depreciation and Amortization	Total
General Institutional Support Administration, Operations, and Maintenance of Plant	\$ 8,125,937	\$ 1,032,207	\$ 8,271,775	\$ -	\$ -	\$ 17,429,919
Administration of Leasing Activity	-	-	-	134,882	-	134,882
Depreciation and Amortization	1,360,816	424,430	1,763,736	3,227,445	-	6,776,427
Total	<u>\$ 9,486,753</u>	<u>\$ 1,456,637</u>	<u>\$ 10,035,511</u>	<u>\$ 3,362,327</u>	<u>\$ 2,603,210</u>	<u>\$ 26,944,438</u>

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

	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Depreciation and Amortization	Total
General Institutional Support Administration, Operations, and Maintenance of Plant	\$ 8,078,599	\$ 1,203,830	\$ 7,746,111	\$ -	\$ -	\$ 17,028,540
Administration of Leasing Activity	-	-	-	141,625	-	141,625
Depreciation and Amortization	1,098,719	344,952	1,053,408	3,273,604	-	5,770,683
Total	<u>\$ 9,177,318</u>	<u>\$ 1,548,782</u>	<u>\$ 8,799,519</u>	<u>\$ 3,415,229</u>	<u>\$ 2,642,173</u>	<u>\$ 25,583,021</u>

NOTE 15 CONDENSED COMPONENT UNIT INFORMATION

Condensed combining information for the Commission and WVRTP, the Commission's blended component unit, for the years ended June 30, 2022 and 2021, is as follows:

Condensed Combining Statements of Net Position
June 30, 2022

	Commission	WVRTP	Eliminations	Combined
ASSETS				
Current Assets	\$ 97,865,976	\$ 10,097,720	\$ (412,000)	\$ 107,551,696
Noncurrent Assets	54,252,122	4,456,877	-	58,708,999
Capital Assets, Net	4,084,533	59,212,675	-	63,297,208
Total Assets	<u>156,202,631</u>	<u>73,767,272</u>	<u>(412,000)</u>	<u>229,557,903</u>
DEFERRED OUTFLOWS OF RESOURCES	12,945,567	-	-	12,945,567
LIABILITIES				
Current Liabilities	57,714,857	1,071,633	(412,000)	58,374,490
Long-Term Liabilities	281,669,118	8,216,007	-	289,885,125
Total Liabilities	<u>339,383,975</u>	<u>9,287,640</u>	<u>(412,000)</u>	<u>348,259,615</u>
DEFERRED INFLOWS OF RESOURCES	1,684,199	5,721,472	-	7,405,671
NET POSITION				
Net Investment in Capital Assets	(240,283,939)	50,655,137	246,589,362	56,960,560
Restricted - Expendable	57,925,860	-	-	57,925,860
Unrestricted	10,438,103	8,103,023	(246,589,362)	(228,048,236)
Total Net Position	<u>\$ (171,919,976)</u>	<u>\$ 58,758,160</u>	<u>\$ -</u>	<u>\$ (113,161,816)</u>

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 15 CONDENSED COMPONENT UNIT INFORMATION (CONTINUED)

Condensed Combining Statements of Net Position
6/30/2021 (As Restated)

	Commission	WVRTP	Eliminations	Combined
ASSETS				
Current Assets	\$ 64,357,814	\$ 8,150,266	\$ (412,000)	\$ 72,096,080
Noncurrent Assets	59,271,821	2,779,928	-	62,051,749
Capital Assets, Net	6,854,594	54,372,144	-	61,226,738
Total Assets	<u>128,289,370</u>	<u>63,092,914</u>	<u>(412,000)</u>	<u>195,374,567</u>
DEFERRED OUTFLOWS OF RESOURCES	14,198,825	-	-	14,198,825
LIABILITIES				
Current Liabilities	29,396,375	1,527,859	(412,000)	30,512,234
Long-Term Liabilities	302,562,073	2,459,388	-	305,021,461
Total Liabilities	<u>331,958,448</u>	<u>3,987,247</u>	<u>(412,000)</u>	<u>335,533,695</u>
DEFERRED INFLOWS OF RESOURCES	4,060,059	-	-	4,060,059
NET POSITION				
Net Investment in Capital Assets	(252,511,166)	49,491,655	261,191,228	58,171,717
Restricted - Expendable	54,279,598	-	-	54,279,598
Unrestricted	9,088,129	9,631,423	(261,191,228)	(242,471,676)
Total Net Position	<u>\$ (189,143,439)</u>	<u>\$ 59,123,078</u>	<u>\$ -</u>	<u>\$ (130,020,361)</u>

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

	Commission	WVRTP	Eliminations	Combined
OPERATING REVENUES				
Contracts and Grants	\$ 4,037,683	\$ 2,041,029	\$ (1,760,254)	\$ 4,318,458
Rental Income	-	5,814,190	-	5,814,190
Sales and Services of Educational Activities	3,161,871	-	(30,965)	3,130,906
Other Operating Revenues	3,260,283	153,975	-	3,414,258
Total Operating Revenues	<u>10,459,837</u>	<u>8,009,194</u>	<u>(1,791,219)</u>	<u>16,677,812</u>
OPERATING EXPENSES				
Operations	17,595,766	6,776,427	(30,965)	24,341,228
Depreciation	1,125,242	1,477,968	-	2,603,210
Total Operating Expenses	<u>18,721,008</u>	<u>8,254,395</u>	<u>(30,965)</u>	<u>26,944,438</u>
OPERATING INCOME (LOSS)	(8,261,171)	(245,201)	(1,760,254)	(10,266,626)
NONOPERATING REVENUES (EXPENSES)				
Other Nonoperating Revenues	28,626,344	(119,716)	-	28,506,628
CAPITAL PAYMENTS AND TRANSFERS	<u>(3,141,711)</u>	<u>-</u>	<u>1,760,254</u>	<u>(1,381,457)</u>
INCREASE (DECREASE) IN NET POSITION	17,223,462	(364,917)	-	16,858,545
Net Position - Beginning of Year	<u>(189,143,439)</u>	<u>59,123,078</u>	<u>-</u>	<u>(130,020,361)</u>
NET POSITION - END OF YEAR	<u>\$ (171,919,976)</u>	<u>\$ 58,758,160</u>	<u>\$ -</u>	<u>\$ (113,161,816)</u>

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 15 CONDENSED COMPONENT UNIT INFORMATION (CONTINUED)

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

	Commission	WVRTP	Eliminations	Combined
OPERATING REVENUES				
Contracts and Grants	\$ 6,704,757	\$ 2,542,693	\$ (1,771,693)	\$ 7,475,757
Rental Income	-	5,085,517	-	5,085,517
Sales and Services of Educational Activities	3,471,635	-	(38,001)	3,433,634
Other Operating Revenues	3,792,454	151,585	-	3,944,039
Total Operating Revenues	<u>13,968,846</u>	<u>7,779,795</u>	<u>(1,809,694)</u>	<u>19,938,947</u>
OPERATING EXPENSES				
Operations	16,729,016	6,249,833	(38,001)	22,940,848
Depreciation	1,187,458	1,454,715	-	2,642,173
Total Operating Expenses	<u>17,916,474</u>	<u>7,704,548</u>	<u>(38,001)</u>	<u>25,583,021</u>
OPERATING INCOME (LOSS)	(3,947,628)	75,247	(1,771,693)	(5,644,074)
NONOPERATING REVENUES (EXPENSES)				
Other Nonoperating Revenues	29,233,779	(16,844)	-	29,216,935
CAPITAL PAYMENTS AND TRANSFERS	<u>(3,768,171)</u>	<u>-</u>	<u>1,771,693</u>	<u>(1,996,478)</u>
INCREASE IN NET POSITION	21,517,980	58,403	-	21,576,383
Net Position - Beginning of Year, Restated	<u>(210,661,419)</u>	<u>59,064,675</u>	<u>-</u>	<u>(151,596,744)</u>
NET POSITION - END OF YEAR	<u>\$ (189,143,439)</u>	<u>\$ 59,123,078</u>	<u>\$ -</u>	<u>\$ (130,020,361)</u>

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

	Commission	WVRTP	Eliminations	Combined
Net Cash Provided (Used) by:				
Operating Activities	\$ (7,506,532)	\$ 1,187,445	\$ (1,760,254)	\$ (8,079,341)
Noncapital Financing Activities	63,679,655	-	2,160,937	65,840,592
Capital Financing Activities	(23,594,672)	(852,658)	400,683	(24,046,647)
Investing Activities	74,199	-	-	74,199
Increase in Current Cash and Cash Equivalents	32,652,650	334,787	801,366	33,788,803
Current Cash and Cash Equivalents - Beginning of Year	<u>49,783,382</u>	<u>6,408,656</u>	<u>-</u>	<u>56,192,038</u>
Current Cash and Cash Equivalents - End of Year	<u>\$ 82,436,032</u>	<u>\$ 6,743,443</u>	<u>\$ 801,366</u>	<u>\$ 89,980,841</u>

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 15 CONDENSED COMPONENT UNIT INFORMATION (CONTINUED)

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

	Commission	WVRTP	Eliminations	Combined
Net Cash Provided (Used) by:				
Operating Activities	\$ (2,745,997)	\$ 594,624	\$ (1,359,575)	\$ (3,510,948)
Noncapital Financing Activities	36,996,114	-	1,359,575	38,355,689
Capital Financing Activities	(22,672,988)	579,165	-	(22,093,823)
Investing Activities	99,513	-	-	99,513
Increase in Current Cash and Cash Equivalents	11,676,642	1,173,789	-	12,850,431
Current Cash and Cash Equivalents - Beginning of Year	38,106,740	5,234,867	-	43,341,607
Current Cash and Cash Equivalents - End of Year	<u>\$ 49,783,382</u>	<u>\$ 6,408,656</u>	<u>\$ -</u>	<u>\$ 56,192,038</u>

NOTE 16 RESTATEMENT

During the current year, the Commission adopted GASB Statement No. 87, *Leases*. The Commission 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, the net position as of June 30, 2021 was increased \$77,636 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.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF NET POSITION
As of July 30, 2021

	As Previously Reported	Effect of Adoption	As Restated
Total Assets and Deferred Outflows of Resources:			
Accounts Receivable, Net	\$ 4,254,853	\$ (840,768)	\$ 3,414,085
Lease Asset Receivable Current	-	270,264	270,264
Lease Asset Receivable Noncurrent	-	2,779,928	2,779,928
Right of Use Lease Assets, Net	-	2,194,859	2,194,859
Total Assets and Deferred Outflows of Resources	205,169,109	4,404,283	209,573,392
Total Liabilities and Deferred Inflows of Resources:			
Lease Obligation Current	-	386,613	386,613
Lease Obligation Noncurrent	-	1,748,020	1,748,020
Deferred Inflows of Resources - Leases	-	2,192,014	2,192,014
Total Liabilities and Deferred Inflows of Resources	335,267,107	4,326,647	339,593,754
Net Position:			
Net Investment in Capital Assets	55,976,858	2,194,859	58,171,717
Unrestricted	(240,354,454)	(2,117,222)	(242,471,676)
Total Net Position	(130,097,998)	77,637	(130,020,361)

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 16 RESTATEMENT (CONTINUED)

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
For the Year Ended June 30, 2021**

	As Previously Reported	Effect of Adoption	As Restated
Operating Income:			
Rental Income	\$ 5,171,855	\$ (86,338)	\$ 5,085,517
Total Operating Revenue	20,025,285	(86,338)	19,938,947
Operating Expenses:			
Supplies and Other Expenses	9,278,670	(479,151)	8,799,519
Depreciation and Amortization Expense	2,238,371	403,802	2,642,173
Total Operating Expenses	25,658,370	(75,349)	25,583,021
Nonoperating Expenses:			
Interest Expense	(15,816,153)	(15,123)	(15,831,276)
Total Nonoperating Revenue (Expenses)	29,232,057	(15,122)	29,216,935
INCREASE (DECREASE) IN NET POSITION	21,498,745	77,638	21,576,383
Net Position - Beginning of Year	(151,596,743)	-	(151,596,743)
NET POSITION - END OF YEAR	(130,097,998)	77,637	(130,020,361)

**STATEMENT OF REVENUES, EXPENSES, AND
COMBINED STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2021**

	As Previously Reported	Effect of Adoption	As Restated
Cash Flows from Non-Capital Operating Activities:			
Payments to Suppliers	\$ (9,040,996)	\$ 479,148	\$ (8,561,848)
Net Cash Provided (Used) by Operating Activities	(3,990,096)	479,148	(3,510,948)
Cash Flows from Capital Financing Activities:			
Lease Principal Payments	-	(464,026)	(464,026)
Interest Paid on Leases	-	(15,122)	(15,122)
Net Cash Provided (used) by Capital Financing Activities	(24,536,873)	(479,148)	(22,093,823)

NOTE 17 SUBSEQUENT EVENT

In September 2022, the Commission received notification from the state of West Virginia to send back approximately \$9,637,000 of unused Coronavirus Relief Funds.

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION (RSI) (UNAUDITED)
JUNE 30, 2022 AND 2021**

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

Measurement Date	Commission's Proportionate Share as a Percentage of Net Pension Liability	Commission's Proportionate Share	State's Proportionate Share	Total Proportionate Share	Commission's Covered Employee Payroll	Commission's Proportionate Share as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2014	0.014583%	\$ 503,133	\$ 1,136,780	\$ 1,639,913	\$ 481,678	1.044542205	65.95%
June 30, 2015	0.015889%	550,594	1,256,334	1,806,928	401,803	1.370308335	66.25%
June 30, 2016	0.015540%	638,666	1,216,489	1,855,155	420,900	1.517381801	61.42%
June 30, 2017	0.014018%	484,318	1,071,027	1,555,345	427,197	1.133711145	67.85%
June 30, 2018	0.013136%	410,140	1,062,694	1,472,834	414,810	0.988741834	71.20%
June 30, 2019	0.014360%	427,354	1,165,327	1,592,681	435,591	1.30489521	72.64%
June 30, 2020	0.016241%	523,113	1,139,161	1,662,274	336,839	1.553006036	70.89%
June 30, 2021	0.011389%	177,985	(397,908)	(219,923)	283,701	0.573054833	86.38%

Schedule of Employer Contributions

Measurement Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actuarial Contribution as a Percentage of Covered Payroll
June 30, 2014	\$ 67,161	\$ 72,252	\$ (5,091)	\$ 481,678	15.00%
June 30, 2015	72,251	60,246	12,005	401,803	17.98%
June 30, 2016	60,246	59,269	977	420,900	14.31%
June 30, 2017	58,031	59,824	(1,793)	427,197	14.59%
June 30, 2018	58,298	62,226	(3,928)	414,810	14.05%
June 30, 2019	62,226	61,744	482	435,591	14.29%
June 30, 2020	67,191	44,755	22,436	336,839	16.32%
June 30, 2021	47,530	42,555	4,975	283,701	16.75%

These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

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

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION (RSI) (UNAUDITED)
JUNE 30, 2022 AND 2021**

Schedule of Proportionate Share of Net OPEB Liability (Asset)

Measurement Date	Commission's Proportionate Share as a Percentage of Net OPEB Liability	Commission's Proportionate Share	State's Proportionate Share	Total Proportionate Share	Commission's Covered Employee Payroll	Commission's Proportionate Share as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
June 30, 2017	0.125587%	\$ 2,849,608	\$ 585,312	\$ 3,434,920	\$ 10,511,110	27%	25.10%
June 30, 2018	0.130661%	2,544,578	567,888	3,112,466	8,294,347	31%	30.98%
June 30, 2019	0.125753%	2,086,405	401,023	2,487,428	8,300,063	25%	39.69%
June 30, 2020	0.121118%	534,965	115,534	650,500	8,078,598	7%	73.49%
June 30, 2021	0.125214%	(37,390)	(7,362)	(44,752)	8,125,937	0%	-1.79%

Schedule of Employer Contributions

Measurement Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actuarial Contribution as a Percentage of Covered Payroll
June 30, 2017	\$ 245,958	\$ 245,958	\$ -	\$ 10,511,110	2.34%
June 30, 2018	242,367	260,968	(18,601)	8,294,347	2.92%
June 30, 2019	243,341	246,164	(2,823)	8,300,063	2.93%
June 30, 2020	234,106	230,598	3,508	8,078,598	2.90%
June 30, 2021	229,302	139,888	89,414	8,125,937	2.82%

These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

There are no factors that affect trends in the amounts reported, such as change in benefit terms or assumptions. With only three years reported in the required supplementary information, there is no additional information to include in notes. Information, if necessary, can be obtained from the RHBT financial statements.

SUPPLEMENTARY INFORMATION

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2022**

	Administrative Division	WVNET Division	Corporation	Eliminations	Combined
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 77,465,070	\$ 5,772,328	\$ 6,743,443	\$ -	\$ 89,980,841
Appropriations Due from Primary Government	3,951,136	-	-	-	3,951,136
Accounts Receivable - Net	1,626,859	1,706,934	2,334,776	(412,000)	5,256,569
Lease Asset Receivable	-	-	872,809	-	872,809
Interest Receivable	217,386	3,222	32,095	-	252,703
Prepaid Expense	-	135,212	114,597	-	249,809
Other Assets	117,518	-	-	-	117,518
Receivable from Institutions - Current Portion	6,870,311	-	-	-	6,870,311
Total Current Assets	<u>90,248,280</u>	<u>7,617,696</u>	<u>10,097,720</u>	<u>(412,000)</u>	<u>107,551,696</u>
NONCURRENT ASSETS					
Cash and Cash Equivalents	14,046,817	-	-	-	14,046,817
Accounts Receivable Noncurrent	2,454,133	-	-	-	2,454,133
OPEB Asset	19,310	18,080	-	-	37,390
Lease Asset Receivable	-	-	4,456,877	-	4,456,877
Receivable from Institutions	35,922,724	-	-	-	35,922,724
Leased Assets - Net	1,791,058	-	-	-	1,791,058
Capital Assets - Net	2,951,221	1,133,312	59,212,675	-	63,297,208
Total Noncurrent Assets	<u>57,185,263</u>	<u>1,151,392</u>	<u>63,669,552</u>	<u>-</u>	<u>122,006,207</u>
Total Assets	147,433,543	8,769,088	73,767,272	(412,000)	229,557,903
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Loss on Refunding	12,520,089	-	-	-	12,520,089
Deferred Outflows Related to OPEB	137,129	156,704	-	-	293,833
Deferred Outflows Related to Pensions	107,035	24,610	-	-	131,645
Total Deferred Outflows of Resources	<u>12,764,253</u>	<u>181,314</u>	<u>-</u>	<u>-</u>	<u>12,945,567</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 160,197,796</u>	<u>\$ 8,950,402</u>	<u>\$ 73,767,272</u>	<u>\$ (412,000)</u>	<u>\$ 242,503,470</u>

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
COMBINING SCHEDULE OF NET POSITION (CONTINUED)
JUNE 30, 2022**

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION (DEFICIT)	Administrative Division	WVNET Division	Corporation	Eliminations	Combined
CURRENT LIABILITIES					
Accounts Payable	\$ 1,262,700	\$ 441,464	\$ 492,810	\$ -	\$ 2,196,974
Amounts Due to Institutions and Affiliates	2,264,763	-	-	(412,000)	1,852,763
Accrued Liabilities	550,849	293,297	136,372	-	980,518
Deposits	-	-	3,420	-	3,420
Compensated Absences - Current Portion	437,616	256,730	-	-	694,346
Unearned Revenue	26,756,949	-	97,500	-	26,854,449
Unearned Revenue - Services	-	93,865	-	-	93,865
Interest Payable	9,007,886	-	-	-	9,007,886
Capital Lease Obligation	386,794	-	-	-	386,794
Notes Payable - Current Portion	-	-	341,531	-	341,531
Bonds Payable - Current Portion	15,961,944	-	-	-	15,961,944
Total Current Liabilities	<u>56,629,501</u>	<u>1,085,356</u>	<u>1,071,633</u>	<u>(412,000)</u>	<u>58,374,490</u>
NONCURRENT LIABILITIES					
Compensated Absences	206,565	71,189	-	-	277,754
Deferred Interest Payable	28,603,067	-	-	-	28,603,067
Net Pension Liability	162,576	15,409	-	-	177,985
Capital Lease Obligation	1,361,226	-	-	-	1,361,226
Notes Payable	-	-	8,216,007	-	8,216,007
Bonds Payable	251,249,086	-	-	-	251,249,086
Total Noncurrent Liabilities	<u>281,582,520</u>	<u>86,598</u>	<u>8,216,007</u>	<u>-</u>	<u>289,885,125</u>
Total Liabilities	338,212,021	1,171,954	9,287,640	(412,000)	348,259,615
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Related to OPEB	764,395	638,323	-	-	1,402,718
Deferred Inflows Related to Pensions	186,168	95,313	-	-	281,481
Deferred Inflows Related to Leases	-	-	5,721,472	-	5,721,472
Total Deferred Outflows of Resources	<u>950,563</u>	<u>733,636</u>	<u>5,721,472</u>	<u>-</u>	<u>7,405,671</u>
Total Liabilities and Deferred Inflows of Resources	339,162,584	1,905,590	15,009,112	(412,000)	355,665,286
NET POSITION					
Net Investment in Capital Assets	(241,417,251)	1,133,312	50,655,137	246,589,362 (A)	56,960,560
Restricted - Expendable	57,925,860	-	-	-	57,925,860
Unrestricted	4,526,603	5,911,500	8,103,023	(246,589,362) (A)	(228,048,236)
Total Net Position	<u>(178,964,788)</u>	<u>7,044,812</u>	<u>58,758,160</u>	<u>-</u>	<u>(113,161,816)</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 160,197,796</u>	<u>\$ 8,950,402</u>	<u>\$ 73,767,272</u>	<u>\$ (412,000)</u>	<u>\$ 242,503,470</u>

(A) To reclass negative net assets invested in capital assets net of related debt to unrestricted net position.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

	Administrative Division	WVNET Division	Corporation	Eliminations	Combined
OPERATING REVENUES					
Institutional Collections	\$ -	\$ 3,260,283	\$ -	\$ -	\$ 3,260,283
Contracts and Grants:					
Federal	3,447,088	-	-	-	3,447,088
State	498,465	-	2,041,029	(1,760,254) (B)	779,240
Private	92,130	-	-	-	92,130
Rental Income	-	-	5,814,190	-	5,814,190
Sales and Services of Educational Activities	-	3,161,871	-	(30,965) (B)	3,130,906
Miscellaneous - Net	-	-	153,975	-	153,975
Total Operating Revenues	<u>4,037,683</u>	<u>6,422,154</u>	<u>8,009,194</u>	<u>(1,791,219)</u>	<u>16,677,812</u>
OPERATING EXPENSES					
Salaries and Wages	4,929,055	3,196,882	1,360,816	-	9,486,753
Benefits	717,876	314,331	424,430	-	1,456,637
Supplies and Other Services	4,592,247	3,710,493	1,763,736	(30,965) (B)	10,035,511
Utilities	-	134,882	3,227,445	-	3,362,327
Depreciation and Amortization	567,719	557,523	1,477,968	-	2,603,210
Total Operating Expenses	<u>10,806,897</u>	<u>7,914,111</u>	<u>8,254,395</u>	<u>(30,965)</u>	<u>26,944,438</u>
OPERATING LOSS	(6,769,214)	(1,491,957)	(245,201)	(1,760,254)	(10,266,626)
NONOPERATING REVENUES (EXPENSES)					
State Appropriations	74,532,128	1,747,826	-	-	76,279,954
State Lottery Appropriations	52,013,244	-	-	-	52,013,244
Investment Income	118,522	8,911	-	-	127,433
Payments Made on Behalf of the Commission	60,211	(9,167)	-	-	51,044
Payments from Institutions:					
Interest	6,591,121	-	-	-	6,591,121
Other	441,111	-	-	-	441,111
Interest on Indebtedness	(14,944,628)	-	(119,716)	-	(15,064,344)
Student Financial Aid and Other					
Payments to Institutions	(123,993,345)	-	-	-	(123,993,345)
Federal Revenue	31,412,432	-	-	-	31,412,432
Other Nonoperating Revenues - Net	627,978	20,000	-	-	647,978
Net Nonoperating Revenues (Expenses)	<u>26,858,774</u>	<u>1,767,570</u>	<u>(119,716)</u>	<u>-</u>	<u>28,506,628</u>
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, LOSSES, OR TRANSFERS	20,089,560	275,613	(364,917)	(1,760,254)	18,240,002
PAYMENTS AND TRANSFERS TO INSTITUTIONS AND OUTSIDE ENTITIES	<u>(3,141,711)</u>	<u>-</u>	<u>-</u>	<u>1,760,254 (B)</u>	<u>(1,381,457)</u>
INCREASE (DECREASE) IN NET POSITION	16,947,849	275,613	(364,917)	-	16,858,545
Net Position - Beginning of Year, Restated	<u>(195,912,637)</u>	<u>6,769,199</u>	<u>59,123,077</u>	<u>-</u>	<u>(130,020,361)</u>
NET POSITION - END OF YEAR	<u>\$ (178,964,788)</u>	<u>\$ 7,044,812</u>	<u>\$ 58,758,160</u>	<u>\$ -</u>	<u>\$ (113,161,816)</u>

(B) To eliminate inter-entity revenue/expense.



**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 West Virginia Higher Education Policy Commission (the Commission) as of and for the year ended June 30, 2022, and the related notes to the financial statements and have issued our report thereon dated October 17, 2022. Our report includes a reference to other auditors who audited the financial statements of the West Virginia Regional Technology Park Corporation, as described in our report on the Commission'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 West Virginia Regional Technology Park Corporation.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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

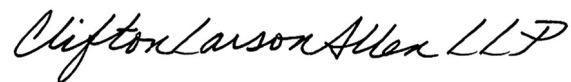
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 17, 2022