Pierpont Community & Technical College

Financial Statements
Years Ended June 30, 2023 and 2022

and

Independent Auditor's Reports

Suttle & Stalnaker Certified Public Accountants

A Professional Limited Liability Company

PIERPONT COMMUNITY & TECHNICAL COLLEGE

TABLE OF CONTENTS

Suttle & Stalnaker PLLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Governors
Pierpont Community & Technical College
Fairmont, West Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Pierpont Community & Technical College (Pierpont), a component unit of the West Virginia Council for Community and Technical College Education, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise Pierpont's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Pierpont, as of June 30, 2023 and 2022, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pierpont 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.

Change in Accounting Principle

As described in Note 3 to the financial statements, during fiscal year 2023, Pierpont implemented Governmental Auditing Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. Our opinion is not modified with respect to this matter.

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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 Pierpont's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pierpont'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 Pierpont's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 20, the schedule of proportionate share of the net pension liability, the schedule of pension contributions, the schedule of proportionate share of the net OPEB liability (asset), the schedule of OPEB contributions, and related footnotes on pages 62 through 70, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023, on our consideration of Pierpont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pierpont's internal control over financial reporting and compliance.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
September 28, 2023

About Pierpont Community & Technical College

Pierpont Community & Technical College (Pierpont), headquartered in Fairmont, West Virginia, is a comprehensive community college serving 13 counties in north central West Virginia. Pierpont's main campus is located in the I-79 Technology Park at the Pierpont North Central Advanced Technology Center (ATC). With an enrollment of approximately 1,500 academic credit students, Pierpont offers more than 70 Associate of Arts, Associate of Applied Science, and Certificate of Applied Science degree programs, Advanced Skill Sets, and Skill Sets throughout our 13-county service region. In addition to the ATC in Fairmont, Pierpont delivers courses at the Gaston Caperton Center in Clarksburg, the Pierpont Center at Braxton County, the Pierpont Center at Lewis County, and the Pierpont Center at Monongalia County Technical Education Center (MTEC). Through its Center for Workforce Education housed within the ATC, Pierpont provides workforce training and community education opportunities to non-credit continuing education students. Through the Robert C. Byrd National Aerospace Education Center in Bridgeport, Pierpont offers programs in aviation maintenance.

The mission of Pierpont is to provide accessible, responsive, comprehensive education that works.

Pierpont Community & Technical College was founded in 1974 as Fairmont State Community & Technical College (FSC&TC), a component of Fairmont State College (now known as Fairmont State University). With the enactment of legislation effective July 1, 2008, the institution became Pierpont Community & Technical College with independent accreditation and an independent governing board. This legislation defined a statewide network of independently accredited community and technical colleges. In April 2021, Pierpont and Fairmont State University (Fairmont State) executed a Final Separation Agreement completely separating the two institutions as of June 30, 2021.

Pierpont is governed by a Board of Governors consisting of up to nine lay members, appointed by the Governor, and three constituent members elected by the faculty, classified staff, and student body, respectively. This Board determines, controls, supervises, and manages the financial, business, and educational polices and affairs of the institution.

Overview

This section of the annual financial report focuses on an overview of Pierpont's financial performance during the fiscal year ended June 30, 2023, with comparisons to the previous year.

The 2023 financial statements reflect the second year of financial results after the final separation from Fairmont State. In 2022, Pierpont recognized $2,500,000 in revenue related to the special appropriation of State funds by the West Virginia Legislature per the Final Separation Agreement. In fiscal year 2023, that funding was used to complete ongoing capital projects related to the separation including the Caperton Center Expansion for the Veterinary Technology Assistant Program and the Early Childhood Program remodel. Pierpont paid the second year's payment on the obligation due to Fairmont State of $1,500,000 in accordance with the Final Separation Agreement, reducing the liability to $13,500,000 at June 30, 2023.

The Fairmont State Foundation, Inc.'s financial information will not be presented. This presentation is not required to comply with Governmental Accounting Standards Board (GASB) Statement No. 61 due to the fact that the Fairmont State Foundation, Inc. supported both Pierpont and Fairmont State. During the year ended June 30, 2022, the Fairmont State Foundation, Inc. transferred a significant portion of the funds held for the benefit of the Pierpont Foundation Inc. to the Pierpont Foundation Inc., but still holds some funds on behalf of the Pierpont Foundation Inc. at June 30, 2023. The Pierpont Foundation Inc.'s financial information will also not be presented. This presentation is not required to comply with GASB Statement No. 61 due to the fact that the Pierpont Foundation Inc.'s financial position is not significant to Pierpont's financial statements and Pierpont has no ability to designate management, cannot significantly influence operations, and is not accountable for the fiscal matters of the Pierpont Foundation Inc.

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

Financial Highlights

Financial highlights of fiscal year 2023 include decreases in enrollment, implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, and an increase in net position.

- For fiscal year 2023, Pierpont experienced decreases in full-time equivalent (FTE) students and student headcount. The FTE decreased from 1,162 for Fall 2021 to 1,083 for Fall 2022 and the headcount decreased from 1,590 for Fall 2021 to 1,458 for Fall 2022.

- During fiscal year 2023, Pierpont implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA),* requiring a restatement of certain prior year balances. See additional information in note 3 to the financial statements.

- Total net position increased by $3,274,005 or 15.30%. The increase can be attributed to the following:

    - Net investment in capital assets increased by $1,843,868.

    - Restricted for expendable capital projects decreased by $1,838,955.

    - Unrestricted deficit decreased by $3,230,550.

Statement of Net Position

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

Net position is divided into three major categories:

1. ***Net investment in capital assets***. This category represents Pierpont's total investment in capital assets, net of 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 this category.

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

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

Condensed Schedules of Net Position
June 30:

	2023	(Restated) 2022	2021
Assets			
Current Assets	$ 12,134,104	$ 12,858,287	$ 10,515,928
Noncurrent Assets	30,790,084	28,516,466	27,871,147
Total Assets	42,924,188	41,374,753	38,387,075
Deferred Outflows of Resources	776,557	1,259,314	1,746,754
Total	$ 43,700,745	$ 42,634,067	$ 40,133,829
Liabilities			
Current Liabilities	$ 4,889,061	$ 5,235,527	$ 6,751,299
Noncurrent Liabilities	13,699,042	14,957,750	16,822,270
Total Liabilities	18,588,103	20,193,277	23,573,569
Deferred Inflows of Resources	440,344	1,042,497	1,181,906
Net Position			
Net Investment in Capital Assets	28,739,372	26,895,504	26,371,815
Restricted for:			
Expendable:			
Capital Projects	1,791,832	3,630,787	1,436,875
Scholarships	47,115	-	-
Sponsored Projects	31,093	-	-
Other	141,140	180,806	-
Total Restricted	2,011,180	3,811,593	1,436,875
Unrestricted (Deficit)	(6,078,254)	(9,308,804)	(12,430,336)
Total Net Position	24,672,298	21,398,293	15,378,354
Total	$ 43,700,745	$ 42,634,067	$ 40,133,829

- Total current assets decreased by $724,183 or 5.63%, resulting primarily from a decrease in cash and cash equivalents of $781,546. The decrease in cash is primarily related to amounts spent on construction during fiscal year 2023.

- Total noncurrent assets, comprised primarily of capital assets, including buildings and equipment, increased by $2,273,618 or 7.97%.

  - The increase in noncurrent assets is due to an increase in net capital assets in the amount of $2,307,190, primarily due to capital asset additions relating to the completion of construction projects relating to the Caperton Center Veterinary Technology Assistant Program expansion, Early Childhood remodel, and Master Facilities Plan totaling $2,633,065 and equipment additions of $662,457. This increase was offset by current year depreciation and amortization expense of $1,204,726.

- Total current liabilities decreased by $346,466 or 6.62% due to a decrease in unearned revenue and deposits of $469,267 and accrued payroll liabilities of $189,252. These decreases were offset by an increase in retainages payable of $272,305.

- Total noncurrent liabilities decreased by $1,258,708 or 8.42%. The noncurrent portion of the amount due to Fairmont State that is required to be paid by Pierpont under the Final Separation Agreement decreased by $1,500,000. The noncurrent portion of this obligation is $12,000,000 at June 30, 2023. The noncurrent portion of the debt obligation due to the Commission decreased by $228,129. These decreases were offset by an increase in the noncurrent portion of the lease liability of $387,999 due to leasing new space for the Culinary Academy.

- The total assets and deferred outflows of resources of Pierpont exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $24,672,298 (net position). Of this amount, $(6,078,254) (unrestricted net deficit) may be used to meet the educational and general operations of Pierpont. Pierpont is still recovering from the loss on final separation from Fairmont State recorded in fiscal year 2021.

- Pierpont's unrestricted net deficit balance of $(6,078,254) includes fund manager and auxiliary funds of $2,079,925. Pierpont's unrestricted President's control (undesignated) net deficit decreased by $3,112,065 to a net deficit of $(8,158,179) at June 30, 2023.

Statement of Revenues, Expenses, and Changes in Net Position

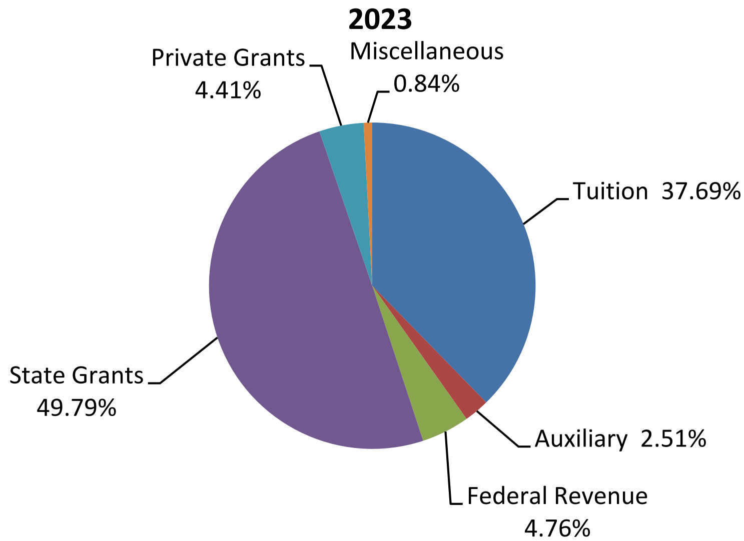
The Statement of Revenues, Expenses, and Changes in Net Position presents the operating results of Pierpont for the fiscal year. The purpose of the statement is to present Pierpont's revenues (operating and nonoperating), expenses (operating and nonoperating), and any other revenues, expenses, gains,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

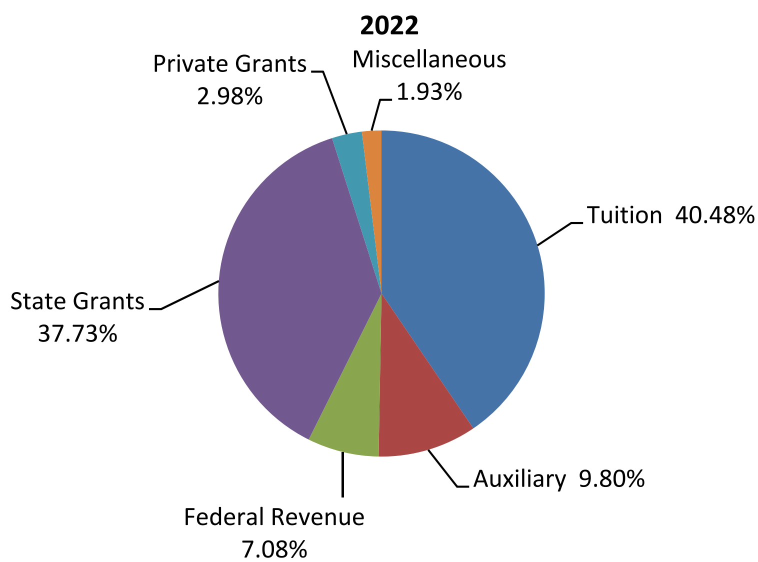
Condensed Schedules of Revenues, Expenses, and Changes in Net Position For the Fiscal Year Ended June 30:

	2023	(Restated) 2022	2021
Operating Revenues	$ 7,012,504	$ 7,428,305	$ 10,161,685
Operating Expenses	16,928,955	18,477,502	19,312,757
Operating Loss	(9,916,451)	(11,049,197)	(9,151,072)
Total Net Nonoperating Revenues	12,598,380	16,700,809	11,883,851
Change in Net Position before Other Revenues, Expenses, and Gains or Losses	2,681,929	5,651,612	2,732,779
Payments Made and Expenses Incurred by the Commission on Behalf of Pierpont	656,413	396,428	4,978
Payments Made and Expenses Incurred (Offset) by the State on Behalf of Pierpont	(64,337)	(28,101)	51,912
Capital Bond Proceeds from the State	-	-	123,153
Loss on Final Separation from Fairmont State	-	-	(27,872,673)
Change in Net Position	3,274,005	6,019,939	(24,959,851)
Net Position – Beginning of Year	21,398,293	15,378,354	40,338,205
Net Position – End of Year	$ 24,672,298	$ 21,398,293	$ 15,378,354

Operating Revenues:

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





Notable information presented on the statements of revenues, expenses, and changes in net position is as follows:

- Tuition and fee revenue, after adjustment for the scholarship allowance, decreased by $363,817 or 12.10%.
    - Tuition and fees decreased prior to the scholarship allowance by $480,056 or 7.73%. The scholarship allowance decreased by $116,239 for a total decrease in net tuition and fees of $363,817.

- Auxiliary enterprise revenue decreased by $551,678 or 75.78%. During fiscal year 2022, Pierpont experienced a one-time auxiliary enterprise revenue increase related to its retention of housing and meal plan fees from its students who were living on the Fairmont State campus.

- Federal contracts and grants decreased by $192,709 or 36.62%.

- State contracts and grants increased by $688,496 or 24.57%. State contracts and grants include institutional grants from other state agencies. State grants and contracts also include state-funded student financial aid.

- Private contracts and grants increased by $88,354 or 39.95%.

- State appropriations decreased by $2,200,977 or 21.33%. This decrease is due to a one-time special appropriation of State funds in 2022 by the West Virginia Legislature per the Final Separation Agreement.

- Pell grants are reported as nonoperating revenues because of specific guidance in the AICPA industry audit guide. Pell grants decreased by $42,024 or 1.90%.

- Pierpont recognized revenue of $2,054,310 related to the Federal HEERF program in response to the Coronavirus (COVID-19) pandemic. This is a decrease of $2,181,111 or 51.50% from the prior year due to a winding down of the grant program.

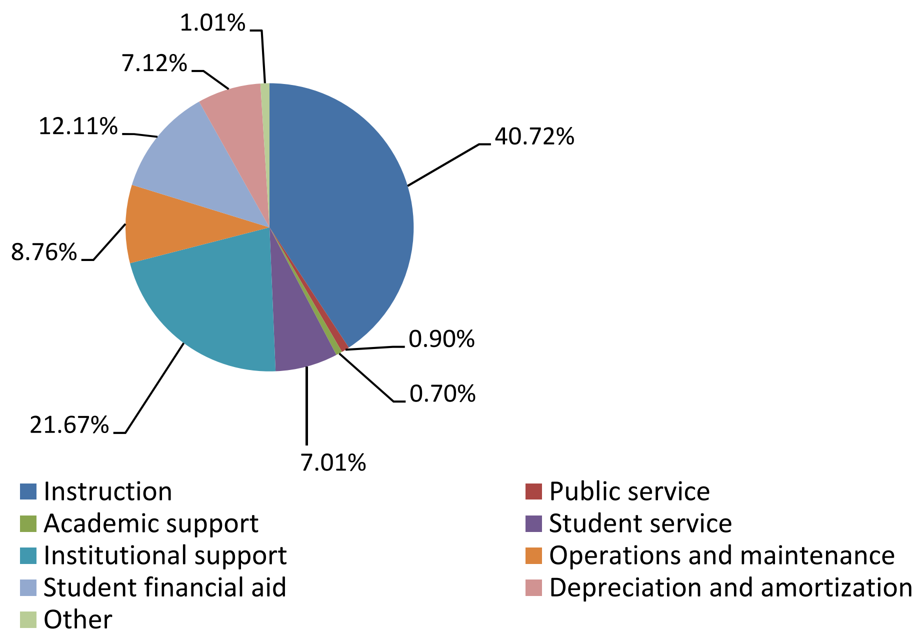
- Investment income increased by $322,124 or 2,065.56%.

FUNCTIONAL CLASSIFICATION CHART

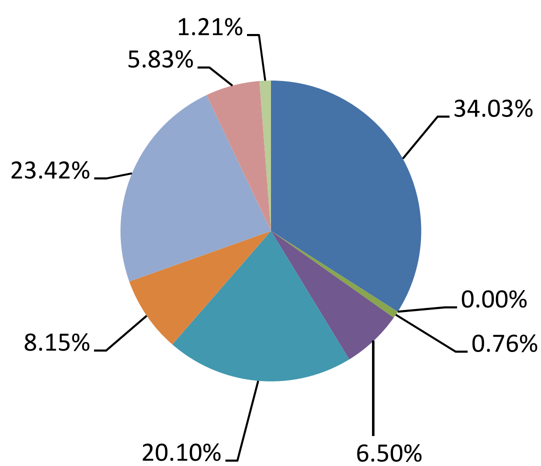
Operating Expenses:

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

2023



(Restated) 2022



Breakdown of Expense by Functional Classification:

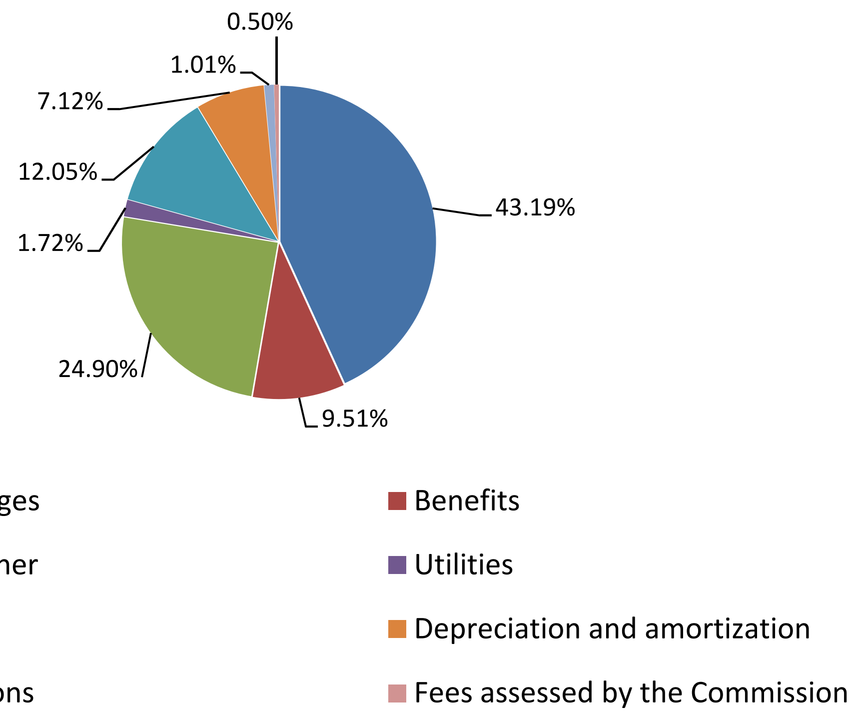
For fiscal year 2023, Pierpont's total operating expenses were $16,928,955. Instruction expenses totaled $6,893,702 or 40.72% of the total operating budget. The following reflects the amounts and percentages for these expenses:

	2023	%	(Restated) 2022	(Restated) %	2021	%
Auxiliary	$ -	0.00%	$ -	0.00%	$ 405,549	2.10%
Instruction	6,893,702	40.72%	6,289,590	34.03%	6,669,055	34.52%
Public service	153,138	0.90%	-	0.00%	8,819	0.05%
Academic support	119,129	0.70%	140,409	0.76%	196,725	1.02%
Student services	1,187,151	7.01%	1,200,195	6.50%	1,407,481	7.29%
General institutional support	3,669,174	21.67%	3,713,439	20.10%	4,686,965	24.27%
Operation and maintenance	1,482,333	8.76%	1,505,299	8.15%	491,959	2.55%
Student financial aid	2,049,361	12.11%	4,329,384	23.42%	2,967,385	15.36%
Depreciation and amortization	1,204,726	7.12%	1,076,415	5.83%	1,872,625	9.70%
Loan cancellations and write-offs	170,241	1.01%	222,771	1.21%	606,194	3.14%
Total	$16,928,955	100.00%	$18,477,502	100.00%	$19,312,757	100.00%

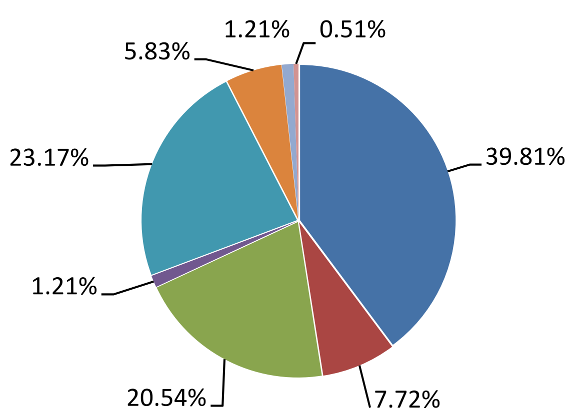
NATURAL CLASSIFICATION CHARTS

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

2023



(Restated)
2022



Breakdown of Expenses by Natural Classification:

For fiscal year 2023, Pierpont's total operating expenses were $16,928,955. A major portion of the total operating expenses is for direct salaries, wages, and benefits amounting to $8,922,632 or 52.70%. The following reflects the amounts and percentages for these expenses:

	2023	%	(Restated) 2022	(Restated) %	2021	%
Salaries and wages	$ 7,312,120	43.19%	$ 7,356,916	39.81%	$ 7,496,221	38.81%
Benefits	1,610,512	9.51%	1,425,693	7.72%	1,697,199	8.79%
Supplies and other services	4,215,846	24.90%	3,795,036	20.54%	3,986,233	20.64%
Utilities	290,834	1.72%	223,605	1.21%	196,573	1.02%
Scholarships and fellowships	2,039,250	12.05%	4,283,494	23.17%	2,941,857	15.23%
Depreciation and amortization	1,204,726	7.12%	1,076,415	5.83%	1,872,625	9.70%
Assessment for auxiliary fees and debt service	-	0.00%	-	0.00%	405,549	2.10%
Loan cancellations and write-offs	170,241	1.01%	222,771	1.21%	606,194	3.14%
Fees assessed by the Commission	85,426	0.50%	93,572	0.51%	110,306	0.57%
Total	$ 16,928,955	100.00%	$ 18,477,502	100.00%	$ 19,312,757	100.00%

- Salaries and wages decreased by $44,796 or 0.61%.
- Benefits increased by $184,819 or 12.96%.
- Supplies and other services expense increased by $420,810 or 11.09%.
- Utilities increased by $67,229 or 30.07%.
- Student financial aid expense decreased by $2,244,244 or 52.39%. Gross scholarships and fellowships decreased by $2,360,483. The majority of the decrease is due to Pierpont awarding emergency grants from the Federal HEERF program to students in response to needs from the COVID-19 pandemic during fiscal year 2022. The funds were fully expended prior to fiscal year 2023.
- Depreciation and amortization expense increased by $128,311 and was 7.12% of total operating expenses.
- Loan cancellations and write-offs decreased by $52,530 or 23.58% due to a decrease in bad debt expense. Students were allowed to carry higher outstanding balances on their accounts and still register for classes due to the COVID-19 pandemic during a portion of fiscal year 2022.

Statement of Cash Flows

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

The Statement of Cash Flows is divided into five parts:

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

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

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

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

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

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

	2023	(Restated) 2022	2021
Cash Provided By (Used In):			
Operating Activities	$ (9,169,091)	$ (9,386,676)	$ (10,403,767)
Noncapital Financing Activities	10,847,518	15,471,630	11,107,925
Capital Financing Activities	(2,797,692)	(1,275,764)	(924,798)
Investing Activities	337,719	15,595	14,068
Change in Cash and Cash Equivalents	(781,546)	4,824,785	(206,572)
Cash – Beginning of Year	12,266,206	7,441,421	7,647,993
Cash – End of Year	$ 11,484,660	$ 12,266,206	$ 7,441,421

Major sources of funds included in operating activities consist of tuition and fees of $4,543,954 and contracts and grants of $3,886,813. Major uses of funds under this category were payments made to and on behalf of employees for salaries and benefits amounting to $9,054,381, payments to suppliers amounting to $4,335,496, and payments for scholarships and fellowships of $4,068,609.

Major sources of cash flow provided by noncapital financing activities consist of State appropriations of $8,119,152, Federal Pell grant receipts of $2,174,056, and Federal HEERF receipts of $2,054,310. The major use of funds under this category was for payments made to Fairmont State of $1,500,000 in line with the Final Separation Agreement.

The major uses of cash in capital financing activities were for purchases of capital assets of $2,342,635 and payments made to the Commission on debt obligation of $219,974.

Capital Asset and Long-Term Debt Activity

During 2023, Pierpont paid the Commission for debt incurred from bonds sold in previous years for the State's colleges and universities. Under the Final Separation Agreement, Pierpont assumed the entire debt obligation to the Commission that was previously shared between Pierpont and Fairmont State. As of June 30, 2023, the current portion due to the Commission is $228,129, and the noncurrent portion is $733,959.

Under the Final Separation Agreement, Pierpont is required to pay Fairmont State a total of $16,300,000 through fiscal year 2032. Pierpont paid two equal installments in fiscal year 2023 totaling $1,500,000, which reduced the total amount due to Fairmont State to $13,500,000 at June 30, 2023. As of June 30, 2023, the current portion due to Fairmont State is $1,500,000 and the noncurrent portion is $12,000,000. Yearly payments of $1,500,000 will be made through the fiscal year ending June 30, 2032. These payments are payable in two equal installments due no later than October 1st and March 1st of each fiscal year.

Economic Outlook

Fiscal year 2023 was a year of positive changes at Pierpont. Pierpont completed construction and remodeling on three facilities to accommodate the relocation of three academic programs into new and improved facilities.

Pierpont completed the remodeling and expansion of the 6,600 square foot Veterinary Technology Facility in March 2023 located on the Clarksburg Campus for the Veterinary Technology and Veterinary Assistant Programs. This new facility resulted in the programs having state of the art facilities and prepares it for future growth that had been inhibited by the previous facilities in which the programs had been housed.

Pierpont's Culinary Academy moved into its new 10,000 square foot state of the art facility in the Middletown Commons in January 2023. The program had previously been housed in approximately 3,500 square foot of space. This new space almost triples the size of the previous facility with independent kitchens for the culinary and baking specialties and supports the program for continued success and enables future growth.

The remodeling work at the Gaston Caperton Center to accommodate the Laboratory Preschool for the Early Childhood Program was completed in August 2022. The Early Childhood program started hosting preschoolers in Spring 2023, providing program majors with practical real-world experience.

Pierpont's Airframe and Powerplant Program continued to operate at Fairmont State University's National Aerospace Education Center in fiscal year 2023. With the support of the West Virginia Community & Technical College System, plans for a new 70,000 square foot Airframe and Powerplant Training Facility were completed during fiscal year 2023. The new facility will be located at the North Central West Virginia Airport, where most of the employers who hire the program's graduates are located. In a special session, the West Virginia Legislature approved funding for the new facility, and construction is expected to begin in Spring 2024 with an anticipated occupancy in the Fall 2025 term. This facility will enable Pierpont to almost double the number of students accepted into the program.

Although Pierpont, along with all other higher education institutions, has been dealing with the impact of the advent and continuation of COVID-19, Pierpont's enrollment for the upcoming fiscal year is projected to be stable with slight growth in specific categories of students. Traditional student enrollment is expected to be stable, while growth is expected in high school dual enrollment students. In fiscal year 2023, Pierpont established the Pierpont College Academy, which enables high school students to graduate high school with both a high school diploma and an associate degree in liberal studies. Pierpont has established formal College Academy partnerships with nine of the 13 county Boards of Education in our service region as well as the West Virginia Virtual Academy.

With the creation of these new facilities enabling the expansion of critical programs, the stabilization of previous enrollment declines, and new partnerships, the future for Pierpont is bright. Pierpont continues to be proactive in taking steps to control spending in upcoming years and remains prepared to make necessary adjustments based on changes brought about during times of uncertainty. Pierpont is excited about future opportunities and continues to focus on its mission in addressing the needs of students and industry within our service region.

STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	2023	(Restated) 2022
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 11,484,660	$ 12,266,206
Accounts receivable — net	649,444	592,081
Total current assets	12,134,104	12,858,287
NONCURRENT ASSETS:		
Other noncurrent assets	32,679	39,592
Net OPEB asset	-	26,659
Capital assets — net	30,757,405	28,450,215
Total noncurrent assets	30,790,084	28,516,466
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows related to pensions	112,147	145,744
Deferred outflows related to OPEB	664,410	1,113,570
Total deferred outflows of resources	776,557	1,259,314
TOTAL	$ 43,700,745	$ 42,634,067

(Continued)

STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	2023	(Restated) 2022
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 164,900	$ 260,381
Retainages payable	272,305	-
Accrued liabilities — payroll	745,638	934,890
Accrued interest	16,337	14,328
Unearned revenue and deposits	1,488,102	1,957,369
Compensated absences — current portion	289,784	239,522
Lease liability — current portion	107,886	34,773
Subscription liability — current portion	75,980	74,290
Due to Fairmont State — current portion	1,500,000	1,500,000
Debt obligation due to Commission — current portion	228,129	219,974
Total current liabilities	4,889,061	5,235,527
NONCURRENT LIABILITIES:		
Net OPEB liability	85,242	-
Compensated absences	143,379	134,981
Lease liability	407,125	19,126
Subscription liability	168,480	244,460
Due to Fairmont State	12,000,000	13,500,000
Debt obligation due to Commission	733,959	962,088
Net pension liability	160,857	97,095
Total noncurrent liabilities	13,699,042	14,957,750
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows related to pensions	2,316	83,074
Deferred inflows related to OPEB	438,028	959,423
Total deferred inflows of resources	440,344	1,042,497
NET POSITION:		
Net investment in capital assets	28,739,372	26,895,504
Restricted for — expendable		
Capital projects	1,791,832	3,630,787
Scholarships	47,115	-
Sponsored projects	31,093	-
Other	141,140	180,806
Total restricted	2,011,180	3,811,593
Unrestricted (deficit)	(6,078,254)	(9,308,804)
Total net position	24,672,298	21,398,293
TOTAL	$ 43,700,745	$ 42,634,067

The Accompanying Notes Are An Integral Part Of These Financial Statements (Concluded)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	(Restated) 2022
OPERATING REVENUES:		
Student tuition and fees — net of scholarship allowance of $3,083,783 and $3,200,022 in 2023 and 2022, respectively	$ 2,643,293	$ 3,007,110
Auxiliary enterprise revenue	176,298	727,976
Contracts and grants:		
Federal	333,568	526,277
State/local	3,491,245	2,802,749
Private	309,510	221,156
Miscellaneous — net	58,590	143,037
Total operating revenues	7,012,504	7,428,305
OPERATING EXPENSES:		
Salaries and wages	7,312,120	7,356,916
Benefits	1,610,512	1,425,693
Supplies and other services	4,215,846	3,795,036
Utilities	290,834	223,605
Student financial aid — scholarships and fellowships	2,039,250	4,283,494
Depreciation and amortization	1,204,726	1,076,415
Loan cancellations and write-offs	170,241	222,771
Fees assessed by the Commission for operations	85,426	93,572
Total operating expenses	16,928,955	18,477,502
OPERATING LOSS	(9,916,451)	(11,049,197)
NONOPERATING REVENUES (EXPENSES):		
State appropriations	8,119,152	10,320,129
Federal Pell grant revenue	2,174,056	2,216,080
Federal HEERF revenue	2,054,310	4,235,421
Investment income	337,719	15,595
Interest expense	(33,121)	(19,294)
Loss on disposal of fixed assets	-	(20,972)
Fees assessed by the Commission for debt service	(53,736)	(46,150)
Net nonoperating revenues	12,598,380	16,700,809
CHANGE IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, AND GAINS OR LOSSES	2,681,929	5,651,612
PAYMENTS MADE AND EXPENSES INCURRED BY THE COMMISSION ON BEHALF OF PIERPONT	656,413	396,428
PAYMENTS MADE AND EXPENSES INCURRED (OFFSET) BY THE STATE ON BEHALF OF PIERPONT	(64,337)	(28,101)
NET CHANGE IN NET POSITION	3,274,005	6,019,939
NET POSITION — Beginning of year	21,398,293	15,378,354
NET POSITION — End of year	$ 24,672,298	$ 21,398,293

The Accompanying Notes Are An Integral Part Of These Financial Statements

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	(Restated) 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 4,543,954	$ 5,400,405
Contracts and grants	3,886,813	4,272,487
Payments to and on behalf of employees	(9,054,381)	(9,011,825)
Payments to suppliers	(4,335,496)	(3,735,571)
Payments to utilities	(290,834)	(223,605)
Payments for scholarships and fellowships	(4,068,609)	(6,866,008)
Auxiliary enterprise charges	176,298	727,976
Fees assessed by the Commission	(85,426)	(93,572)
Other receipts — net	58,590	143,037
Net cash used in operating activities	(9,169,091)	(9,386,676)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	8,119,152	10,320,129
Federal Pell grant revenues	2,174,056	2,216,080
Federal HEERF revenues	2,054,310	4,235,421
William D. Ford direct lending receipts	2,029,359	2,582,514
William D. Ford direct lending payments	(2,029,359)	(2,582,514)
Payments to Fairmont State	(1,500,000)	(1,300,000)
Net cash provided by noncapital financing activities	10,847,518	15,471,630
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Fees assessed by the Commission	(53,736)	(46,150)
Purchases of capital assets	(2,342,635)	(872,899)
Proceeds from sale of capital assets	-	2,503
Payments on leases	(89,292)	(37,215)
Payments on SBITAs	(92,055)	(113,740)
Payments to the Commission on debt obligation	(219,974)	(208,263)
Net cash used in capital financing activities	(2,797,692)	(1,275,764)
CASH FLOWS FROM INVESTING ACTIVITY — Investment income	337,719	15,595
CHANGE IN CASH AND CASH EQUIVALENTS	(781,546)	4,824,785
CASH AND CASH EQUIVALENTS — Beginning of year	12,266,206	7,441,421
CASH AND CASH EQUIVALENTS — End of year	$ 11,484,660	$ 12,266,206

(Continued)

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	(Restated) 2022
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (9,916,451)	$ (11,049,197)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	1,204,726	1,076,415
Pension expense — special funding situation	29,649	(3,696)
OPEB expense — special funding situation	(93,986)	(24,405)
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable — net	270,213	2,482,426
Net OPEB asset	26,659	(26,659)
Deferred outflows of resources	482,757	487,440
Accounts payable	(119,650)	59,465
Accrued liabilities — payroll	(189,252)	(118,580)
Unearned revenue and deposits	(469,267)	(1,726,569)
Compensated absences	58,660	(37,075)
Net OPEB liability	85,242	(404,855)
Net pension liability	63,762	38,023
Deferred inflows of resources	(602,153)	(139,409)
NET CASH USED IN OPERATING ACTIVITIES	$ (9,169,091)	$ (9,386,676)
NONCASH TRANSACTIONS:		
Capital asset additions in accounts payable	$ 24,169	$ -
Capital asset additions in retainages payable	$ 272,305	$ -
Sale of capital assets in accounts receivable	$ 320,663	$ -
Payments made and expenses incurred by the Commission on behalf of Pierpont	$ 656,413	$ 396,428
Right-to-use assets acquired through outstanding leases	$ 537,057	$ 17,395
Right-to-use assets acquired through outstanding SBITAs	$ -	$ 431,828

The Accompanying Notes Are An Integral Part Of These Financial Statements (Concluded)

1. ORGANIZATION

Pierpont Community & Technical College (Pierpont) is governed by the Pierpont Community & Technical College Board of Governors (the Board). The Board was established by House Bill 3215, 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.

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 Pierpont under its jurisdiction; the duty to develop a master plan for Pierpont; the power to prescribe the specific functions and Pierpont's budget request; the duty to review, at least every five years, all academic programs offered at Pierpont; and the power to fix tuition and other fees for the different classes or categories of students enrolled at Pierpont.

Senate Bill 448 gives the West Virginia Council for Community and Technical College Education (the Council) the responsibility of developing, overseeing, and advancing the State of West Virginia (the State) public policy agenda as it relates to community and technical college education.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The accompanying financial statements present all funds under the authority of Pierpont. The basic criterion for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from Pierpont's ability to significantly influence operations and accountability for fiscal matters of related entities. Fairmont State Foundation, Inc., which also acts as the fiscal agent for the Pierpont Foundation, Inc., and Pierpont Foundation, Inc. are not part of Pierpont's reporting entity and are not included in the accompanying financial statements since Pierpont has no ability to designate management, cannot significantly influence operations, and is not accountable for the fiscal matters of the Fairmont State Foundation, Inc. or Pierpont Foundation, Inc. under GASB.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Restricted net position - nonexpendable - This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal. Pierpont does not have any restricted nonexpendable net position at June 30, 2023 and 2022.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Capital Assets - Capital assets consist primarily of plant and equipment and infrastructure assets. These capital assets are stated at cost at the date of acquisition or construction, or at fair value at the date of donation in the case of gifts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 20 to 50 years for buildings and infrastructure, 15 years for land improvements, 3 to 10 years for furniture and equipment, and 3 years for computer software.

Capital assets also include intangible right-to-use lease assets and intangible right-to-use subscription assets, initially measured at the present value of payments expected to be made during the lease or subscription term, plus certain other costs. Lease and subscription assets are amortized in a systematic and rational manner over the shorter of the lease or subscription term or the estimated useful life of the underlying asset, unless the lease or subscription-based information technology arrangement (SBITA) contains a purchase option. Pierpont's agreements meeting the definition of a lease or SBITA do not contain purchase options.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenue and Deposits - Revenues for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenue. Financial aid and other deposits are classified as deposits.

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

Federal Financial Assistance Programs - Pierpont makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest-subsidized and nonsubsidized loans directly to students, through schools like Pierpont. Direct student loan receivables are not included in Pierpont's statements of net position as the loans are repayable directly to the U.S. Department of Education. In 2023 and 2022, Pierpont received and disbursed approximately \$2.0 million and \$2.6 million, respectively, under the Federal Direct Student Loan Program on behalf of the U.S. Department of Education, which is not included as revenue and expense in the statements of revenues, expenses, and changes in net position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pierpont also distributes other student financial assistance funds on behalf of the federal government to students under the Federal Pell Grant, Supplemental Educational Opportunity Grant, and College Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2023 and 2022, Pierpont was awarded approximately $2.4 million and $2.3 million, respectively, under these federal student aid programs.

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

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

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

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

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

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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications - Certain items previously reported have been reclassified to conform to the current year's classification. The reclassification had no effect on the change in net position or total net position.

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

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

Pierpont implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, which is effective for fiscal years beginning after June 15, 2022. The requirements of this Statement establish a definition for SBITA, which is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Generally, this Statement will require a government to recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The Statement also establishes guidance for the treatment of costs related to SBITA activities other than subscription payments. Those activities are: Preliminary Project Stage, Initial Implementation Stage, and Operation and Additional Implementation Stage. This Statement also requires a government to disclose essential information about the arrangement such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability. The adoption of GASB Statement No. 96 resulted in the recognition of a subscription liability and an intangible right-to-use subscription asset. See additional information in notes 3, 6, 7, and 9.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

3. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT

During fiscal year 2023, Pierpont implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. It establishes requirements for SBITA accounting based on the principle that SBITAs are financings of the right to use an underlying asset. A lessee is required to recognize a subscription liability and an intangible right-to-use subscription asset. The financial statements for the prior period have been restated to reflect the implementation as of July 1, 2021. The implementation had no impact on beginning net position for fiscal year 2022 since the intangible right-to-use subscription asset equaled the subscription liability.

The implementation of GASB Statement No. 96 had the following effect on the fiscal year ended June 30, 2022:

From the Statement of Net Position	**As Previously Reported Including Reclassification**	**7/1/2021 Adjustment Plus Restatement**	**Restated**
Capital assets — net	$ 28,079,625	$ 370,590	$ 28,450,215
Accrued interest	225	14,103	14,328
Subscription liability — current portion	-	74,290	74,290
Subscription liability — noncurrent portion	-	244,460	244,460
Net investment in capital assets	26,843,664	51,840	26,895,504
Unrestricted (deficit)	(9,294,701)	(14,103)	(9,308,804)

From the Statement of Revenues, Expenses, and Changes in Net Position	**As Previously Reported**	**Restatement**	**Restated**
Supplies and other services	$ 3,908,776	$ (113,740)	$ 3,795,036
Depreciation and amortization	1,015,177	61,238	1,076,415
Interest expense	4,529	14,765	19,294
Net change in net position	5,982,202	37,737	6,019,939

4. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents at June 30, 2023 and 2022, is as follows:

	2023	2022
State Treasurer	$ 11,481,501	$ 12,201,300
In bank	2,759	64,506
On hand	400	400
	$ 11,484,660	$ 12,266,206

Cash held by the Treasurer includes no restricted cash at June 30, 2023 and 2022.

4. CASH AND CASH EQUIVALENTS (CONTINUED)

The combined carrying amount of cash in the bank at June 30, 2023 and 2022 was $2,759 and $64,506, respectively, as compared with the combined bank balance of $35,128 and $70,334, respectively. Any differences are primarily caused by outstanding checks and deposits in transit. The Federal Deposit Insurance Corporation (FDIC) coverage is $250,000 for interest and non-interest bearing deposits. From time to time, Pierpont may carry deposit balances in individual financial institutions exceeding this limit.

Amounts with the State Treasurer were $11,481,501 and $12,201,300 as of June 30, 2023 and 2022, respectively. Of these amounts, $9,873,102 and $8,717,045 were invested in the WV Money Market Pool and the WV Short Term Bond Pool as of June 30, 2023 and 2022, respectively. The remainder of the cash held with the State Treasurer was not invested as of June 30, 2023 and 2022.

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:

	2023		2022	
External Pool	Carrying Value	S & P Rating	Carrying Value	S & P Rating
WV Money Market Pool	$ 9,649,197	AAAm	$ 8,514,917	AAAm
WV Short Term Bond Pool	223,905	Not Rated	202,128	Not Rated

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

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

	2023		2022	
External Pool	Carrying Value	WAM (Days)	Carrying Value	WAM (Days)
WV Money Market Pool	$ 9,649,197	29	$ 8,514,917	21

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

	2023		2022	
External Pool	Carrying Value	Effective Duration (Days)	Carrying Value	Effective Duration (Days)
WV Short Term Bond Pool	$ 223,905	609	$ 202,128	584

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

4. CASH AND CASH EQUIVALENTS (CONTINUED)

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

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

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

5. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2023 and 2022, are as follows:

	2023	2022
Student tuition and fees — net of allowance for doubtful accounts of $4,019,379 and $3,859,672, respectively	$ 124,086	$ 165,629
Due from Council	124,116	244,390
Due from Commission	42,762	39,927
Grants and contracts receivable	21,644	111,767
Other accounts receivable	336,836	30,368
	$ 649,444	$ 592,081

6. CAPITAL ASSETS

A summary of capital assets transactions for Pierpont for the years ended June 30, 2023 and 2022 is as follows:

	2023			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 2,308,295	$ -	$ -	$ 2,308,295
Construction in progress	963,208	2,633,065	(3,596,273)	-
Total capital assets not being depreciated	$ 3,271,503	$ 2,633,065	$ (3,596,273)	$ 2,308,295
Other capital assets being depreciated:				
Land improvements	$ 286,958	$ 5,442	$ -	$ 292,400
Buildings	28,453,196	3,590,831	(399,997)	31,644,030
Equipment	5,423,561	662,457	(58,172)	6,027,846
Computer software	16,995	-	-	16,995
Total other capital assets being depreciated	34,180,710	4,258,730	(458,169)	37,981,271
Lease assets being amortized:				
Buildings	-	537,057	-	537,057
Equipment	119,560	-	-	119,560
Total lease assets being amortized	119,560	537,057	-	656,617
Subscription assets being amortized	431,828	-	-	431,828
Less accumulated depreciation for other capital assets:				
Land improvements	188,018	9,115	-	197,133
Buildings	5,807,384	598,672	(79,334)	6,326,722
Equipment	3,416,734	426,367	(58,172)	3,784,929
Computer software	13,662	3,333	-	16,995
Total accumulated depreciation	9,425,798	1,037,487	(137,506)	10,325,779
Less accumulated amortization for lease and subscription assets:				
Lease assets - buildings	-	44,755	-	44,755
Lease assets - equipment	66,350	34,914	-	101,264
Subscription assets	61,238	87,570	-	148,808
Total accumulated amortization	127,588	167,239	-	294,827
Other capital assets, lease assets, and subscription assets — net	$ 25,178,712	$ 3,591,061	$ (320,663)	$ 28,449,110
Capital asset summary:				
Capital assets not being depreciated	$ 3,271,503	$ 2,633,065	$ (3,596,273)	$ 2,308,295
Other capital assets	34,180,710	4,258,730	(458,169)	37,981,271
Lease assets	119,560	537,057	-	656,617
Subscription assets	431,828	-	-	431,828
Total cost of capital assets	38,003,601	7,428,852	(4,054,442)	41,378,011
Less accumulated depreciation and amortization	9,553,386	1,204,726	(137,506)	10,620,606
Capital assets — net	$ 28,450,215	$ 6,224,126	$ (3,916,936)	$ 30,757,405

6. CAPITAL ASSETS (CONTINUED)

	(Restated) 2022			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 2,308,295	$ -	$ -	$ 2,308,295
Construction in progress	91,078	872,130	-	963,208
Total capital assets not being depreciated	$ 2,399,373	$ 872,130	$ -	$ 3,271,503
Other capital assets being depreciated:				
Land improvements	$ 286,958	$ -	$ -	$ 286,958
Buildings	28,453,196	-	-	28,453,196
Equipment	5,285,914	397,197	(259,550)	5,423,561
Computer software	16,995	-	-	16,995
Total other capital assets being depreciated	34,043,063	397,197	(259,550)	34,180,710
Lease assets being amortized:				
Equipment	102,165	17,395	-	119,560
Total lease assets being amortized	102,165	17,395	-	119,560
Subscription assets being amortized	-	431,828	-	431,828
Less accumulated depreciation for other capital assets:				
Land improvements	179,025	8,993	-	188,018
Buildings	5,231,352	576,032	-	5,807,384
Equipment	3,263,236	389,573	(236,075)	3,416,734
Computer software	7,997	5,665	-	13,662
Total accumulated depreciation	8,681,610	980,263	(236,075)	9,425,798
Less accumulated amortization for lease and subscription assets:				
Lease assets - equipment	31,436	34,914	-	66,350
Subscription assets	-	61,238	-	61,238
Total accumulated amortization	31,436	96,152	-	127,588
Other capital assets, lease assets, and subscription assets — net	$ 25,432,182	$ (229,995)	$ (23,475)	$ 25,178,712
Capital asset summary:				
Capital assets not being depreciated	$ 2,399,373	$ 872,130	$ -	$ 3,271,503
Other capital assets	34,043,063	397,197	(259,550)	34,180,710
Lease assets	102,165	17,395	-	119,560
Subscription assets	-	431,828	-	431,828
Total cost of capital assets	36,544,601	1,718,550	(259,550)	38,003,601
Less accumulated depreciation and amortization	8,713,046	1,076,415	(236,075)	9,553,386
Capital assets — net	$ 27,831,555	$ 642,135	$ (23,475)	$ 28,450,215

6. CAPITAL ASSETS (CONTINUED)

Pierpont maintains certain collections of inexhaustible assets for 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.

Pierpont had no construction commitments as of June 30, 2023.

7. LONG-TERM LIABILITIES

Long-term obligation activities for the years ended June 30, 2023 and 2022 are as follows:

	2023				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$ 374,503	$ 289,203	$ (230,543)	$ 433,163	$ 289,784
Lease liability	53,899	526,642	(65,530)	515,011	107,886
Subscription liability	318,750	-	(74,290)	244,460	75,980
Due to Fairmont State	15,000,000	-	(1,500,000)	13,500,000	1,500,000
Debt obligation due to Commission	1,182,062	-	(219,974)	962,088	228,129
Total long-term liabilities	$ 16,929,214	$ 815,845	$ (2,090,337)	$ 15,654,722	$ 2,201,779

	(Restated) 2022				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$ 411,578	$ 234,407	$ (271,482)	$ 374,503	$ 239,522
Lease liability	69,415	17,395	(32,911)	53,899	34,773
Subscription liability	-	335,599	(16,849)	318,750	74,290
Due to Fairmont State	16,300,000	-	(1,300,000)	15,000,000	1,500,000
Debt obligation due to Commission	1,390,325	-	(208,263)	1,182,062	219,974
Total long-term liabilities	$ 18,171,318	$ 587,401	$ (1,829,505)	$ 16,929,214	$ 2,068,559

8. LEASES

Pierpont leases buildings and equipment for various terms under long-term, noncancelable lease agreements. The leases have monthly installments ranging between $412 and $10,415 plus interest at 6.35% with due dates ranging from September 2023 to January 2028.

Future annual minimum lease payments on leases for years subsequent to June 30, 2023, are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total Payments
2024	$ 107,886	$ 29,422	$ 137,308
2025	106,193	22,818	129,011
2026	113,136	15,875	129,011
2027	116,408	8,576	124,984
2028	71,388	1,519	72,907
	$ 515,011	$ 78,210	$ 593,221

9. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Pierpont has entered into SBITAs with various terms under long-term, noncancelable agreements. The SBITAs have annual installments ranging between $17,510 and $96,230 plus interest at 6.50% with due dates ranging from July 2025 to October 2025.

Future annual minimum subscription payments on SBITAs for years subsequent to June 30, 2023, are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total Payments
2024	$ 75,980	$ 16,372	$ 92,352
2025	81,364	11,283	92,647
2026	87,116	5,834	92,950
	$ 244,460	$ 33,489	$ 277,949

10. OTHER POSTEMPLOYMENT BENEFITS

As related to GASB 75, following are Pierpont's net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, revenues, and the OPEB expense for the fiscal years ended June 30, 2023 and 2022:

	2023	2022
Net OPEB liability (asset)	$ 85,242	$ (26,659)
Deferred outflows of resources	664,410	1,113,570
Deferred inflows of resources	438,028	959,423
Revenues	(93,986)	(24,405)
OPEB expense	18,413	16,997
Contributions made by Pierpont	72,710	90,050

Plan Description

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

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

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

10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

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

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

Contributions

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

Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The paygo rates related to the measurement date of June 30, 2022 and 2021 were:

	February 2022-June 2022 2022	July 2021-January 2022 2022	July 2020-June 2021 2021
Paygo premium	$ 48	$ 116	$ 160

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

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

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

10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

Pierpont's contributions to the OPEB plan for the years ended June 30, 2023, 2022, and 2021, were $72,710, $90,050, and $163,494, respectively.

Assumptions

The June 30, 2023 OPEB liability (asset) for financial reporting purposes was determined by an actuarial valuation as of June 30, 2021 and a measurement date of June 30, 2022. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Inflation rate: 2.25%.
- Salary increase: Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation.
- Investment rate of return: 6.65%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates: Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% for two years then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032. Trend rate for Medicare per capita costs of 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.
- Actuarial cost method: Entry age normal cost method.
- Amortization method: Level percentage of payroll over a 20-year closed period beginning June 30, 2017.
- Wage inflation: 2.75%.
- Retirement age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2020 actuarial valuation.
- Aging factors: Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
- Expenses: Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.
- Mortality post retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females.
- Mortality pre-retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 100% for females.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The actuarial valuation as of June 30, 2021 reflects updates to the following assumptions which are reviewed at each measurement date:

- Projected capped subsidies;
- Per capita claim costs;
- Healthcare trend rates;
- Coverage and continuance;
- Percentage eligible for tobacco-free premium discount; and
- Retired employee assistance program participation

The long-term expected rate of return of 6.65% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.00% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 2.50% for assets invested with the 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 percentage. Target asset allocations, capital market assumptions (CMA), and forecast returns were provided by the Plan’s investment advisors, including the West Virginia Investment Management Board (WV-IMB). The projected nominal return for the Money Market Pool held with the BTI was estimated based on the WV-IMB assumed inflation of 2.0% plus a 25 basis point spread.

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

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

Single discount rate. A single discount rate of 6.65% was used to measure the total OPEB liability (asset). This single discount rate was based on the expected rate of return on OPEB plan investments of 6.65%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the net OPEB liability (asset) to changes in the discount rate. The following presents the net OPEB liability (asset) of the Plan as of June 30, 2023 and 2022 calculated using a discount rate that is one percentage point lower (5.65%) or one percentage point higher (7.65%) than the current rate.

	1% Decrease (5.65%)	Current Discount Rate (6.65%)	1% Increase (7.65%)
Net OPEB liability (asset)			
2023	$ 219,106	$ 85,242	$ (29,597)
2022	143,053	(26,659)	(167,568)

Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rate. The following presents Pierpont's proportionate share of the net OPEB liability (asset) as of June 30, 2023 and 2022 calculated using the healthcare cost trend rate, as well as what Pierpont's net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB liability (asset)			
2023	$ (48,462)	$ 85,242	$ 243,450
2022	(196,834)	(26,659)	180,634

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

The June 30, 2023 net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022. The June 30, 2022 net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2020, rolled forward to the measurement date of June 30, 2021.

At June 30, 2023, Pierpont's proportionate share of the net OPEB liability (asset) was $114,443. Of this amount, Pierpont recognized $85,242 as its proportionate share on the statement of net position. The remainder of $29,201 denotes Pierpont's proportionate share of net OPEB liability (asset) attributable to the special funding situation.

At June 30, 2022, Pierpont's proportionate share of the net OPEB liability (asset) was $(31,908). Of this amount, Pierpont recognized $(26,659) as its proportionate share on the statement of net position. The remainder of $(5,249) denotes Pierpont's proportionate share of net OPEB liability (asset) attributable to the special funding situation.

10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to OPEB for each of the fiscal years ended June 30, 2022 and 2021. Employer contributions are recognized when due. At the June 30, 2022 measurement date, Pierpont's proportion was 0.076588870%, a decrease of 0.013066235% from its proportion of 0.089655105% calculated as of June 30, 2021. At the June 30, 2021 measurement date, Pierpont's proportion was 0.089655105%, a decrease of 0.002004924% from its proportion of 0.091660029% calculated as of June 30, 2020.

For the year ended June 30, 2023, Pierpont recognized OPEB expense of $18,413. Of this amount, $112,399 was recognized as Pierpont's proportionate share of OPEB expense and $(93,986) as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. Pierpont also recognized revenue of $(93,986) for support provided by the State.

For the year ended June 30, 2022, Pierpont recognized OPEB expense of $16,997. Of this amount, $41,402 was recognized as Pierpont's proportionate share of OPEB expense and $(24,405) as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. Pierpont also recognized revenue of $(24,405) for support provided by the State.

At June 30, 2023 and 2022, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual non-investment experience	$ -	$ 108,744
Changes in proportion and difference between employer contributions and proportionate share of contributions	523,803	112,151
Net difference between projected and actual investment earnings	13,231	-
Changes in assumptions	54,666	216,586
Reallocations of opt-out employer change in proportionate share	-	547
Contributions after the measurement date	72,710	-
Total	$ 664,410	$ 438,028

10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual non-investment experience	$ -	$ 183,638
Changes in proportion and difference between employer contributions and proportionate share of contributions	1,023,520	26,726
Net difference between projected and actual investment earnings	-	183,979
Changes in assumptions	-	564,110
Reallocations of opt-out employer change in proportionate share	-	970
Contributions after the measurement date	90,050	-
Total	$ 1,113,570	$ 959,423

Pierpont will recognize the $72,710 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction (increase) of the net OPEB liability (asset) in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30,	Amortization
2024	$ 226,894
2025	(72,713)
2026	(38,626)
2027	38,117
	$ 153,672

Payables to the OPEB Plan

Pierpont did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2023 and 2022.

11. STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

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

11. STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS (CONTINUED)

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

The Municipal Bond Commission has the authority to assess each public institution of higher education for payment of debt service on these system bonds. The tuition and registration fees of the members of the former State University System are generally pledged as collateral for the Commission's bond indebtedness. Student fees collected by the institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. Although the bonds remain as a capital obligation of the Commission, an estimate of the obligation of each institution is reported as a long-term payable by each institution and as a receivable by the Commission. During 2023 and 2022, Pierpont reduced its debt to the Commission against the debt obligation by $219,974 and $208,263, respectively. The amount due to Commission at June 30, 2023 and 2022 is $962,088 and $1,182,062, respectively.

12. NET POSITION

Pierpont's net position at June 30, 2023 and 2022 includes certain designated net position, as follows:

	2023	(Restated) 2022
Net investment in capital assets	$ 28,739,372	$ 26,895,504
Restricted for — expendable:		
Capital projects	1,791,832	3,630,787
Scholarships	47,115	-
Sponsored projects	31,093	-
Other	141,140	180,806
Total restricted	2,011,180	3,811,593
Unrestricted:		
Designated for auxiliaries	108,955	100,426
Designated for fund managers	1,970,970	1,861,014
Undesignated	(8,158,179)	(11,270,244)
Total unrestricted (deficit)	(6,078,254)	(9,308,804)
Total net position	$ 24,672,298	$ 21,398,293

12. NET POSITION (CONTINUED)

Pierpont's unrestricted net position decreased by $12,452,915 during the year ended June 30, 2021 to a deficit of $(12,430,336). As explained in detail in note 18, Pierpont's loss on the final separation from Fairmont State was $27,872,673. The unrestricted funds incurred $16,300,000 of that loss, which was recorded as an amount due to Fairmont State at June 30, 2021. Pierpont's leadership evaluates operating costs during the budget development and throughout the year. Budget needs are strategically evaluated and only those with the most significant impact obtain approval to maintain a balanced budget or minimal deficit condition. During the years ended June 30, 2023 and 2022, Pierpont improved its unrestricted net position by $3,230,550 and $3,121,532, respectively, to a deficit of $(6,078,254) and $(9,308,804) at June 30, 2023 and 2022, respectively. With Pierpont's investment in new expanded facilities for the Culinary Academy, the Veterinary Technology Assistant Program, the Early Childhood Program, and an anticipated new facility for the Aviation Maintenance Program, along with the implementation of a strategic enrollment plan, Pierpont anticipates improvements to enrollments, which will further enable Pierpont to continue to improve its unrestricted net position.

13. RETIREMENT PLANS

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

Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have an option to switch to the Educators Money 401(a) basic retirement plan (Educators Money). New hires have the choice of either plan.

DEFINED BENEFIT PENSION PLAN

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

As related to the implementation of GASB 68, following are Pierpont's net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, revenues, and the pension expense and expenditures for the fiscal years ended June 30, 2023 and 2022:

STRS	2023	2022
Net pension liability	$ 160,857	$ 97,095
Deferred outflows of resources	112,147	145,744
Deferred inflows of resources	2,316	83,074
Revenues	29,649	(3,696)
Pension expense	66,649	21,681
Contributions made by Pierpont	8,453	18,261

13. RETIREMENT PLANS (CONTINUED)

Plan Description

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

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

Benefits Provided

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

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

13. RETIREMENT PLANS (CONTINUED)

Employer Contributions: Employers make the following contributions:

The State (including institutions of higher education) contributes:

- 15% of gross salary of their State-employed members hired prior to July 1, 1991;
- 7.5% of the gross salary of their TRS covered employees hired for the first time after July 1, 2005 and for those TDCRS members who elected to transfer to STRS effective July 1, 2008;
- a certain percentage of fire insurance premiums paid by State residents; and
- under WV State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the STRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2023 and 2022, Pierpont's proportionate share attributable to this special funding subsidy was $29,649 and $(3,696), respectively.

Pierpont's contributions to STRS for the years ended June 30, 2023, 2022, and 2021, were $8,453, $18,261, and $17,897, respectively.

Assumptions

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2021 and 2020 and rolled forward to June 30, 2022 and 2021, respectively. The following actuarial assumptions were used and applied to the current period measurement:

- Actuarial cost method: Entry age normal cost with level percentage of payroll.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method and period: Level dollar, fixed period over 40 years, from July 1, 1994 through fiscal year 2034.
- Investment rate of return: 7.25%, net of pension plan administrative and investment expenses.
- Projected salary increases: Teachers 2.75-5.90% and non-teachers 2.75-6.50%, based on age.
- Inflation rate: 2.75%.
- Discount rate: 7.25%.
- Mortality rates based on Pub-2010 Mortality Tables.
- Withdrawal rates: State 7.00-35.00% and nonstate 2.30-18.00%.
- Disability rates: 0.004-0.563%.
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Retirement rates: 15.00-100.00%.
- Ad hoc cost-of-living increases in pensions are periodically granted by the Legislature. However, the retirement system makes no automatic provision for such increases.

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

13. RETIREMENT PLANS (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term geometric real rates of return for each major asset class included in STRS' target asset allocation as of June 30, 2022 and 2021, are summarized below.

June 30, 2022		
Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	5.3%	27.5%
International equity	6.1%	27.5%
Fixed income	2.2%	15.0%
Real estate	6.5%	10.0%
Private equity	9.5%	10.0%
Hedge funds	3.8%	10.0%

June 30, 2021		
Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	5.5%	27.5%
International equity	7.0%	27.5%
Fixed income	2.2%	15.0%
Real estate	6.6%	10.0%
Private equity	8.5%	10.0%
Hedge funds	4.0%	10.0%

Discount rate. The discount rate used to measure the total STRS pension liability was 7.25% for fiscal years 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that State contributions will continue to follow the current funding policy. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on STRS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

13. RETIREMENT PLANS (CONTINUED)

Sensitivity of the net pension liability to changes in the discount rate. The following presents Pierpont's proportionate share of the STRS net pension liability as of June 30, 2023 and 2022 calculated using the discount rate of 7.25%, as well as what Pierpont's STRS 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.

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability			
2023	$ 236,601	$ 160,857	$ 96,528
2022	171,574	97,095	33,807

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

The June 30, 2023 STRS net pension liability was measured as of June 30, 2022, and the total pension liability was determined by an actuarial valuation as of July 1, 2021, rolled forward to the measurement date of June 30, 2022. The June 30, 2022 STRS net pension liability was measured as of June 30, 2021, and the total pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to the measurement date of June 30, 2021.

At June 30, 2023, Pierpont's proportionate share of the STRS net pension liability was $519,198. Of this amount, Pierpont recognized $160,857 as its proportionate share on the statement of net position. The remainder of $358,341 denotes Pierpont's proportionate share of net pension liability attributable to the special funding situation.

At June 30, 2022, Pierpont's proportionate share of the STRS net pension liability was $314,173. Of this amount, Pierpont recognized $97,095 as its proportionate share on the statement of net position. The remainder of $217,078 denotes Pierpont's proportionate share of net pension liability attributable to the special funding situation.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to STRS for each of the fiscal years ended June 30, 2022 and 2021. Employer contributions are recognized when due. At the June 30, 2022 measurement date, Pierpont's proportion was 0.006254%, an increase of 0.000041% from its proportion of 0.006213% calculated as of June 30, 2021. At the June 30, 2021 measurement date, Pierpont's proportion was 0.006213%, an increase of 0.004379% from its proportion of 0.001834% calculated as of June 30, 2020.

For the year ended June 30, 2023, Pierpont recognized STRS pension expense of $66,649. Of this amount, $37,000 was recognized as Pierpont's proportionate share of the STRS expense and $29,649 as the amount of pension expense attributable to special funding from a non-employer contributing entity. Pierpont also recognized revenue of $29,649 for support provided by the State.

13. RETIREMENT PLANS (CONTINUED)

For the year ended June 30, 2022, Pierpont recognized STRS pension expense of $21,681. Of this amount, $25,377 was recognized as Pierpont's proportionate share of the STRS expense and $(3,696) as the amount of pension expense attributable to special funding from a non-employer contributing entity. Pierpont also recognized revenue of $(3,696) for support provided by the State.

At June 30, 2023 and 2022, deferred outflows of resources and deferred inflows of resources related to the STRS pension are as follows.

June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 6,679	$ 1,312
Changes in proportion and differences in pension contributions	81,402	1,004
Net difference between projected and actual investment earnings	6,525	-
Changes in assumptions	9,088	-
Contributions after the measurement date	8,453	-
Total	$ 112,147	$ 2,316

June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,910	$ 2,843
Changes in proportion and differences in pension contributions	107,519	2,630
Net difference between projected and actual investment earnings	-	77,601
Changes in assumptions	12,054	-
Contributions after the measurement date	18,261	-
Total	$ 145,744	$ 83,074

13. RETIREMENT PLANS (CONTINUED)

Pierpont will recognize the $8,453 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the STRS net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in STRS pension expense as follows:

Fiscal Year Ended June 30,	Amortization
2024	$ 29,001
2025	28,463
2026	26,948
2027	16,966
	$ 101,378

Payables to the Pension Plan

Pierpont did not report any amounts payable for normal contributions to the STRS as of June 30, 2023 and 2022.

DEFINED CONTRIBUTION BENEFIT PLANS

The TIAA-CREF and Educators Money are defined contribution benefit plans in which benefits are based solely upon amounts contributed, plus investment earnings. Employees who elect to participate in these plans are required to make a contribution equal to 6% of total annual compensation for the years ended June 30, 2023, 2022, and 2021. Pierpont matches the employees’ 6% contribution. Contributions are immediately and fully vested. In addition, employees may elect to make additional contributions to TIAA-CREF and Educators Money, which are not matched by Pierpont.

Total contributions to the TIAA-CREF for the years ended June 30, 2023, 2022, and 2021, were $800,732, $767,732, and $753,404, respectively, which consisted of equal contributions from Pierpont and covered employees of $400,366, $383,866, and $376,702, respectively.

Total contributions to Educators Money for the years ended June 30, 2023, 2022, and 2021, were $18,350, $18,954, and $38,974, respectively, which consisted of $9,175, $9,477, and $19,487, from both Pierpont and from covered employees, respectively.

Pierpont’s total payroll for the year ended June 30, 2023, was $7,312,120, and total covered employees’ salaries in the STRS, TIAA-CREF, and Educators Money were $56,355, $6,672,772, and $152,909, respectively.

Pierpont’s total payroll for the year ended June 30, 2022, was $7,356,916, and total covered employees’ salaries in the STRS, TIAA-CREF, and Educators Money were $121,739, $6,397,765, and $157,952, respectively.

Pierpont’s total payroll for the year ended June 30, 2021, was $7,496,221, and total covered employees’ salaries in the STRS, TIAA-CREF, and Educators Money were $119,311, $6,278,367, and $324,781, respectively.

14. FAIRMONT STATE FOUNDATION, INC.

The Fairmont State Foundation, Inc. is a separate nonprofit organization incorporated in the State whose purpose is to benefit the work and services of Fairmont State and Pierpont and their affiliated nonprofit organizations. In carrying out its responsibilities, the board of directors of the Fairmont State Foundation, Inc. employs management, forms policy, and maintains fiscal accountability over funds administered by the Fairmont State Foundation, Inc. The economic resources of the Fairmont State Foundation, Inc. do not entirely benefit Pierpont. Accordingly, the financial statements of the Fairmont State Foundation, Inc. are not included in the accompanying financial statements because it is not entirely or almost entirely for the benefit of Pierpont. Since Pierpont was part of Fairmont State for many years, the Fairmont State Foundation, Inc. has obtained resources designated for Pierpont's programs and/or students. Certain endowments and other fund balances designated to benefit Pierpont are under the control and management of the Fairmont State Foundation, Inc. During fiscal year 2022, a significant number of endowments and other fund balances designated to benefit Pierpont were transferred to the Pierpont Foundation, Inc. in the amount of $768,727. At June 30, 2023 and 2022, the Fairmont State Foundation, Inc. held funds for Pierpont in the amount of $423,819 and $426,559, respectively.

Total funds expended by the Fairmont State Foundation, Inc. in support of Pierpont activities totaled $29,203 and $36,603 during 2023 and 2022, respectively.

15. PIERPONT FOUNDATION, INC.

The Pierpont Foundation, Inc. is a separate nonprofit organization incorporated in the State whose purpose is to benefit the work and services of Pierpont. The Pierpont Foundation Inc. has a separate board of directors responsible for policy and fiscal accountability. Fiscal year 2022 is the first year the Pierpont Foundation Inc. had financial activity. This activity primarily consisted of a transfer of endowments and other fund balances from the Fairmont State Foundation, Inc. in the amount of $768,727. During fiscal years 2023 and 2022, the Pierpont Foundation Inc. also recorded activity for fundraising, investment income, and scholarships. As of June 30, 2023 and 2022, the Pierpont Foundation Inc. had total assets in the amount of $754,574 and $735,141, respectively.

Total funds expended by the Pierpont Foundation, Inc. in support of Pierpont activities totaled $106,344 and $47,371 during 2023 and 2022, respectively.

16. AFFILIATED ORGANIZATIONS AND OTHER STATE AGENCIES

Pierpont receives funding or grants from and provides services to other state agencies, and utilizes services, supplies, and equipment provided by other state agencies. Pierpont had no amounts due from other state agencies at June 30, 2023 or 2022. Amounts due to other state agencies at June 30, 2023 and 2022 are as follows:

	2023	2022
Due to:		
WV Higher Education Policy Commission	$ 12,035	$ 36,054
State Treasurer's Office	340	966
WV Attorney General	-	116
Department of Administration	25	54
PEIA	-	29
WVNET	46,205	-
Department of Health and Human Resources	-	2,035
	$ 58,605	$ 39,254

17. RELATED-PARTY TRANSACTIONS

For fiscal year 2022, Pierpont paid Fairmont State $650,000 under the fee for service agreement in accordance with the Final Separation Agreement. These costs are primarily facility-related, including insurance costs, physical plant support areas, custodial services, and utilities for space utilized by Pierpont. Pierpont's Culinary Arts, Veterinary Technology Assistant, and Early Childhood programs remained on Fairmont State's Locust Avenue campus through June 30, 2022. Additionally, Pierpont's Aviation programs are located at Fairmont State's National Aerospace Education Center in Bridgeport. For fiscal year 2023, Pierpont paid Fairmont State $450,000 to cover facility-related costs for Pierpont's Aviation programs. For fiscal year 2024, Pierpont's Aviation program will continue at Fairmont State's National Aerospace Education Center, and the fee for service agreement will require Pierpont to continue to pay Fairmont State $450,000.

18. FINAL SEPARATION AGREEMENT

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

Under the Final Separation Agreement, Pierpont received transfers of property from Fairmont State, including the Gaston Caperton Center in Clarksburg, the real property and any improvements located adjacent to the Gaston Caperton Center, and the Braxton County Center located in Braxton County High School. As of June 30, 2021, the assets retained by Pierpont from the BOG Support fund had a net book value of $5,168,044. Fairmont State retained full ownership of all other assets that were previously jointly owned.

18. FINAL SEPARATION AGREEMENT (CONTINUED)

Pierpont assumed the debt obligation to the Commission outstanding at June 30, 2021 in the amount of $1,390,325. This increased Pierpont's indebtedness to the Commission by $955,431. In addition to the principal amount on the financial statements, Pierpont assumed responsibility for interest in the amount of $217,761 to be paid over the remaining debt period. Fairmont State accepted full legal and sole financial responsibility for the Series 2006 Bonds outstanding at June 30, 2021 of $2,667,177, which resulted in a decrease in Pierpont's indebtedness to Fairmont State of $2,048,116.

Fairmont State shall be responsible for submitting debt service payments on the Series 2012 Bonds and paying the costs of operating, maintaining, and repairing the facilities refinanced with the Series 2012 Bonds. In addition to the full and final separation of BOG Support assets and liabilities, it was determined that Pierpont shall pay Fairmont State a total of $16,300,000 through 2032 for a portion of the debt service on the 2012 Bonded Indebtedness. Pierpont paid Fairmont State $1,300,000 in fiscal year 2022. For fiscal years 2022 through 2032, Pierpont shall pay Fairmont State $1,500,000 per year. As of June 30, 2023 and 2022, the amount due to Fairmont State is $13,500,000 and $15,000,000, respectively.

Pierpont received a special appropriation of State funds through the West Virginia Legislature for fiscal year 2022 in the amount of $2,500,000. This special appropriation was received by the Council and remitted to Pierpont during fiscal year 2022.

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

Capital assets assumed by Pierpont	$ 5,483,775
Liabilities assumed by Pierpont	(17,255,431)
Liabilities transferred to Fairmont State	2,102,419
Cash and other assets transferred to Fairmont State	(1,171,726)
Capital assets transferred to Fairmont State	(17,031,710)
Total loss on final separation from Fairmont State	$ (27,872,673)

19. CONTINGENCIES

The nature of the educational industry is such that, from time-to-time, claims will be presented against Pierpont 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 Pierpont would not have a significant financial impact on the financial position of Pierpont.

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

20. SUBSEQUENT EVENTS

Senate Bill 1029 was passed on August 8, 2023, which provides a $25 million supplemental appropriation to the West Virginia Department of Economic Development. The funds are earmarked for construction of a new aviation maintenance training facility at the North Central West Virginia Airport, where Pierpont will house its Aviation Maintenance Technology Program. The proposed 70,000 square foot facility will give the program a significant increase in space, allowing for an increase in annual enrollment from 130 to 200 students per year. Construction of the facility is expected to begin in Spring 2024 with an anticipated completion date in Fall 2025.

21. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

For the years ended June 30, 2023 and 2022, the following tables represent operating expenses within both natural and functional classifications:

2023

Function	Salaries and Wages	Benefits	Supplies and Others	Utilities	Scholarships	Depreciation and Amortization	Loan Cancellations	Fees Assessed by the Commission	Function Total
Instruction	$ 4,523,803	$ 946,030	$ 1,423,069	$ -	$ 800	$ -	$ -	$ -	$ 6,893,702
Public service	127,792	25,346	-	-	-	-	-	-	153,138
Academic support	96,495	8,329	4,805	-	9,500	-	-	-	119,129
Student services	786,045	168,174	229,932	-	3,000	-	-	-	1,187,151
General institutional support	1,740,896	461,002	1,381,850	-	-	-	-	85,426	3,669,174
Operation and maintenance	14,029	1,280	1,176,190	290,834	-	-	-	-	1,482,333
Student financial aid	23,060	351	-	-	2,025,950	-	-	-	2,049,361
Depreciation and amortization	-	-	-	-	-	1,204,726	-	-	1,204,726
Loan cancellations and write-offs	-	-	-	-	-	-	170,241	-	170,241
TOTAL	$ 7,312,120	$ 1,610,512	$ 4,215,846	$ 290,834	$ 2,039,250	$ 1,204,726	$ 170,241	$ 85,426	$ 16,928,955

(Restated)
2022

Function	Salaries and Wages	Benefits	Supplies and Others	Utilities	Scholarships	Depreciation and Amortization	Loan Cancellations	Fees Assessed by the Commission	Function Total
Instruction	$ 4,419,364	$ 900,795	$ 960,908	$ 8,523	$ -	$ -	$ -	$ -	$ 6,289,590
Public service	-	-	-	-	-	-	-	-	-
Academic support	96,169	15,485	20,255	-	8,500	-	-	-	140,409
Student services	911,182	162,044	123,219	-	3,750	-	-	-	1,200,195
General institutional support	1,781,483	321,932	1,516,452	-	-	-	-	93,572	3,713,439
Operation and maintenance	90,690	25,325	1,174,202	215,082	-	-	-	-	1,505,299
Student financial aid	58,028	112	-	-	4,271,244	-	-	-	4,329,384
Depreciation and amortization	-	-	-	-	-	1,076,415	-	-	1,076,415
Loan cancellations and write-offs	-	-	-	-	-	-	222,771	-	222,771
TOTAL	$ 7,356,916	$ 1,425,693	$ 3,795,036	$ 223,605	$ 4,283,494	$ 1,076,415	$ 222,771	$ 93,572	$ 18,477,502

REQUIRED SUPPLEMENTARY INFORMATION

PIERPONT COMMUNITY & TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2023

State Teachers' Retirement System
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Pierpont's proportion of the net pension liability (asset) (percentage)	0.006254%	0.006213%	0.001834%	0.001863%	0.001662%	0.001812%	0.001903%	0.001644%	0.001606%	
Pierpont's proportionate share of the net pension liability (asset)	$ 160,857	$ 97,095	$ 59,072	$ 55,427	$ 51,892	$ 62,604	$ 78,224	$ 56,969	$ 55,395	
State's proportionate share of the net pension liability (asset)	358,341	217,078	128,342	133,786	134,473	138,439	148,997	130,012	125,169	
Total proportionate share of the net pension liability (asset)	$ 519,198	$ 314,173	$ 187,414	$ 189,213	$ 186,365	$ 201,043	$227,221	$186,981	$180,564	
Pierpont's covered payroll	$ 121,739	$ 119,311	$ 50,578	$ 52,687	$ 51,126	$ 50,008	$ 49,195	$ 49,845	$ 49,311	
Pierpont's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	132.13%	81.38%	116.79%	105.20%	101.50%	125.19%	159.01%	114.29%	112.34%	
Plan fiduciary net position as a percentage of the total pension liability	77.78%	86.38%	70.89%	72.64%	71.20%	67.85%	61.42%	66.25%	65.95%	

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

PIERPONT COMMUNITY & TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
JUNE 30, 2023

State Teachers' Retirement System

Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 8,453	$ 18,261	$ 17,897	$ 7,587	$ 8,069	$ 7,656	$ 7,501	$ 7,379	$ 7,477	
Contributions in relation to the contractually required contribution	(8,453)	(18,261)	(17,897)	(7,587)	(8,069)	(7,656)	(7,501)	(7,379)	(7,477)	
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Pierpont's covered payroll	$ 56,355	$ 121,739	$ 119,311	$ 50,578	$ 52,687	$ 51,126	$ 50,008	$ 49,195	$ 49,845	
Contributions as a percentage of covered payroll	15.00%	15.00%	15.00%	15.00%	15.31%	14.97%	15.00%	15.00%	15.00%	

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

PIERPONT COMMUNITY & TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
JUNE 30, 2023

Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Pierpont's proportion of the net OPEB liability (asset) (percentage)	0.076588870%	0.089655105%	0.091660029%	0.137559207%	0.138659143%	0.132195612%				
Pierpont's proportionate share of the net OPEB liability (asset)	$ 85,242	$ (26,659)	$ 404,855	$ 2,282,288	$ 2,974,842	$ 3,250,676				
State's proportionate share of the net OPEB liability (asset)	29,201	(5,249)	89,520	467,058	614,821	667,693				
Total proportionate share of the net OPEB liability (asset)	$ 114,443	$ (31,908)	$ 494,375	$ 2,749,346	$ 3,589,663	$ 3,918,369				
Pierpont's covered-employee payroll	$ 5,158,675	$ 5,338,250	$ 5,189,805	$ 5,235,890	$ 4,830,737	$ 4,600,880				
Pierpont's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	1.65%	(0.50)%	7.80%	43.59%	61.58%	70.65%				
Plan fiduciary net position as a percentage of the total OPEB liability	93.59%	101.81%	73.49%	39.69%	30.98%	25.10%				

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

PIERPONT COMMUNITY & TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
JUNE 30, 2023

Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	$ 72,710	$ 90,050	$ 163,494	$ 177,168	$ 249,410	$ 247,742				
Contributions in relation to the statutorily required contribution	(72,710)	(90,050)	(163,494)	(177,168)	(249,410)	(247,742)				
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -				
Pierpont's covered-employee payroll	$ 5,058,731	$ 5,158,675	$ 5,338,250	$ 5,189,805	$ 5,235,890	$ 4,830,737				
Contributions as a percentage of covered-employee payroll	1.44%	1.75%	3.06%	3.41%	4.76%	5.13%				

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

PIERPONT COMMUNITY & TECHNICAL COLLEGE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2023 AND 2022

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

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
2022	2.75%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 5.90%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 6.50%.	7.25%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired: Healthy males – 100% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019; Beneficiary males-101% of Pub-2010 Contingent Survivor Male table, headcount weighted, projected generationally with Scale MP-2019; Beneficiary females-113% of Pub-2010 Contingent Survivor Female table, headcount weighted, projected generationally with Scale MP-2019.	7.25%
2021	2.75%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 5.90%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 6.50%.	7.25%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired: Healthy males – 100% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019.	7.25%

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
2020	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.16%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.75%.	7.5%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired healthy males – 108% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019.	7.5%
2019	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: Healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; Disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%
2018	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%

PIERPONT COMMUNITY & TECHNICAL COLLEGE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2023 AND 2022

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
2017	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%
2016	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%
2015	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.75 to 5.25%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.40 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant monthly mortality table. Retired: RP2000 healthy annuitant, scale AA; Disabled: RP2000 disabled annuitant mortality table, scale AA.	7.5%

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

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

PIERPONT COMMUNITY & TECHNICAL COLLEGE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB
YEARS ENDED JUNE 30, 2023 AND 2022

Actuarial Changes Other Postemployment Benefits Plan

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

	Inflation Rate	Salary Increases	Wage Inflation Rate	Investment Rate of Return & Discount Rate	Mortality	Retirement Age	Aging Factors	Expenses	Healthcare Cost Trend Rates
2022	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% for two years then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.
2021	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2020, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
2020	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, 6.5% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
2019	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP–2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
2018	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP–2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.0% and 10.0% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.
2017	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP–2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.

Suttle & Stalnaker PLLC
Certified Public Accountants

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

Board of Governors
Pierpont Community & Technical College
Fairmont, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Pierpont Community & Technical College (Pierpont), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Pierpont's financial statements, and have issued our report thereon dated September 28, 2023. Our report also includes an emphasis of matter paragraph for the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. Our opinion is not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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Report on Compliance and Other Matters

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

Purpose of This Report

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

Suttle & Stalnaker, PLLC

Charleston, West Virginia
September 28, 2023