

***WEST VIRGINIA UNIVERSITY  
AT PARKERSBURG***

*Financial Statements as of and  
for the Years Ended June 30, 2022 and 2021  
and Independent Auditors' Reports*

# WEST VIRGINIA UNIVERSITY AT PARKERSBURG

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## INDEPENDENT AUDITORS' REPORT

Board of Governors  
West Virginia University Parkersburg  
Parkersburg, West Virginia

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of West Virginia University Parkersburg, a component unit of the West Virginia Higher Education Policy Commission, as of and for the year ended June 30, 2022 and 2021, and the related statements of revenue, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise West Virginia University Parkersburg's basic financial statements as listed in the table of contents.

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

We did not audit the financial statements of the West Virginia University at Parkersburg Foundation, Inc., which represents 100% of the assets, net position and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the reports of the other audits.

#### ***Basis for Opinions***

We conducted our audit 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 West Virginia University Parkersburg and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about West Virginia University Parkersburg's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of West Virginia University Parkersburg'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 West Virginia University Parkersburg'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 Discussion and Analysis, schedule of proportionate share of net pension liability and contributions, and the schedule of proportionate share of net OPEB liability and schedule of 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2022, on our consideration of West Virginia University Parkersburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 West Virginia University Parkersburg'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 West Virginia University Parkersburg's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
October 14, 2022

# **WEST VIRGINIA UNIVERSITY AT PARKERSBURG**

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

### **Overview**

The Management's Discussion and Analysis is required supplementary information and has been prepared in accordance with the requirements of the Governmental Accounting Standards Board (GASB). This section of West Virginia University at Parkersburg's ("WVU at Parkersburg", "WVUP", or "College") annual financial report provides an overview of WVUP's financial performance during the fiscal year ended June 30, 2022 as compared to the previous fiscal year. Comparative analysis is also presented for fiscal year 2021 compared to fiscal year 2020. The primary focus is on fiscal year 2022.

WVUP's annual report consists of three basic financial statements: the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows. These statements focus on the financial condition, the results of operations, and cash flows of WVU at Parkersburg. Each of these statements is discussed below.

### **Financial Highlights**

At June 30, 2022, WVUP's total net position increased from the previous year-end by \$2.6 million. The increase in net position is primarily attributable to increases in cash and cash equivalents, accounts receivable, capital assets, net, and net other post-employment benefits (OPEB) assets as well as decreases in other post-employment benefits liability and notes payable to West Virginia University. The increase in net position was partially offset by increases in accounts payable, accrued liabilities, and deferred revenue.

Total revenues in fiscal year 2022 were \$32.2 million, a 20.0% increase over prior year. During fiscal year 2022, WVUP recognized revenue of \$4.6 million from the American Rescue Plan Act (ARPA) and \$2.0 million from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). Tuition and fees and State grants and contracts revenue also increased from prior year. The increases in revenue were offset by decreases in State appropriations and Coronavirus Aid, Relief, and Economic Security Act (CARES Act) revenue.

Total expenses increased 29.6% from fiscal year 2021 to fiscal year 2022. During fiscal year 2022, WVUP incurred expenses of \$3.2 million related to ARPA which were disbursed as emergency aid to students with financial need in accordance with guidance from the U.S. Department of Education. Salaries and wages, scholarships and fellowships, supplies and other services, and other nonoperating expenses also increased from prior year. The increases were offset by decreases in benefits, CRRSAA, and CARES Act expenses. Total expenses decreased 5.5% from fiscal year 2020 to fiscal year 2021.

### **Net Position**

The statements of net position present the assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position (assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources) of WVUP as of the end of the fiscal years. Assets denote the resources available to continue the operations of WVUP. Deferred outflows of resources indicate the consumption of net position that is applicable to a future fiscal year. Liabilities indicate how much WVUP owes vendors, employees and lenders. Deferred inflows of resources indicate the acquisition of net position that is applicable to a future fiscal year. Net position measures the equity or the availability of funds of WVUP for future periods.

The components of net position are displayed in three major categories:

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

*Restricted.* This category includes resources which are restricted, either due to externally imposed constraints or because of restrictions imposed by law. They are further divided into two additional components - nonexpendable and expendable. **Nonexpendable restricted net position** includes endowment and similar type funds for which donors or other outside sources have stipulated, as a condition of the gift 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. WVUP did not have any nonexpendable restricted components of net position during fiscal year 2022 or fiscal year 2021. **Expendable restricted net position** includes resources for which WVUP is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

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

#### Condensed Statements of Net Position (in thousands)

	As of June 30		
	2022	2021	2020
<b>Assets</b>			
Current Assets	\$ 29,722	\$ 26,363	\$ 25,315
Noncurrent Assets	27,838	27,090	26,872
<b>Total Assets</b>	<b>\$ 57,560</b>	<b>\$ 53,453</b>	<b>\$ 52,187</b>
<b>Deferred Outflows of Resources</b>	348	623	620
<b>Total</b>	<b>\$ 57,908</b>	<b>\$ 54,076</b>	<b>\$ 52,807</b>
<b>Liabilities and Deferred Inflows of Resources</b>			
Current Liabilities	\$ 7,461	\$ 4,762	\$ 5,941
Noncurrent Liabilities	303	1,168	3,991
<b>Total Liabilities</b>	<b>7,764</b>	<b>5,930</b>	<b>9,932</b>
<b>Deferred Inflows of Resources</b>	2,283	2,878	1,591
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$ 10,047</b>	<b>\$ 8,808</b>	<b>\$ 11,523</b>
<b>Net Position</b>			
Net Investment in Capital Assets	\$ 26,337	\$ 26,028	\$ 25,391
Restricted	1,345	248	290
Unrestricted	20,179	18,992	15,603
<b>Total Net Position</b>	<b>\$ 47,861</b>	<b>\$ 45,268</b>	<b>\$ 41,284</b>

Total assets of WVU at Parkersburg increased by \$4.1 million to a total of \$57.6 million as of June 30, 2022. The increase was primarily due to increases in cash and cash equivalents, accounts receivable, net other post-employment benefits asset, and capital assets, offset by decreases in appropriation due from primary government.

- Cash and cash equivalents increased \$3.0 million compared to prior year primarily due to increases in cash inflows from tuition and fees, grants and contracts, and CRRSAA and ARPA funding net of emergency aid disbursed to students as well as decreases in cash outflows for purchases of capital assets. The increase is offset by increases in cash outflows for payments for employees, payments for benefits, and payments for scholarships and fellowships. Cash and cash equivalents increased \$1.1 million from fiscal year 2020 to fiscal year 2021.
- Appropriations due from primary government decreased \$182,000 as there were no supplemental State appropriations in fiscal year 2022. This category of assets increased \$182,000 from fiscal year 2020 to fiscal year 2021 as supplemental State appropriations were granted to WVUP in House Bill 217 in late fiscal year 2021.
- Accounts receivable increased \$375,000 due to ARPA and financial aid receivables. Accounts receivables decreased \$227,000 from fiscal year 2020 to fiscal year 2021.
- Net capital assets increased \$312,000 due to Main Building and Coplin Clinic renovations, purchases of library resources, and new leased equipment offset by depreciation. Net capital assets increased \$208,000 from fiscal year 2020 to fiscal year 2021.

WVUP adopted the provisions of GASB Statement No. 87, “Leases”, in fiscal year 2022. This statement establishes accounting and financial reporting for leases by lessees and lessors. This statement requires recognition of certain assets and liabilities for leases that previously were classified as operating leases. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. As a result of adopting Statement No. 87, the financial statements for the period ending June 30, 2021 have been restated. This resulted in an increase in lease receivables, intangible right-to-use assets, leases payable and deferred inflows of resources. The University reported intangible right-to-use assets, net of accumulated amortization, of \$36,000 at June 30, 2022. This was a decrease of \$31,000 from the balance at June 30, 2021. The University also reported a total lease liability of \$40,000 June 30, 2022, a decrease of \$32,000 from the liability at June 30, 2021.

In accordance with the provisions of GASB Statement No. 68, “Accounting and Financial Reporting for Pensions,” and Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date”, WVUP reported deferred outflows related to pensions, in the amount of \$27,000, at June 30, 2022. This is a decrease of \$4,000 from the deferred outflows related to pensions of \$31,000 at June 30, 2021. During fiscal year 2022, these deferred outflows represent WVUP’s proportionate share of the difference between expected and actual experience, the change in proportion and difference between employer contributions and proportionate share of contributions, changes in assumptions, and employer contributions made by WVUP during fiscal year 2022 (after the measurement date of June 30, 2021) to the pension plan.

In accordance with the provisions of GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”, WVUP reported deferred outflows related to other postemployment benefits (“OPEB”) in the amount of \$321,000, at June 30, 2022. This is a decrease of \$271,000 from the deferred outflows related to OPEB of \$592,000 at June 30, 2021. These deferred outflows represent the change in proportion and the difference between employer contributions and proportionate share of contributions and employer contributions made by WVUP during fiscal year 2022 (after the measurement date of June 30, 2021) to a postemployment benefit plan – the West Virginia Postemployment Benefit Plan – which is administered by the West Virginia Public Employees Insurance Agency (“PEIA”) and the West Virginia Retiree Health Benefit Trust Fund (the “RHBT”). These deferred outflows also represent the net difference between projected and actual investment earnings and the opt-out proportionate share.



Total liabilities for the year increased \$1.8 million from the prior year. This increase is primarily attributable to increases in accounts payable, accrued liabilities, and deferred revenue offset by decreases in other post-employment benefits liability and notes payable to West Virginia University.

- Accounts payable increased \$910,000 primarily due to capital asset invoices and Pcard purchases payables. Accounts payable decreased \$548,000 from fiscal year 2020 to fiscal year 2021.
- Accrued liabilities increased \$1.3 million due to acceptance of offer to settle the liability arising from a program review by the US Department of Education regarding WVUP's administration of Title IV funds.
- Unearned revenue increased \$507,000 from prior year primarily attributable to deferral of grants and contracts revenue in fiscal year 2022. Unearned revenue decreased \$344,000 from fiscal year 2020 to fiscal year 2021.
- Net OPEB liability decreased by \$920,000 due to a decrease in WVUP's proportionate share of the State's net OPEB (asset) liability at June 30, 2022. 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 administered by PEIA and the RHBT. As a participant in the OPEB plan, the University is required to recognize its proportionate share of the collective net OPEB (asset) liability provided through the plan. The proportionate share is calculated based on employer and non-employer contributions to the OPEB plan. At June 30, 2021, the plan's fiduciary net position exceeded the total OPEB liability resulting in a net OPEB asset based on the actuarial valuation as of June 30, 2020 with a measurement date of June 30, 2021. Based on this actuarial study and an experience study review, the total OPEB liability was reduced as a result of changes in assumptions and projected earnings on plan investments. These changes were offset by a decrease in the discount rate. The net OPEB liability decreased by \$2.5 million from fiscal year 2020 to fiscal year 2021.
- Notes payable to West Virginia University decreased \$311,000 due to payments made on Energy Performance Contract Phase II during fiscal year 2022. Notes payable to West Virginia University decreased \$299,000 from fiscal year 2020 to fiscal year 2021.

In accordance with the provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions," and Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date," during fiscal year 2022 and 2021, WVUP recorded deferred inflows related to pensions in the amount of \$57,000 and \$38,000 respectively. These deferred inflows represent WVUP's proportionate share of the difference between employer contributions and proportionate share of contributions, the difference between expected and actual experience, and the net difference between projected and actual investment earnings.

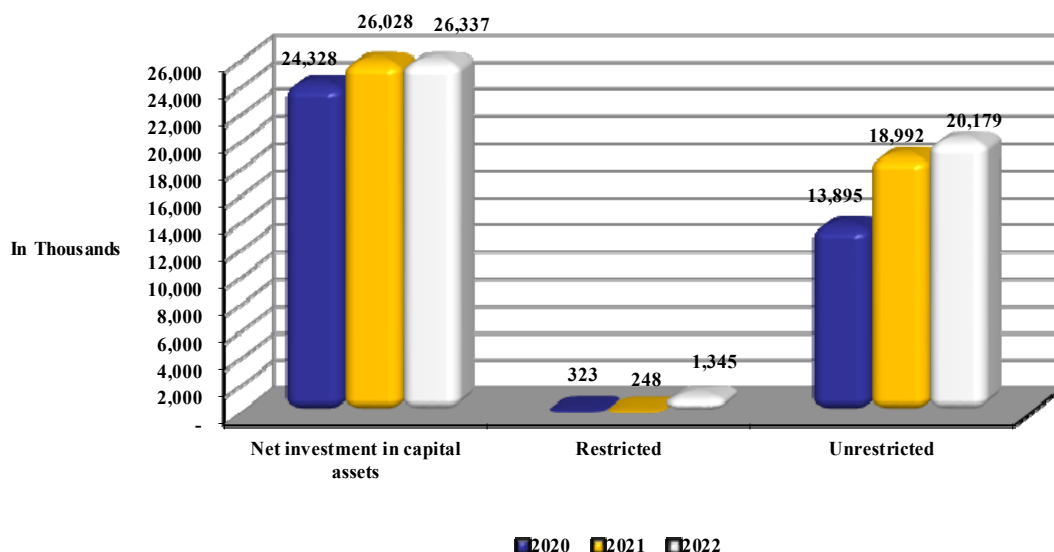
WVUP recorded deferred inflows related to OPEB in accordance with the provisions of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" of \$2.2 million and \$2.8 million at June 30, 2022 and June 30, 2021, respectively. For fiscal year 2022, these deferred inflows represent the University's proportionate share of the net difference between projected and actual investment earnings on plan investments, the difference between employer contributions and the University's proportionate share of contributions, the difference between expected and actual experience, changes in assumptions, and the opt-out proportionate share.

WVUP's current assets of \$29.7 million were sufficient to cover current liabilities of \$7.5 million, indicating that WVUP has sufficient available resources to meet its current obligations.

The following is a comparative illustration of net position.

### COMPARISON OF NET POSITION

June 30, 2022, 2021 and 2020



Net investment in capital assets increased \$309,000 from prior year. This increase is primarily due to building renovations. This category increased \$660,000 from fiscal year 2020 to fiscal year 2021.

Restricted net position increased \$1.1 million due to sponsored programs and scholarships and fellowships activity including a State-funded nursing expansion grant and ARPA funds received in the current fiscal year used for capital renovations in the prior fiscal year. This category decreased \$42,000 from fiscal year 2020 to fiscal year 2021.

Unrestricted net position increased \$1.2 million from prior year. This increase was primarily due to increases in cash and changes in OPEB activity offset by increases in accrued liabilities. This category increased \$3.4 million from fiscal year 2020 to fiscal year 2021.

### Unrestricted Net Position (in thousands)

	2022	2021
Total unrestricted position before OPEB asset/liability, net pension liability, deferred inflows and deferred outflows	\$ 21,715	\$ 21,814
Plus: Net OPEB asset	441	-
Plus: Deferred outflows of resources related to other post employment benefits	321	592
Plus: Deferred outflows of resources related to pensions	27	31
Less: Net OPEB liability	-	479
Less: Net pension liability	42	88
Less: Deferred inflows of resources related to other post employment benefits	2,226	2,840
Less: Deferred inflows of resources related to pensions	57	38
Total unrestricted net position	<u>\$ 20,179</u>	<u>\$ 18,992</u>

## Revenues, Expenses and Changes in Net Position

The statements of revenues, expenses and changes in net position present the operating revenues, operating expenses, nonoperating revenues and expenses and other revenues, expenses, gains or losses of WVUP for the fiscal years presented.

State appropriations, while budgeted for operations, are considered and reported as non-operating revenues. This is because State appropriations are provided by the West Virginia Legislature (the “Legislature”) to WVUP without the Legislature directly receiving commensurate goods and services for those revenues. Likewise, Federal Pell grants are reported as nonoperating, because of specific guidance in the AICPA industry audit guide. Student tuition and fees are reported net of scholarship discounts and allowances. Financial aid to students is reported using the NACUBO alternative method. Under this method, certain aid, such as loans and federal Stafford loans, is accounted for as a third-party payment, while all other aid is reflected either as operating expenses or scholarship allowances, which reduce revenues. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

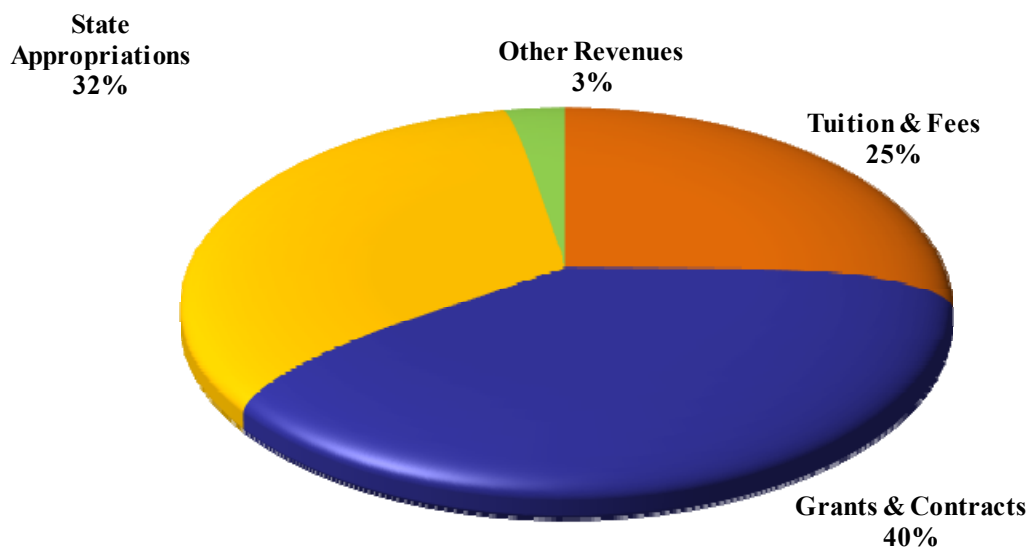
### Condensed Statements of Revenues, Expenses and Changes in Net Position (in thousands)

	Year Ended June 30		
	2022	2021	2020
Operating Revenues	\$ 12,010	\$ 10,187	\$ 9,651
Operating Expenses	28,343	22,805	24,092
<b>Operating Loss</b>	<b>(16,333)</b>	<b>(12,618)</b>	<b>(14,441)</b>
Net Nonoperating Revenues	18,926	16,598	16,055
<b>Income before Other Revenues, Expenses, Gains, or Losses</b>	<b>2,593</b>	<b>3,980</b>	<b>1,614</b>
Payments made and expenses incurred on behalf of			
WVU Parkersburg	-	4	1,124
<b>Increase in Net Position</b>	<b>2,593</b>	<b>3,984</b>	<b>2,738</b>
<b>Net Position at Beginning of Year</b>	<b>45,268</b>	<b>41,284</b>	<b>38,546</b>
<b>Net Position at End of Year</b>	<b>\$ 47,861</b>	<b>\$ 45,268</b>	<b>\$ 41,284</b>

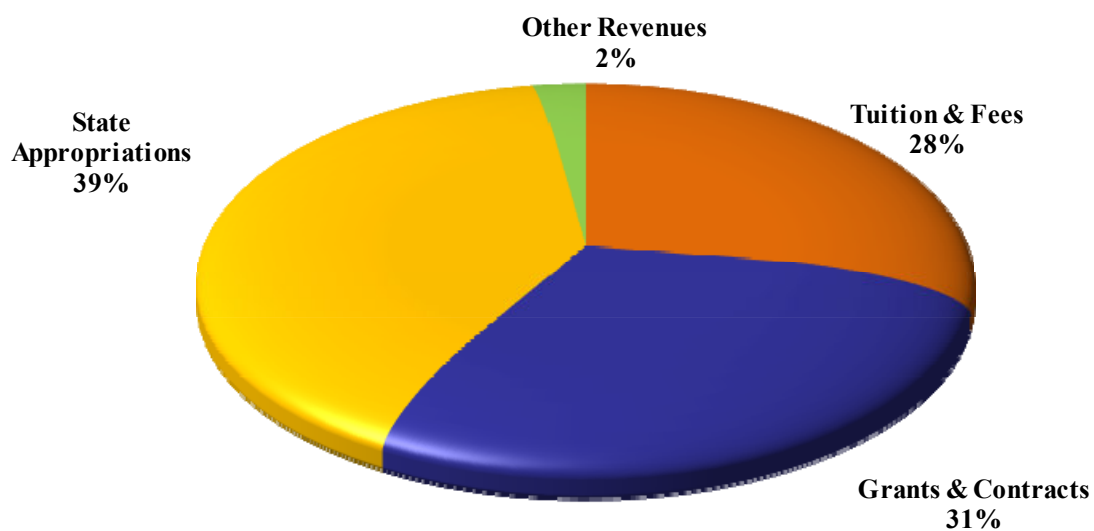
Revenues:

The following charts illustrate the composition of revenues by source for 2022 and 2021:

**2022**



**2021**



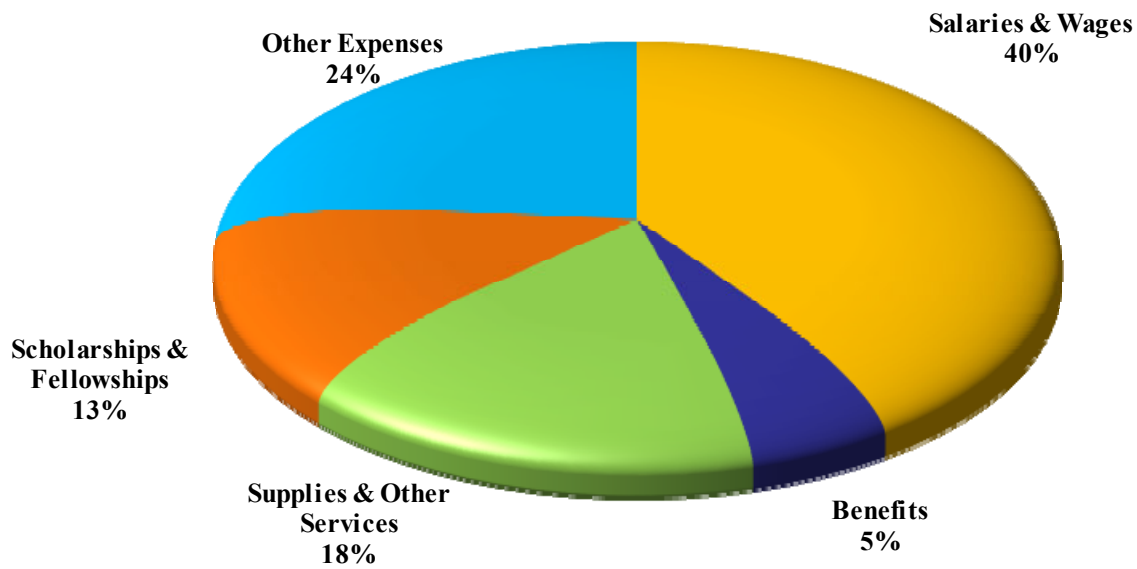
Total revenues for fiscal year 2022 were \$32.2 million, an increase of \$5.4 million from prior year. The most significant sources of revenue for WVUP are State appropriations, Federal Pell grants, tuition and fees, and grants and contracts. Some highlights of the information presented on the statement of revenues, expenses, and changes in net position are as follows:

- Net tuition and fees increased \$740,000 due to decreases in scholarship allowances offset by declines in enrollment. Tuition and fees, net increased \$773,000 from fiscal year 2020 to fiscal year 2021.
- State appropriations decreased \$310,000 from fiscal year 2021. State appropriations increased \$155,000 from fiscal year 2020 to fiscal year 2021.
- WVUP recognized \$4.6 million from the Higher Education Emergency Relief Fund (HEERF III) through the ARPA in fiscal year 2022. Each institution received one grant comprised of two parts: student aid and institutional aid. WVUP recognized and disbursed emergency aid to students of \$3.2 million and recognized \$1.4 million for the institutional portion in fiscal year 2022.
- WVUP recognized \$2.0 million from the Higher Education Emergency Relief Fund (HEERF II) through the CRRSAA in fiscal year 2022. Each institution received one grant comprised of two parts: student aid and institutional aid. WVUP recognized and disbursed emergency aid to students of \$577,000 in fiscal year 2022 and \$952,000 in fiscal year 2021. WVUP recognized \$1.4 million in fiscal year 2022 and \$582,000 in fiscal year 2021 for the institutional portion.
- No revenue from the Higher Education Emergency Relief Fund (HEERF I) through the CARES Act was recognized in fiscal year 2022. WVUP recognized total revenue of \$878,000 from the CARES Act in fiscal year 2021. Each institution received one grant comprised of two parts: student aid and institutional aid. WVUP recognized and disbursed emergency aid to students of \$218,000 and recognized \$600,000 for the institutional portion in fiscal year 2021.
- State grants and contracts revenue increased \$530,000 from prior year primarily due to increases in individual grants funding with the largest increase due to the Nursing Expansion Funds grant. State grants and contracts increased \$364,000 from fiscal year 2020 to fiscal year 2021.
- Sales and services of educational departments increased \$76,000 from prior year due to increases in nonauxiliary dining revenue. This category of revenue decreased \$79,000 from fiscal year 2020 to fiscal year 2021.
- Other operating revenue increased \$448,000 primarily due to increases in Wood Co BOE/Caperton revenue and commission, non-auxiliary revenue. This category of revenue decreased \$348,000 from fiscal year 2020 to fiscal year 2022.
- Federal Pell grants revenue decreased \$88,000 due to declines in overall enrollment. Federal Pell grants revenue decreased \$733,000 from fiscal year 2020 to fiscal year 2021.
- Investment income decreased \$22,000 from prior year due to lower rates of return at the WV State Treasury. Investment income decreased \$260,000 from fiscal year 2020 to fiscal year 2021.

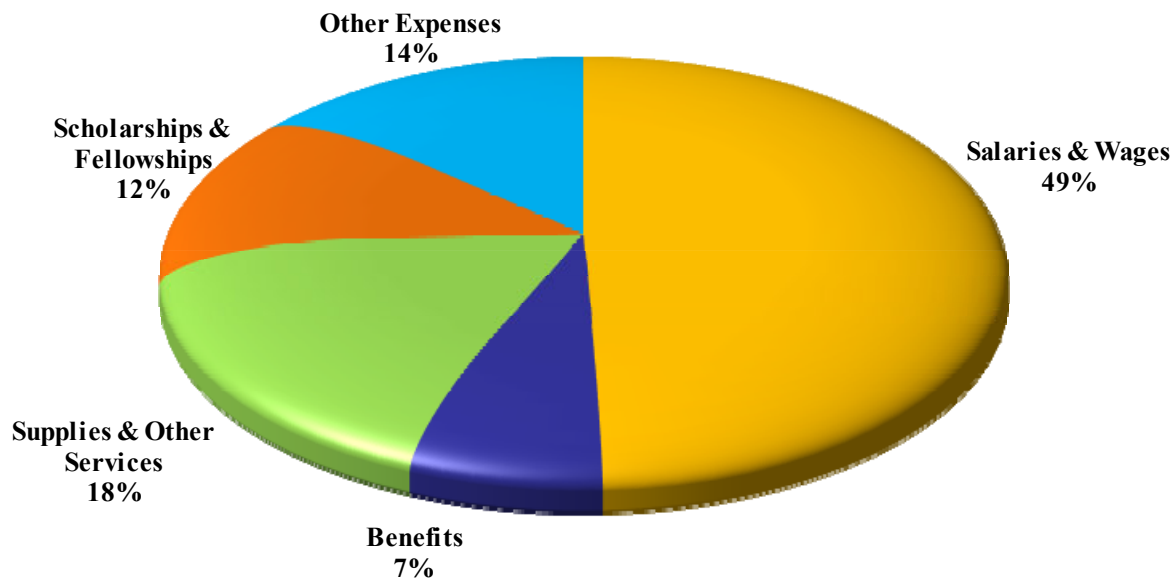
Expenses:

The following is a graphic comparison of total expenses by category between 2022 and 2021:

**2022**



**2021**



Total expenses for fiscal year 2022 were \$29.6 million, an increase of \$6.8 million. Changes in the categories of expenses are detailed below. Total expenses decreased \$1.3 from fiscal year 2020 to fiscal year 2021.

- Salaries and wages increased \$605,000 mainly due to increased stipends for faculty due to extra work caused by the COVID-19 pandemic, raises, and new hires. Salaries and wages decreased \$605,000 from fiscal year 2020 to fiscal year 2021.
- Benefits expense decreased \$61,000 from prior year primarily in OPEB expense due to fluctuations of the WUVP contribution to the plan the net OPEB asset, deferred outflows and inflows of resources related to OPEB expense, pension expense, and unemployment compensation expense. Offset by increases in benefits tied to salaries and wages. Benefits expense decreased \$1.1 million from fiscal year 2020 to fiscal year 2021.
- Scholarship and fellowship expenses increased \$1.1 million from the prior year. This is mainly due to decreases in the scholarship allowance and increases in financial aid disbursements offset by decreases in tuition and fees waivers. This expense category decreased \$79,000 from fiscal year 2020 to fiscal year 2021.
- Supplies and other services increased \$1.3 million mainly due to purchases of new computers, video conferencing equipment, and network switches. Also increased due to extra cleaning and education supplies expenses as WVUP fully reopened its campus after the COVID-19 pandemic. Supplies and other services increased \$326,000 from fiscal year 2020 to fiscal year 2021.
- Expenses increased \$3.2 million for the pay out of emergency student aid received through the ARPA Higher Education Emergency Relief Fund in fiscal year 2022.
- Expenses decreased \$375,000 for the pay out of emergency student aid received through the CRRSAA Higher Education Emergency Relief Fund in fiscal year 2022. This expense category increased \$952,000 from fiscal year 2020 to fiscal year 2021.
- Expenses decreased \$218,000 for the pay out of emergency student aid received through the CARES Act Higher Education Emergency Relief Fund in fiscal year 2022. This expense category decreased \$659,000 from fiscal year 2020 to fiscal year 2021.

## **Cash Flows**

The statements of cash flows provide information about the cash receipts, cash payments, and net change in cash resulting from the operating, investing, and financing activities (capital and noncapital) of WVU at Parkersburg during the year. This statement helps users assess WVUP's ability to generate net cash flows, its ability to meet obligations as they come due, and its need for external financing.

The statement of cash flows is divided into five sections:

*Cash flows from operating activities.* This section shows the net cash used by the operating activities of WVUP.

*Cash flows from noncapital financing activities.* This section reflects the cash received and paid for nonoperating, noninvesting, and noncapital financing purposes.

*Cash flows from capital financing activities.* This section includes cash used for the acquisition and construction of capital and related items.

*Cash flows from investing activities.* This section shows the purchases, proceeds, and interest received from investing activities.

*Reconciliation of operating loss to net cash used in operating activities.* This section provides a schedule that reconciles the accrual-based operating income (loss) and net cash used in operating activities.

**Condensed Statements of Cash Flows (in thousands)**

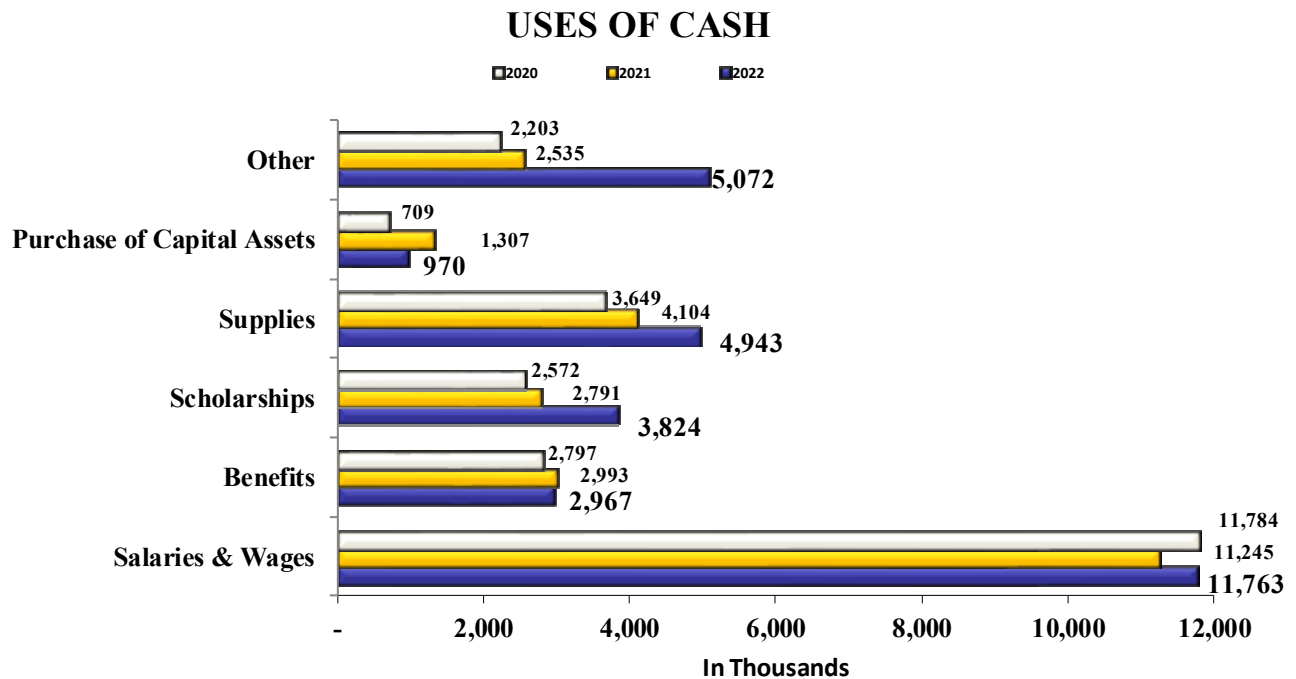
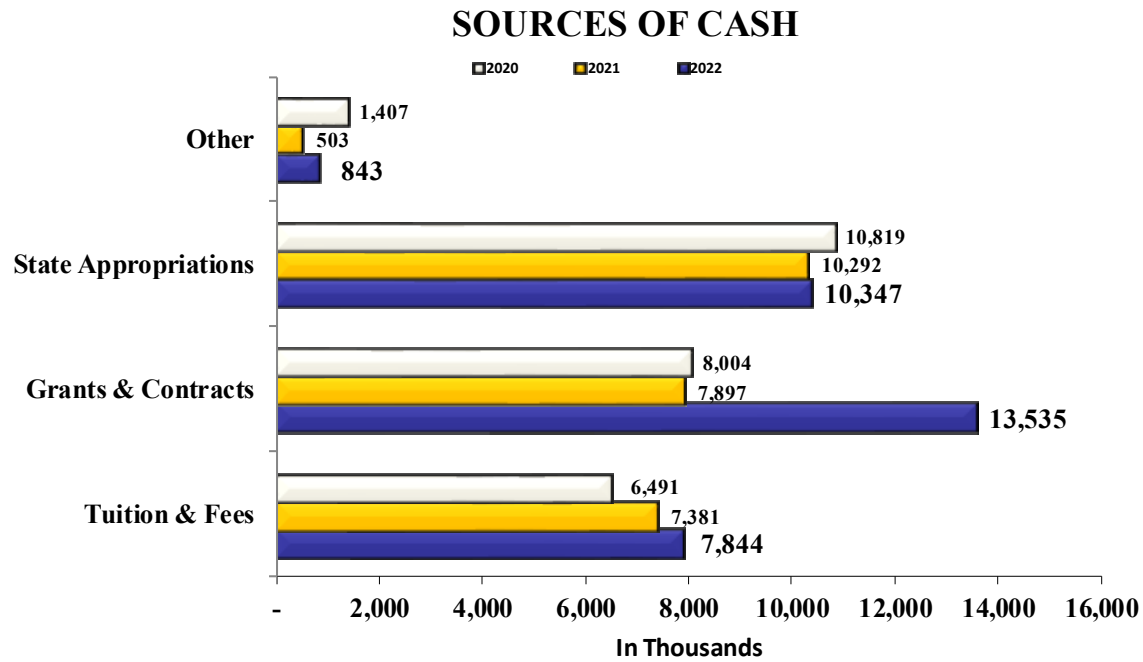
	Year Ended June 30		
	2022	2021	2020
<b>Cash Provided (Used) By:</b>			
Operating Activities	\$ (16,037)	\$ (13,426)	\$ (12,259)
Noncapital Financing Activities	20,423	16,243	16,065
Capital Financing Activities	(1,395)	(1,780)	(1,120)
Investing Activities	39	61	321
<b>Increase in Cash and Cash Equivalents</b>	<b>3,030</b>	<b>1,098</b>	<b>3,007</b>
Cash and Cash Equivalents, Beginning of Year	25,488	24,390	21,383
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 28,518</b>	<b>\$ 25,488</b>	<b>\$ 24,390</b>

Total cash and cash equivalents increased by \$3.0 million during fiscal year 2022 to \$28.5 million.

- Net cash used in operating activities increased \$2.6 million primarily due to increases in cash outflows for Higher Education Relief Fund emergency aid to students, payments to suppliers, payments to employees, payments for benefits, and payments for scholarships and fellowships offset by increases in inflows from tuition and fees, grants and contracts, and other receipts. This category experienced an increase in net cash used of \$1.2 million from fiscal year 2020 to fiscal year 2021.
- Net cash provided by noncapital financing activities increased by approximately \$4.2 million primarily due to increases in cash inflows from ARPA and CRRSAA offset by decreases in the CARES Act. This category experienced an increase of \$178,000 from fiscal year 2020 to fiscal year 2021.
- Net cash used in capital financing activities decreased \$385,000 primarily due to decreases in cash outflows for purchases of capital assets. This category experienced an increase in net cash used of \$647,000 from fiscal year 2020 to fiscal year 2021.
- Net cash from investing activities decreased \$22,000 due to decreases in cash inflows from investment income. This category experienced a decrease of \$260,000 from fiscal year 2020 to fiscal year 2021.



The following graphs illustrate the sources and uses of cash:



## Capital Asset and Long-Term Debt Activity

WVU at Parkersburg completed several construction projects in the fiscal years 2022 and 2021, financed by gifts, grants, and other WVUP funds.

2023 In FY 23, WVUP plans to restore the foundation of the main building's activity center, replace the roof at the Caperton Center, replace the siding on the Caperton Center, and upgrade the Siemens HVAC controls systems in all buildings.

2022 The most significant capital improvements during FY 2022 were the renovation of the WVUP Business Office Suite, the renovation of the Early Learning Center to accommodate a medical clinic on campus, replacement of the HVAC system at the Caperton Center and flooring replacement, including asbestos remediation.

2021 The most significant capital improvements completed during FY 2021 were the completion of the library renovations, digital media production studio, replacement of entry doors to the activity center, and replacement of windows in the bookstore hallway. Funding for these projects came from student tuition and fees and an advance grant from the WV Community & Technical College System.

WVU at Parkersburg plans to complete capital projects with an estimated cost of approximately \$1,323,000 during the fiscal year 2023. The most significant projects will be the replacement of the roof of the Caperton Center at an estimated cost of \$650,000, a planned upgrade to the Siemens HVAC software controls at an estimated cost of \$323,000, and the replacement of the siding on the Caperton Center of \$200,000.

In December 2016, WVU at Parkersburg entered into a loan agreement with the West Virginia Higher Education Policy Commission in the amount of \$450,000 to fund the cost of the main building's fourth-floor HVAC unit. The loan is non-interest bearing and was repaid in full in December 2021.

In addition to the above loan, WVUP entered into various finance lease agreements primarily for copying equipment and office space. As of June 30, 2022, the balance of all finance leases payable totaled \$40,000 with payments payable through fiscal year 2025.

## Economic Outlook

West Virginia University at Parkersburg (WVUP) is located in Wood County in West Virginia. During the fiscal year ended June 30, 2022, the Wood County economy continued its steady recovery from the devastating economic impact of the COVID-19 pandemic. West Virginia began the fiscal year with an unemployment rate of 5.3%. As more and more individuals were vaccinated against COVID 19 and businesses reopened, many citizens went back to work and the unemployment rate steadily declined to a state-wide level of 3.6 and a 4.3% level for Wood County as of June 30, 2022. In comparison, the unemployment rate of other counties in our service region ranged from a low of 4.1 percent in Ritchie County to a high of 6.7 percent in Roane County. This trend follows that of the State of West Virginia, whose June 2022 unemployment rate of 3.6 percent leaves the state ranked twenty-ninth in the nation.

The West Virginia Economic Outlook 2022, a report published by the WVU Bureau of Business and Economic Research, provides predictions on the future status of West Virginia's economy based on historical data and growth projection models. The United States and the state of West Virginia's employment rates are at or above pre-COVID 19 pandemic rates. This publication is predicting a one percent annual growth rate in West Virginia's economy and nearly steady employment rates over the next five years.

History has shown that local community colleges and universities generally experience an inverse relationship to unemployment levels. During economic recession or depression, community colleges often experience an increase in enrollment. Likewise, they experience a decrease in enrollment when unemployment is low. As COVID-19 shifts from pandemic to endemic, so too do the challenges faced by colleges and universities. While it is true that online learning has become more prevalent in recent years, the primary method of instruction is face-to-face and hybrid formats. Pivoting to technology-enhanced online delivery was a monumental shift for all universities including WVUP. As the duration of the pandemic continues, the stress levels of students and faculty is also elevated. Many students now prefer technology-enhanced course delivery over the traditional in-seat delivery method. Additionally, more and more faculty are insisting on the convenience of teaching their courses online. Despite these desires, students are not thriving academically in the online course model often finding it difficult to maintain the focus and discipline necessary to complete their assignments and excel in the classroom. However, the most significant negative impact has been the perceived devaluation of a college education causing many potential students to question its necessity. We believe that ultimately this attitude will be replaced with the understanding that a post-secondary degree is a minimum standard for most higher-paying jobs.

Nobody knows how long the pandemic will persist or exactly what the future holds for the local, national, or global economies. Nor, can they predict how the pandemic will impact the future of higher education. WVUP's Board of Governors and administration feel that we are fiscally sound and have the ability to weather any storm that may face us. However, WVUP receives about a third of its annual operating resources in the form of State appropriations and the University's financial resources are closely tied to the fiscal performance of the State of West Virginia. Despite the pandemic, the State of West Virginia was able to end its fiscal year with a significant fiscal surplus driven by record severance tax collections.

WVUP will continue to implement revenue enhancement strategies and numerous cost control measures to reduce the growth in operating expenditures in the coming fiscal years to prevent budgetary stresses caused by current economic times. WVUP recently implemented a strategic enrollment plan laying out a long-term enrollment strategy that we believe will stabilize enrollment and provide for financial stability in years to come.

WVUP continues to pursue grants, donations, and gifts to enhance its operating revenues. Improving the level of Federal, State, and private grant activity at WVUP has been a strategic priority for the past several years and the increased focus has been successful as grant revenues, primarily from state sources, continue to remain at significantly high levels. These strategic efforts are continuing and WVUP expects this trend in grant-related revenue to continue in FY 2023 and beyond. Even in times of uncertainty, WVUP believes it is poised to weather the storm and prosper as a beacon of hope to our local service area.

# WEST VIRGINIA UNIVERSITY AT PARKERSBURG

## STATEMENTS OF NET POSITION AS OF JUNE 30, 2022 AND 2021

(Dollars in Thousands)

	2022	2021
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
Current Assets:		
Cash and cash equivalents	\$ 28,518	\$ 25,488
Appropriations due from primary government	-	182
Accounts receivable - net	651	276
Due from the Commission	197	145
Inventories	125	136
Prepaid expenses	231	136
Total current assets	<u>29,722</u>	<u>26,363</u>
Noncurrent Assets:		
Other accounts receivable	70	75
Net other post employment benefits asset	441	-
Capital and intangible right to use assets, net	27,327	27,015
Total noncurrent assets	<u>27,838</u>	<u>27,090</u>
<b>TOTAL ASSETS</b>	<u>\$ 57,560</u>	<u>\$ 53,453</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to other post employment benefits	321	592
Deferred outflows related to pensions	27	31
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>348</u>	<u>623</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 57,908</u>	<u>\$ 54,076</u>

(continued)

# WEST VIRGINIA UNIVERSITY AT PARKERSBURG

## STATEMENTS OF NET POSITION (CONTINUED)

AS OF JUNE 30, 2022 AND 2021

(Dollars in Thousands)

	2022	2021
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
Current Liabilities:		
Accounts payable	\$ 1,457	\$ 547
Accrued liabilities	1,573	297
Accrued payroll	790	717
Unearned revenue	2,825	2,318
Compensated absences	463	482
Leases payable, current portion	30	45
Note payable to West Virginia University, current portion	323	311
Note payable to the Commission, current portion	-	45
Total current liabilities	<u>7,461</u>	<u>4,762</u>
Noncurrent Liabilities:		
Net other post employment benefits liability	-	479
Net pension liability	42	88
Leases payable	10	27
Note payable to West Virginia University	251	574
Total noncurrent liabilities	<u>303</u>	<u>1,168</u>
<b>TOTAL LIABILITIES</b>	<u>7,764</u>	<u>5,930</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to other post employment benefits	2,226	2,840
Deferred inflows related to pensions	57	38
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 2,283</u>	<u>\$ 2,878</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u><u>\$ 10,047</u></u>	<u><u>\$ 8,808</u></u>
<b>NET POSITION</b>		
Net investment in capital assets	\$ 26,337	\$ 26,028
Restricted for:		
Expendable:		
Scholarships and fellowships	9	30
Sponsored programs	1,336	218
Total expendable	<u>1,345</u>	<u>248</u>
Unrestricted	<u>20,179</u>	<u>18,992</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 47,861</u></u>	<u><u>\$ 45,268</u></u>

See notes to financial statements.

**WEST VIRGINIA UNIVERSITY AT PARKERSBURG**

**WVU AT PARKERSBURG FOUNDATION, INC.**

**COMPONENT UNIT - STATEMENTS OF FINANCIAL POSITION**

**AS OF JUNE 30, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 151,227	\$ 165,525
Investments, at Fair Value	12,478,197	14,307,594
Accrued Interest and Dividends Receivable	<u>-</u>	<u>100</u>
Total current assets	12,629,424	14,473,219
Property and equipment, net	1,007,864	1,069,010
Other assets	<u>2,014</u>	<u>2,014</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 13,639,302</u></b>	<b><u>\$ 15,544,243</u></b>
<b>LIABILITIES</b>		
Accounts Payable	\$ 129	\$ 2,819
Funds held for others	<u>126,291</u>	<u>127,950</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 126,420</u></b>	<b><u>\$ 130,769</u></b>
<b>NET ASSETS</b>		
Without donor restrictions	1,411,577	1,482,334
With donor restrictions	<u>12,101,305</u>	<u>13,931,140</u>
<b>TOTAL NET ASSETS</b>	<b><u>13,512,882</u></b>	<b><u>15,413,474</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 13,639,302</u></b>	<b><u>\$ 15,544,243</u></b>

The accompanying notes are an integral part of this financial statement.

# WEST VIRGINIA UNIVERSITY AT PARKERSBURG

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

(Dollars in Thousands)

	2022	2021
<b>OPERATING REVENUES</b>		
Student tuition and fees, net of scholarship allowances of \$1,016 and \$2,054	\$ 8,130	\$ 7,390
Federal grants and contracts	102	60
State grants and contracts	2,321	1,791
Nongovernmental grants and contracts	559	581
Sales and services of educational departments	98	22
Auxiliary enterprises, net of scholarship allowances of \$9 and \$17	70	61
Other operating revenues	730	282
Total operating revenues	12,010	10,187
<b>OPERATING EXPENSES</b>		
Salaries and wages	11,868	11,263
Benefits	1,639	1,700
Scholarships and fellowships	3,835	2,744
Utilities	551	547
Supplies and other services	5,306	4,026
Depreciation and amortization	1,035	999
Assessments by the Commission for operations	102	106
CARES Act Higher Education Relief Fund expense	-	218
CRRSAA Higher Education Emergency Relief Fund expenses	577	952
ARPA Higher Education Emergency Relief Fund expenses	3,180	-
Service agreement expense to West Virginia University	250	250
Total operating expenses	28,343	22,805
<b>OPERATING LOSS</b>	(16,333)	(12,618)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	10,164	10,474
Payments on behalf of WVU Parkersburg	(53)	137
Gifts	3	28
Federal Pell grants	3,490	3,578
CARES Act revenues	-	819
CRRSAA Act revenues	1,990	1,534
ARPA - Higher Education Emergency Relief Fund revenues	4,579	-
Investment income	39	61
Interest on capital asset-related debt	(34)	(48)
Fees assessed by the Commission for debt service	(5)	(5)
Other nonoperating (expenses) revenues - net	(1,247)	20
Net nonoperating revenues	18,926	16,598
<b>INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES</b>	2,593	3,980
Payments made and expenses incurred on behalf of WVU Parkersburg	-	4
<b>INCREASE IN NET POSITION</b>	2,593	3,984
<b>NET POSITION--BEGINNING OF YEAR</b>	45,268	41,284
<b>NET POSITION--END OF YEAR</b>	\$ 47,861	\$ 45,268

See notes to financial statements.

**WEST VIRGINIA UNIVERSITY AT PARKERSBURG**
**WVU AT PARKERSBURG FOUNDATION, INC.**
**COMPONENT UNIT - STATEMENTS OF ACTIVITIES**
**YEAR ENDED JUNE 30, 2022**

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Contributions	\$ 36,233	\$ 160,212	\$ 196,445
Interest and Dividend Income	4,519	269,353	273,872
Net Realized and Unrealized Gains (Losses) on Investments	(52,524)	(1,828,069)	(1,880,593)
Net Assets Released from Restrictions	431,331	(431,331)	-
<b>TOTAL REVENUES, GAINS, AND AND OTHER SUPPORT</b>	<b>419,559</b>	<b>(1,829,835)</b>	<b>(1,410,276)</b>
<b>EXPENSES</b>			
School Support:			
Grants and Scholarships	148,049	-	148,049
Faculty and Staff Development	27,122	-	27,122
Other Expenses	25,300	-	25,300
<b>Total School Support</b>	<b>200,471</b>		<b>200,471</b>
Administrative:			
Salaries and Benefits	45,171	-	45,171
Trust Fees	38,944	-	38,944
Professional Fees	30,650	-	30,650
Depreciation	72,646	-	72,646
Database management	13,989	-	13,989
Marketing and public relations	29,427	-	29,427
Other	59,018	-	59,018
<b>Total Administrative</b>	<b>289,845</b>	<b>-</b>	<b>289,845</b>
<b>TOTAL EXPENSES</b>	<b>490,316</b>	<b>-</b>	<b>490,316</b>
<b>CHANGE IN NET ASSETS</b>	<b>(70,757)</b>	<b>(1,829,835)</b>	<b>(1,900,592)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>1,482,334</b>	<b>13,931,140</b>	<b>15,413,474</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 1,411,577</b>	<b>\$ 12,101,305</b>	<b>\$ 13,512,882</b>

The accompanying notes are an integral part of this financial statement.



**WEST VIRGINIA UNIVERSITY AT PARKERSBURG**
**WVU AT PARKERSBURG FOUNDATION, INC.**
**COMPONENT UNIT - STATEMENTS OF ACTIVITIES**
**YEAR ENDED JUNE 30, 2021**

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Contributions	\$ 21,455	\$ 113,884	\$ 135,339
Interest and Dividend Income	8,772	223,528	232,300
Net Realized and Unrealized Gains (Losses) on Investments	58,991	2,555,913	2,614,904
Net Assets Released from Restrictions	397,668	(397,668)	-
<b>TOTAL REVENUES, GAINS, AND AND OTHER SUPPORT</b>	<b>486,886</b>	<b>2,495,657</b>	<b>2,982,543</b>
<b>EXPENSES</b>			
School Support:			
Grants and Scholarships	174,650	-	174,650
Faculty and Staff Development	19,019	-	19,019
<b>Total School Support</b>	<b>193,669</b>		<b>193,669</b>
Administrative:			
Salaries and Benefits	41,923	-	41,923
Trust Fees	37,119	-	37,119
Professional Fees	36,011	-	36,011
Depreciation	72,145	-	72,145
Database management	4,804	-	4,804
Marketing and public relations	6,130	-	6,130
Other	37,995	-	37,995
<b>Total Administrative</b>	<b>236,127</b>	<b>-</b>	<b>236,127</b>
<b>TOTAL EXPENSES</b>	<b>429,796</b>	<b>-</b>	<b>429,796</b>
<b>CHANGE IN NET ASSETS</b>	<b>57,090</b>	<b>2,495,657</b>	<b>2,552,747</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>1,425,244</b>	<b>11,435,483</b>	<b>12,860,727</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 1,482,334</b>	<b>\$ 13,931,140</b>	<b>\$ 15,413,474</b>

The accompanying notes are an integral part of this financial statement.

# WEST VIRGINIA UNIVERSITY AT PARKERSBURG

## STATEMENT OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2022 AND 2021 (Dollars in Thousands)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 7,844	\$ 7,381
Grants and contracts	3,476	1,966
CARES Act Higher Education Relief Fund expense	-	(218)
CRRSAA Higher Education Emergency Relief Fund expenses	(577)	(952)
ARPA Higher Education Emergency Relief Fund expense	(3,180)	-
Payments to suppliers	(4,943)	(4,091)
Payments to employees	(11,763)	(11,245)
Payments for benefits	(2,967)	(2,993)
Payments to utilities	(538)	(549)
Payments for scholarships and fellowships	(3,824)	(2,791)
Auxiliary enterprise receipts	70	61
Sales and service of educational departments	98	23
Payments of operating expenses to West Virginia University	(250)	(250)
Assessments by Commission for operations	(102)	(106)
Other receipts	619	338
Net cash used in operating activities	(16,037)	(13,426)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	10,347	10,292
Federal Pell grants	3,490	3,578
CARES Act revenue	-	819
CRRSAA Act revenues	1,990	1,534
ARPA - Higher Education Emergency Relief Fund revenues	4,579	-
Other nonoperating receipts	17	20
Cash provided by noncapital financing activities	20,423	16,243
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Fees assessed by the Commission for debt service	(5)	(5)
Purchases of capital assets	(970)	(1,366)
Principal paid on capital debt and leases	(342)	(273)
Interest paid on capital debt and leases	(33)	(46)
Principal paid on loan from Commission	(45)	(90)
Cash used in capital financing activities	(1,395)	(1,780)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	39	61
Cash provided by investing activities	39	61
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	3,030	1,098
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	25,488	24,390
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 28,518	\$ 25,488

(continued)

# WEST VIRGINIA UNIVERSITY AT PARKERSBURG

## STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEARS ENDED JUNE 30, 2022 AND 2021 (Dollars in Thousands)

	2022	2021
<b>Reconciliation of net operating loss to net cash used in operating activities:</b>		
Operating loss	\$ (16,333)	\$ (12,618)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	1,035	999
Donated/noncapitalized expense	2	32
Expenses paid on behalf of WVU Parkersburg	(53)	137
Changes in assets, deferred outflows, liabilities and deferred inflows:		
Accounts receivable, net	(370)	244
Due from the Council/Commission	(53)	(65)
Prepaid expenses	(97)	35
Inventories	10	37
Accounts payable	521	(416)
Accrued liabilities	(824)	(2,490)
Unearned revenue	508	(345)
Due to the Council/Commission	-	(247)
Compensated absences	(20)	(27)
Defined benefit pension plan	(21)	(8)
Deferred other post employment benefits	(342)	1,306
Net cash used in operating activities	<u>\$ (16,037)</u>	<u>\$ (13,426)</u>
Noncash Transactions:		
Donations	<u>\$ 3</u>	<u>\$ 28</u>
Capital payments on behalf of WVU Parkersburg	<u>\$ -</u>	<u>\$ 4</u>

See notes to financial statements.

# WEST VIRGINIA UNIVERSITY AT PARKERSBURG

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

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### 1. ORGANIZATION

West Virginia University at Parkersburg (“Parkersburg”) is governed by the West Virginia University at Parkersburg Board of Governors (the “Board”). The Board was established by House Bill 3215 (“H.B. 3215”).

During fiscal year 2008, H.B. 3215 was passed which clarified and redefined relationships between and among certain higher education boards and institutions. This legislation defines the statewide network of independently accredited community and technical colleges. Effective July 1, 2008, the administratively linked community and technical colleges of West Virginia University (the “University”) established their own Boards of Governors.

Powers and duties of the Board include, but are not limited to, the power to determine, control, supervise and manage the financial, business and educational policies and affairs of the institution 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 its institution.

The West Virginia Council for Community and Technical College Education (the “Council”) (two year education) and the West Virginia Higher Education Policy Commission (the “Commission”) (four year and post graduate education) collectively comprise the West Virginia Higher Education Fund. Both the Council and the Commission were legislatively created under Senate Bill No. 448 and Senate Bill No. 653, respectively.

The Council is responsible for developing, overseeing and advancing the State’s public policy agenda as it relates to community and technical college education. The Council is comprised of 12 persons appointed by the Governor with the advice and consent of the Senate.

The University provides Parkersburg with administrative and academic support services under a service agreement.

As a requirement of Governmental Accounting Standards Board (GASB) standards, Parkersburg has included information from the WVU at Parkersburg Foundation, Inc. (the “Foundation”).

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The WVU at Parkersburg Foundation, Inc. (the "Foundation") is not part of the Parkersburg reporting entity and is not consolidated in the accompanying financial statements since Parkersburg has no ability to designate management, cannot significantly influence operations of this entity, and is not accountable for fiscal matters of the Foundation under GASB. The accompanying financial statements present all funds under the authority of Parkersburg. The basic criterion for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from Parkersburg's ability to significantly influence operations and accountability for fiscal matters of related entities.

In accordance with GASB, the audited financial statements of the Foundation are presented here as a discrete component unit with the Parkersburg financial statements for the fiscal years ended June 30, 2022, and 2021. The Foundation is a separate, private, nonprofit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the audited financial information as it is presented herein (See Note 14).

- b. *Basis of Accounting* — For financial reporting purposes, Parkersburg is considered a special-purpose government engaged only in business-type activities. Accordingly, Parkersburg'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 expenditures are reported when materials or services are received.
- c. *Cash and Cash Equivalents* — For purposes of the statement of net position, Parkersburg considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Cash on deposit with the West Virginia Treasurer's Office (the "Treasurer") is deposited into the WV Money Market Pool and the WV Short Term Bond Pool with the West Virginia Board of Treasury Investments (BTI). The amounts on deposit are available for immediate withdrawal and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

Cash and cash equivalents also include cash in bank accounts and cash on hand.

- d. *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 Treasurer, but are obligations of the State.
- e. *Accounts Receivable* — Accounts receivable primarily includes amounts due from students for tuition and fees, amounts due from sponsoring agencies for grants and contracts, and other miscellaneous receivables.
- f. *Allowance for Doubtful Accounts* — It is Parkersburg’s policy to provide for future losses on uncollectible accounts receivable based on an evaluation of the underlying account, the historical collectibility experienced by Parkersburg on such balances, and such other factors which, in Parkersburg’s judgment, require consideration in estimating doubtful accounts.
- g. *Inventories* — Inventories are stated at the lower-of-cost or market, cost being determined on the first-in, first-out method.
- h. *Noncurrent Cash and Cash Equivalents* — Cash that is (1) externally restricted to make debt service payments or (2) to purchase capital or other noncurrent assets is classified as a noncurrent asset in the statement of net position.
- i. *Capital and Intangible Right-to-Use Assets* — Capital assets include property, plant, and equipment, books and materials that are part of a catalogued library, and infrastructure. 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. The capital assets transferred in were recorded at net book value. Depreciation is computed using the straight-line method over the estimated useful life of the asset, which is generally 15 to 50 years for buildings, infrastructure, and land improvements, and 3 to 15 years for furniture, equipment, and library books.

Intangible right-to-use assets include property, plant and equipment. Amortization is computed using the straight-line method over the shorter of the lease term or the estimated useful life of the asset.

Parkersburg’s capitalization thresholds are as follows: \$25,000 for buildings, land improvements, infrastructure and leasehold improvements, \$100,000 for software, and \$5,000 for equipment. Library books and land are capitalized irrespective of cost.

- j. *Unearned Revenue* — Revenue for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenue, including items such as tuition, orientation fees, financial aid deposits, and advance payments on sponsored awards.
- k. *Compensated Absences* — GASB requires entities to accrue for employees’ rights to receive compensation for vacation leave, or payments in lieu of accrued vacation leave, as such benefits are earned and payment becomes probable. Parkersburg’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.

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

- l. *Other Post Employment Benefits (OPEB)* — For purposes of measuring the net other postemployment benefits (“OPEB”) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the

fiduciary net position of the West Virginia Postemployment Benefit Plan (the “OPEB plan”), which is administered by a combination of the West Virginia Public Employees Insurance Agency (“PEIA”) and the West Virginia Health Benefit Trust Fund (the “RHBT”), additions to/reductions from the OPEB plan’s fiduciary net position have been determined on the same basis as they are reported in the RHBT’s financial statements which can be found at [www.peia.gov](http://www.peia.gov). The OPEB plan schedules are prepared using the accrual basis of accounting in accordance with U.S. 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. Management of PEIA and the RHBT have made certain estimates and assumptions relating to the employer allocation schedules, and actual results could differ. (See Note 7.)

- m. *Noncurrent Liabilities* — Noncurrent liabilities include (1) notes payable with contractual maturities greater than one year; (2) principal amounts of leases payable due in subsequent years; and (3) estimated amounts for OPEB liability, net pension liability, and other liabilities that will not be paid within the next fiscal year.
- n. *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 U.S. 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. (See Note 8.)
- o. *Net Position* — GASB establishes standards for external financial reporting for public colleges and universities and require that the financial statements be presented on a basis to focus on Parkersburg as a whole. The components of net position are classified according to external donor restrictions or availability of assets for satisfaction of Parkersburg’s obligations. Parkersburg’s components of net position are classified as follows:
  - *Net investment in capital and intangible right-to-use assets* — This represents Parkersburg’s total investment in capital and intangible right-to-use assets, net of accumulated depreciation/amortization and outstanding debt obligations related to those assets. To the extent debt has been incurred but not yet expended, such amounts are not included as a component of net investment in capital and intangible right-to-use assets, net of related debt.
  - *Restricted, expendable* — This includes resources in which Parkersburg is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

The West Virginia Legislature (the “Legislature”), as a regulatory body outside the reporting entity, has restricted the use of certain funds by Article 10, *Fees and Other Money Collected at State Institutions of Higher Education* of the West Virginia State Code. House Bill 101, passed in March 2004, simplified the tuition and fees restrictions to auxiliaries and capital items. These activities are fundamental to the normal ongoing operations of Parkersburg. These restrictions are subject to change by future actions of the Legislature. At June 30, 2022 and 2021, Parkersburg had no restricted balances remaining in these funds.

- *Restricted, nonexpendable* — This includes endowment and similar type funds which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal.
- *Unrestricted* — This includes resources that are not subject to externally imposed stipulations. Such resources represent resources derived from student tuition and fees (not restricted as to use), state appropriations and sales and services of educational activities. This component is used for transactions relating to the educational and general operations of Parkersburg and may be designated for specific purposes by action of the Board.

p. *Classification of Revenues* — Parkersburg has classified its revenues according to the following criteria:

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

Other operating revenues include revenue from leasing of Parkersburg’s academic bookstore and retail store to Barnes & Noble College Bookstores, Inc., rental fees, commissions, and other miscellaneous revenues.

- *Nonoperating revenues* — Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions and other revenues that are defined as nonoperating revenues by GASB, such as state appropriations, Federal Pell grants, investment income and sale of capital assets (including natural resources). This category also includes revenue from the Coronavirus Aid, Relief, and Economic Security Act/Higher Education Emergency Relief Fund, the Coronavirus Response and Relief Supplemental Appropriations Act/Higher Education Emergency Relief Fund II, and the American Rescue Plan Act/Higher Education Relief Fund III.

- *Other revenues* — Other revenues consist primarily of capital grants and gifts.

q. *Use of Restricted Net Position* — Parkersburg 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 components of net position are available. Generally, Parkersburg attempts to utilize restricted components of net position



first when practicable. Parkersburg did not have any designated components of net position as of June 30, 2022 and 2021.

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

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

- s. *Federal Financial Assistance Programs* — Parkersburg makes loans to students under the Federal Stafford Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through institutions like Parkersburg. Federal Stafford loan receivables are not included in Parkersburg's statement of net position, as the loans are repayable directly to the U.S. Department of Education. Parkersburg made awards of \$3.2 million and \$4.1 million in fiscal year 2022 and 2021, respectively, under the Federal Stafford Loan Program on behalf of the U.S. Department of Education; these amounts are not included as revenues and expenses on the statement of revenues, expenses, and changes in net position.

Parkersburg distributes student financial assistance funds on behalf of the federal government to students under the federal Pell Grant, Supplemental Educational Opportunity Grant, and College Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In fiscal year 2022 and 2021, Parkersburg received and disbursed approximately \$3.7 million and \$3.7 million, respectively, under these federal student aid programs.

- t. *Government Grants and Contracts* — Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to audit. Parkersburg 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 three years.
- u. *Income Taxes* — Parkersburg is exempt from income taxes, except for unrelated business income, as a nonprofit organization under federal income tax laws and regulations of the Internal Revenue Service.
- v. *Deferred Outflows of Resources* — Consumption of net position by Parkersburg that is applicable to a future fiscal year is reported as a deferred outflow of resources on the statement of net position. As of June 30, 2022 and 2021, Parkersburg had deferred outflows of resources related to pensions of \$27,000, and \$31,000, respectively (see Note

- 8). As of June 30, 2022 and 2021, Parkersburg had deferred outflows of resources of \$321,000 and \$592,000, respectively, related to OPEB (see Note 7).
- w. *Deferred Inflows of Resources* — Acquisition of net position by Parkersburg that is applicable to a future fiscal year is reported as a deferred inflow of resources on the statement of net position. As of June 30, 2022 and 2021, Parkersburg had deferred inflows related to pensions of \$57,000 and \$38,000, respectively (see Note 8). As of June 30, 2022 and 2021, Parkersburg had deferred inflows of resources of \$2,226,000 and \$2,840,000, respectively, related to OPEB (see Note 7).
- x. *Risk Management* — The State’s Board of Risk and Insurance Management (BRIM) provides general liability, property and auto insurance coverage, to Parkersburg and its employees. Such coverage is provided to Parkersburg by BRIM through a self-insurance program maintained by BRIM for general liability and auto insurance coverage. BRIM maintains a self-insurance program to pay the first \$1,000,000 of each property insurance claim and purchases excess property insurance from the commercial insurance market to cover individual claims that exceed \$1,000,000. The BRIM self-insurance programs may involve experience and exposure related premiums.
- BRIM engages an independent actuary to assist in the determination of its premiums so as to minimize the likelihood of premium adjustments to Parkersburg or other participants in BRIM’s insurance programs. As a result, management does not expect significant differences between the premiums Parkersburg is currently charged by BRIM and the ultimate cost of that insurance based on Parkersburg’s actual loss experience. In the event such differences arise between estimated premiums currently charged by BRIM to Parkersburg and Parkersburg’s ultimate actual loss experience, the difference will be recorded, as the change in estimate becomes known.
- y. *Use of Estimates* — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.
- z. *Risks and Uncertainties* — Parkersburg utilizes various investment instruments that are exposed to risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements and accompanying notes.
- aa. *Newly Adopted Statements Issued by the GASB* — Parkersburg has implemented GASB Statement No. 87, “Leases”, as amended by Statement No. 95, “Postponement of the Effective Dates of Certain Authoritative Guidance”. This statement establishes accounting and financial reporting for leases by lessees and lessors. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the principle that leases are long-term financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. As a result of adopting Statement No. 87, the opening statement of net position as of June 30, 2021 has been restated resulting in an increase in

intangible right-to-use assets and leases payable. Such opening balance sheet adjustments were calculated using the facts and circumstances that existed at July 1, 2020 as prescribed by Statement No. 87. The statement of revenues, expenses, and changes in net position for the period ending June 30, 2021 was also restated to reflect the impact of Statement No. 87; this resulted in a decrease in supplies and other services and an increase in amortization expense and interest on capital asset related debt. The statement of cash flows for the period ending June 30, 2021 was also restated for Statement No. 87; this primarily resulted in a reclassification of cash flows used in operating activities to cash flows used in capital and related financing activities.

Parkersburg has implemented Statement No. 92, *“Omnibus 2020”*. This statement addresses various issues identified during the implementation of certain GASB statements and establishes accounting and financial reporting requirements for specific issues related to intra-entity transfers of assets, postemployment benefits and government acquisitions. This statement did not have a material effect on the financial statements.

Parkersburg has also implemented GASB Statement No. 93, *“Replacement of Interbank Offered Rates”*. This statement establishes that the London Interbank Offered Rate (“LIBOR”) is not an appropriate benchmark interest rate for derivative instruments that hedge the interest rate risk of taxable debt. This statement did not have a material impact on the financial statements.

Parkersburg has also implemented Statement No. 97, *“Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans”*. This statement establishes accounting and financial reporting requirements for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans and modifies the investment valuation requirements for all Section 457 plans. This statement also clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units. This statement did not have a material impact on the financial statements.

Parkersburg has also implemented Statement No. 98, *“The Annual Comprehensive Financial Report”*. This statement establishes the term “annual comprehensive financial report” and its acronym “ACFR”. This statement did not have a material impact on the financial statements.

The GASB issued Statement No. 99, *“Omnibus 2022”*. This statement established or amended accounting and financial reporting requirements for specific issues related to related to the transition from the London Interbank Offered Rate, the Supplemental Nutrition Assistance Program, nonmonetary transactions, pledges of future revenues, the focus of government-wide financial statements, and terminology. These requirements were effective upon issuance and did not have a material impact on the financial statements.

- bb. *Recent Statements Issued by the GASB* – The GASB has issued Statement No. 91, *“Conduit Debt Obligations”*, which is effective for financial statements beginning after December 15, 2021, as amended by GASB Statement No. 95, *“Postponement of the Effective Dates of Certain Authoritative Guidance”*. This statement defines conduit debt obligations for accounting and financial reporting purposes and establishes standards for recognition, measurement and disclosure for issuers. Parkersburg has not yet determined the effect that the adoption of GASB Statement No. 91 may have on its financial statements.

The GASB has also issued Statement No. 94, “*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*”. This statement establishes accounting and financial reporting requirements for public-private and public-public partnerships and availability payment arrangements. This statement is effective for fiscal years beginning after June 15, 2022. Parkersburg has not yet determined the effect that the adoption of GASB Statement No. 94 may have on its financial statements.

The GASB has also issued Statement No. 96, “*Subscription-Based Information Technology Arrangements*”. This statement establishes accounting and financial reporting requirements for subscription-based information technology arrangements by a government end user. This statement is effective for fiscal years beginning after June 15, 2022. Parkersburg has not yet determined the effect that the adoption of GASB Statement No. 96 may have on its financial statements.

Statement No. 99, “*Omnibus 2022*”, establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships, subscription-based information technology arrangements.

The requirements related to leases, public-public and public-private partnerships, and subscription-based information technology arrangements are effective for fiscal years beginning after June 15, 2022. The requirements related to financial guarantees and derivative instruments are effective for fiscal years beginning after June 15, 2023. Parkersburg has not yet determined the effect that the adoption of these provisions may have on its financial statements.

The GASB has also issued Statement No. 100, “*Accounting Changes and Error Corrections*”. This statement establishes accounting and financial reporting requirements for accounting changes and the correction of an error in previously issued financial statements. This statement is effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 and all reporting periods thereafter. Parkersburg has not yet determined the effect that the adoption of GASB Statement No. 100 may have on its financial statements.

The GASB has also issued Statement No. 101, “*Compensated Absences*”. This statement establishes accounting and financial reporting for compensated absences and associated salary-related payments, including certain defined contribution pensions and defined contribution other postemployment benefits (OPEB). This statement is effective for fiscal years beginning after December 15, 2023 and all reporting periods thereafter. Parkersburg has not yet determined the effect that the adoption of GASB Statement No. 100 may have on its financial statements.

### 3. CASH AND CASH EQUIVALENTS

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

	<u>2022</u>	<u>2021</u>
Cash on deposit with the Treasurer	\$ 28,469	\$ 25,471
Cash in Bank	48	16
Cash on Hand	1	1
	<u>\$ 28,518</u>	<u>\$ 25,488</u>

*Cash on deposit with the Treasurer.* Amounts with the Treasurer include deposits in the State Treasury bank account, the WV Money Market Pool and the WV Short Term Bond Pool. The amounts with the Treasurer as of June 30, 2022 and 2021, are comprised of two investment pools, the WV Money Market Pool and the WV Short Term Bond Pool, both of which are carried at amortized cost. There was \$20,374,623 and \$20,716,354 at June 30, 2022 and 2021 of unrestricted cash held for investment in these pools. The remainder of the cash held with the Treasurer was not invested at June 30, 2022 and 2021.

Deposits in the WV Money Market Pool and the WV Short Term Bond Pool are pooled by the Treasurer with other available funds of the State for investment purposes by the West Virginia Board of Treasury Investments (the BTI). These funds are transferred to the BTI, and the BTI invests in accordance with West Virginia Code, policies set by the BTI, provisions of bond indentures and trust agreements when applicable. Fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. 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 Legislature and is subject to oversight by the Legislature. The amounts on deposit are available for immediate withdrawal and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

*Cash in Bank.* The carrying amount of cash in the bank at June 30, 2022 and June 30, 2021 was approximately \$48,000 and \$16,000, respectively, as compared with the bank balance of approximately \$86,000 and \$70,000, respectively. The difference is primarily caused by outstanding checks and items in transit. Bank accounts are FDIC insured up to \$250,000 per Federal Employer Identification Number and they are collateralized by securities held by the bank in the name of the State.

*Cash on Hand.* Imprest funds approved by the Treasurer comprise the cash on hand.

## 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	S & P Rating	Carrying Value	S & P Rating
WV Money Market Pool	\$ 19,902,182	AAAm	\$ 20,218,290	AAAm
WV Short Term Bond Fund	472,441	Not Rated	498,064	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 BTI's Consolidated Fund pools and accounts are subject to interest rate risk. The following table provides information on the weighted-average maturities for the WV Money Market Pool:

External Pool	2022		2021	
	Carrying Value	WAM (Days)	Carrying Value	WAM (Days)
WV Money Market Pool	\$ 19,902,182	21	\$ 20,218,290	52

#### 4. ACCOUNTS RECEIVABLE

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

	<u>2022</u>	<u>2021</u>
Student tuition and fees, net of allowances for doubtful accounts of \$63 and \$152	\$ -	\$ 102
Grants and contracts receivable	456	99
Due from other State agencies	159	40
Other	36	35
	<u>\$ 651</u>	<u>\$ 276</u>

In November 2009, Parkersburg changed the payroll method for all non-exempt benefit-eligible employees from current payroll to payroll in arrears. In September 2014, all other employees remaining on current payroll were moved to payroll in arrears. For both groups of employees, Parkersburg issued a “no hardship payment” to cover the transition period from current payroll to arrears payroll. Upon termination, the net amount of the “no hardship payment” will be deducted from the employee’s last paycheck. This “no hardship payment” is recorded as other noncurrent accounts receivable on the statement of net position.

## 5. CAPITAL AND INTANGIBLE RIGHT-TO-USE ASSETS

Balances and changes in capital and intangible right-to-use assets were as follows at June 30 (dollars in thousands):

2022	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated or amortized:				
Land	1,349	-	-	1,349
Construction in progress	74	1,156	(247)	983
Total capital assets not being depreciated or amortized	\$ 1,423	\$ 1,156	\$ (247)	\$ 2,332
Other capital assets:				
Land improvements	\$ 1,118	\$ 31	\$ -	1,149
Buildings	38,740	216	-	38,956
Equipment	3,922	105	(84)	3,943
Library books	2,620	80	-	2,700
Software	6	-	-	6
Infrastructure	1,805	-	-	1,805
Total other capital assets	\$ 48,211	\$ 432	\$ (84)	\$ 48,559
Less accumulated depreciation or amortization for:				
Land improvements	(465)	(77)	-	(542)
Buildings	(15,672)	(579)	-	(16,251)
Equipment	(2,423)	(250)	77	(2,596)
Library books	(2,321)	(78)	(3)	(2,402)
Software	(5)	-	-	(5)
Infrastructure	(1,803)	(1)	-	(1,804)
Total accumulated depreciation or amortization	\$ (22,689)	\$ (985)	\$ 74	\$ (23,600)
Other capital assets, net	\$ 25,522	\$ (553)	\$ (10)	\$ 24,959
Intangible right to use assets:				
Buildings	94	(1)	-	93
Equipment	25	17	-	42
Total for intangible right to use assets	\$ 119	\$ 16	\$ -	135
Less accumulated amortization for:				
Buildings	(38)	(38)	-	(76)
Equipment	(11)	(12)	-	(23)
Total accumulated amortization	\$ (49)	\$ (50)	\$ -	(99)
Intangible right to use assets, net	\$ 70	\$ (34)	\$ -	\$ 36
Capital and Intangible Right to Use Assets Summary:				
Capital assets not being depreciated or amortized	1,423	1,156	(247)	2,332
Other capital assets	48,211	432	(84)	48,559
Total cost of capital assets	49,634	1,588	(331)	50,891
Less accumulated depreciation and amortization	(22,689)	(985)	74	(23,600)
Capital assets, net	\$ 26,945	\$ 603	\$ (257)	\$ 27,291
Intangible right to use assets				
Total cost of intangible right to use assets	119	16	-	135
Less accumulated amortization	(49)	(50)	-	(99)
Intangible right to use assets, net	70	(34)	-	36
Total capital and intangible right to use assets, net	\$ 27,015	\$ 569	\$ (257)	\$ 27,327



2021	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated or amortized:				
Land	\$ 1,349	\$ -	\$ -	\$ 1,349
Construction in progress	95	693	(714)	74
Total capital assets not being depreciated or amortized	<u>\$ 1,444</u>	<u>\$ 693</u>	<u>\$ (714)</u>	<u>\$ 1,423</u>
Other capital assets:				
Land improvements	\$ 1,118	\$ -	\$ -	\$ 1,118
Buildings	38,026	714	-	38,740
Equipment	3,765	398	(241)	3,922
Library books	2,546	84	(10)	2,620
Software	6	-	-	6
Infrastructure	1,805	-	-	1,805
Total other capital assets	<u>47,266</u>	<u>1,196</u>	<u>(251)</u>	<u>48,211</u>
Less accumulated depreciation or amortization for:				
Land improvements	(390)	(75)	-	(465)
Buildings	(15,105)	(567)	-	(15,672)
Equipment	(2,369)	(234)	180	(2,423)
Library books	(2,261)	(70)	10	(2,321)
Software	(5)	-	-	(5)
Infrastructure	(1,799)	(4)	-	(1,803)
Total accumulated depreciation or amortization	<u>(21,929)</u>	<u>(950)</u>	<u>190</u>	<u>(22,689)</u>
Other capital assets, net	<u>\$ 25,337</u>	<u>\$ 246</u>	<u>\$ (61)</u>	<u>\$ 25,522</u>
Intangible right to use assets:				
Buildings	-	94	-	94
Equipment	-	25	-	25
Total for intangible right to use assets	<u>\$ -</u>	<u>\$ 119</u>	<u>\$ -</u>	<u>\$ 119</u>
Less accumulated amortization for:				
Buildings	-	(38)	-	(38)
Equipment	-	(11)	-	(11)
Total accumulated amortization	<u>\$ -</u>	<u>\$ (49)</u>	<u>\$ -</u>	<u>\$ (49)</u>
Intangible right to use assets, net	<u>\$ -</u>	<u>\$ 70</u>	<u>\$ -</u>	<u>\$ 70</u>
Capital and Intangible Right to Use Assets Summary:				
Capital assets not being depreciated or amortized	\$ 1,444	\$ 693	\$ (714)	\$ 1,423
Other capital assets	47,266	1,196	(251)	48,211
Total cost of capital assets	48,710	1,889	(965)	49,634
Less accumulated depreciation and amortization	(21,929)	(950)	190	(22,689)
Capital assets, net	<u>\$ 26,781</u>	<u>\$ 939</u>	<u>\$ (775)</u>	<u>\$ 26,945</u>
Intangible right to use assets				
Total cost of intangible right to use assets	-	119	-	119
Less accumulated amortization	-	(49)	-	(49)
Intangible right to use assets, net	<u>\$ -</u>	<u>\$ 70</u>	<u>\$ -</u>	<u>\$ 70</u>
Total capital and intangible right to use assets, net	<u>\$ 26,781</u>	<u>\$ 1,009</u>	<u>\$ (775)</u>	<u>\$ 27,015</u>

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

## 6. LONG-TERM LIABILITIES

Balances and changes in long-term liabilities were as follows at June 30 (dollars in thousands):

<b>2022</b>	<b>Beginning</b>			<b>Ending</b>	<b>Due within</b>
	<b>Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance</b>	<b>One Year</b>
Other post employment benefits (asset) liability	\$ 479	\$ -	\$ (920)	\$ (441)	\$ -
Net pension liability	88	-	(46)	42	-
Leases payable	72	17	(49)	40	30
Note payable to West Virginia University	885	-	(311)	574	323
Notes payable to the Commission	45	-	(45)	-	-
Total long-term liabilities	<u>\$ 1,569</u>	<u>\$ 17</u>	<u>\$ (1,371)</u>	<u>\$ 215</u>	<u>\$ 353</u>

<b>2021</b>	<b>Beginning</b>			<b>Ending</b>	<b>Due within</b>
	<b>Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance</b>	<b>One Year</b>
Other post employment benefits liability	\$ 2,967	\$ -	\$ (2,488)	\$ 479	\$ -
Net pension liability	72	16	-	88	-
Leases Payable	45	100	(73)	72	45
Note payable to West Virginia University	1,184	-	(299)	885	311
Notes payable to the Commission	135	-	(90)	45	45
Total long-term liabilities	<u>\$ 4,403</u>	<u>\$ 116</u>	<u>\$ (2,950)</u>	<u>\$ 1,569</u>	<u>\$ 401</u>

## 7. OTHER POST EMPLOYMENT BENEFITS

Employees of Parkersburg 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 Parkersburg’s other postemployment benefits liability (asset), deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, revenues, and other postemployment benefits expense and expenditures for the fiscal years ended June 30 (dollars in thousands):

	2022	2021
Net OPEB (Asset) Liability	\$ (441)	\$ 479
Deferred Outflows of Resources	321	592
Deferred Inflows of Resources	2,226	2,840
Revenues	(54)	86
OPEB Expense	(1,102)	(713)
Contributions made by Parkersburg	214	383

### Plan Description

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

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

cases meet the minimum eligibility requirements of the Public Employees Retirement System to be eligible for PEIA benefits as a retiree.

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

### **Benefits Provided**

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

### **Contributions**

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

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

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

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

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

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

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 (asset) and related deferred inflows and deferred outflows are reallocated to the remaining employers participating in the cost sharing plan. The plan reallocates these balances to the remaining active employers based on their proportionate share of contributions made in the period of reallocation.

### **Assumptions**

For the year ended June 30, 2022, the net OPEB asset for financial reporting purposes was determined by an actuarial valuation of June 30, 2020, rolled forward to June 30, 2021. For the year ended June 30, 2021, the net OPEB liability for financial reporting purposes was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020. The following actuarial assumptions were used and applied to all periods included in the measurement:

- Actuarial cost method: Entry age normal cost method.
- Amortization method and period: Level percentage of payroll over 20 years.
- Investment rate of return: 6.65%, net of OPEB plan investment expense, including inflation.
- Projected salary increases: dependent on pension system ranging from 2.75% to 5.18%, including inflation.
- Healthcare cost trend rates: Trend rate for pre-Medicare per capita costs of 7.0% for plan year 2020, 6.50% for plan year 2021, decreasing by .25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022. 9.15% for plan year 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
- Inflation rate: 2.25%.
- Discount rate: 6.65%
- Mortality rates: based on Pub-210.

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

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.

## 2022

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

## 2021

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

**Discount rate.** The discount rate used to measure the OPEB liability (asset) was 6.65%. This single discount rate was based on the expected rate of return on OPEB plan investments of 6.65% and a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date to the extent benefits are effectively financed on a pay-as-you-go basis. The long-term municipal bond rate used to develop the single discount rate was 3.13% as of the beginning of the year and 2.45% as of the end of the year. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Future pre-funding assumptions include a \$30

million annual contribution from the State through 2037. Based on those assumptions, and that the Plan is expected to be fully funded by fiscal year ended June 30, 2025, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset). Discount rates are subject to change between measurement dates.

**Sensitivity of the net OPEB liability (asset) to changes in the discount rate.** The following presents Parkersburg's proportionate share of the net OPEB liability (asset) as of June 30, 2022 and June 30, 2021 calculated using the discount rate of 6.65%, as well as what Parkersburg'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 (dollars in thousands):

<b>2022</b>	<b>1% Decrease (5.65%)</b>	<b>Current Discount Rate (6.65%)</b>	<b>1% Increase (7.65)</b>
Net OPEB (Asset) Liability	\$ 318	\$ (441)	\$ (373)

<b>2021</b>	<b>1% Decrease (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>1% Increase (8.15)</b>
Net OPEB Liability	\$ 1,295	\$ 479	\$ 584

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

<b>2022</b>	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Net OPEB (Asset) Liability	\$ (438)	\$ (441)	\$ 402

2021	Current Healthcare Cost Trend Rates		
	1% Decrease		1% Increase
Net OPEB Liability	\$ 546	\$ 479	\$ 1,345

#### **OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

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

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

At June 30, 2022, the amount recognized as Parkersburg's proportionate share of the net OPEB asset was \$(441,000). At June 30, 2022, the nonemployer contributing entity's (State of West Virginia) portion of the collective net OPEB asset is \$(12,000) and the total net OPEB asset attributable to Parkersburg is \$(453,000).

At June 30, 2021, the amount recognized as Parkersburg's proportionate share of the net OPEB liability was \$478,799. At June 30, 2021, the nonemployer contributing entity's (State of West Virginia) portion of the collective net OPEB liability is \$200,769 and the total net OPEB liability attributable to Parkersburg is \$679,568.

The allocation percentage assigned to each contributing employer is based on the employer's proportionate share of employer contributions to the RHBT for the fiscal years ended June 30, 2021 and June 30, 2020. Employer contributions are recognized when due. At June 30, 2021, Parkersburg's proportion was .199597491%, a decrease of .005971087% from its proportion of .205568578% calculated as of June 30, 2020. At June 30, 2020, Parkersburg's proportion was .205568578%, an increase of .009074384% from its proportion of .214642962% calculated as of June 30, 2019.

For the year ended June 30, 2022, Parkersburg recognized OPEB expense of \$(1,102,000). Of this amount, \$(1,048,000) was recognized as Parkersburg's proportionate share of the OPEB expense, and (\$54,000) as the amount of OPEB expense attributed to special funding. Parkersburg also recognized revenue of (\$54,000) for support provided by the State.

For the year ended June 30, 2021, Parkersburg recognized OPEB expense of \$(713,000). Of this amount, \$(799,000) was recognized as Parkersburg's proportionate share of the OPEB expense, and \$86,000 as the amount of OPEB expense attributed to special funding. Parkersburg also recognized revenue of \$86,000 for support provided by the State.



Deferred outflows of resources and deferred inflows of resources related to OPEB are as follows at June 30, (dollars in thousands):

<b>2022</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ 134	\$ -
Net differences between projected and actual investment earnings	-	401
Difference between expected and actual experience	-	453
Changes in assumptions	-	1,370
Opt-out proportionate share	-	29
Contributions after the measurement date	214	-
Total	<u>\$ 348</u>	<u>\$ 2,253</u>
 <b>2021</b>	 <b>Deferred Outflows of Resources</b>	 <b>Deferred Inflows of Resources</b>
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ 109	\$ 99
Net differences between projected and actual investment earnings	74	-
Difference between expected and actual experience	-	603
Changes in assumptions	-	2,052
Opt-out proportionate share	-	59
Contributions after the measurement date	383	-
Total	<u>\$ 566</u>	<u>\$ 2,813</u>

Parkersburg will recognize the \$214,000 and \$383,000 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability (asset) in the year ended June 30, 2023 and 2022, respectively. 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):

<b>Fiscal Year Ended</b>	<b>Amortization</b>
June 30, 2023	\$ (976)
June 30, 2024	(764)
June 30, 2025	(136)
June 30, 2026	(243)
	<u>\$ (2,119)</u>

## 8. DEFINED BENEFIT PENSION PLAN

Some employees of Parkersburg are enrolled in a defined benefit pension plan, the West Virginia Teachers' Retirement System (TRS), which is administered by the West Virginia Consolidated Public Retirement Board (CPRB).

Following is Parkersburg'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 (dollars in thousands):

	<b>2022</b>	<b>2021</b>
Net Pension Liability	\$ 42	\$ 88
Deferred Outflows of Resources	27	31
Deferred Inflows of Resources	57	38
Revenues	(2)	21
Pension Expense	(11)	24
Contributions Made by Parkersburg	12	11

### 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 the pension reduced actuarially if the member is less than age 55 and has between 30 and 35 years of service. For all employees hired after July 1, 2015, qualification for normal retirement is age 62 with 10 years of service. All members hired after July 1, 2015 may retire with the pension reduced actuarially if the member is between the ages of 60 and 62 with 10 years of service or between ages 55 and 62 with 30 years of service. Terminated members with at least five, but less than 20, years of credited service who do not withdraw their accumulated contributions are entitled to a deferred retirement commencing at age 62. For all employees hired after July 1, 2015, this age increases to 64 with 10 years of service. Retirement benefits are equivalent to 2% of average annual salary multiplied by years of service. Average salary is the average of the 5 highest fiscal years of earnings during the last 15 fiscal years of earnings. Chapter 18, Article 7A of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan, including contribution rates, to the Legislature.

### **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 School Aid Formula SAF-covered payroll on members of the Teachers' Defined Contribution Retirement System (TDCRS);
4. A certain percentage of fire insurance premiums paid by State residents; and

5. Under WV State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the TRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2022, Parkersburg's proportionate share attributable to this special funding subsidy was \$1,605. As of June 30, 2021, Parkersburg's proportionate share attributable to this special funding subsidy was \$19,958.

Parkersburg's contributions to TRS for the years ended June 30, 2022, 2021, and 2020, were approximately \$12,000, \$11,000, and \$11,000, respectively.

### **Assumptions**

For the year ended June 30, 2021, the total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2020 and rolled forward to June 30, 2021. For the year ended June 30, 2020, total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2019 and rolled forward to June 30, 2020. The following actuarial assumptions were used and applied to all periods included in the measurement:

- Actuarial cost method: Entry age normal cost with level percentage of payroll.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method and period: Level dollar, fixed period over 40 years, from July 1, 1995 through fiscal year 2034.
- Investment rate of return of 7.25%, net of pension plan administrative and investment expenses.
- Projected salary increases: Teachers 2.75–5.90% and non-teachers 2.75–6.50%, based on age.
- Inflation rate of 2.75%.
- Discount rate of 7.25%
- Mortality rates based on Pub-2010 Public Retirement Plans Mortality Tables Report.
- Withdrawal rates: Teachers 7.00%-35% and non-teachers 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 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, 2013 to June 30, 2018. 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 June 30, 2021 are summarized below.

**2022**

<b>Asset Class</b>	<b>Long-term Expected Real Rate of Return</b>	<b>Target Allocation</b>
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%

**2021**

<b>Asset Class</b>	<b>Long-term Expected Real Rate of Return</b>	<b>Target Allocation</b>
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 at June 30, 2022 and June 30, 2021 was 7.25% and 7.50%, 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 Parkersburg's proportionate share of the TRS net pension liability as of June 30, 2022 calculated using the discount rate of 7.25%, as well as what Parkersburg's TRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate, and Parkersburg's proportionate share of the TRS net pension liability as of June 30, 2021 calculated using the discount rate of 7.50%, as well as what Parkersburg's TRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate (dollars in thousands):

**2022**

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Net pension liability	\$ 74	\$ 42	\$ 15

**2021**

	<b>1% Decrease (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
Net pension liability	\$ 118	\$ 88	\$ 61

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

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

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

At June 30, 2022, Parkersburg's proportionate share of the TRS net pension liability was \$136,000. Of this amount, Parkersburg recognized approximately \$42,000 as its proportionate share on the statement of net position. TRS measured the net pension liability as of June 30, 2020. The remainder of \$94,000 denotes Parkersburg's proportionate share of net pension liability attributable to the special funding.

At June 30, 2021, Parkersburg's proportionate share of the TRS net pension liability was \$278,000. Of this amount, Parkersburg recognized approximately \$88,000 as its proportionate share on the statement of net position. TRS measured the net pension liability as of June 30, 2019. The remainder of \$190,000 denotes Parkersburg's proportionate share of net pension liability attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on their proportionate share of employer and non-employer 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, Parkersburg's proportion was .002697%, a decrease of .000021% from its proportion of 0.002718% calculated as of June 30, 2020. At June 30, 2020, Parkersburg's proportion was 0.002718%, an increase of 0.000292% from its proportion of 0.002426% calculated as of June 30, 2019.

For the year ended June 30, 2022, Parkersburg recognized TRS pension expense of (\$11,000). Of this amount, (\$9,000) was recognized as Parkersburg's proportionate share of the TRS expense and (\$2,000) as the amount of pension expense attributable to special funding and \$0 as the pension expense related to non-special funding from a non-employer

contributing entity. Parkersburg also recognized revenue of (\$2,000) for support provided by the State.

For the year ended June 30, 2021, Parkersburg recognized TRS pension expense of \$24,110. Of this amount, \$2,790 was recognized as Parkersburg's proportionate share of the TRS expense, \$19,958 as the amount of pension expense attributable to special funding and \$1,362 as the pension expense related to a non-special funding from a non-employer contributing entity. The Parkersburg also recognized revenue of \$21,320 for support provided by the State.

Deferred outflows of resources and deferred inflows of resources related to the TRS pension are as follows at June 30 (dollars in thousands).

## 2022

	<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	\$ 6	\$ 22
Net difference between projected and actual investment earnings	-	34
Differences between expected and actual experience	3	1
Contributions after the measurement date	12	-
Changes in assumptions	6	-
	<u>\$ 27</u>	<u>\$ 57</u>

## 2021

	<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	\$ 12	\$ 36
Net difference between projected and actual investment earnings	5	-
Differences between expected and actual experience	2	2
Contributions after the measurement date	11	-
Changes in assumptions	1	-
	<u>\$ 31</u>	<u>\$ 38</u>

Parkersburg will recognize the \$12,000 and \$11,000 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 years ended June 30, 2022 and 2021, respectively. 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.

<b>Fiscal Year Ended</b>	<b>Amortization</b>
June 30, 2023	\$ (18)
June 30, 2024	(12)
June 30, 2025	(4)
June 30, 2026	(9)
June 30, 2027	1
	<u>\$ (42)</u>

#### **Payables to the Pension Plan**

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

#### **9. LESSEE ARRANGEMENTS**

Parkersburg leases real estate, equipment, and software from external parties. The general terms of these lease agreements are as follows:

<b>Lease Type</b>	<b>Description</b>	<b>Rate</b>	<b>Lease Term</b>	<b>Payment Frequency</b>	<b>Payment Amount</b>
Real Estate	Office Space on Market Street	3.98%	6/1/2020-12/31/2022	Monthly	\$ 3,333
Equipment	Copier	2.82%	1/2/2020-1/1/2023	Monthly	202
Equipment	Copier	2.82%	10/18/2019-10/17-2022	Monthly	192
Equipment	Copier	2.82%	9/10/2021-9/9/2024	Monthly	495
Equipment	Postage and mail	20.44%	10/4/2019-10/3/2024	Quarterly	668

The future lease payments are discounted using the interest rate charged by the lessor or the interest rate implicit in the lease. If the interest rate could not be readily determined, the estimated incremental borrowing rate was used.



The scheduled principal and interest payments to maturity are as follows (dollars in thousands):

<b>Fiscal Year</b> <b>Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>
2023	\$ 30	\$ 1
2024	8	1
2025	2	-
<b>Lease Payable</b>	<b>\$ 40</b>	<b>\$ 2</b>
 Current Portion	 30	
Noncurrent Portion	\$ 10	

There were no variable lease payments, residual value guarantees, or termination penalties not previously included in the measurement of the related lease liabilities during the years ended June 30, 2022 and 2021.

See Note 5 for balances and changes in intangible right-to-use assets at June 30, 2022 and 2021.

## 10. NOTES PAYABLE

*Energy Performance Contract* – In 2008, the University entered into an agreement with Siemens Building Technologies, Inc. to perform Phase II of the Energy Performance contract. The contract was to install certain energy enhancement equipment in buildings on the University’s campuses, including Parkersburg. The cost of the contract was financed with a lease purchase agreement between the University and Suntrust Leasing Corporation (“Suntrust”). Branch Banking and Trust Company (BB&T) and Suntrust merger in 2019 to become Truist Bank. As a result of this merger, Suntrust Leasing Corporation has been renamed Truist Equipment Finance Corporation (TRUIST).

Beginning in fiscal year 2009, when Parkersburg became a separate entity from the University, the Parkersburg portion of the Energy Performance Phase II lease purchase was reported on Parkersburg’s statement of net position as a lease payable.

During fiscal year 2012, the University issued the 2011 Series B and C bonds which in part paid off the Energy Performance Phase II lease purchase with Suntrust. After the bonds were issued, an agreement was entered into between the University and Parkersburg wherein Parkersburg agreed to continue to pay the University based on their portion of the original amortization schedule for the lease purchase with Suntrust. This source of funds is internally assigned by the University to pay on their bonds.

The original amount of the note related to Parkersburg was \$3,316,991 with an interest rate of 3.98%. The term of the note was 16 years with the last payment due in January 2024. The new agreement between the University and Parkersburg used the same terms. The outstanding note payable at June 30, 2022 and June 30, 2021 was \$574,295 and \$884,973, respectively. Interest incurred during fiscal years 2022 and 2021 was \$30,725 and \$42,828,

respectively, and is recorded as interest on capital asset-related debt on the statement of revenues, expenses, and changes in net position.

The scheduled maturities of this note payable are as follows (dollars in thousands):

<b>Fiscal Year</b>	
<b>Ending June 30,</b>	
2023	\$ 323
2024	251
	<hr/> \$ 574
Current Portion	323
Noncurrent Portion	<hr/> \$ 251 <hr/>

*Loans from Commission* – In December 2016, Parkersburg received a loan of \$450,000 from the Commission for the replacement of three HVAC units and the refurbishment of another HVAC unit in the main building. The term of the note is five years and the last payment is due in January 2022. The loan is interest free and payments are due semi-annually. The outstanding note payable at June 30, 2022 and June 30, 2021 was \$0 and \$45,000, respectively.

## 11. STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

Parkersburg is a State institution of higher education. It receives a State appropriation in partial support of its operations. In addition, Parkersburg is subject to the legislative and administrative mandates of State government. Those mandates affect all aspects of Parkersburg's operations, its tuition and fee structure, its personnel policies and its administrative practices.

The State has chartered the Commission with the responsibility to construct or renovate, finance and maintain various academic and other facilities of the State's universities and colleges, including certain facilities within the Council. Financing for these facilities was provided through revenue bonds issued by either the former Board of Regents, the former University System of West Virginia, the former State College System of West Virginia or the former Interim Governing Board (collectively, the "Boards"). These obligations administered by the Commission are the direct and total responsibility of the Commission, as successor to the former Boards.

The Commission assesses each public institution of higher education for funds to meet the payment of debt service on these various bonds. Certain tuition and registration fees (referred to as system fees) of the members of the former State University System are generally pledged as collateral for the Commission's bond indebtedness. Student fees collected by the institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. The bonds remain as a capital obligation of the Commission; however, effective June 30, 2002, an amount of principal related to each institution was reported as debt service assessment payable to the Commission by each institution and as a receivable by the Commission. During fiscal years 2022 and 2021, Parkersburg paid \$5,365 and \$5,360, respectively, to the Commission

against the debt obligation. The amount due to the Commission at both June 30, 2022 and June 30, 2021 was \$0.

The Commission issued 2004 Series B Higher Education Facilities Revenue Bonds (the “HEPC 2004 B Bonds”) in August 2004 to provide funds for capital improvements at institutions of higher education throughout the State’s universities and colleges, including Parkersburg. In June 2012, a portion of the HEPC 2004 Bonds were advance refunded by the State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A and Revenue Bonds (Higher Education Facilities) 2012 Series B Bonds (the “HEPC 2012 Bonds”). The HEPC 2004 B Bonds and the HEPC 2012 Bonds are secured by the pledge of higher education institutions’ tuition and registration fees as well as excess lottery revenues. The HEPC 2004 B Bonds and the HEPC 2012 Bonds are considered an indirect obligation of Parkersburg and the principal amount of the bonds related to Parkersburg is not reported as a payable to the Commission.

During December 2009, the Commission, on behalf of the Council, issued \$78,295,000 of Community and Technical Colleges Improvement Revenue Bonds, 2009 Series A (the “2009 Bonds”). The proceeds of the 2009 Bonds were used to finance the acquisition, construction, equipping, or improvement of community and technical college facilities in West Virginia, including Parkersburg. State Lottery funds will be used to repay the debt.

## **12. DEFINED CONTRIBUTION PENSION PLANS**

Substantially all full-time employees of Parkersburg participate in either TRS or the Teachers’ Insurance and Annuities Association—College Retirement Equities Fund (the TIAA-CREF). (See Note 8 for information regarding TRS.)

Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF had an option to switch to the Educators Money 401(a) basic retirement plan (Educators Money). New hires had the choice of either plan. Educators Money was a brand utilized by Great West Financial; this transitioned to Empower Retirement.

Effective September 17, 2019, employees enrolled in the Empower Retirement 401(a) basic retirement plan were automatically enrolled in the TIAA-CREF retirement plan. On October 3, 2019, account balances with Empower Retirement were transferred to the new accounts with TIAA-CREF.

The TIAA-CREF and Empower Retirement are defined contribution plans in which benefits are based upon amounts contributed plus investment earnings. Each employee who elects to participate in these plans is required to make a contribution equal to 6% of total annual compensation. Parkersburg simultaneously matches the employees’ 6% contribution. Contributions are immediately and fully vested.

Contributions to the TIAA-CREF for each of the last three fiscal years were approximately as follows (in thousands):

<b>Fiscal Year Ending</b>				
<b>June 30,</b>	<b>Parkersburg</b>	<b>Employees</b>	<b>Total</b>	
2022	\$ 648	\$ 648	\$ 1,296	
2021	617	617	1,234	
2020	640	640	1,280	

Contributions to the Empower Retirement for each of the last three fiscal years were approximately as follows (in thousands):

<b>Fiscal Year Ending</b>				
<b>June 30,</b>	<b>Parkersburg</b>	<b>Employees</b>	<b>Total</b>	
2022	\$ -	\$ -	\$ -	
2021	-	-	-	
2020	2	2	4	

Parkersburg's total payroll for the years ended June 30, 2022, 2021, and 2020, was approximately \$11.9 million, \$11.3 million, and \$11.9 million, respectively, and total covered employees' salaries in the TIAA-CREF and Empower Retirement were approximately \$10.8 million, and \$0 in fiscal year 2022, \$10.3 million and \$0 in fiscal year 2021, and \$10.7 million and \$26,000 in fiscal year 2020, respectively.

### 13. COMMITMENTS

Parkersburg has entered into contracts for the construction and improvement of various facilities. Parkersburg has no outstanding contractual commitments at June 30, 2022.

### 14. WVU AT PARKERSBURG FOUNDATION, INC.

The Foundation is a separate nonprofit organization incorporated in the State that has as its purpose "to provide, encourage and assist in the development and growth of Parkersburg and to render service and assistance to Parkersburg, its faculty, students, and alumni, and to the citizens of the State of West Virginia." Oversight of the Foundation is the responsibility of an independently elected Board of Directors, not otherwise affiliated with Parkersburg. In carrying out its responsibilities, the Board of Directors of the Foundation forms policy and maintains fiscal accountability over funds administered by the Foundation. The Foundation's financial statements are discretely presented as part of Parkersburg's financial statements, as the net position of the Foundation are "entirely or almost entirely" for the use of Parkersburg, in accordance with GASB standards.

During the years ended June 30, 2022 and 2021, the Foundation contributed \$148,000 and \$175,000, respectively, to Parkersburg for grants and scholarships.

## **15. CONTINGENCIES**

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

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

Parkersburg owns various buildings that are known to contain asbestos. Parkersburg is not required by Federal, State or Local Law to remove the asbestos from its buildings. Parkersburg is required by Federal Environmental, Health and Safety Regulations to manage the presence of asbestos in the buildings in a safe condition. Significant problems of dangerous asbestos conditions are abated as the condition becomes known. Parkersburg also addresses the presence of asbestos as building renovation or demolition projects are undertaken and through asbestos operation and maintenance programs directed at containing, managing or operating with the asbestos in a safe condition.

**16. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATION**  
**(Dollars in Thousands)**

Parkersburg's operating expenses by functional and natural classification are as follows:

Year Ended June 30, 2022													
Natural Classification													
Functional Classification	Salaries & Wages	Benefits	Scholarships & Fellowships	Tuition	Supplies & Other Services	Depreciation and Amortization	Assessments by the Commission	CARES Act Higher Education Relief Fund Expense	CRRSAA Higher Education Relief Fund Expense	ARPA Higher Education Relief Fund Expense	Service Agreement Expense	Total	
Instruction	\$ 6,644	\$ 955	\$ -	\$ 1	\$ 1,448	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,047	
Academic Support	686	84	-	-	33	-	-	-	-	-	-	804	
Student Services	1,462	224	-	-	294	-	-	-	-	-	-	1,980	
Operation and Maintenance of Plant	799	152	-	545	509	-	-	-	-	-	-	2,005	
General Institutional Support	2,231	218	-	-	3,008	-	-	-	-	-	-	5,462	
Student Financial Aid	-	-	-	-	-	-	-	-	-	-	-	3,835	
Auxiliary Enterprises	46	6	-	-	14	-	-	-	-	-	-	66	
Depreciation	-	-	-	-	-	1,035	-	-	-	-	-	1,035	
Assessments by Commission for Operations	-	-	-	-	-	-	102	-	-	-	-	102	
CRRSAA Higher Education Relief Fund Expense	-	-	-	-	-	-	-	-	577	-	-	577	
ARPA Higher Education Relief Fund Expense	-	-	-	-	-	-	-	-	-	3,180	-	3,180	
Service Agreement Expense	-	-	-	-	-	-	-	-	-	-	-	250	
Total Expenses	\$ 11,868	\$ 1,639	\$ 3,835	\$ 551	\$ 5,306	\$ 1,035	\$ 102	\$ -	\$ -	\$ 577	\$ 3,180	\$ 28,343	

Year Ended June 30, 2021													
Natural Classification													
Functional Classification	Salaries & Wages	Benefits	Scholarships & Fellowships	Tuition	Supplies & Other Services	Depreciation and Amortization	Assessments by the Commission	CARES Act Higher Education Relief Fund Expense	CRRSAA Higher Education Relief Fund Expense	ARPA Higher Education Relief Fund Expense	Service Agreement Expense	Total	
Instruction	\$ 6,502	\$ 1,038	\$ -	\$ 1	\$ 1,290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,830	
Academic Support	727	97	-	-	24	-	-	-	-	-	-	849	
Student Services	1,153	188	-	-	253	-	-	-	-	-	-	1,594	
Operation and Maintenance of Plant	716	123	-	546	467	-	-	-	-	-	-	1,852	
General Institutional Support	2,148	245	-	-	1,980	-	-	-	-	-	-	4,373	
Student Financial Aid	-	-	-	-	-	-	-	-	-	-	-	2,744	
Auxiliary Enterprises	17	9	-	-	12	-	-	-	-	-	-	38	
Depreciation	-	-	-	-	-	999	-	-	-	-	-	999	
Assessments by Commission for Operations	-	-	-	-	-	-	106	-	-	-	-	106	
CARES Act Higher Education Relief Fund Expense	-	-	-	-	-	-	-	-	218	-	-	218	
CRRSAA Higher Education Relief Fund Expense	-	-	-	-	-	-	-	-	-	952	-	952	
Service Agreement Expense	-	-	-	-	-	-	-	-	-	-	-	250	
Total Expenses	\$ 11,263	\$ 1,700	\$ 2,744	\$ 547	\$ 4,026	\$ 999	\$ 106	\$ -	\$ 218	\$ 952	\$ -	\$ 22,805	

## 17. COMPONENT UNIT'S DISCLOSURES — FOUNDATION

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Nature of activities and organization - The WVU at Parkersburg Foundation, Inc., Inc. (the Foundation) is a nonprofit corporation organized under the laws of the State of West Virginia. The purpose of the Foundation is to "provide, encourage, and assist in the development and growth of West Virginia University at Parkersburg (the University) and to render service and assistance to the University, its faculty, students and alumni, and to the citizens of the State of West Virginia."

Basis of accounting - The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when they are incurred, whether or not cash is received or paid out at that time.

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

Classification of net assets - These financial statements are prepared to focus on the entity as a whole and to present transactions according to the existence or absence of donor-imposed restrictions. Accordingly, transactions and balances are classified into two categories of net assets.

Net assets without donor restrictions are not restricted by donor-imposed stipulations. Net assets without donor restrictions are maintained and distributed at the discretion of the Foundation's Board of Directors.

Net assets with donor restrictions consist of contributions restricted by donor-restricted stipulations, which will either expire by the passage of time or by action of the Foundation. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

Endowment investment and spending policies - The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. The Foundation's investment and spending policies work together to achieve this objective.

The Foundation's investment objectives are: to maintain the purchasing power of its funds by preserving the real (after inflation) value of its assets; to provide the maximum flow of funds for scholarships, grant making, and operating expenses; and to ensure that an average net return is provided that at least matches or exceeds widely used comparison indices as they pertain to each asset allocation class.

To satisfy its investment objectives over long periods of time, the Foundation relies on a total return strategy in which investment returns are obtained through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

The Foundation's investment managers shall consider the long and short term needs of the Foundation in carrying out its charitable purposes, its present and anticipated financial requirements as have been communicated to them by the Foundation's representatives, expected total return on the Foundation's investments, price level trends, and general economic conditions. Diversification by asset class, investment style, investment manager, etc. is employed to avoid undue risk concentration and enhance total return.

Per the Foundation's spending policy, the Foundation's Investment Committee annually reviews expected long-term investment returns, economic conditions, projected inflation, and fees. Based on the review, recommendations for the spending rate are developed and forwarded to the Finance Committee for approval.

The base calculation for the recommended level of distribution is as follows:

- Expected average long-term investment return
- Less the anticipated annualized fees
- Less an assumed long-term annual inflation impact
- Equals a base distribution rate

The rate will be applied to the average of the portfolio market value for the last 3 years ending December 31.

The calculated base distribution rate may be considered a "neutral" point for unitized payout: At this level, the account's principal should grow over the long-term at or about the inflation rate and maintain purchasing power of principal. Similarly, the income stream for the current distributions should grow at or about the rate of inflation.

Income tax status - By a letter issued December 15, 1963, the Internal Revenue Service has determined that the Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to federal and state income taxes on its exempt purpose activities. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). However, income from certain activities not directly related to the Foundation's tax-exempt purpose would be subject to taxation as unrelated business income.

For the years ended June 30, 2022 and 2021, the Foundation has no material uncertain tax positions to be accounted for in the financial statements under professional standards. The Foundation recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. The Foundation's returns for years ending on or after June 30, 2019 remain subject to examination.

Cash and cash equivalents - For purposes of the statements of cash flows, the Foundation considers all cash accounts and all highly liquid instruments available for current use with an original maturity of three months or less, which are not held for long-term investment and are not subject to withdrawal restrictions or penalties, to be cash and cash equivalents.



## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

Investments - The Foundation maintains its funds in a pooled investment account. Income of the investment pool is distributed based on the percentage relationship of the individual fund balance to the total of the fund balances involved. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the change in net assets without donor restrictions unless the income or loss is restricted by donor or law. Quoted market values are updated daily for equities and mutual funds with bonds being updated at each month end. The Foundation does not require collateral to secure its investments.

The Foundation carries investments with readily determinable market values at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

To facilitate the observance of the general intent of contributions and bequests, the Foundation maintains separate trust and/or fund accounts.

Accounts receivable - Accounts receivable consist of amounts due from students and the University. Uncollectible accounts are written off in the year they are determined to become uncollectible. As needed, the Foundation records an allowance for doubtful accounts from the determination of collectibility, which is based on historical bad debt experience and an evaluation of the periodic aging accounts. The Foundation believes no allowance for doubtful accounts is necessary as of June 30, 2022 and 2021, respectively.

Property and equipment - Property and equipment are recorded at cost, if purchased, or estimated fair value, if donated. The Foundation computes depreciation on the straight-line method over the estimated useful lives of the respective assets, which range from 3 to 7 years for equipment, 15 years for building improvements, and 30 years for buildings. Useful lives are revised when a change in life expectancy becomes apparent. No depreciation is recorded for assets acquired but not yet placed in service.

Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized. Gains or losses on dispositions of fixed assets are included in current operations as realized.

Contributions and grants – The Foundation records contributions in accordance with professional standards contained in Financial Accounting Standards Board (FASB) codification section 958-605-25, *Not-for-Profit Entities – Revenue Recognition – Contributions*. Contributions received by the Foundation are reported at their fair values on the date of such gifts.

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Grants made by the Foundation are recorded in the financial statements at the time the grants are approved by the Board of Directors of the Foundation. Scholarships are reimbursed to the University by the Foundation. Payments for grants and scholarships are made when requested by the grantee or the University.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

Advertising - It is the policy of the Foundation to expense advertising costs as incurred. Advertising costs for the years ended June 30, 2022 and 2021 were \$2,327 and \$99, respectively.

Funds Held For Others - Funds held for others are used to account for assets held by the Foundation as an agent. These funds are custodial by nature (assets equal liabilities) and do not involve measurement of operations. The funds are held on behalf of the University, a related party of the Foundation.

The Foundation maintains legal ownership of these funds and, as such, continues to report the funds as assets of the Foundation. However, a liability has been established for the fair value of the funds.

Risks and uncertainties - The Foundation invests in various instruments, including fixed income, stocks, mutual funds, and real assets that, in general, are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect the amounts reported in the statements of financial position, and the realized and unrealized gains/(losses) on the statements of activities.

Date of management's review of subsequent events - Management has evaluated subsequent events through August 29, 2022, the date which the financial statements were available to be issued.

## NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As of June 30, 2022 and 2021, the Foundation's financial assets available for general expenditure within one year after year end are as follows:

	June 30,	
	2022	2021
Cash and cash equivalents	\$ 28,738	\$ 35,290
Investments, at fair value	302,125	326,726
Accounts receivable	-	100
	<u>\$ 330,863</u>	<u>\$ 362,116</u>

The Foundation's investments held at year end are considered available for expenditure based on the Foundation's approved spending policy. The base calculation for the recommended level of distribution is the expected average long-term investment return, less the anticipated annualized fees, less an assumed long-term annual inflation impact. The rate will be applied to the average of the portfolio market value for the last 3 years ending December 31.

As part of the Foundation's liquidity management, it has objectives to maintain the purchasing power of its funds by preserving the real (after inflation) value of its assets; to provide the maximum flow of funds for scholarships, grant making, and operating expenses; and to ensure that an average net return is provided that at least matches or exceeds widely used comparison indices as they pertain to each asset allocation class.

## NOTE 3 - INVESTMENTS

Investments are stated at estimated fair value in the financial statements. The following is an analysis of the composition of the Foundation's investments.

	June 30,	
	2022	2021
Investments, at fair value		
Mutual funds	\$ 7,400,617	\$ 8,579,648
Bonds	856,840	685,342
Stocks	4,102,052	4,847,437
Mortgage backed securities	118,688	195,167
Total investments, at fair value	\$ 12,478,197	\$ 14,307,594

#### NOTE 4 - FAIR VALUE MEASUREMENTS

Determination of fair value - The Foundation uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. In accordance with the *Fair Value Measurements and Disclosures* Topic of the FASB Accounting Standards Codification (ASC), the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Foundation's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value, a reasonable point within the range, is most representative of fair value under current market conditions.

#### NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

Fair value hierarchy - In accordance with this guidance, the Foundation groups its financial assets generally measured at fair value in three levels, based on markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1 - Valuation is based on quoted prices in active markets for identical assets that the Foundation has the ability to access at the measurement date. Level 1 assets generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets.

Level 2 - Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. The valuation may be based on quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset.

Level 3 - Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. Level 3 assets include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

#### NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

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

Investments	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices In Active Markets For Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Mutual funds</b>				
Alternative strategies	\$ 624,400	\$ 624,400	\$ -	\$ -
Domestic equity	2,372,811	2,372,811	-	-
Fixed income	4,088,326	4,088,326	-	-
International equity	315,080	315,080	-	-
<b>Total mutual funds</b>	<b>7,400,617</b>	<b>7,400,617</b>	-	-
<b>Bonds</b>				
Communication services	41,580	-	41,580	-
Consumer defensive	143,762	-	143,762	-
Consumer discretionary	232,145	-	232,145	-
Consumer cyclical	46,761	-	46,761	-
Energy	48,849	-	48,849	-
Financial	148,008	-	148,008	-
Healthcare	99,475	-	99,475	-
Industrial	46,122	-	46,122	-
Miscellaneous	50,138	-	50,138	-
<b>Total bonds</b>	<b>856,840</b>	-	<b>856,840</b>	-
<b>Stocks</b>				
Communication services	370,493	370,493	-	-
Consumer discretionary	458,545	458,545	-	-
Consumer staples	247,799	247,799	-	-
Energy	190,270	190,270	-	-
Financial	611,567	438,567	173,000	-
Healthcare	611,614	611,614	-	-
Industrial	376,926	376,926	-	-
Information technology	908,695	908,695	-	-
Materials	118,976	118,976	-	-
Real estate	122,193	122,193	-	-
Utilities	84,974	84,974	-	-
<b>Total stocks</b>	<b>4,102,052</b>	<b>3,929,052</b>	<b>173,000</b>	-
<b>Mortgage backed securities</b>				
Mortgage backed securities	118,688	-	118,688	-
<b>Total mortgage backed securities</b>	<b>118,688</b>	-	<b>118,688</b>	-
<b>Total investments</b>	<b>\$ 12,478,197</b>	<b>\$ 11,329,669</b>	<b>\$ 1,148,528</b>	<b>\$ -</b>

# NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

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

Investments	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices In Active Markets For Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Mutual funds</b>				
Alternative strategies	\$ 698,280	\$ 698,280	\$ -	\$ -
Domestic equity	2,863,015	2,863,015	-	-
Fixed income	4,658,617	4,658,617	-	-
International equity	359,736	359,736	-	-
<b>Total mutual funds</b>	<b>8,579,648</b>	<b>8,579,648</b>	-	-
<b>Bonds</b>				
Consumer discretionary	314,729	-	314,729	-
Financial	207,014	-	207,014	-
Healthcare	109,623	-	109,623	-
Industrial	53,976	-	53,976	-
<b>Total bonds</b>	<b>685,342</b>	-	<b>685,342</b>	-
<b>Stocks</b>				
Communication services	518,152	518,152	-	-
Consumer discretionary	579,722	579,722	-	-
Consumer staples	274,949	274,949	-	-
Energy	153,923	153,923	-	-
Financial	674,035	501,035	173,000	-
Healthcare	687,752	687,752	-	-
Industrial	435,137	435,137	-	-
Information technology	1,181,511	1,181,511	-	-
Materials	165,202	165,202	-	-
Real estate	102,162	102,162	-	-
Utilities	74,892	74,892	-	-
<b>Total stocks</b>	<b>4,847,437</b>	<b>4,674,437</b>	<b>173,000</b>	-
<b>Mortgage backed securities</b>				
Mortgage backed securities	195,167	-	195,167	-
<b>Total mortgage backed securities</b>	<b>195,167</b>	-	<b>195,167</b>	-
<b>Total investments</b>	<b>\$ 14,307,594</b>	<b>\$ 13,254,085</b>	<b>\$ 1,053,509</b>	<b>\$ -</b>

#### NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	June 30,	
	2022	2021
Land	\$ 24,592	\$ 24,592
Land Improvements	11,500	-
Buildings	1,224,930	1,224,930
Furniture	77,065	77,065
Machinery and equipment	3,900	3,900
Total	1,341,987	1,330,487
Less accumulated depreciation	(334,123)	(261,477)
Property and equipment, net	\$ 1,007,864	\$ 1,069,010

Depreciation expense for the years ended June 30, 2022 and 2021 was \$72,646 and \$72,145, respectively.

#### NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

	June 30,	
	2022	2021
Donor restricted net assets available for grants, scholarships, and other donor-designated purposes; and net assets to be held in perpetuity	\$ 12,101,305	\$ 13,931,140

#### NOTE 7 - ENDOWED FUNDS

Professional standards contained in the *Not-For-Profit Entities – Presentation of Financial Statements* Topic of the FASB Codification provide guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), including guidance pertaining to disclosures about an organization's endowed funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of West Virginia adopted UPMIFA effective March 5, 2008. The financial statements for the years ended June 30, 2022 and 2021 were prepared in accordance with UPMIFA and Accounting Standards Codification (ASC) 958. The Foundation is governed subject to its corporate bylaws and most contributions are subject to the terms specified by the Foundation. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Foundation.

## NOTE 7 - ENDOWED FUNDS (Continued)

Under the terms of the governing documents, and agreements with donors, the Board of Directors has the ability to distribute as much of the corpus of any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine.

At this time, all of the endowed funds were created from donations restricted for scholarships or other expenses for the benefit of the University under donor restricted endowment agreements. The pooled investment fund presented on the statements of financial position is an exclusive pooled fund of the Foundation created and managed for the endowed funds by a bank trust department. From time to time throughout the year, the various endowment funds purchase or sell equivalent unit shares in the pooled investment fund based on the cash and liquidity needs for each of the funds. The non-endowed funds are held in cash accounts and income liquid assets funds.

A summary of the net assets of the endowed and non-endowed funds and net changes therein consisted of the following from June 30, 2020 through June 30, 2022:

	Endowed Net Assets	Non-Endowed Net Assets	Total Net Assets
Balance as of June 30, 2020	\$ 10,533,873	\$ 2,326,854	\$ 12,860,727
Contributions	7,753	127,586	135,339
Interest and dividends	209,045	23,255	232,300
Net realized and unrealized gains and (losses)	2,351,578	263,326	2,614,904
Distributions	(346,410)	(83,386)	(429,796)
Balance as of June 30, 2021	\$ 12,755,839	\$ 2,657,635	\$ 15,413,474
Contributions	93,057	103,388	196,445
Interest and dividends	244,608	29,264	273,872
Net realized and unrealized gains and (losses)	(1,674,720)	(205,873)	(1,880,593)
Distributions	(332,512)	(157,804)	(490,316)
Balance as of June 30, 2022	\$ 11,086,272	\$ 2,426,610	\$ 13,512,882

Contributions for the creation of new endowment funds under the "Building Toward Endowment Program" are classified as Non-Endowed Net Assets With Donor Restrictions until such time as the new fund reaches the required amount in effect at the time of the creation of the fund to be reclassified as an endowment fund.



#### NOTE 7 - ENDOWED FUNDS (Continued)

A reconciliation of endowed and non-endowed net assets with donor restrictions and net assets without donor restrictions is as follows:

	June 30,	
	2022	2021
Endowed net assets with donor restrictions	\$ 11,086,272	\$ 12,755,839
Non-endowed net assets with donor restrictions	1,015,033	1,175,301
Net assets without donor restrictions	1,411,577	1,482,334
Total net assets	<u>\$ 13,512,882</u>	<u>\$ 15,413,474</u>

The Board of Directors of the Foundation has interpreted UPMIFA as requiring the maintenance of only the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, the Foundation would consider a fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures in accordance with the terms of the governing documents and agreements with donors.

At June 30, 2022, the Foundation has identified one donor restricted endowment fund considered to be underwater, which has an original gift amount of \$50,000, a current market value of \$44,627, and a deficiency of \$5,373. This deficiency resulted from unfavorable market fluctuations. At June 30, 2021, the Foundation had no underwater endowment funds.

#### NOTE 8 - RELATED PARTY TRANSACTIONS

The Foundation was organized to provide service and assistance to West Virginia University at Parkersburg. The Foundation reimburses the University for scholarships, faculty and staff development costs, the president's fund, the executive director's salary and benefits, and certain equipment and supply expenditures that are approved by the Foundation in the form of grants and scholarships. Benefits provided to West Virginia University at Parkersburg for the years ended June 30, 2022 and 2021 were \$206,130 and \$310,575, respectively.

In addition to these monetary transactions, the University provides immaterial amounts for office space, use of office equipment, and accounting services to the Foundation at no charge, the fair value of which is immaterial to these financial statements.

As of June 30, 2022 and 2021, the University owed the Foundation \$0 and \$100, respectively. As of June 30, 2022 and 2021, the Foundation owed the University \$0.

## NOTE 9 - NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

Expenses are allocated among program services and management and general based on the purposes for which the expenses have been incurred. For the years ended June 30, 2022 and 2021, the following tables represent operating expenses within both natural and functional classifications:

	Program Services	Management and General	Total
<b>June 30, 2022</b>			
Grants and scholarships	\$ 148,049	\$ -	\$ 148,049
Faculty and staff development	27,122	-	27,122
Other school support	25,300	-	25,300
Salaries and benefits	-	45,171	45,171
Trust fees	-	38,944	38,944
Professional fees	-	30,650	30,650
Depreciation	-	72,646	72,646
Database management	-	13,989	13,989
Marketing and public relations	-	29,427	29,427
Other administrative support	-	59,018	59,018
<b>Total expenses</b>	<b>\$ 200,471</b>	<b>\$ 289,845</b>	<b>\$ 490,316</b>
	Program Services	Management and General	Total
<b>June 30, 2021</b>			
Grants and scholarships	\$ 174,650	\$ -	\$ 174,650
Faculty and staff development	19,019	-	19,019
Salaries and benefits	-	41,923	41,923
Trust fees	-	37,119	37,119
Professional fees	-	36,011	36,011
Depreciation	-	72,145	72,145
Database management	-	4,804	4,804
Marketing and public relations	-	6,130	6,130
Other administrative support	-	37,995	37,995
<b>Total expenses</b>	<b>\$ 193,669</b>	<b>\$ 236,127</b>	<b>\$ 429,796</b>

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULES OF PROPORTIONATE SHARE OF OPEB LIABILITY AND CONTRIBUTIONS**

Schedule of Proportionate Share of Net OPEB Liability (dollars in thousands):

Measurement Date	Parkersburg's Proportionate Share as a Percentage of		Parkersburg's Proportionate Share		State's Proportionate Share		Total Proportionate Share		Parkersburg's Covered Payroll		Parkersburg's Proportionate Share as a Percentage of Covered Payroll		Parkersburg's Plan Fiduciary Net Position as a Percentage of	
	Net OPEB Liability		Share		Share		Share		Payroll		Covered Payroll		Total OPEB Liability	
June 30, 2021	0.199597491%	\$	(441)	\$	(12)	\$	(453)	\$	3,318		-13.29%		101.81%	
June 30, 2020	0.205568578%		479		201		680		3,520		13.61%		73.49%	
June 30, 2019	0.214642962%		2,967		729		3,696		4,132		71.80%		39.69%	
June 30, 2018	0.200437537%		3,991		889		4,880		4,110		97.10%		30.98%	
June 30, 2017	0.185177036%		4,361		1,093		5,454		4,072		107.09%		25.10%	

Schedule of Employer Contributions (dollars in thousands):

Fiscal Year End	Actuarly Determined Contribution		Actual Contribution		Contribution Deficiency (Excess)		Covered Payroll		Actual Contribution as a percentage of Covered Payroll	
June 30, 2022	\$	364	\$	214	\$	150	\$	3,318		6.45%
June 30, 2021		397		383		14		3,520		10.88%
June 30, 2020		442		416		26		4,132		10.10%
June 30, 2019		410		415		(5)		4,110		10.10%
June 30, 2018		380		399		(19)		4,072		9.80%

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

**Notes to Required Supplementary Information**  
**For the Years Ended June 30, 2022 and 2021**

There are no factors that affect trends in the amounts reported, such as change in benefit terms or assumptions. With only five years reported in the required supplementary information, there is no additional information to include in notes. Information, if necessary, can be obtained from the RHBT and PEIA at [www.peia.gov](http://www.peia.gov).

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS**

Schedule of Proportionate Share of TRS Net Pension Liability (dollars in thousands):

Measurement Date	Parkersburg's Proportionate Share as a Percentage of		Parkersburg's Proportionate Share		State's Proportionate Share		Total Proportionate Share		Parkersburg's Covered Payroll		Parkersburg's Proportionate Share as a Percentage of Covered Payroll		Plan Fiduciary Net Position as a Percentage of	
	Net Pension Liability		Proportionate Share		Proportionate Share		Proportionate Share		Payroll		Proportionate Share as a Percentage of Covered Payroll		Total Pension Liability	
June 30, 2021	0.269700%	\$	42	\$	94	\$	136	\$	43		97.27%		86.38%	
June 30, 2020	0.271800%		88		190		278		41		213.57%		70.89%	
June 30, 2019	0.242600%		72		174		246		34		211.82%		72.64%	
June 30, 2018	0.238300%		74		193		267		35		214.27%		71.20%	
June 30, 2017	0.412200%		142		315		457		62		229.55%		67.85%	
June 30, 2016	0.004724%		194		370		564		71		271.95%		61.42%	
June 30, 2015	0.004143%		144		328		472		61		233.86%		66.25%	
June 30, 2014	0.003925%		135		306		441		59		229.00%		66.05%	

Schedule of Employer Contributions (dollars in thousands):

Fiscal Year End	Actuarly Determined Contribution		Actual Contribution		Contribution Deficiency (Excess)		Covered Payroll		Actual Contribution as a percentage of Covered Payroll	
June 30, 2022	\$	11	\$	12	\$	(1)	\$	43		27.69%
June 30, 2021		11		11		-		41		26.83%
June 30, 2020		11		11		-		34		32.28%
June 30, 2019		11		11		-		35		31.68%
June 30, 2018		17		19		(2)		62		30.63%
June 30, 2017		20		18		2		71		25.21%
June 30, 2016		20		18		2		61		30.69%
June 30, 2015		18		18		-		59		30.51%

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

**Notes to Required Supplementary Information**  
**For the Years Ended June 30, 2022 and 2021**

There are no factors that affect trends in the amounts reported, such as change in benefit terms or assumptions. With only eight 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.



**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**

Board of Governors  
West Virginia University Parkersburg  
Parkersburg, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of West Virginia University Parkersburg, a component unit of the West Virginia Higher Education Policy Commission, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the West Virginia University Parkersburg's basic financial statements, and have issued our report thereon dated October 14, 2022. Our report includes reference to other auditors who audited the financial statements of the West Virginia University at Parkersburg Foundation, Inc. This component unit was not audited in accordance with Government Auditing Standards, and this report does not include the results of the other auditors' testing of internal controls over financial reporting.

***Report on Internal Control Over Financial Reporting***

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

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

**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
October 14, 2022