

**WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2023 AND 2022



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**WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
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INDEPENDENT AUDITORS' REPORT

West Virginia Higher Education
Policy Commission
Charleston, West Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the West Virginia Higher Education Fund (the Fund), a component unit of the state of West Virginia, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Fund as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows, thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Fairmont State University, West Virginia Council for Community and Technical College Education, and the West Virginia School of Osteopathic Medicine (collectively, the Other Institutions), which statements represent 16%, 25%, and 13%, respectively, of total assets, total net position, and total revenues of the Fund as of June 30, 2023. We did not audit the financial statements of the Other Institutions, which represent 16%, 24%, and 13%, respectively, of total assets, total net position and total revenues of the Fund as of June 30, 2022. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Other Institutions, are based solely on the report of the auditors.

We also did not audit the financial statements of the discretely presented component units defined in Note 2 to the financial statements, other than the Blue Ridge Community and Technical College Foundation, Inc. (collectively, the Other Discretely Presented Component Units), which statements represent 100% of total assets, total net position, and total revenues of the discretely presented component units as of and for the years ended June 30, 2023 and 2022. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Other Discretely Presented Component Units, are based solely on the report of the other auditors.

Emphasis of Matter – Adoption of Accounting Principle

During fiscal year ended June 30, 2023, the Fund adopted Government Accounting Standards Board (GASB) 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, as disclosed in Note 2. As a result of the implementation of these standards, the Fund reported a restatement for the change in accounting principle. Our auditors’ opinions were not modified with respect to this matter.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors’ Responsibilities for the Audit of the Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fund's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

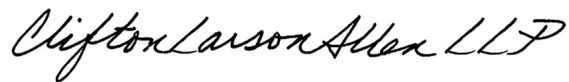
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of TRS net pension liability, schedule of proportionate share of net OPEB liability (asset), and schedule of employer contributions (the required supplementary information), as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fund's basic financial statements. The schedule of combining net position information and schedule of combining revenues, expenses, and changes in net position information (the supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS by us and other auditors. In our opinion, the Schedule of Combining Net Position Information and Schedule of Combining Revenues, Expenses, and Changes in Net Position Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023 on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
October 31, 2023

**WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2023
(UNAUDITED)**

Overview of the Financial Statements and Financial Analysis

The West Virginia Higher Education Fund (the Fund) is comprised of 20 public colleges and universities and two administrative units. The Fund is a discretely presented component unit of the State of West Virginia (the State). The supervision and management of the affairs of each institution is the responsibility of individual Governing Boards, while the West Virginia Higher Education Policy Commission (the Commission and the West Virginia Council for Community and Technical College Education (the Council) are responsible for the development and implementation of a higher education policy agenda.

Governmental Accounting Standards Board (GASB) standards require the audited financial statements of certain institutions' component units to be separately presented as a discrete component unit in the institution's and Fund's financial statements for the fiscal years ended June 30, 2023 and 2022. These component units are private nonprofit organizations that report under the Financial Accounting Standards Board (FASB). A supplemental information schedule is provided presenting these statements on a consolidated GASB basis to meet the State's reporting requirements.

The following discussion and analysis of the Fund's financial statements provides an overview of its financial activities for Fiscal Years 2023 and 2022 and is required supplemental information. The emphasis of discussions about these statements will focus on current year data in comparison to prior year. There are three financial statements presented: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows.

Statements of Net Position

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

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

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

**WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2023
(UNAUDITED)**

Statements of Net Position (Continued)

**Condensed Schedules of Net Position
(In Thousands of Dollars)**

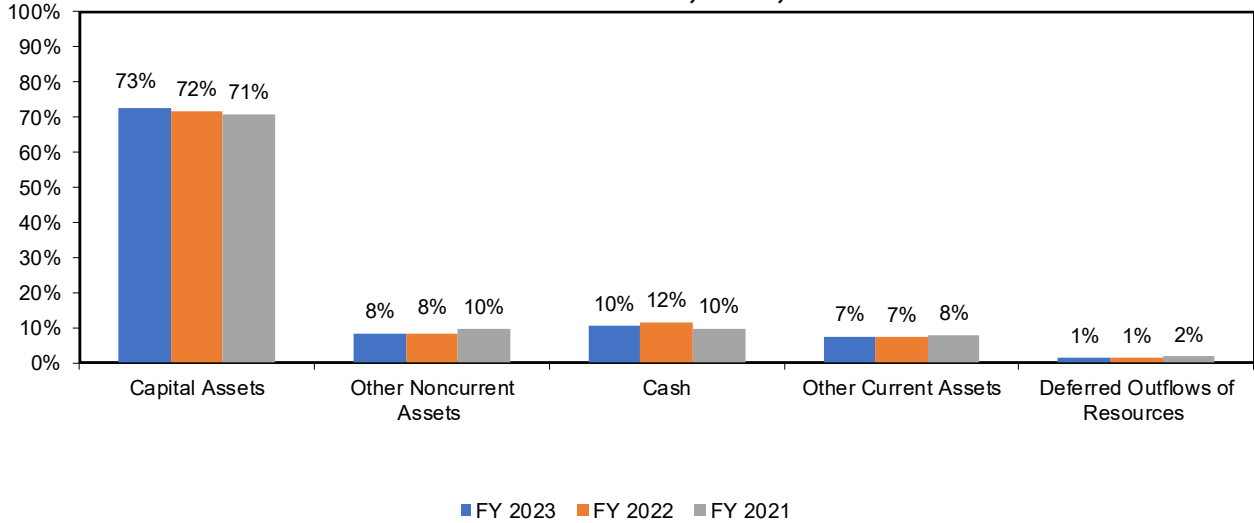
	2023	(As Restated) 2022	2021
ASSETS			
Current Assets	\$ 830,004	\$ 890,237	\$ 834,514
Capital Assets, Net	3,381,040	3,385,165	3,343,262
Other Noncurrent Assets	390,627	379,435	457,455
Total Assets	<u>4,601,671</u>	<u>4,654,837</u>	<u>4,635,231</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>60,923</u>	<u>59,464</u>	<u>78,759</u>
Total	<u>\$ 4,662,594</u>	<u>\$ 4,714,301</u>	<u>\$ 4,713,990</u>
LIABILITIES			
Current Liabilities	\$ 454,253	\$ 504,494	\$ 413,157
Noncurrent Liabilities	1,649,451	1,641,488	1,726,106
Total Liabilities	<u>2,103,704</u>	<u>2,145,982</u>	<u>2,139,263</u>
DEFERRED INFLOWS OF RESOURCES	<u>115,668</u>	<u>194,356</u>	<u>232,402</u>
Total	<u>2,219,372</u>	<u>2,340,338</u>	<u>2,371,665</u>
NET POSITION			
Net Investment in Capital Assets	2,038,866	2,065,044	2,080,963
Restricted-Expendable	212,654	202,394	199,670
Restricted-Nonexpendable	34,004	33,337	35,204
Unrestricted	157,698	73,188	26,488
Total Net Position	<u>2,443,222</u>	<u>2,373,963</u>	<u>2,342,325</u>
Total	<u>\$ 4,662,594</u>	<u>\$ 4,714,301</u>	<u>\$ 4,713,990</u>

**WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2023
(UNAUDITED)**

Statements of Net Position (Continued)

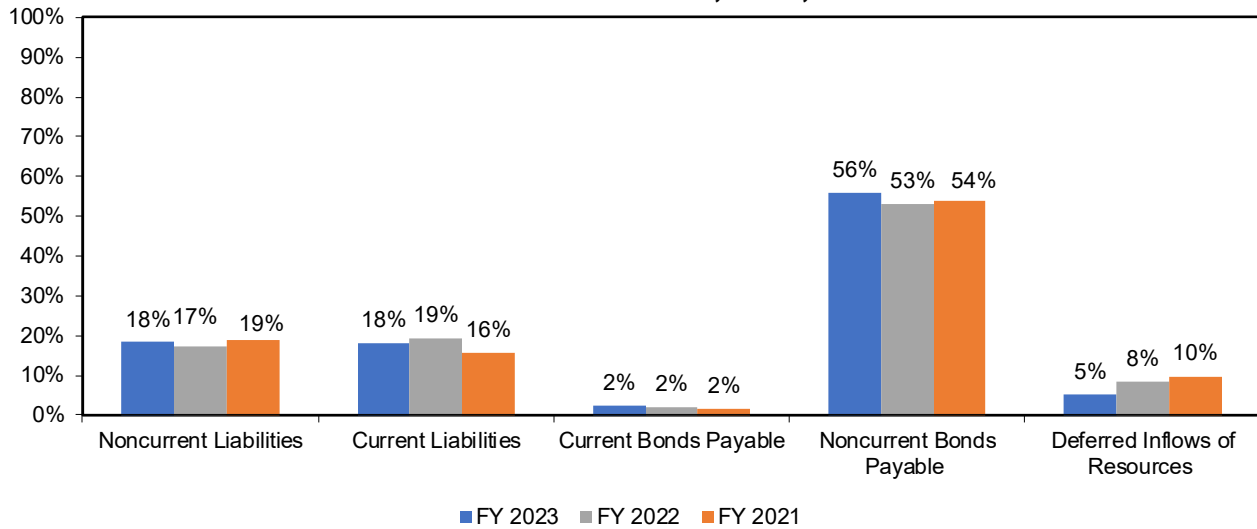
Assets and Deferred Outflows Composition

For the Years Ended June 30, 2023, 2022 and 2021



Liabilities and Deferred Inflows Composition

For the Years Ended June 30, 2023, 2022 and 2021



WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2023
(UNAUDITED)

Statements of Net Position (Continued)

Major items of not in the Statement of Net Position included:

- Total current assets of \$830.0 million exceeded total current liabilities of \$454.2 million as of June 30, 2023 for net working capital of \$375.7 million as compared to net working capital of \$385.7 million and \$421.3 million as of June 30, 2022 and 2021, respectively. Current assets decreased by \$60.2 million from 2022 to 2023 and increased \$55.7 million from 2021 to 2022, while current liabilities decreased by \$50.2 million from 2022 to 2023 and increased by \$91.3 million from 2021 to 2022.
 - The major components of current assets include cash and cash equivalents of \$481.8 million, \$546.1 million, and \$462.1 million and net accounts receivable of \$196.5 million, \$176.6 million, and \$165.6 million as of June 30, 2023, 2022, and 2021, respectively. The majority of the cash and cash equivalents represent interest earning assets invested through the office of the West Virginia State Treasurer which invested with Board of Treasury Investments at June 30, 2023, 2022 and 2021.
 - The major components of current liabilities include \$134.9 million, \$162.5 million, and \$113.8 million of unearned revenue, \$89.5 million, \$86.4 million, and \$70.7 million, in accounts payable, \$81.5 million, \$111.1 million, and \$103.8 million of accrued liabilities, \$55.3 million, \$53.5 million, and \$54.1 million in accrued compensated absences, and \$51.6 million, \$51.0 million, and \$39.1 million in current portion of bonds payable as of June 30, 2023, 2022 and 2021, respectively.
 - The changes from last year in the level of most of the current assets and liabilities reflect normal fluctuations in business operations; current construction projects activities and changes in grant activities.
- Noncurrent assets total \$3,771.7 million, \$3,764.6 million, and \$3,800.7 million and noncurrent liabilities total \$1,649.5 million, \$1,641.5 million, and \$1,726.1 million as of June 30, 2023, 2022 and 2021, respectively. Noncurrent assets increased by \$7.1 million from 2022 to 2023 and decreased by \$36.1 million from 2021 to 2022 while noncurrent liabilities increased by \$8.0 million from 2022 to 2023 and decreased by \$84.6 million from 2021 to 2022.
 - The primary noncurrent asset is \$3,381.0 million, \$3,385.2 million, and \$3,343.3 million, of net capital assets as of June 30, 2023, 2022 and 2021, respectively. Also included as noncurrent assets are cash and cash equivalents primarily for capital purposes of \$99.0 million, \$112.7 million, and \$149.8 million, investments for capital purposes totaling \$214.5 million, \$202.4 million, and \$229.6 million, and net loans to students of \$23.8 million, \$25.9 million, and \$32.1 million as of June 30, 2023, 2022 and 2021, respectively.

**WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2023
(UNAUDITED)**

Statements of Net Position (Continued)

- Major components of noncurrent liabilities include long-term bonds payable totaling \$1,242.9 million, \$1,241.4 million, and \$1,275.3 million, lease liabilities of \$93.4 million, \$95.3 million, and \$99.1 million, advances from federal sponsors of \$16.4 million, \$19.8 million, and \$29.2 million, and notes payable of \$110.4 million, \$115.0 million, and \$108.6 million, as of June 30, 2023, 2022 and 2021, respectively. In addition, the net pension liability recorded was \$5.6 million, \$4.5 million and \$11.6 million, as of June 30, 2023, 2022 and 2021, respectively.
- Other post-employment benefit (OPEB) liability increased by \$12.7 as of June 30, 2023. In 2022, the Fund's fiduciary net position exceeded the total OPEB liability resulting in a net OPEB asset based on the actuarial valuation.
- Deferred outflows of resources decreased from \$78.8 million, as of June 30, 2021, decreased to \$59.3 million, as of June 30, 2022 and increased to \$61.0 million as of June 30, 2023. The 2023 increase is the result of an increase in the OPEB of \$4.3 million, offset by a decrease in deferred loss on refunding of \$2.4 million. The 2022 decrease is the result of a decrease in the deferred loss on refunding of \$3.2 million, and decrease in the OPEB of \$15.7 million, offset by an increase in deferred outflows related to pensions of \$0.6 million.
- Most of the FY 2023, \$78.7 million decrease in deferred inflows was a result of a decrease in the inflows related to OPEB of \$73.4 million and a decrease of inflows related to pensions of \$4.7 million, an increase in leases of \$1.2 million.
- The net position of the Fund totaled \$2,443.2 million, \$2,374.0 million, and \$2,342.3 million as of June 30, 2023, 2022 and 2021, respectively, an increase of \$69.2 million from 2022 to 2023 and \$36.3 million from 2021 to 2022.
 - Net investment in capital assets totaled \$2,038.9 million, \$2,065.0 million, and \$2,081.0 million as of June 30, 2023, 2022 and 2021, respectively.
 - Restricted expendable net position totaled \$212.7 million, \$202.4 million, and \$199.7 million and included \$71.1 million, \$67.1 million, \$73.3 million for sponsored projects, \$17.6 million, \$18.2 million, and \$12.2 million for capital projects, and \$19.5 million, \$18.3 million, and \$17.3 million for loan programs as of June 30, 2023, 2022 and 2021, respectively.
 - Unrestricted net position totaled \$157.7 million, \$73.2 million, and \$26.5 million as of June 30, 2023, 2022 and 2021, respectively, and represents net position available to the Fund for any lawful purpose of the Fund.
 - The increase in net position is more fully explained in the following section.

**WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2023
(UNAUDITED)**

Statements of Revenues, Expenses and Changes in Net Position

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

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

**Condensed Schedules of Revenues, Expenses and Changes in Net Position
(In Thousands of Dollars)**

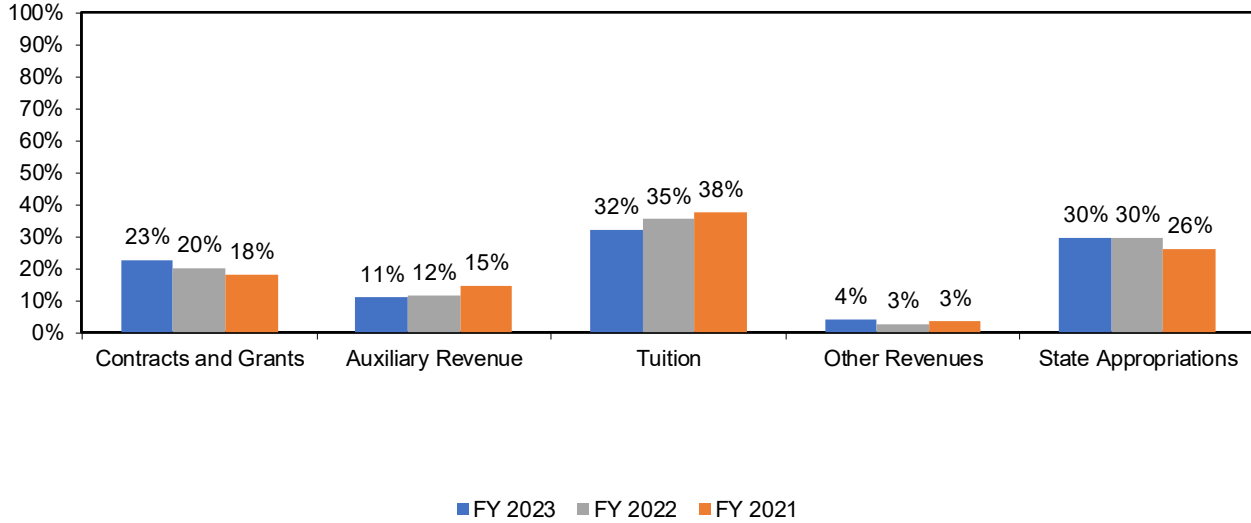
	2023	(As Restated) 2022	2021
OPERATING REVENUES	\$ 1,308,811	\$ 1,231,779	\$ 1,159,331
OPERATING EXPENSES	<u>2,082,680</u>	<u>2,022,994</u>	<u>1,883,503</u>
OPERATING LOSS	(773,869)	(791,215)	(724,172)
NET NONOPERATING REVENUES	<u>766,117</u>	<u>767,791</u>	<u>869,719</u>
INCOME (LOSS) BEFORE OTHER REVENUES EXPENSES, GAINS, AND LOSSES	(7,752)	(23,424)	145,547
CAPITAL GRANTS, APPROPRIATIONS AND GIFTS	75,297	61,299	122,762
CAPITAL BOND PROCEEDS FROM THE STATE	-	-	919
PAYMENTS MADE AND EXPENSES INCURRED BY THE COMMISSION ON BEHALF OF THE SCHOOL	-	-	-
CAPITAL PAYMENTS MADE ON BEHALF OF THE FUND	1,714	1,135	470
INCOME (LOSS) ON DISPOSAL OF OPERATIONS	<u>-</u>	<u>(2,667)</u>	<u>-</u>
INCREASE IN NET POSITION	<u>\$ 69,259</u>	<u>\$ 36,343</u>	<u>\$ 269,698</u>

**WEST VIRGINIA HIGHER EDUCATION FUND
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2023
(UNAUDITED)**

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

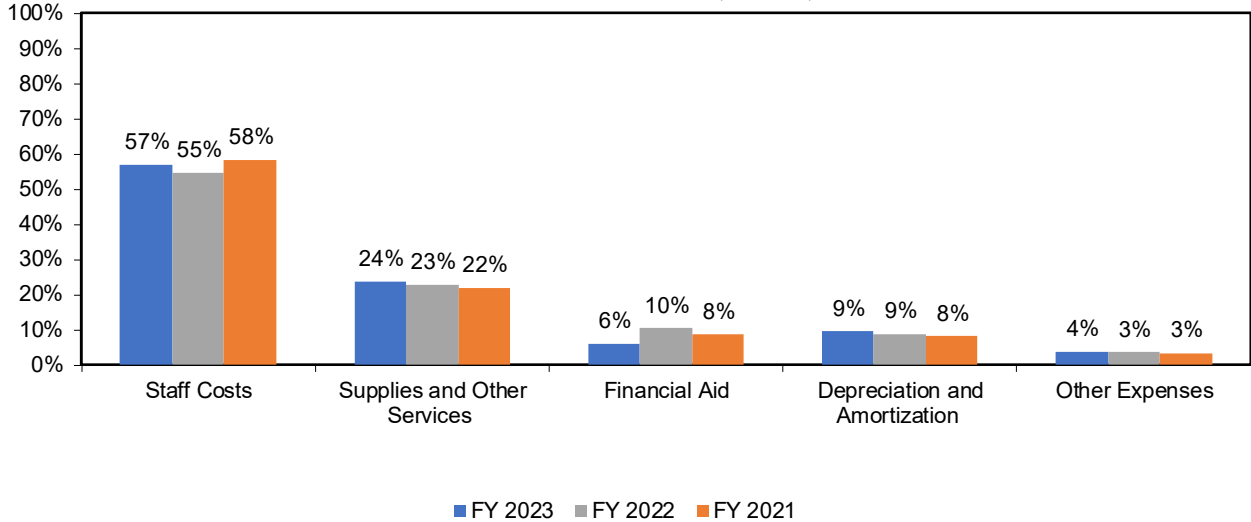
Operating Revenues and State Appropriations

For the Years Ended June 30, 2023 and 2022 and 2021



Total Operating Expenses

For the Years Ended June 30, 2023, 2022 and 2021



**WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2023
(UNAUDITED)**

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

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

- Operating Revenues of the Fund totaled \$1,308.8 million, \$1,231.7 million, and \$1,159.3 million for the years ended June 30, 2023, 2022 and 2021, respectively, an increase of \$77.0 million from 2022 to 2023 and an increase of \$72.4 million from 2021 to 2022.
 - Student tuition and fees revenues totaled \$602.6 million in FY 2023, \$620.3 million in FY 2022 and \$616.0 million in FY 2021, a decrease of \$17.7 million or -3.0% in FY 2023 and an increase of \$4.3 million or 0.7% in FY 2022. Tuition is reported net of scholarship allowances totaling \$288.7 million, \$219.5 million, and \$213.8 million for the years ended June 30, 2023, 2022 and 2021, respectively.
 - Federal grant and contracts totaled \$206.0 million, \$174.7 million, and \$155.6 million, for the years ended June 30, 2023, 2022 and 2021, respectively. The increase of \$31.3 million in FY 2023 mainly represents additional awards received during the year. The increase of \$19.1 million in FY 2022 represents additional awards received during the year.
 - Auxiliary enterprises generated revenues of \$205.1 million, \$204.6 million, and \$165.2 million, net of \$27.2 million, \$24.2 million, and \$24.7 million, of scholarship allowances for the years ended June 30, 2023, 2022 and 2021, respectively. FY 2023 net auxiliary revenues increased by \$.5 million or .25%. FY 2022 net auxiliary revenues increased by \$39.4 million or 23.8%.
 - State grants and contracts totaled \$68.5 million, \$40.8 million, and \$39.5 million for the years ended June 30, 2023, 2022 and 2021, respectively, an increase of \$27.6 million from 2022 to 2023 and an increase of \$1.3 million from 2021 to 2022. Private grants and contracts totaled \$147.3 million, \$140.7 million, and \$130.2 million for the years ended June 30, 2023, 2022 and 2021, respectively, an increase of \$6.6 million from 2022 to 2023 and increase of \$10.5 million from 2021 to 2022. These changes represent normal fluctuations in grant activities.
- Operating expenses totaled \$2,082.7 million, \$2,023.0 million, and \$1,883.5 million for the years ended June 30, 2023, 2022 and 2021, respectively, an increase of \$59.7 million from 2022 to 2023 and an increase of \$139.5 million from 2021 to 2022.
 - Staff salary costs totaled \$1,004.3 million, \$948.3 million, and \$911.9 million, an increase of \$55.9 million or 5.8% from 2022 to 2023 and an increase of \$36.4 million or 4.0% from 2021 to 2022. The FY 2023 increase is attributed to increases in salaries for faculty and both classified and non-classified staff. Also, wages paid to students, including graduate and research assistants, increased due to the return to normal campus operations.
 - Supplies and other services totaled \$493.9 million, \$458.9 million, and \$413.4 million for the years ended June 30, 2023, 2022 and 2021, respectively, an increase of \$35.0 million or 7.6% from 2022 to 2023 and an increase of \$45.5 million or 11.0% from 2021 to 2022.

**WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2023
(UNAUDITED)**

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

- Scholarships and fellowships totaled \$127.0 million, \$209.2 million, and \$159.1 million for the years ended June 30, 2023, 2022 and 2021, respectively, a decrease of \$82.2 million or -39.3% from 2022 to 2023 and an increase of \$50.1 million or 31.5% from 2021 to 2022.
- Depreciation and amortization totaled \$196.7 million, \$177.3 million, and \$150.4 million for the years ended June 30, 2023, 2022 and 2021, respectively, an increase of \$19.4 million from 2022 to 2023 and \$27.0 million from 2021 to 2022.
- The result from operations was a net operating loss of \$773.9 million, \$791.0 million, and \$795.0 million for the years ended June 30, 2023, 2022 and 2021, respectively, which excludes State appropriations of \$555.2 million, \$520.6 million, and \$573.6 million, and Federal Pell grants of \$90.7 million, \$90.5 million, and \$95.5 million for the years ended June 30, 2023, 2022 and 2021, respectively. The net operating loss decrease of \$17.3 million in FY 2023 was the outcome of increased grant revenue. The net operating loss increase of \$67.0 million in FY 2022 was the outcome of increased salary expense.
- Net nonoperating revenue totaled \$766.1 million, \$767.8 million, and \$869.7 million for the years ended June 30, 2023, 2022 and 2021, respectively, a decrease of \$1.6 million from 2022 to 2023 and an decrease of \$101.9 million from 2021 to 2022.
 - State general revenue and lottery appropriations totaled \$555.2 million, \$520.6 million, and \$573.6 million for the years ended June 30, 2023, 2022 and 2021, respectively, an increase of \$34.6 million from 2022 to 2023 and an decrease of \$53.0 million from 2021 to 2022.
 - Interest incurred on indebtedness totaled \$57.4 million, \$57.9 million, and \$57.0 million for the years ended June 30, 2023, 2022 and 2021, a decrease of \$.5 million from 2022 to 2023 and a decrease of \$0.9 million from 2021 to 2022.
 - Investment income (loss) totaled \$41.4 million, (\$42.7) million, and \$76.4 million for the years ended June 30, 2023, 2022 and 2021, respectively, an increase of \$84.0 million from 2022 to 2023 and an decrease of \$119.1 million from 2021 to 2022. The FY 2023 increase is a result of favorable investment performance in FY 2023 as compared to FY 2022. The FY 2022 decrease is a result of less favorable investment performance in FY 2022 as compared to FY 2021.
- Other revenues consist of capital grants and gifts totaling \$75.3 million, \$61.2 million, \$122.8 million, for the years ended June 30, 2023, 2022 and 2021, respectively, an increase of \$14.0 million from 2022 to 2023 and an decrease of \$61.6 million from 2021 to 2022.

**WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2023
(UNAUDITED)**

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

- The activity for FY 2023 resulted in an increase of net position totaling \$69.3 million as compared to the FY 2022 increase of net position totaling \$36.3 million, and an increase of \$269.7 million FY 2021.
- As reported below on a functional expenditure basis, expenditures for Educational and General Expenses were \$1,539.6 million, \$1,441.8 million, and \$1,398.0 million for the years ended June 30, 2023, 2022 and 2021, respectively, an increase of \$97.8 million or 6.8% from FY 2022 and an increase of \$34.8 million or 4.2% from FY 2021. Cost of instruction constitutes 3.1%, 40.3%, and 41.7% of total educational and general expenses for the years ended June 30, 2023, 2022 and 2021, respectively.

**Functional Expenditures Comparisons
(In Thousands of Dollars)**

	FY 2023		(As Restated) FY 2022		(As Restated) FY 2021	
	Total	% of E&G Total	Total	% of E&G Total	Total	% of E&G Total
Instruction	\$ 621,235	40.3%	\$ 585,713	40.6%	\$ 582,383	41.7%
Research	200,845	13.0	186,150	12.9	173,790	12.4
Public Service	118,457	7.7	105,662	7.3	97,077	6.9
Academic Support	108,045	7.0	101,680	7.1	100,643	7.2
Student Services	92,266	6.0	87,899	6.1	81,840	5.9
Plant Operations	115,043	7.5	120,198	8.3	106,819	7.6
Institutional Support	283,738	18.4	254,524	17.7	255,458	18.3
Total Educational and General Expenses	1,539,629	<u>100.0%</u>	1,441,826	<u>100.0%</u>	1,398,010	<u>100.0%</u>
Financial Aid	123,426		179,744		147,367	
Auxiliary Enterprises	217,638		186,240		166,716	
Depreciation and Amortization	193,619		177,373		150,398	
Other	8,368		37,811		21,012	
Total Operating Expenses	<u>\$ 2,082,680</u>		<u>\$ 2,022,994</u>		<u>\$ 1,883,503</u>	

Statements of Cash Flows

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

**WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2023
(UNAUDITED)**

Statements of Cash Flows (Continued)

**Condensed Schedules of Cash Flows
(In Thousands of Dollars)**

	<u>2023</u>	(As Restated) <u>2022</u>	(As Restated) <u>2021</u>
CASH PROVIDED (USED) BY:			
Operating Activities	\$ (686,429)	\$ (655,718)	\$ (608,461)
Noncapital Financing Activities	758,441	902,487	773,926
Capital Financing Activities	(197,376)	(202,911)	(161,053)
Investing Activities	<u>61,084</u>	<u>40,171</u>	<u>22,435</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(64,280)	84,029	26,847
Cash and Cash Equivalents - Beginning of Year	<u>546,117</u>	<u>462,088</u>	<u>435,241</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 481,837</u></u>	<u><u>\$ 546,117</u></u>	<u><u>\$ 462,088</u></u>

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

- Cash expended from operating revenues was exceeded by cash expended for operating activities by \$686.4 million, \$655.7 million, and \$608.5 million for the years ended June 30, 2023, 2022 and 2021, respectively, primarily due to the reporting of State appropriations and Federal Pell grants as noncapital financing activities. Primary sources of cash from operating activities during FY 2023, 2022 and 2021, respectively, were student tuition and fees of \$572.1 million, \$597.8 million, and \$622.8 million; contracts and grants of \$400.0 million, \$359.6 million, and \$318.5 million; and auxiliary enterprise charges of \$216.3 million, \$197.1 million, and \$166.4 million. Primary uses of cash for FY 2023, 2022 and 2021, respectively, included payments to and on behalf of employees of \$1,244.7 million, \$1,152.0 million, and \$1,151.1 million and payments to suppliers of \$487.9 million, \$414.2 million, and \$373.5 million.
- Net cash provided from noncapital financing activities for FY 2023, 2022 and 2021, respectively, totaled \$758.4 million, \$903.0 million, and \$773.9 million, of which \$545.1 million, \$545.8 million, and \$529.8 million was from State General Revenue and Lottery appropriations, \$90.6 million, \$90.5 million, and \$96.3 million was from Federal Pell Grants, and \$26.6 million, \$218.3 million, and \$95.9 million was from COVID relief grants.
- Net cash used by capital financing activities for FY 2023 totaled \$197.4 million. Other sources include proceeds from bond issuances and borrowings of \$57.3 million, proceeds from direct placements of \$1.0, offset by purchases of capital assets totaling \$144.9 million, and principal and interest paid on notes, bonds and leases of \$140.3 million.

**WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2023
(UNAUDITED)**

Statements of Cash Flows (Continued)

- Net cash used by capital financing activities for FY 2022 totaled \$202.9 million. Other sources include proceeds from bond issuances and borrowings of \$58.5 million, proceeds from direct placements of \$6.6 million, offset by purchases of capital assets totaling \$126.1 million, and principal and interest paid on notes, bonds and leases of \$158.2 million.
- Net cash provided by investing activities for FY 2023, 2022 and 2021 totaled \$61.1 million, \$40.2 million and \$22.4 million. The FY 2023 change is a result of an increase in purchases and sales of investments and an increase in investment income due to favorable market conditions. The FY 2022 change is a result of a decrease in purchases and sales of investments offset and a decrease in investment income due to unfavorable market conditions.
- Net cash for FY 2023 decreased by \$64.3 million compared to an increase in net cash for FY 2022 of \$84.0 million and an increase for FY 2021 of \$26.8 million, respectively. These changes are the net result of all the previous activity discussed.

Capital Asset and Long-Term Debt Activity

The Fund continued to expand its capital facilities to further its mission of providing quality programs to students and to provide expanded research capabilities. Cash used for capital assets totaled \$144.9 million in FY 2023, as compared to \$126.4 million in FY 2022. Institutional projects at all the institutions are under way due to institutional bond issues in, 2010, 2012, 2014, 2020 and 2021 and 2015 system bond issues in FY 2009, 2010, 2011 and 2012, and a State bond issue in FY 2011. For FY 2023, expenditures at West Virginia University and Marshall University accounted for \$51.6 million and \$50.7 million of the total, respectively. For FY 2022, expenditures at West Virginia University and Marshall University accounted for \$68.4 million and \$14.4 million of the total, respectively.

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

The Commission made all required debt service payments and repaid principal of \$17.4 million in FY 2023, \$15.8 million in FY 2022 and \$14.9 million in FY 2021, respectively. See Notes 10 and 11 to the financial statements for further detail of long-term debt.

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

During FY 2023, West Virginia University issued \$56.6 million of taxable revenue bonds to finance the design, acquisition, construction, and equipping of certain capital improvements. At June 30, 2023, the University's bonds were rated as Aa3, AA- and A/Stable by Moody's, Fitch and Standard and Poor's, respectively.

**WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2023
(UNAUDITED)**

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

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

Economic Outlook

For FY 2024, the Governor has asked state agencies, including public higher education, to submit appropriation requests equal to the fiscal year 2023 amounts. The FY 2023 state appropriations for higher education did not change significantly compared to the previous year.

Request for Information

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

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022
(DOLLARS IN THOUSAND)

	2023	2022 (As Restated)
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 481,837	\$ 546,117
Investments	110,255	129,036
Appropriations Due from Primary Government	15,420	14,790
Accounts Receivable, Net	196,524	176,591
Loans Receivable, Current Portion	9,463	8,021
Other Current Assets	12,562	11,953
Inventories	3,943	3,729
Total Current Assets	830,004	890,237
NONCURRENT ASSETS		
Cash and Cash Equivalents	99,031	112,724
Investments	214,520	202,406
Loans Receivable, Net of Allowance of \$6,462 and \$8,244 In 2023 and 2022, Respectively	23,764	25,902
Net Other Postemployment Benefit Asset	-	3,277
Other Assets	53,312	35,126
Capital Assets, Net	3,381,040	3,385,165
Total Noncurrent Assets	3,771,667	3,764,600
Total Assets	4,601,671	4,654,837
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding	34,142	36,534
Related to Pensions	1,669	2,108
Related to OPEB	25,112	20,822
Total Deferred Outflows of Resources	60,923	59,464
Total Assets and Deferred Outflows of Resources	\$ 4,662,594	\$ 4,714,301

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2023 AND 2022
(DOLLARS IN THOUSAND)

LIABILITIES	2023	2022 (As Restated)
CURRENT LIABILITIES		
Accounts Payable	\$ 89,494	\$ 86,430
Due to State of West Virginia	39	70
Accrued Liabilities	81,538	111,086
Unearned Revenue	134,970	162,480
Deposits	4,322	4,181
Real Estate Purchase Agreements Payable, Current Portion	295	285
Other Liabilities, Current Portion	329	388
Compensated Absences, Current Portion	55,334	53,497
Notes Payable, Current Portion	4,924	5,314
Lease Liabilities, Current Portion	6,219	6,106
SBITA Liabilities, Current Portion	14,409	13,266
Financed Purchases Payable, Current Portion	1,282	774
Interest Payable	9,505	9,568
Bonds Payable, Current Portion	51,593	51,049
Total Current Liabilities	454,253	504,494
NONCURRENT LIABILITIES		
Advances from Federal Sponsors	16,376	19,778
Real Estate Purchase Agreement Payable	10,287	10,610
Compensated Absences	4,901	4,669
Notes Payable	110,354	115,034
Lease Liabilities	93,377	95,335
SBITA Liabilities	16,764	13,756
Financed Purchases Payable	57,834	56,937
Future Interest Payable	26,256	28,603
Bonds Payable	1,242,911	1,241,423
Net Other Postemployment Benefit Liability	12,745	-
Net Pension Liability	5,626	4,452
Other Noncurrent Liabilities	52,020	50,891
Total Noncurrent Liabilities	1,649,451	1,641,488
Total Liabilities	2,103,704	2,145,982

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2023 AND 2022
(DOLLARS IN THOUSAND)

	2023	2022 (As Restated)
DEFERRED INFLOWS OF RESOURCES		
Related to Public-Private Partnerships	\$ 39,559	\$ 41,216
Related to Pensions	4,313	9,045
Related to OPEB	58,504	131,892
Related to Leases	12,510	11,336
Other	782	867
Total Deferred Inflows of Resources	115,668	194,356
Total Liabilities and Deferred Inflows of Resources	2,219,372	2,340,338
NET POSITION		
Net Investment in Capital Assets	2,038,866	2,065,044
Restricted for:		
Expendable:		
Scholarships	14,800	13,040
Sponsored Projects	71,088	67,133
Loans	19,472	18,328
Capital Projects	17,562	18,157
Debt Service	17,208	22,771
Other	72,524	62,965
Total Restricted Expendable	212,654	202,394
Nonexpendable	34,004	33,337
Unrestricted	157,698	73,188
Total Net Position	2,443,222	2,373,963
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 4,662,594	\$ 4,714,301

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022
(DOLLARS IN THOUSAND)

	2023	2022 (As Restated)
OPERATING REVENUES		
Student Tuition and Fees, Net of Scholarship Allowance of \$288,657 in 2023 and \$219,483 in 2022	\$ 602,649	\$ 620,343
Federal and Local Land Grants	12,759	10,372
Contracts and Grants:		
Federal	205,907	174,652
State	68,454	40,810
Local	1,384	1,390
Private	147,279	140,710
Interest on Student Loans Receivable	536	759
Sales and Services of Educational Activities	17,894	14,389
Auxiliary Enterprise Revenue, Net of Scholarship Allowance of \$27,224 in 2023 and \$24,166 in 2022	205,071	204,557
Other Operating Revenues	46,878	23,797
Total Operating Revenues	1,308,811	1,231,779
OPERATING EXPENSES		
Salaries and Wages	1,004,306	948,416
Benefits	183,629	158,846
Supplies and Other Services	493,913	458,924
Utilities	72,952	65,452
Student Financial Aid, Scholarships and Fellowships	127,027	209,221
Depreciation and Amortization	196,730	177,316
Other Operating Expenses	4,123	4,819
Total Operating Expenses	2,082,680	2,022,994
OPERATING LOSS	(773,869)	(791,215)

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022
(DOLLARS IN THOUSAND)

	2023	2022 (As Restated)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	\$ 498,843	\$ 464,328
State Lottery Appropriations	56,341	56,259
Federal Pell Grants	90,668	90,462
COVID Relief Grants	39,679	164,812
Gifts	116,512	83,524
Investment Income, Including Unrealized Gain (Loss) of \$12,965 in 2023 and \$(42,789) in 2022	41,365	(42,680)
Interest on Indebtedness	(57,389)	(57,913)
Payments Made on Behalf of the Fund	(11,502)	(1,860)
Student Financial Aid and Other Payments to Institutions	(30,780)	(22,159)
Federal Revenue	16,391	31,412
Other Nonoperating Expense, Net	5,989	1,606
Net Nonoperating Revenues	766,117	767,791
 LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	 (7,752)	 (23,424)
 CAPITAL GRANTS, APPROPRIATIONS, AND GIFTS	 75,297	 61,299
 LOSS ON DISPOSAL OF OPERATIONS	 -	 (2,667)
 CAPITAL PAYMENTS MADE ON BEHALF OF THE FUND	 1,714	 1,135
 INCREASE IN NET POSITION	 69,259	 36,343
Net Position - Beginning of Year, As Restated	2,373,963	2,337,620
 NET POSITON - END OF YEAR	\$ 2,443,222	\$ 2,373,963

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022
(DOLLARS IN THOUSAND)

	2023	2022 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Student Tuition and Fees	572,108	597,769
Federal and Local Land Grants	12,758	10,372
Contracts and Grants	399,909	359,602
Payments to and on Behalf of Employees	(1,244,745)	(1,152,014)
Payments to Suppliers	(487,877)	(414,234)
Payments to Utilities	(73,923)	(64,168)
Payments for Scholarships and Fellowships	(137,246)	(187,977)
Loans Issued to Students	(893)	(1,257)
Collection of Loans to Students	2,892	3,322
Sales and Services of Educational Activities	18,313	13,920
Interest Earned on Loans to Students	297	443
Auxiliary Enterprise Charges	216,338	197,146
Direct Lending Receipts	379,458	351,167
Direct Lending Payments	(379,192)	(350,621)
Other Receipts, Net	35,374	(19,188)
Net Cash Used by Operating Activities	(686,429)	(655,718)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	545,123	545,858
Federal Pell Grants	90,646	90,445
COVID Relief Grants	26,603	218,330
Payments to Other Institutions	(25,243)	(16,534)
Gift Receipts	110,599	58,836
Other Nonoperating Receipts, Net	10,713	5,552
Net Cash Provided by Noncapital Financing Activities	758,441	902,487
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Proceeds from Bond Issuances and Borrowings	57,311	58,542
Direct Placement Proceeds	1,000	6,640
Proceeds from Capital Asset Disposals and Sale of Natural Resources	111	-
Proceeds from Sale of Assets	-	56
Issuance Costs on New Debt	(188)	-
Capital Grants and Gifts Received	25,141	9,781
Purchases of Capital Assets	(144,914)	(126,412)
Principal Paid on Notes, Bonds, Leases and SBITAs	(79,703)	(95,241)
Interest Paid on Notes, Bonds, Leases and SBITAs	(60,644)	(62,950)
Other	4,510	6,673
Net Cash Used by Capital Financing Activities	(197,376)	(202,911)

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022
(DOLLARS IN THOUSAND)

	<u>2023</u>	<u>(As Restated)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts from Sales/Maturities of Investments	\$ 68,992	\$ 18,140
Purchases of Investments	(38,718)	(27,176)
Withdrawals from Noncurrent Cash and Cash Equivalents	44,180	27,604
Deposits to Noncurrent Cash and Cash Equivalents	(30,486)	9,407
Investment Income	17,116	12,196
Net Cash Provided by Investing Activities	<u>61,084</u>	<u>40,171</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(64,280)	84,029
Cash and Cash Equivalents - Beginning of Year	<u>546,117</u>	<u>462,088</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 481,837</u>	<u>\$ 546,117</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (773,869)	\$ (791,215)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation and Amortization Expense	196,932	177,294
Donated/Noncapitalized Expense	4,417	22,549
Accretion on Bond Premium/Discount	(2)	(2)
Loan Cancellations and Write-offs	121	259
Expenses Paid on Behalf of the Fund	(11,985)	(2,953)
Changes in Assets and Liabilities:		
Receivables, Net	(26,862)	(13,616)
Leases Receivable	551	(2,379)
Loans Receivable, Net	1,485	6,206
Prepaid Expenses	703	1,899
Inventories	(214)	(193)
Accounts Payable	4,563	4,428
Accrued Liabilities	(18,925)	(25,539)
Defined Benefit Pension	(8,444)	(5,787)
Compensated Absences	2,016	(1,052)
Unearned Revenue	566	23,230
Deposits	63	467
Other Postemployment Benefit Liability	(45,622)	(40,862)
Advances from Federal Sponsors	(3,127)	(9,025)
Other	(8,796)	573
Net Cash Used by Operating Activities	<u>\$ (686,429)</u>	<u>\$ (655,718)</u>

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022
(DOLLARS IN THOUSAND)

	2023	2022 (As Restated)
SUPPLEMENTAL DISCLOSURES OF SIGNIFICANT NONCASH TRANSACTIONS		
Construction in Progress and Capital Asset Additions Included in Accounts Payable and Accrued Liabilities	\$ 4,793	\$ 7,578
Donated Capital Assets	\$ 43,337	\$ 46,914
Loss on Disposal of Fixed Assets	\$ (3,559)	\$ (693)
Unrealized Gain (Loss) on Investment	\$ 12,965	\$ (42,789)
Gift of Noncapital Asset	\$ 5,925	\$ (24,691)
Other Non Cash Property Additions	\$ 1,295	\$ -
Expenses Paid on Behalf	\$ 8,099	\$ 1,406
Deferred Gain on Refunding	\$ 45	\$ 45
Acquisition of Right-of-Use Assets	\$ 3,212	\$ 2,444

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMPONENT UNITS - STATEMENTS OF NET ASSETS
JUNE 30, 2023

ASSETS	Big Green Scholarship Foundation Inc.	Bluefield State University Foundation Inc.	Concord University Foundation Inc.	Fairmont State Foundation Inc.	The Glenville State College Foundation Inc.	The Marshall University Foundation Inc.	New River Community and Technical College Foundation Inc.	Provident Group- Marshall Properties, LLC
Cash and Cash Equivalents	\$ 4,984,817	\$ 2,453,064	\$ 731,782	\$ 992,848	\$ 249,178	\$ 41,526,318	\$ 440,878	\$ 1,278,682
Investments	11,540,540	8,640,556	49,718,591	33,698,088	19,912,344	282,805,357	1,770,698	-
Pledges and Contributions Receivable, Net	10,210,437	-	251,671	399,160	98,474	22,687,339	25,000	252,785
Other Assets	297,127	1,454,701	774,991	584,102	1,428,590	2,229,368	-	6,578,438
Beneficial Interests	638,629	-	-	3,244,424	-	10,168,393	1,429,912	-
Property and Equipment, Net	327,659	5,003,823	813	340,088	3,041,055	29,343,632	-	44,209,788
Total	<u>\$ 27,999,209</u>	<u>\$ 17,552,144</u>	<u>\$ 51,477,848</u>	<u>\$ 39,258,710</u>	<u>\$ 24,729,641</u>	<u>\$ 388,760,407</u>	<u>\$ 3,666,488</u>	<u>\$ 52,319,693</u>

* December 31 year-end

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMPONENT UNITS - STATEMENTS OF NET ASSETS (CONTINUED)
JUNE 30, 2023

ASSETS	The Shepherd University Foundation Inc.	Southern West Virginia Community College Foundation, Inc.*	West Liberty University Foundation Inc.	West Virginia Northern Community College Foundation Inc.	West Virginia School of Osteopathic Medicine Foundation Inc.	West Virginia State University Foundation Inc.	WVU at Parkersburg Foundation Inc.	Blue Ridge Community and Technical College Foundation Inc.	Total
Cash and Cash Equivalents	\$ 4,413,792	\$ 324,774	\$ 155,351	\$ 94,110	\$ 390,299	\$ 2,686,208	\$ 608,031	\$ 885,656	\$ 62,215,788
Investments	35,484,474	4,397,995	22,143,601	6,413,684	53,430,295	13,386,759	13,338,679	966,055	557,647,716
Pledges and Contributions Receivable, Net	140,222	254,331	217,305	-	246,194	1,319,236	10,050,000	1,000	46,153,154
Other Assets	537,484	14,234	182,369	45,779	11,305	-	2,014	6,858	14,147,360
Beneficial Interests	-	-	2,295,852	1,182,380	450,000	247,464	-	-	19,657,054
Property and Equipment, Net	17,172,905	-	-	-	20,000	1,947,252	934,068	-	102,341,083
Total	<u>\$ 57,748,877</u>	<u>\$ 4,991,334</u>	<u>\$ 24,994,478</u>	<u>\$ 7,735,953</u>	<u>\$ 54,548,093</u>	<u>\$ 19,586,919</u>	<u>\$ 24,932,792</u>	<u>\$ 1,859,569</u>	<u>\$ 802,162,155</u>

* December 31 year-end

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMPONENT UNITS - STATEMENTS OF NET ASSETS (CONTINUED)
JUNE 30, 2023

	Big Green Scholarship Foundation Inc.	Bluefield State University Foundation Inc.	Concord University Foundation Inc.	Fairmont State Foundation Inc.	The Glenville State College Foundation Inc.	The Marshall University Foundation Inc.	New River Community and Technical College Foundation Inc.	Provident Group- Marshall Properties, LLC
LIABILITIES AND NET ASSETS								
LIABILITIES								
Accounts Payable	\$ 242,609	\$ -	\$ 125,434	\$ 2,865	\$ 160,707	\$ 2,060,913	\$ 4,152	\$ 879,503
Other Accrued Liabilities	293,283	-	-	283	17,642	326,772	134,500	1,581,657
Amounts Held on Behalf of Others	-	-	28,714	2,465	50,182	78,589,601	-	-
Annuity Obligations	-	-	6,120,741	423,819	-	424,043	-	6,427,602
Bonds and Notes Payable	4,040,000	-	-	-	2,807,629	-	-	82,004,046
Liabilities of Discontinued Operations, Held for Sale	-	1,186,729	-	-	-	-	-	-
Total Liabilities	<u>4,575,892</u>	<u>1,186,729</u>	<u>6,274,889</u>	<u>429,432</u>	<u>3,036,160</u>	<u>81,401,329</u>	<u>138,652</u>	<u>90,892,808</u>
NET ASSETS (DEFICIT)								
Without Donor Restrictions	3,630,230	11,716,431	642,240	3,279,639	1,275,843	21,184,912	67,867	(38,573,115)
With Donor Restrictions	19,793,087	4,648,984	44,560,719	35,549,639	20,417,638	286,174,166	3,459,969	-
Total Net Assets (Deficit)	<u>23,423,317</u>	<u>16,365,415</u>	<u>45,202,959</u>	<u>38,829,278</u>	<u>21,693,481</u>	<u>307,359,078</u>	<u>3,527,836</u>	<u>(38,573,115)</u>
Total	<u>\$ 27,999,209</u>	<u>\$ 17,552,144</u>	<u>\$ 51,477,848</u>	<u>\$ 39,258,710</u>	<u>\$ 24,729,641</u>	<u>\$ 388,760,407</u>	<u>\$ 3,666,488</u>	<u>\$ 52,319,693</u>

* December 31 year-end

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMPONENT UNITS - STATEMENTS OF NET ASSETS (CONTINUED)
JUNE 30, 2023

	The Shepherd University Foundation Inc.	Southern West Virginia Community College Foundation, Inc.*	West Liberty University Foundation Inc.	West Virginia Northern Community College Foundation Inc.	West Virginia School of Osteopathic Medicine Foundation Inc.	West Virginia State University Foundation Inc.	WVU at Parkersburg Foundation Inc.	Blue Ridge Community and Technical College Foundation Inc.	Total
LIABILITIES AND NET ASSETS									
LIABILITIES									
Accounts Payable	\$ 6,999	\$ 495	\$ -	\$ 2,347	\$ -	\$ 37,726	\$ -	\$ 11,123	\$ 3,534,873
Other Accrued Liabilities	572,766	-	49,987	-	-	-	-	-	2,976,890
Amounts Held on Behalf of Others	1,410,049	-	-	-	47,067,027	-	85,172	-	127,233,210
Annuity Obligations	53,790	-	6,925	-	-	-	-	-	13,456,920
Bonds and Notes Payable	20,830,194	-	-	-	-	334,135	-	-	110,016,004
Liabilities of Discontinued Operations, Held for Sale	-	-	-	-	-	-	-	-	1,186,729
Total Liabilities	22,873,798	495	56,912	2,347	47,067,027	371,861	85,172	11,123	258,404,626
NET ASSETS (DEFICIT)									
Without Donor Restrictions	(4,213,678)	865,070	1,694,408	1,030,193	1,522,441	982,702	1,369,302	204,095	6,678,580
With Donor Restrictions	39,088,757	4,125,769	23,243,158	6,703,413	5,958,625	18,232,356	23,478,318	1,644,351	537,078,949
Total Net Assets (Deficit)	34,875,079	4,990,839	24,937,566	7,733,606	7,481,066	19,215,058	24,847,620	1,848,446	543,757,529
Total	\$ 57,748,877	\$ 4,991,334	\$ 24,994,478	\$ 7,735,953	\$ 54,548,093	\$ 19,586,919	\$ 24,932,792	\$ 1,859,569	\$ 802,162,155

* December 31 year-end

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMPONENT UNITS - STATEMENTS OF NET ASSETS
JUNE 30, 2022

ASSETS	Big Green Scholarship Foundation Inc.	Bluefield State University Foundation Inc.	Concord University Foundation Inc.	Fairmont State Foundation Inc.	The Glenville State College Foundation Inc.	The Marshall University Foundation Inc.	New River Community and Technical College Foundation Inc.	Provident Group- Marshall Properties, LLC
Cash and Cash Equivalents	\$ 2,288,107	\$ 2,391,433	\$ 676,269	\$ 1,418,310	\$ 100,219	\$ 31,107,533	\$ 262,296	\$ 1,043,684
Investments	10,490,956	12,370,612	46,011,742	31,828,083	17,738,595	268,825,338	1,610,785	-
Pledges and Contributions Receivable, Net	2,866,802	226,339	302,245	1,373,070	-	21,976,173	25,000	218,353
Other Assets	126,895	91,033	723,924	52,865	1,444,802	2,240,348	2,775	6,184,509
Beneficial Interests	636,618	-	-	3,120,594	-	9,807,326	1,344,155	-
Property and Equipment, Net	84,386	-	2,048	346,459	2,884,832	12,602,344	-	46,755,392
Total	<u>\$ 16,493,764</u>	<u>\$ 15,079,417</u>	<u>\$ 47,716,228</u>	<u>\$ 38,139,381</u>	<u>\$ 22,168,448</u>	<u>\$ 346,559,062</u>	<u>\$ 3,245,011</u>	<u>\$ 54,201,938</u>

* December 31 year-end

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMPONENT UNITS - STATEMENTS OF NET ASSETS (CONTINUED)
JUNE 30, 2022

ASSETS	The Shepherd University Foundation Inc.	Southern West Virginia Community College Foundation, Inc.*	West Liberty University Foundation Inc.	West Virginia Northern Community College Foundation Inc.	West Virginia School of Osteopathic Medicine Foundation Inc.	West Virginia State University Foundation Inc.	WVU at Parkersburg Foundation Inc.	Blue Ridge Community and Technical College Foundation Inc.	Total
Cash and Cash Equivalents	\$ 4,416,083	\$ 203,077	\$ 121,583	\$ 113,604	\$ 410,947	\$ 3,713,304	\$ 151,227	\$ 377,071	\$ 48,794,747
Investments	31,881,937	4,446,925	20,312,268	5,853,966	52,342,758	11,024,095	12,478,197	888,259	528,104,516
Pledges and Contributions Receivable, Net	503,937	163,707	417,502	-	190,332	1,969,285	-	5,825	30,238,570
Other Assets	506,155	23,415	63,473	4,035	18,182	752,064	2,014	6,391	12,242,880
Beneficial Interests	-	-	2,295,852	1,147,926	250,000	241,052	-	-	18,843,523
Property and Equipment, Net	17,630,731	-	-	-	40,000	2,074,972	1,007,864	-	83,429,028
Total	<u>\$ 54,938,843</u>	<u>\$ 4,837,124</u>	<u>\$ 23,210,678</u>	<u>\$ 7,119,531</u>	<u>\$ 53,252,219</u>	<u>\$ 19,774,772</u>	<u>\$ 13,639,302</u>	<u>\$ 1,277,546</u>	<u>\$ 721,653,264</u>

* December 31 year-end

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMPONENT UNITS - STATEMENTS OF NET ASSETS (CONTINUED)
JUNE 30, 2022

	Big Green Scholarship Foundation Inc.	Bluefield State University Foundation Inc.	Concord University Foundation Inc.	Fairmont State Foundation Inc.	The Glenville State College Foundation Inc.	The Marshall University Foundation Inc.	New River Community and Technical College Foundation Inc.	Provident Group- Marshall Properties, LLC
LIABILITIES AND NET ASSETS								
LIABILITIES								
Accounts Payable	\$ 20,346	\$ -	\$ 41,314	\$ 88,018	\$ 7,486	\$ 1,972,895	\$ 950	\$ 211,175
Other Accrued Liabilities	68,570	-	-	-	79,389	492,612	194,750	968,640
Amounts Held on Behalf of Others	-	64,410	5,589,734	505,215	58,330	72,940,794	-	-
Annuity Obligations	-	-	27,009	3,299	-	596,116	-	9,557,750
Bonds and Notes Payable	40,000	-	-	-	2,898,363	-	-	83,355,655
Total Liabilities	<u>128,916</u>	<u>64,410</u>	<u>5,658,057</u>	<u>596,532</u>	<u>3,043,568</u>	<u>76,002,417</u>	<u>195,700</u>	<u>94,093,220</u>
NET ASSETS (DEFICIT)								
Without Donor Restrictions	3,289,968	10,915,484	516,316	3,437,606	1,073,665	18,856,252	33,708	(39,891,282)
With Donor Restrictions	13,074,880	4,099,523	41,541,855	34,105,243	18,051,215	251,700,393	3,015,603	-
Total Net Assets (Deficit)	<u>16,364,848</u>	<u>15,015,007</u>	<u>42,058,171</u>	<u>37,542,849</u>	<u>19,124,880</u>	<u>270,556,645</u>	<u>3,049,311</u>	<u>(39,891,282)</u>
Total	<u>\$ 16,493,764</u>	<u>\$ 15,079,417</u>	<u>\$ 47,716,228</u>	<u>\$ 38,139,381</u>	<u>\$ 22,168,448</u>	<u>\$ 346,559,062</u>	<u>\$ 3,245,011</u>	<u>\$ 54,201,938</u>

* December 31 year-end

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMPONENT UNITS - STATEMENTS OF NET ASSETS (CONTINUED)
JUNE 30, 2022

LIABILITIES AND NET ASSETS	The Shepherd University Foundation Inc.	Southern West Virginia Community College Foundation, Inc.*	West Liberty University Foundation Inc.	West Virginia Northern Community College Foundation Inc.	West Virginia School of Osteopathic Medicine Foundation Inc.	West Virginia State University Foundation Inc.	WVU at Parkersburg Foundation Inc.	Blue Ridge Community and Technical College Foundation Inc.	Total
LIABILITIES									
Accounts Payable	\$ 5,802	\$ 47,000	\$ -	\$ 506	\$ -	\$ 80,011	\$ 129	\$ -	\$ 2,475,632
Other Accrued Liabilities	721,890	-	-	-	-	-	-	625	2,526,476
Amounts Held on Behalf of Others	1,329,446	-	-	-	46,694,059	-	126,291	-	127,308,279
Annuity Obligations	61,048	-	13,240	-	-	-	-	-	10,258,462
Bonds and Notes Payable	20,922,819	-	-	-	-	1,480,800	-	-	108,697,637
Total Liabilities	<u>23,041,005</u>	<u>47,000</u>	<u>13,240</u>	<u>506</u>	<u>46,694,059</u>	<u>1,560,811</u>	<u>126,420</u>	<u>625</u>	<u>251,266,486</u>
NET ASSETS (DEFICIT)									
Without Donor Restrictions	(4,070,148)	513,721	1,654,987	977,171	1,524,731	914,644	1,411,577	214,985	1,373,385
With Donor Restrictions	35,967,986	4,276,403	21,542,451	6,141,854	5,033,429	17,299,317	12,101,305	1,061,936	469,013,393
Total Net Assets (Deficit)	<u>31,897,838</u>	<u>4,790,124</u>	<u>23,197,438</u>	<u>7,119,025</u>	<u>6,558,160</u>	<u>18,213,961</u>	<u>13,512,882</u>	<u>1,276,921</u>	<u>470,386,778</u>
Total	<u>\$ 54,938,843</u>	<u>\$ 4,837,124</u>	<u>\$ 23,210,678</u>	<u>\$ 7,119,531</u>	<u>\$ 53,252,219</u>	<u>\$ 19,774,772</u>	<u>\$ 13,639,302</u>	<u>\$ 1,277,546</u>	<u>\$ 721,653,264</u>

* December 31 year-end

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMPONENT UNITS - STATEMENTS OF ACTIVITIES
JUNE 30, 2023

	Big Green Scholarship Foundation Inc.	Bluefield State University Foundation Inc.	Concord University Foundation Inc.	Fairmont State Foundation Inc.	The Glenville State College Foundation Inc.	The Marshall University Foundation Inc.	New River Community and Technical College Foundation Inc.	Provident Group- Marshall Properties, LLC	The Shepherd University Foundation Inc.	Southern West Virginia Community College Foundation, Inc.*
REVENUES, GAINS, AND OTHER SUPPORT										
Without Donor Restrictions:										
Gifts, Contributions, and Other	\$ 5,450,420	\$ 77,867	\$ 226,244	\$ 163,708	\$ 1,155,827	\$ 2,224,701	\$ 190,783	\$ 10,212,699	\$ 2,946,446	\$ 482,992
Investment Income	323,432	1,021,854	(106,078)	95,594	339,525	1,177,027	8,379	4,028,768	1,000	(3,418)
Reclassifications	-	567,896	1,963,421	(2,746,254)	3,271,650	15,631,371	152,331	-	1,684,987	210,754
With Donor Restrictions:										
Gifts, Contributions, and Other	9,752,865	736,503	718,749	1,821,324	3,893,270	38,920,997	337,376	-	1,869,667	437,262
Investment Income	1,018,540	380,854	4,263,536	2,290,670	1,744,803	11,184,147	259,321	-	2,936,091	21,163
Reclassifications	-	(567,896)	(1,963,421)	2,746,254	(3,271,650)	(15,631,371)	(152,331)	-	(1,684,987)	(210,754)
Total Revenues, Gains, and Other Support	16,545,257	2,217,078	5,102,451	4,371,296	7,133,425	53,506,872	795,859	14,241,467	7,753,204	937,999
EXPENSES										
Scholarships, Awards, and Grants	-	286,313	844,542	1,938,659	726,001	5,991,739	168,690	-	1,831,038	92,144
College Support	6,800,772	549,525	702,021	502,777	3,468,596	6,349,333	97,726	-	2,272,769	213,036
Management and General	2,686,016	30,832	411,100	643,431	370,227	4,363,367	50,918	12,923,300	672,156	432,104
Total Expenses	9,486,788	866,670	1,957,663	3,084,867	4,564,824	16,704,439	317,334	12,923,300	4,775,963	737,284
CHANGE IN NET ASSETS										
Without Donor Restrictions	(3,712,936)	800,947	125,924	(5,571,819)	202,178	2,328,660	34,159	1,318,167	(143,530)	(46,956)
With Donor Restrictions	10,771,405	549,461	3,018,864	6,858,248	2,366,423	34,473,773	444,366	-	3,120,771	247,671
Total Change in Net Assets	7,058,469	1,350,408	3,144,788	1,286,429	2,568,601	36,802,433	478,525	1,318,167	2,977,241	200,715
Net Assets (Deficit) - Beginning of Year	16,364,848	15,015,007	42,058,171	37,542,849	19,124,880	270,556,645	3,049,311	(39,891,282)	31,897,838	4,790,124
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 23,423,317</u>	<u>\$ 16,365,415</u>	<u>\$ 45,202,959</u>	<u>\$ 38,829,278</u>	<u>\$ 21,693,481</u>	<u>\$ 307,359,078</u>	<u>\$ 3,527,836</u>	<u>\$ (38,573,115)</u>	<u>\$ 34,875,079</u>	<u>\$ 4,990,839</u>

* December 31 year-end

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMPONENT UNITS - STATEMENTS OF ACTIVITIES (CONTINUED)
JUNE 30, 2023

	West Liberty University Foundation Inc.	West Virginia Northern Community College Foundation Inc.	West Virginia School of Osteopathic Medicine Foundation Inc.	West Virginia State University Foundation Inc.	WVU at Parkersburg Foundation Inc.	Blue Ridge Community and Technical College Foundation Inc.	Total
REVENUES, GAINS, AND OTHER SUPPORT							
Without Donor Restrictions:							
Gifts, Contributions, and Other	\$ 373,410	\$ 33,956	\$ 439,109	\$ 779,563	\$ 15,102	\$ 7,185	\$ 24,780,012
Investment Income	134,079	64,064	80,684	6,261	21,721	7,246	7,200,138
Reclassifications	1,530,188	157,040	266,735	2,740,474	762,658	200,735	26,393,986
With Donor Restrictions:							
Gifts, Contributions, and Other	1,327,937	174,170	825,224	2,554,547	11,114,992	703,993	75,188,876
Investment Income	1,902,958	544,429	366,707	1,073,227	1,024,679	79,157	29,090,282
Reclassifications	(1,530,188)	(157,040)	(266,735)	(2,740,474)	(762,658)	(200,735)	(26,393,986)
Total Revenues, Gains, and Other Support	3,738,384	816,619	1,711,724	4,413,598	12,176,494	797,581	136,259,308
EXPENSES							
Scholarships, Awards, and Grants	759,608	90,530	514,745	822,466	121,050	200,735	14,388,260
College Support	359,532	83,987		2,035,302	312,727	22,941	23,771,044
Management and General	879,116	27,521	274,073	554,733	407,979	2,380	24,729,253
Total Expenses	1,998,256	202,038	788,818	3,412,501	841,756	226,056	62,888,557
CHANGE IN NET ASSETS							
Without Donor Restrictions	39,421	53,022	(2,290)	113,797	(42,275)	(10,890)	(4,514,421)
With Donor Restrictions	1,700,707	561,559	925,196	887,300	11,377,013	582,415	77,885,172
Total Change in Net Assets	1,740,128	614,581	922,906	1,001,097	11,334,738	571,525	73,370,751
Net Assets (Deficit) - Beginning of Year	23,197,438	7,119,025	6,558,160	18,213,961	13,512,882	1,276,921	470,386,778
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 24,937,566</u>	<u>\$ 7,733,606</u>	<u>\$ 7,481,066</u>	<u>\$ 19,215,058</u>	<u>\$ 24,847,620</u>	<u>\$ 1,848,446</u>	<u>\$ 543,757,529</u>

* December 31 year-end

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMPONENT UNITS - STATEMENTS OF ACTIVITIES
JUNE 30, 2022

	Big Green Scholarship Foundation Inc.	Bluefield State University Foundation Inc.	Concord University Foundation Inc.	Fairmont State Foundation Inc.	The Glenville State College Foundation Inc.	The Marshall University Foundation Inc.	New River Community and Technical College Foundation Inc.	Provident Group- Marshall Properties, LLC	The Shepherd University Foundation Inc.	Southern West Virginia Community College Foundation, Inc.*
REVENUES, GAINS, AND OTHER SUPPORT										
Without Donor Restrictions:										
Gifts, Contributions, and Other	\$ 5,082,048	\$ 65,679	\$ 263,523	\$ 87,233	\$ 713,690	\$ 1,344,740	\$ 175,898	\$ 9,722,532	\$ 2,597,272	\$ 118,116
Investment Income										
(Loss)	419,314	(673,760)	(112,702)	(159,830)	257,229	(1,388,604)	(8,216)	7,811,166	909	7,129
Reclassifications	-	263,831	1,989,494	2,540,141	179,815	14,618,789	239,743	-	1,980,053	114,402
With Donor Restrictions:										
Gifts, Contributions, and Other	396,520	401,361	1,748,113	3,187,445	3,010,579	14,468,118	154,027	-	2,885,194	306,470
Investment Income										
(Loss)	(2,436,342)	(354,194)	(6,177,302)	(4,821,975)	(2,269,541)	(13,358,806)	(408,849)	-	(5,078,008)	701,228
Reclassifications	-	(263,831)	(1,989,494)	(2,540,141)	(179,815)	(14,618,789)	(239,743)	-	(1,980,053)	(114,402)
Total Revenues, Gains, and Other Support	3,461,540	(560,914)	(4,278,368)	(1,707,127)	1,711,957	1,065,448	(87,140)	17,533,698	405,367	1,132,943
EXPENSES										
Scholarships, Awards, and Grants	2,500	312,986	845,971	1,984,471	664,688	5,367,754	269,911	-	2,098,882	118,116
College Support	4,163,684	573,791	1,075,260	430,966	1,449,748	6,081,443	88,391	-	2,543,502	102,154
Management and General	1,216,223	32,423	49,242	624,021	351,090	4,072,722	43,430	12,312,638	684,618	251,848
Total Expenses	5,382,407	919,200	1,970,473	3,039,458	2,465,526	15,521,919	401,732	12,312,638	5,327,002	472,118
CHANGE IN NET ASSETS										
Without Donor Restrictions	118,955	(1,263,450)	169,842	(571,914)	(1,314,792)	(946,994)	5,693	5,221,060	(748,768)	(232,471)
With Donor Restrictions	(2,039,822)	(216,664)	(6,418,683)	(4,174,671)	561,223	(13,509,477)	(494,565)	-	(4,172,867)	893,296
Total Change in Net Assets	(1,920,867)	(1,480,114)	(6,248,841)	(4,746,585)	(753,569)	(14,456,471)	(488,872)	5,221,060	(4,921,635)	660,825
Net Assets (Deficit) - Beginning of Year	18,285,715	16,495,121	48,307,012	42,289,434	19,878,449	285,013,116	3,538,183	(45,112,342)	36,819,473	4,129,299
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 16,364,848</u>	<u>\$ 15,015,007</u>	<u>\$ 42,058,171</u>	<u>\$ 37,542,849</u>	<u>\$ 19,124,880</u>	<u>\$ 270,556,645</u>	<u>\$ 3,049,311</u>	<u>\$ (39,891,282)</u>	<u>\$ 31,897,838</u>	<u>\$ 4,790,124</u>

* December 31 year-end

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMPONENT UNITS - STATEMENTS OF ACTIVITIES (CONTINUED)
JUNE 30, 2022

	The Shepherd University Foundation Inc.	Southern West Virginia Community College Foundation, Inc.*	West Liberty University Foundation Inc.	West Virginia Northern Community College Foundation Inc.	West Virginia School of Osteopathic Medicine Foundation Inc.	West Virginia State University Foundation Inc.	WVU at Parkersburg Foundation Inc.	Blue Ridge Community and Technical College Foundation Inc.	Total
REVENUES, GAINS, AND OTHER SUPPORT									
Without Donor Restrictions:									
Gifts, Contributions, and Other	\$ 2,946,446	\$ 482,992	\$ 373,410	\$ 33,956	\$ 439,109	\$ 779,563	\$ 15,102	\$ 7,185	\$ 24,780,012
Investment Income									
Reclassifications	1,000	(3,418)	134,079	64,064	80,684	6,261	21,721	7,246	7,200,138
With Donor Restrictions:	1,684,987	210,754	1,530,188	157,040	266,735	2,740,474	762,658	200,735	26,393,986
Gifts, Contributions, and Other	1,869,667	437,262	1,327,937	174,170	825,224	2,554,547	11,114,992	703,993	75,188,876
Investment Income	2,936,091	21,163	1,902,958	544,429	366,707	1,073,227	1,024,679	79,157	29,090,282
Reclassifications	(1,684,987)	(210,754)	(1,530,188)	(157,040)	(266,735)	(2,740,474)	(762,658)	(200,735)	(26,393,986)
 Total Revenues, Gains, and Other Support	 7,753,204	 937,999	 3,738,384	 816,619	 1,711,724	 4,413,598	 12,176,494	 797,581	 136,259,308
EXPENSES									
Scholarships, Awards, and Grants	1,831,038	92,144	759,608	90,530	514,745	822,466	121,050	200,735	14,388,260
College Support	2,272,769	213,036	359,532	83,987		2,035,302	312,727	22,941	23,771,044
Management and General	672,156	432,104	879,116	27,521	274,073	554,733	407,979	2,380	24,729,253
Total Expenses	4,775,963	737,284	1,998,256	202,038	788,818	3,412,501	841,756	226,056	62,888,557
CHANGE IN NET ASSETS									
Without Donor Restrictions	(143,530)	(46,956)	39,421	53,022	(2,290)	113,797	(42,275)	(10,890)	(4,514,421)
With Donor Restrictions	3,120,771	247,671	1,700,707	561,559	925,196	887,300	11,377,013	582,415	77,885,172
Total Change in Net Assets	2,977,241	200,715	1,740,128	614,581	922,906	1,001,097	11,334,738	571,525	73,370,751
Net Assets (Deficit) - Beginning of Year	31,897,838	4,790,124	23,197,438	7,119,025	6,558,160	18,213,961	13,512,882	1,276,921	470,386,778
NET ASSETS (DEFICIT) - END OF YEAR	\$ 34,875,079	\$ 4,990,839	\$ 24,937,566	\$ 7,733,606	\$ 7,481,066	\$ 19,215,058	\$ 24,847,620	\$ 1,848,446	\$ 543,757,529

* December 31 year-end

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022
(DOLLARS IN THOUSAND)

NOTE 1 ORGANIZATION

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

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

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

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

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
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(DOLLARS IN THOUSAND)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The accompanying financial statements present all Institutions under the authority of the Fund, including the Policy Commission and the Council. The basic criteria for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from the ability of the Fund to significantly influence operations and accountability for fiscal matters of related entities (see Note 26 for condensed financial statements). These entities are included in the financial statements as blended component units of the Fund.

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

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

Financial Statement Presentation

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

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

WEST VIRGINIA HIGHER EDUCATION FUND
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

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

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

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

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

Basis of Accounting

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

Cash and Cash Equivalents

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

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

**WEST VIRGINIA HIGHER EDUCATION FUND
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (Continued)

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

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

Appropriations Due from Primary Government

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

Investments

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

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

WEST VIRGINIA HIGHER EDUCATION FUND
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

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

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

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

Lease Receivable

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

Allowance for Doubtful Accounts

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

Inventories

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

Noncurrent Cash, Cash Equivalents, and Investments

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

**WEST VIRGINIA HIGHER EDUCATION FUND
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets include property, plant, and equipment, right-to-use assets, books and materials that are part of a catalogued library, and infrastructure assets. Capital assets are stated at cost at the date of acquisition or construction, or acquisition value at the date of donation in the case of gifts. Capital assets under service concession arrangements are recorded at acquisition value at the commencement of the agreement. Intangible right-to-use assets include software subscriptions and property and equipment. These assets are recorded at the sum of the present value of payments expected to be made during the term of the underlying contract, payments associated with the contract made to the vendor at the commencement of the contractual term, and capitalizable implementation costs, less any vendor incentives received at the commencement of the contractual term. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and infrastructure, 20 years for land improvements, 7 to 20 years for library assets, and 3 to 10 years for furniture and equipment. The estimated useful life of other intangible assets varies. Right-to-use assets are amortized in a systematic and rational manner over the shorter of the contractual term or the useful life of the underlying assets.

Unearned Revenue

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

Compensated Absences and Other Postemployment Benefits

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

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences and Other Postemployment Benefits (Continued)

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

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

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

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

WEST VIRGINIA HIGHER EDUCATION FUND
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Teachers' Retirement System (TRS), administered by the West Virginia Consolidated Public Retirement Board (CPRB), and additions to/reductions from the TRS fiduciary net position have been determined on the same basis as they are reported in the TRS financial statements, which can be found at <https://www.wvretirement.com/Publications.html#CAFR>. The plan schedules of TRS are prepared using the accrual basis of accounting and economic resources measurement focus in accordance with GAAP as prescribed by GASB. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Investments are reported at fair value. Detailed information on investment valuation can be found in the TRS financial statements. Management of TRS has made certain estimates and assumptions relating to employer allocation schedules, and actual results could differ (see Note 15).

Deferred Outflows of Resources

Consumption of net position by the Fund that is applicable to a future fiscal year is reported as a deferred outflow of resources on the statements of net position. As of June 30, 2023 and 2022, the Fund had a deferred loss on refunding of approximately \$34,142 and \$36,534, respectively, deferred outflows of resources related to pensions of approximately \$1,669 and \$2,108, respectively (see Note 15), and deferred outflows of resources related to other postemployment benefits of \$25,112 and \$20,822, respectively (see Note 8). Deferred outflows are either accreted over the periods of the refinancing bond issue related to the deferred loss on refinancing or the remaining service lives for employees for the pension and other postemployment benefits plans.

Deferred Inflows of Resources

An acquisition of net position by the Fund that is applicable to a future fiscal year is reported as a deferred inflow of resources on the statements of net position. Deferred inflows related to service concession arrangements are accreted over the periods of the service concession arrangements. As of June 30, 2023 and 2022, the Fund had total deferred inflows of resources of approximately \$39,559 and \$41,216, respectively, related to public-private partnerships. As of June 30, 2023 and 2022, the deferred inflows related to pensions were approximately \$4,313 and \$9,045, respectively (see Note 15). As of June 30, 2023 and 2022, the deferred inflows related to other postemployment benefits were approximately \$58,504 and \$131,892, respectively (see Note 8). As of June 30, 2023 and 2022, the Fund had deferred inflows of resources related to leases of \$12,510 and \$11,336, respectively. Other deferred inflows of resources include deferred gains on refunding of \$782 and \$867 as of June 30, 2023 and 2022, respectively.

WEST VIRGINIA HIGHER EDUCATION FUND
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NOTES TO FINANCIAL STATEMENTS
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management

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

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

The WVU and Marshall Schools of Medicine (SOMs) have established a \$250 deductible program under BRIM's professional liability coverage for the SOMs effective July 1, 2005. Starting July 1, 2005, the SOMs assumed the risk and responsibility for any and all indemnity amounts up to \$250 per occurrence and all loss expenses associated with medical malpractice claims and/or suits in exchange for a reduction in its premium for medical malpractice insurance. For fiscal year 2023, BRIM will provide coverage for indemnity amounts between \$250 and \$1,781 per occurrence. For fiscal year 2022, BRIM will provide coverage for indemnity amounts between \$250 and \$1,641 per occurrence. After June 30, 2016, BRIM coverage may increase annually based on the Consumer Price Index until it reaches a maximum of \$2,000 per occurrence. Prior to July 1, 2005, the SOMs were totally covered by BRIM at a limit of \$1,000 per occurrence.

Under the program, the SOMs entered into an agreement with BRIM whereby the SOMs have on deposit \$3.7 million and \$4.6 million as of June 30, 2023 and 2022, respectively, in escrow accounts created in the State Treasury from which BRIM may withdraw amounts to pay indemnity costs and allocated expenses in connection with medical malpractice claims against the SOMs. Additionally, the WVU Health Sciences Center also has on deposit \$47.0 million and \$43.3 million as of June 30, 2023 and 2022, respectively, in an investment account with the West Virginia University Foundation to cover the liabilities under this program. Marshall has a receivable from the University Physicians & Surgeons, Inc. for the funding it has agreed to provide for the self-insurance liability of \$11.8 million and \$11.0 million as of June 30, 2023 and 2022, respectively. Based on actuarial valuations of this self-insurance program, the Fund has recorded a liability of \$45.9 million and \$44.2 million to reflect projected claim payments at June 30, 2023 and 2022, respectively, for both WVU's and Marshall's SOMs.

WEST VIRGINIA HIGHER EDUCATION FUND
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management (Continued)

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

Classification of Revenues

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

Operating Revenues

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

Nonoperating Revenues

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

Other Revenues

Other revenues consist primarily of capital grants and gifts.

Use of Restricted Net Position

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

Federal Financial Assistance Programs

The Fund makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through the institutions within the Fund. Direct student loan receivables are not included in the Fund's statements of net position. In 2023 and 2022, the Fund received and disbursed, or awarded, approximately \$379.5 million and \$351.7 million, respectively, under the Direct Loan Program, which is not included as revenue and expense in the statements of revenues, expenses, and changes in net position.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Financial Assistance Programs (Continued)

The Fund also distributes other student financial assistance funds on behalf of the federal government to students under the Federal Pell Grant, Supplemental Educational Opportunity Grant, and College Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2023 and 2022, the Fund received and disbursed approximately \$102.3 million and \$108.7 million, respectively, under these federal student aid programs.

Scholarship Allowances

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

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

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

Government Grants and Contracts

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

Income Taxes

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

Cash Flows

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

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Risk and Uncertainties

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

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

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This standard provides accounting and financial reporting requirements for public-private and public-public partnership arrangements (PPPs) that either meet the definition of a SCA or are not within the scope of GASB 87, as amended. This standard also provides guidance for accounting and financial reporting for availability payment arrangements (APAs), which are arrangements in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The Fund adopted the requirements of the guidance effective July 1, 2022, and has applied the provisions of this standard to the beginning of the earliest period presented. Net position as of July 1, 2021 was restated due to the adoption.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), which is effective for fiscal years beginning after June 15, 2022. This standard defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and a corresponding subscription liability; provides the capitalization criteria for costs related to SBITA activity other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

As a result of adopting Statement No. 96, the statement of net position as of June 30, 2022 has been restated resulting in an increase of intangible right-to-use assets and subscription liabilities. Such opening balance sheet adjustments were calculated using the facts and circumstances that existed at July 1, 2021 as prescribed by Statement No. 96. The statement of revenues, expenses, and changes in net position for the period ending June 30, 2022 was also restated to reflect the impact of Statement No. 96. A reclass and decrease of software licenses and other service expense and an increase in amortization and interest expense were recorded. The statement of cash flows for the period ending June 30, 2022 was also restated for Statement No. 96; this primarily resulted in a reclassification of cash flows used in operating activities to cash flows used in capital and related financing activities.

The implementation of GASB Statement Nos. 94 and 96 and correction of an error related to OPEB had the following effect on net position as of July 1, 2021:

Net Position - Beginning of Year, as Previously Stated	\$ 2,342,325
Impact of Adoption	<u>(4,705)</u>
Net Position - Beginning of Year, as Restated	<u>\$ 2,337,620</u>

The Fund has implemented GASB Statement No. 91, *Conduit Debt Obligations*. This statement defines conduit debt obligations for accounting and financial reporting purposes and establishes standards for recognition, measurement and disclosure for issuers. This statement did not have a material impact on the financial statements.

NOTE 3 CASH AND CASH EQUIVALENTS

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

	2023		
	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
State Treasurer	\$ 413,077	\$ 9,279	\$ 422,356
Municipal Bond Commission	1,681	-	1,681
Trustee	7	86,040	86,047
Bank	59,624	-	59,624
Cash Equivalents	7,393	-	7,393
Escrowed Cash	-	3,712	3,712
On Hand	55	-	55
Total	<u>\$ 481,837</u>	<u>\$ 99,031</u>	<u>\$ 580,868</u>

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NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

	2022		
	Current	Noncurrent	Total
State Treasurer	\$ 464,379	\$ 13,013	\$ 477,392
Municipal Bond Commission	1,635	-	1,635
Trustee	-	95,135	95,135
Bank	70,571	-	70,571
Cash Equivalents	9,480	-	9,480
Escrowed Cash	-	4,576	4,576
On Hand	52	-	52
Total	<u>\$ 546,117</u>	<u>\$ 112,724</u>	<u>\$ 658,841</u>

Amounts held by the Municipal Bond Commission or trustee represent various project revenue, debt service, and other repair and replacement reserve funds required to be escrowed by various bond trust indentures. Other amounts held by the State Treasurer include \$29.6 million and \$33.7 million of restricted cash at June 30, 2023 and 2022, respectively. Cash equivalents are primarily related to amounts held in money markets, repurchase agreements, and savings accounts.

The combined carrying amounts of cash in the bank at June 30, 2023 and 2022, were \$59.6 million and \$74.9 million, as compared with the combined bank balance of \$63.6 million and \$79.2 million, respectively. The difference is primarily caused by outstanding checks and items in transit. The bank balances were covered by federal depository insurance as noted below or were secured by financial instruments held as collateral by the State's agent. Regarding federal depository insurance, interest bearing accounts are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000.

Amounts with the State Treasurer as of June 30, 2023 and 2022 are comprised of approximately \$141.1 million and \$206.9 million, respectively, held by the State Treasury Fund and not invested, and three investment pools, the WV Money Market Pool, the WV Government Money Market Pool and the WV Short Term Bond Pool.

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	
	Carrying Value (in Thousands)	S & P Rating	Carrying Value (in Thousands)	S & P Rating
External Pool				
WV Money Market Pool	\$ 273,180	AAAm	\$ 262,531	AAAm
WV Government Money Market Pool	1,680	AAAm	1,625	AAAm
WV Short-Term Bond Pool	6,339	Not Rated	6,232	Not Rated

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NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

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

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

	2023		2022	
	Carrying Value (in Thousands)	WAM (Days)	Carrying Value (in Thousands)	WAM (Days)
External Pool				
WV Money Market Pool	\$ 273,180	29	\$ 262,531	21
WV Government Money Market Pool	1,680	17	1,625	19

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

	2023		2022	
	Carrying Value (in Thousands)	Effective Duration (Days)	Carrying Value (in Thousands)	Effective Duration (Days)
External Pool				
WV Short-Term Bond Pool	\$ 6,339	609	\$ 6,232	584

Cash in Bank with Trustee

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

	Carrying Value	
	2023 (in Thousands)	2022 (in Thousands)
<u>Investment Type</u>		
Money Market Fund	\$ 86,047	\$ 95,135

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

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

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NOTE 4 INVESTMENTS

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

	2023			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
U.S. Government Investments:				
Cash	\$ 10,113	\$ 10,113	\$ -	\$ -
Agency Obligations	435	-	435	-
Treasury Obligations	55,204	10,962	44,242	-
Mutual Money Market Funds	15	15	-	-
Corporate Bonds	8,320	5,251	3,069	-
Mutual Bond Funds:				
Guggenheim TR Bond	6,851	130	6,228	493
Muzinich Credit Opportunities Fund	6,495	-	6,495	-
Allspring High Yield Bond - A	6	6	-	-
Fixed Income Funds:				
IR&M Core Bond	9,875	99	9,776	-
Other	1,803	1,803	-	-
Mutual Stock Funds:				
Allspring Opportunity - A	725	725	-	-
Artisan International Small Cap	2,435	1,096	1,339	-
Cohen Steers Ins Rty	1,485	1,455	15	15
Eaton Vance	1,250	1,250	-	-
Equity Mutual Funds	37,263	37,263	-	-
Invesco	7,552	2,228	5,324	-
Jensen Quality Growth	6,650	6,650	-	-
Maingate MLP Fund	3,513	3,513	-	-
MFS International Value Fund	8,611	7,741	870	-
MFS Investment Management	10,591	10,591	-	-
REMS RE	1,404	1,404	-	-
Vanguard S&P 500ETF	13,352	13,352	-	-
Vanguard Total Stock Market	19,350	19,350	-	-
Vanguard FTSE	4,066	2,460	1,606	-
Wellington EM	3,218	3,177	35	6
Hedge Funds:				
Capstone Convex PF	2,594	-	2,594	-
Penso Neg Cor Alpha	2,214	598	1,616	-
Limited Partnership Equity:				
TI Platform Fund I	4,068	-	-	4,068
TI Platform Fund II	2,245	-	-	2,245
TI Platform Fund III	593	-	-	593
747 Stuyvesant VI LP	1,310	-	-	1,310
747 Stuyvesant VI LP II	649	-	-	649
747 Stuyvesant VI LP III	75	-	-	75

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NOTE 4 INVESTMENTS (CONTINUED)

2023					
Fair Value Measurements Using					
Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Investments by Fair Value Level					
(Continued):					
Investments Held by Marshall University Foundation	\$ 78,904	\$ -	\$ 78,904	\$ -	
University Foundation	944				944
Total	<u>314,178</u>	<u>\$ 141,232</u>	<u>\$ 162,548</u>	<u>\$ 10,398</u>	
Investments Measured at Net Asset Value (NAV):					
Morgan Stanley	10,597				
Total Investments	<u>\$ 324,775</u>				
2022					
Fair Value Measurements Using					
Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Investments by Fair Value Level:					
U.S. Government Investments:					
Cash	\$ 3,830	\$ 3,830	\$ -	\$ -	
Agency Obligations	628	-	628	-	
Treasury Obligations	13,327	9,367	3,960	-	
Mutual Money Market Funds	11	11	-	-	
Corporate Bonds	11,911	6,828	5,083	-	
Mutual Bond Funds:					
Guggenheim TR Bond	6,813	100	6,347	366	
iShares Barclays 1-3 Year Treasury	12,829	811	12,018	-	
Muzinich Credit Opportunities Fund	6,447	-	6,447	-	
Allspring High Yield Bond - A	6	6	-	-	
Fixed Income Funds:					
IR&M Core Bond	9,924	-	9,924	-	
Other	2,602	2,602	-	-	
Mutual Stock Funds:					
Allspring Opportunity - A	601	601	-	-	
Artisan International Small Cap	2,388	868	1,520	-	
Baillie Gifford	8,487	1,230	7,257	-	
Cohen Steers Ins Rty	2,553	2,487	52	14	
Eaton Vance	1,168	1,168	-	-	
Equity Mutual Funds	35,808	35,808	-	-	
Invesco	22,179	14,295	7,884	-	
Ishares US Fin Serv	2,223	2,223	-	-	
Jensen Quality Growth	5,805	5,805	-	-	
Maingate MLP Fund	4,333	4,333	-	-	
MFS International Value Fund	10,816	10,816	-	-	
MFS Investment Management	9,369	9,369	-	-	
REMS RE	2,311	2,311	-	-	

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NOTE 4 INVESTMENTS (CONTINUED)

	2022			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
(Continued):				
Mutual Stock Funds (Continued):				
Vanguard Russell 2000	\$ 4,605	\$ 4,605	\$ -	\$ -
Vanguard S&P 500ETF	11,375	11,375	-	-
Vanguard Total Stock Market	27,776	27,776	-	-
Vanguard Finan EFT	2,318	2,318	-	-
Vanguard FTSE	4,672	718	3,950	4
Wellington EM	6,269	6,139	130	-
Hedge Funds:				
Capstone Convex PF	3,098	59	3,039	-
Penso Neg Cor Alpha	4,151	939	3,212	-
Limited Partnership Equity:				
TI Platform Fund I	1,740	-	-	3,005
TI Platform Fund II	514	-	-	1,740
TI Platform Fund III	3,005	-	-	514
747 Stuyvesant VI LP	1,164	-	-	1,164
747 Stuyvesant VI LP II	315	-	-	315
Investments Held by Marshall				
University Foundation	72,897	-	72,897	-
Other	957	-	-	957
Total	321,225	<u>\$ 168,798</u>	<u>\$ 144,348</u>	<u>\$ 8,079</u>
Investments Measured at				
Net Asset Value (NAV):				
Morgan Stanley	10,217			
Total Investments	<u>\$ 331,442</u>			

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

As of June 30, 2023 and 2022, WVU's investments held with the Foundation were \$157.3 million and \$171.9 million, respectively. WVU's investments held with the Foundation are governed by investment policies and an investment management agency agreement that determine the permissible investments by category. The holdings include investment cash accounts, commingled equity funds, exchange traded funds (EFT), mutual bond funds, mutual stock funds, fixed income commingled funds, and limited partnership and hedge fund investments. The investment management agency agreement outlines the acceptable exposure to each category of investment and generally outlines a liquidity goal. The agreement also states that at no time will illiquid investment assets (defined as those assets that cannot be converted into cash within 90 days) exceed 10% of any portfolio.

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NOTE 4 INVESTMENTS (CONTINUED)

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

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

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

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

	2023			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Morgan Stanley Private:				
Renaissance Institutional Equities	\$ 2,504	None	Monthly	60 Days
HP Millennium International	677	None	Quarterly	30 Days
Mudrick Distressed Opportunity Fund	5,535	None	Quarterly	90 Days
Owl Rock Tech FC II	270	\$ 188	n/a	n/a
KKR Dislocation Fund	1,611	525	n/a	n/a
Total Investments Measured at the NAV	<u>\$ 10,597</u>			

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NOTE 4 INVESTMENTS (CONTINUED)

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

Credit Risk

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

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

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

<u>Investment Type</u>	<u>2023</u>	<u>2022</u>
Bank of America Corp	-	A-
Cheniere Corpus Christi Holdings LLC	BBB-	BBB-
Citigroup	-	-
Discovery Communications	BBB-	BBB-
Energy Transfer	BBB-	BBB-
General Motors Financial	-	BBB
Goldman Sachs Group	BBB+	BBB+
Guggenheim TR Bond	Aa3	A3
HollyFrontier Corp	-	-
IR&M Core Bond	Aa2	Aa2
IR Short US Treasury Funds	Aaa	-
iShares Barclays 1-3 Year Treasury	Aaa	Aaa
JP Morgan Chase & Co	A-	A-
Meta Platforms Inc	AA-	-
Morgan Stanley	-	A-
Muzinich Credit Opportunities Fund	BBB	A
Pfizer Investment Enterprises PTE LTD	A+	-
TransCanada Pipelines LTD	BBB+	-
Utah Acquisition Corp.	BBB-	BBB-
Wells Fargo & Co	-	BBB+
Western Digital Corp	-	BB+

Remaining investments have not been rated.

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NOTE 4 INVESTMENTS (CONTINUED)

Interest Rate Risk

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

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

<u>Investment Type</u>	2023				
	Investment Maturities				
	Fair Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Fixed Income Commingled	\$ 9,875	\$ 356	\$ 3,664	\$ 3,811	\$ 2,044
Fixed Income ETF	38,596	15,400	23,196	-	-
Mutual Bond Funds	13,346	534	5,093	4,281	3,438
Total	<u>\$ 61,817</u>	<u>\$ 16,290</u>	<u>\$ 31,953</u>	<u>\$ 8,092</u>	<u>\$ 5,482</u>

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

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

<u>Bond Maturity</u>	2023		2022	
	Market Value	% of Bond Market Value	Market Value	% of Bond Market Value
Less than 1 Year	\$ -	- %	\$ 2,442	15.1 %
1 to 5 Years	15,018	92.6	13,754	84.9
6 to 10 Years	1,196	7.4	-	-
Total	<u>\$ 16,214</u>	<u>100.0 %</u>	<u>\$ 16,196</u>	<u>100.0 %</u>

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NOTE 4 INVESTMENTS (CONTINUED)

Concentration of Credit Risk

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

At June 30, 2023 and 2022, WVU's investments were not subject to concentration of credit risk.

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

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

Custodial Credit Risk

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

For Fund investments, at June 30, 2023 and 2022, there was no custodial credit risk.

Foreign Currency Risk

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

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

<u>Currency</u>	<u>2023</u>	<u>2022</u>
Australian Dollar	\$ 557	\$ 648
Brazilian Real	361	692
British Pence	3,443	-
British Pound	128	4,535
Canadian Dollar	986	1,682
Czech Koruna	7	56
Chilean Peso	25	23
China Renminbi	285	988
Columbian Peso	4	5
Danish Krone	634	1,098
Egyptian Pound	4	5
Euro	8,209	9,925
Hong Kong Dollar	1,208	4,716
Hungarian Forint	9	37
Indian Rupee	1,049	2,055
Indonesian Rupiah	92	294
Iceland Krona	4	-
Israeli Arorot	18	24

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NOTE 4 INVESTMENTS (CONTINUED)

Foreign Currency Risk (Continued)

<u>Currency (Continued)</u>	<u>2023</u>	<u>2022</u>
Japanese Yen	\$ 2,156	\$ 4,463
Kenyan Shilling	-	37
Korean Won	-	633
Kuwaiti Fil	37	42
Malaysian Ringgit	69	89
Mexican Peso	217	313
Norwegian Krone	16	125
Philippine Peso	32	108
Qatari Riyal	38	47
Romanian Leu	3	5
Russian Ruble	79	107
Saudi Arabia Riyal	181	251
Singapore Dollar	48	44
South African Rand	1	500
South African Cent	136	-
South Korean Won	203	195
Swedish Krona	536	1,142
Swiss Franc	1,588	2,840
Taiwanese Dollar	779	1,930
Thai Baht	106	297
Turkish Lira	35	23
UAE Dirham	62	74
U.S. Dollar	147,485	143,993
Total	<u>\$ 170,830</u>	<u>\$ 184,041</u>

NOTE 5 ACCOUNTS RECEIVABLE

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

	<u>2023</u>	<u>2022</u>
Students, Net of Allowance of \$25,597 and \$26,059 in 2023 and 2022, Respectively	\$ 20,574	\$ 20,436
Grants and Contracts, Net of Allowance of \$4,751 and \$3,588 in 2023 and 2022, Respectively	109,637	85,567
Auxiliary Services, Net of Allowance of \$861 and \$786 in 2023 and 2022, Respectively	3,075	3,679
Due from State and State Agencies	4,342	7,444
Other, Net of Allowance of \$1,000 and \$1,000 in 2023 and 2022, Respectively	58,896	59,465
Total	<u>\$ 196,524</u>	<u>\$ 176,591</u>

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NOTE 6 CAPITAL ASSETS

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

	2023			
	Beginning Balance (As Restated)	Additions	Reductions	Ending Balance
Capital Assets Not Being Depreciated or Amortized:				
Land	\$ 173,306	\$ 5,182	\$ 1,993	\$ 176,495
Construction in Progress	140,371	77,671	148,017	70,025
Other	122	-	55	67
Total Capital Assets Not Being Depreciated or Amortized	313,799	82,853	150,065	246,587
Other Capital Assets:				
Land Improvements	109,593	1,005	-	110,598
Infrastructure	482,102	7,972	1,026	489,048
Buildings	3,894,548	144,054	(1,413)	4,040,015
Equipment	484,832	36,483	24,859	496,456
Software	67,010	111	1,280	65,841
Library Books	215,808	3,176	217	218,767
Intangibles and Others	249,584	39,346	-	288,930
Right-to-Use Asset Building	46,083	7,562	4,758	48,887
Right-to-Use Asset Equipment	4,893	76	377	4,592
Right-to-Use Asset Software	67	-	-	67
Subscription Assets	42,648	22,789	3,704	61,733
Total Other Capital Assets	5,597,168	262,574	34,808	5,824,934
Less: Accumulated Depreciation and Amortization for:				
Land Improvements	76,956	4,686	-	81,642
Infrastructure	344,745	9,779	969	353,555
Buildings	1,286,818	80,897	450	1,367,265
Equipment	349,234	29,211	24,443	354,002
Software	64,206	652	19	64,839
Library Books	198,426	4,772	163	203,035
Intangibles and Others	181,539	43,138	(3)	224,680
Right-to-Use Asset Building	10,206	5,267	2,630	12,843
Right-to-Use Asset Equipment	996	403	50	1,349
Right-to-Use Asset Software	24	22	-	46
Subscription Assets	12,652	17,903	3,330	27,225
Total Accumulated Depreciation and Amortization	2,525,802	196,730	32,051	2,690,481
Other Capital Assets, Net	<u>\$ 3,071,366</u>	<u>\$ 65,844</u>	<u>\$ 2,757</u>	<u>\$ 3,134,453</u>
Capital Asset Summary:				
Capital Assets Not Being Depreciated or Amortized:	\$ 313,799	\$ 82,853	\$ 150,065	\$ 246,587
Other Capital Assets	5,597,168	262,574	34,808	5,824,934
Total Cost of Capital Assets	5,910,967	345,427	184,873	6,071,521
Less: Accumulated Depreciation and Amortization	2,525,802	196,730	32,051	2,690,481
Capital Assets, Net	<u>\$ 3,385,165</u>	<u>\$ 148,697</u>	<u>\$ 152,822</u>	<u>\$ 3,381,040</u>

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NOTE 6 CAPITAL ASSETS (CONTINUED)

	2022 (As Restated)			Ending Balance
	Beginning Balance	Additions	Reductions	
Capital Assets Not Being Depreciated or Amortized:				
Land	\$ 174,624	\$ 484	\$ 1,802	\$ 173,306
Construction in Progress	127,930	88,174	75,733	140,371
Other	122	-	-	122
Total Capital Assets Not Being Depreciated or Amortized	302,676	88,658	77,535	313,799
Other Capital Assets:				
Land Improvements	107,163	2,400	(30)	109,593
Infrastructure	472,047	10,333	278	482,102
Buildings	3,832,118	51,776	(10,654)	3,894,548
Equipment	485,065	32,391	32,624	484,832
Software	71,425	1,261	5,676	67,010
Library Books	212,898	4,564	1,654	215,808
Intangibles and Others	207,044	42,565	25	249,584
Right-to-Use Asset Building	45,614	4,123	3,654	46,083
Right-to-Use Asset Equipment	2,294	196	(2,403)	4,893
Right-to-Use Asset Software	67	-	-	67
Subscription Assets	9,582	33,147	81	42,648
Total Other Capital Assets	5,445,317	182,756	30,905	5,597,168
Less: Accumulated Depreciation and Amortization for:				
Land Improvements	71,221	5,735	-	76,956
Infrastructure	335,598	9,425	278	344,745
Buildings	1,209,227	78,781	1,190	1,286,818
Equipment	349,993	29,041	29,800	349,234
Software	65,466	980	2,240	64,206
Library Books	193,320	5,337	231	198,426
Intangibles and Others	154,016	27,545	22	181,539
Right-to-Use Asset Building	5,852	5,826	1,472	10,206
Right-to-Use Asset Equipment	360	651	15	996
Right-to-Use Asset Software	2	22	-	24
Subscription Assets	-	12,902	250	12,652
Total Accumulated Depreciation and Amortization	2,385,055	176,245	35,498	2,525,802
Other Capital Assets, Net	<u>\$ 3,060,262</u>	<u>\$ 6,511</u>	<u>\$ (4,593)</u>	<u>\$ 3,071,366</u>
Capital Asset Summary:				
Capital Assets Not Being Depreciated or Amortized:	\$ 302,676	\$ 88,658	\$ 77,535	\$ 313,799
Other Capital Assets	5,445,317	182,756	30,905	5,597,168
Total Cost of Capital Assets	5,747,993	271,414	108,440	5,910,967
Less: Accumulated Depreciation and Amortization	2,385,055	176,245	35,498	2,525,802
Capital Assets, Net	<u>\$ 3,362,938</u>	<u>\$ 95,169</u>	<u>\$ 72,942</u>	<u>\$ 3,385,165</u>

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NOTE 6 CAPITAL ASSETS (CONTINUED)

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

The Fund has construction commitments at June 30, 2023, of approximately the following (dollars in thousands):

Fairmont	\$	1,574
Marshall		7,619
Policy Commission		517
WVSOM		162
WVU		<u>2,400</u>
Total	\$	<u><u>12,272</u></u>

**WEST VIRGINIA HIGHER EDUCATION FUND
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NOTE 7 LONG-TERM LIABILITIES

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

	2023				
	Beginning Balance (As Restated)	Additions	Reductions	Ending Balance	Current Portion
Bonds, Capital Leases, and Notes Payable:					
Notes Payable -					
Direct Placement	\$ 120,348	\$ 1,811	\$ (6,881)	\$ 115,278	\$ 4,924
Lease Liabilities	101,441	7,260	(9,105)	99,596	6,219
SBITA Liabilities	27,022	19,198	(15,047)	31,173	14,409
Financed Purchases Payable	57,711	2,675	(1,270)	59,116	1,282
Bonds Payable	1,292,472	56,500	(54,468)	1,294,504	51,593
Total Bond, Capital Leases, and Notes Payable	1,598,994	87,444	(86,771)	1,599,667	-
Advances from Federal Sponsors	19,778	90	(3,492)	16,376	-
Real Estate Purchase Agreements Payable	10,895	-	(313)	10,582	295
Accrued Compensated Absences	58,166	4,192	(2,123)	60,235	55,334
Future Interest Payable	33,716	-	(2,244)	31,472	5,216 *
Other Noncurrent Liabilities	51,279	8,219	(7,149)	52,349	329
Total Long-Term Liabilities	<u>\$ 1,772,828</u>	<u>\$ 99,945</u>	<u>\$ (102,092)</u>	<u>\$ 1,770,681</u>	

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

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NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

	2022 (As Restated)				Current Portion
	Beginning Balance	Additions	Reductions	Ending Balance	
Bonds, Capital Leases, and Notes Payable:					
Notes Payable -					
Direct Placement	\$ 116,519	\$ 12,074	\$ (8,245)	\$ 120,348	\$ 5,314
Lease Liabilities	107,688	7,492	(13,739)	101,441	6,106
SBITA Liabilities	9,225	30,679	(12,882)	27,022	13,266
Financed Purchases					
Payable	58,443	40	(772)	57,711	774
Bonds Payable	1,314,400	52,486	(74,414)	1,292,472	51,049
Total Bond, Capital Leases, and Notes Payable	1,606,275	102,771	(110,052)	1,598,994	-
Advances from Federal Sponsors	29,195	-	(9,417)	19,778	-
Real Estate Purchase Agreements Payable	11,195	-	(300)	10,895	285
Accrued Compensated Absences	59,166	1,976	(2,976)	58,166	53,497
Future Interest Payable	35,620	-	(1,904)	33,716	5,113 *
Other Noncurrent Liabilities	46,322	14,810	(9,853)	51,279	388
Total Long-Term Liabilities	<u>\$ 1,787,773</u>	<u>\$ 119,557</u>	<u>\$ (134,502)</u>	<u>\$ 1,772,828</u>	

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

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NOTE 8 OTHER POSTEMPLOYMENT BENEFITS

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

	2023	2022
Net OPEB Liability (Asset)	\$ 12,745	\$ (3,277)
Deferred Outflows of Resources	25,112	20,822
Deferred Inflows of Resources	58,504	131,892
Revenues	(14,185)	(3,309)
OPEB Expense	(63,333)	(68,337)
Contributions Made by the Fund	10,916	13,017

Plan Description

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

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

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

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NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided

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

Contributions

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

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

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

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

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

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

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

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NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Basis of Allocation

OPEB amounts have been allocated to each contributing employer based on their proportionate share of employer contributions to the RHBT for the fiscal year ended June 30, 2022. Effective July 1, 2017, certain employers that met the plan's opt out criteria and chose not to participate in the plan coverage were no longer required to make contributions to the plan. The amounts previously allocated to such employers for the net OPEB liability and related deferred inflows and deferred outflows are reallocated to the remaining employers participating in the cost sharing plan. The plan reallocates these balances to the remaining active employers based on their proportionate share of contributions made in the period of reallocation.

Assumptions

The net OPEB liability as of June 30, 2023 and 2022 for financial reporting purposes was determined by an actuarial valuation as of June 30, 2021 and 2020, rolled forward to June 30, 2022 and 2021, respectively. The following actuarial assumptions were used and applied in the measurement:

- Actuarial cost method: Entry age normal cost method.
- Amortization method and period: Level percentage of payroll over 20 years.
- Investment rate of return: 6.65%, net of OPEB Plan investment expense, including inflation.
- Rates based on 2015-2020 OPEB experience study and dependent on plan participation and attained age, and range from 2.75% to 5.18%, including inflation.
- Trend rate for pre-Medicare per capita costs of 7.0% for plan year-end 2023, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032. Trend rate for Medicare per capita costs of 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 2036.
- Inflation rate: 2.75%.
- Discount Rate: 6.65%
- Mortality rates: Postretirement, Pub-2010 general Healthy Retiree Mortality Tables (100% males, 108% females) projected with MP-2019. Pre-retirement, Pub-2010 general Healthy Retiree Mortality Tables (100% males, 100% females) projected with MP-2019.

The long-term investment rate of return of 6.65% on OPEB Plan investments was determined by a combination of an expected long-term rate of return of 7.00% for long-term assets invested with the West Virginia Investment Management Board (IMB) and an expected short-term rate of return of 2.5% for assets invested with the WV Board of Treasury Investments (BTI).

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

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NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

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

The actuarial assumptions used in the June 30, 2023, valuation was based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2020.

	2023	
<u>Asset Class</u>	Long- Term Expected Real Rate of Return	Target Target Allocation
Global Equity	4.8%	55.0%
Core Plus Fixed Income	2.1	15.0
Core Real Estate	4.1	10.0
Private Equity	2.4	10.0
Hedge Funds	6.8	10.0

	2022	
<u>Asset Class</u>	Long- Term Expected Real Rate of Return	Target Target Allocation
Global Equity	4.8%	55.0%
Core Plus Fixed Income	2.1	15.0
Core Real Estate	4.1	10.0
Private Equity	2.4	10.0
Hedge Funds	6.8	10.0

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

**WEST VIRGINIA HIGHER EDUCATION FUND
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NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

Sensitivity of the net pension (asset) liability to changes in the discount rate. The following presents the Fund's proportionate share of the net OPEB (asset) liability as of June 30, 2023 and 2022, calculated using the discount rate of 6.65%, as of June 30, 2023 and June 30, 2022, respectively, as well as what the Fund's net OPEB (asset) liability would be if it were calculated using a discount rate that is one percentage point lower (5.65%) or one percentage point higher (7.65%) than the current rate (dollars in thousands).

	1% Decrease (5.65%)	Current Discount Rate (6.65%)	1% Increase (7.65%)
Net OPEB Liability (Asset) 2023	\$ 32,234	\$ 12,745	\$ (3,819)
Net OPEB (Asset) Liability 2022	16,847	(3,277)	(22,782)

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability (Asset) 2023	\$ (8,050)	\$ 12,745	\$ 35,425
Net OPEB (Asset) Liability 2022	(23,211)	(3,277)	21,094

OPEB (Asset) Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. The net OPEB (assets) liabilities at June 30, 2023 and 2022 were measured as of June 30, 2022 and 2021. The total OPEB (assets) liabilities at June 30, 2023 and 2022 were determined by actuarial valuations as of June 30, 2021, with the 2020 valuation rolled forward to the measurement dates.

At June 30, 2023 and 2022, the amount recognized as the Fund's proportionate share of the net OPEB (asset) liability was \$12,745 and \$(3,277), respectively. At June 30, 2023 and 2022, the nonemployer contributing entity's (State of West Virginia) portion of the collective net OPEB asset (liability) was \$4,412 and \$(721), respectively. At June 30, 2023 and 2022, the total net OPEB (asset) liability attributable to the Fund is \$17,157 and \$(3,998), respectively.

WEST VIRGINIA HIGHER EDUCATION FUND
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NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

OPEB (Asset) Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. (Continued) The allocation percentage assigned to each contributing employer is based on the employer's proportionate share of employer contributions to the RHBT for the fiscal years ended June 30, 2022 and June 30, 2021. Employer contributions are recognized when due. At June 30, 2023, the Fund's proportion was 11.5579862%, an decrease of 0.7864121% from its proportion of 12.3443983% calculated as of June 30, 2021. At June 30, 2021, the Fund's proportion was 12.3443983%, an increase of 0.0626686% from its proportion of 12.2817297% calculated as of June 30, 2020.

For the year ended June 30, 2023 and 2022, the Fund recognized OPEB expense of \$(63.3) million and \$(68.3) million, respectively. Of this amount, \$(49.9) million and \$(65.0) million was recognized as the Fund's proportionate share of the OPEB expense, and \$(14.2) million and \$(3.3) million as the amount of OPEB expense attributed to special funding. The Fund also recognized revenue of \$(14.2) million and \$(3.3) million, respectively, 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:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in Expected and Actual Experience	\$ 1,472	\$ 4,395	\$ -	\$ 25,172
Changes in Proportion and Difference Between Employer Contributions an Proportionate Share of Contributions	4,038	9,255	7,828	2,851
Net Difference Between Projected and Actual Investment Earnings	551	12,096	-	25,257
Changes in Assumptions	8,135	32,686	-	77,360
Contributions After Measurement Date	10,916	-	12,994	-
Reallocation After Opt-Out	-	72	-	1,252
Total	<u>\$ 25,112</u>	<u>\$ 58,504</u>	<u>\$ 20,822</u>	<u>\$ 131,892</u>

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NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The Fund will recognize the \$10,916 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability in the year ended June 30, 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 (dollars in thousands):

<u>Year Ending June 30,</u>	<u>Amortization</u>
2024	\$ (42,789)
2025	(3,970)
2026	(2,771)
2027	5,222
Total	<u>\$ (44,308)</u>

NOTE 9 LEASES

Lease Obligations

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Amount</u>
2024	\$ 6,219	\$ 2,997	\$ 9,216
2025	5,250	2,792	8,042
2026	4,837	2,625	7,462
2027	4,485	2,479	6,964
2028	3,970	2,340	6,310
2029-2033	14,689	10,020	24,709
2034-2038	5,823	8,421	14,244
2039-2043	5,363	7,626	12,989
2044-2048	6,144	6,865	13,009
2049-2053	6,319	6,009	12,328
2054-2058	6,241	5,138	11,379
2059-2063	7,157	4,179	11,336
2064-2068	8,297	3,072	11,369
2069-2073	9,619	1,789	11,408
2074-2076	5,183	380	5,563
Total	<u>\$ 99,596</u>	<u>\$ 66,732</u>	<u>\$ 166,328</u>

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NOTE 9 LEASES (CONTINUED)

Lease Receivables

The Fund leases various facilities as a lessor. Rental rates, terms, cancellations, and other provisions vary based on the agreement, but generally lease payments are at a monthly fixed rate operating lease agreements. As of June 30, 2023 and 2022, lease receivables are included in other assets on the statements of net position. The following is a schedule by year of minimum future rental payments (dollars in thousands):

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Amount</u>
2024	\$ 1,915	\$ 457	\$ 2,372
2025	1,821	338	2,159
2026	1,730	210	1,940
2027	1,020	96	1,116
2028	588	69	657
2029-2033	1,002	180	1,182
2034-2038	589	75	664
2039-2042	120	2	122
Total	<u>\$ 8,785</u>	<u>\$ 1,427</u>	<u>\$ 10,212</u>

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

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NOTE 9 LEASE (CONTINUED)

Lease Receivables

WVU leases certain real estate to external parties. During the years ended June 30, 2023 and 2022, the University recognized revenue related to these lease arrangements of \$1,041 and \$974, respectively. This includes amortization of deferred inflows and interest income. The general terms of these lease agreements are as follows:

Lease Type	Description	Rate	Lease Term	Payment Frequency	Payment Amount	Other Terms
Real Estate	Boreman RFL House	3.03%	7/1/2022 to 5/15/2035	Annually	\$ 82,500	Prepaid through 2027
Real Estate	Medical Education Building / Charleston	2.96	10/1/2022 to 6/30/2025	Monthly	9,486	Escalating 3% Annually
Real Estate	Cell Tower - Arnold Apartments	2.96%	7/25/2012 to 4/30/2024	Monthly	4,219	Escalating 3% Annually
Real Estate	Land - Research Park	2.96%	3/4/2016 to 3/3/2056	Annually	42,500	
Real Estate	Cell Tower - Dadisman Hall	3.03%	Rolling 24 Month Notice Period	Monthly	3,461	Escalating 3% Annually
Real Estate	Cell Tower - Braxton Tower	3.03%	Rolling 24 Month Notice Period	Monthly	3,461	Escalating 3% Annually
Real Estate	Cell Tower - Wise Library	2.96%	5/1/2019 to 4/30/2024	Monthly	2,983	Escalating 3% Annually
Real Estate	Cell Tower - Summit Hall	2.96%	5/1/2019 to 4/30/2024	Monthly	3,962	Escalating 3% Annually
Real Estate	Cell Tower - Engineering PRT	3.03%	5/1/2022 to 4/30/227 with Rolling 24 Month Notice Period	Monthly	3,374	Escalating 3% Annually
Real Estate	Cell Tower - Arnold Hall	3.03%	5/1/2022 to 4/30/2027 with 5 years assumed renewal	Monthly	2,983	Escalating 3% Annually
Real Estate	Cell Tower - Knapp Hall	3.03%	Rolling 24 Month Notice Period	Monthly	2,898	Escalating 3% Annually
Real Estate	Cell Tower - Chestnut Ridge Research Building	3.03%	Rolling 24 Month Notice Period	Monthly	2,625	Escalating 3% Annually
Real Estate	Laboratory Space at HSC	3.03%	1/1/2023 to 12/31/2024	Monthly	1,652	
Real Estate	Aquaculture Facility - Wardensville	2.96%	2/1/2020 to 1/31/2025	Monthly	700	
Real Estate	Cell Tower - Carter Hall - Beckley, WV	2.96%	5/1/2020 to 4/30/2025 With 5 Year Assumed Renewal	Monthly	1,800	
Real Estate	Land - Montgomery, WV	2.96%	3/28/2018 to 3/27/2023 With Assumed 5 Year Extension	Monthly	214	
Equipment	Equipment and Facilities at HSC	3.03%	Rolling 15 Month Notice Period	Monthly	41,223	

NOTE 10 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

The Fund has operating and higher education consortium SBITA arrangements purchased from external vendors. The subscription terms of these contracts vary and range from FY2023 through FY2033. Most payments are annual. The Fund determined the net present value of the SBITAs based on an estimated incremental borrowing rate of ranging from 4.75% to 9.15% for years ended June 30, 2023 and 2022.

See Note 6 for balances and changes in subscription assets at June 30, 2023 and 2022.

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**NOTE 10 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAS)
(CONTINUED)**

Future annual minimum subscription payments for years subsequent to June 30 are as follows:

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 14,409	\$ 1,298	\$ 15,707
2025	9,375	676	10,051
2026	4,651	280	4,931
2027	2,599	101	2,700
2028	101	1	102
2029-2033	38	-	38
	<u>\$ 31,173</u>	<u>\$ 2,356</u>	<u>\$ 33,529</u>

NOTE 11 NOTES PAYABLE – DIRECT PLACEMENTS

During February 2014, WV State signed a promissory note with Capital One Equipment Finance Corp borrowing \$2,700 at an interest rate of 6.65% to be used to partially finance the construction of a new athletic complex. The note matures in 2033, with principal payments due annually on October 1 starting in 2014. Interest payments are due annually on April 1 and October 1 starting in April 2014. The note balance at June 30, 2023 and 2022 was approximately \$1,852 and \$1,968, respectively.

On December 10, 2020, WV State signed a promissory note with the WVSU Foundation borrowing \$1,000 at an interest rate of 1.50% calculated annually. The note matures on April 10, 2025, with principal and interest payments due quarterly beginning on July 10, 2021. On August 12, 2022, the University paid the note in full.

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NOTE 11 NOTES PAYABLE – DIRECT PLACEMENTS (CONTINUED)

In May 2021, the West Virginia State University Board of Governors entered into a Capital Project Loan Agreement with Rice Capital Access Program, LLC for up to \$40,500 for the purpose of financing or refinancing the costs of capital projects. The proceeds from the direct placement were used to repay the outstanding balances of the 2012 Bonds, the 2013 Bonds, and the capital lease. The direct placement matures on August 1, 2045 with debt service payments due starting February 1, 2022. Interest on the direct placement will be equal to and payable at the same time as interest due on the Series A 2021-1 Bonds. The University will need to make monthly deposits for principal and interest as well as pro rate fees starting July 2021. The full amount of the principal and interest due on for each payment must be on hand with the Trustee two months before the payment is due. The direct placement requires the University to expend not less than the annual Replacement Fund Reserve Requirement on capital improvements. The initial Replacement Fund Reserve Requirement is \$550 and will increase on July 1st each year by 3%. The University has a rate covenant that pledged revenues (auxiliary capital fees and gross operating revenues) will be equal to 120% of the maximum annual debt services on the 2021 loan and any additional long-term debt. Failure to meet this rate covenant during any fiscal year, will cause the University to immediately fund a separate and dedicated West Virginia State University Liquidity Reserve Account maintained and held by the Trustee. As of June 30, 2021, the University was in compliance with the rate covenants. A loss on refinancing was recorded as a deferred outflow in the amount of \$6,579 and \$7,039 at June 30, 2023 and 2022, respectively. The principal on the direct placement that was outstanding at June 30, 2023 and 2022 was \$35,016 and \$36,253, respectively.

In December 2012, WVU refinanced various Health Sciences Center (HSC) construction loans with United Bank, Inc. in the principal amount of \$22.1 million at an interest rate, initially of 1.90%, resetting every five years. Beginning August 2014, the loan agreement allows the Corporation to prepay the loan with 60 days-notice and without any penalty or premium, and it allows the bank to “put” all or part of the loan to the Corporation with 60 days’ notice and without any penalty. The loan is pledged by facilities and administrative revenue received by the University under any grants, contracts, and other agreements on behalf of the HSC. Total principal to be paid at June 30, 2023 and 2022 was approximately \$14.8 million and \$15.5 million, respectively.

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

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NOTE 11 NOTES PAYABLE – DIRECT PLACEMENTS (CONTINUED)

During fiscal year 2017, WVU negotiated a loan with United Bank in the amount of \$3.0 million. This loan bears interest at a rate of 3.5% until June 28, 2021, at which time the loan will bear interest at a fixed rate equal to the five-year USD Libor Swap Rate plus 2.150 percentage points. Interest only will be payable on this note from July 28, 2017, to and including December 28, 2020. The amortization term is 10 years. The proceeds of this loan were used to pay equipment lease/purchase agreement with United Bank in full. This loan is secured by certain property of WVU. In fiscal year 2021, effective for the time period of May 28, 2021 through July 28, 2021, United Bank deferred payment of principal and interest on this loan. During this period, a payment of \$2.5 million was made that was applied to principal and interest. On August 28, 2021, payment of principal and interest will resume per a revised amortization schedule which reflects a lower monthly payment.

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

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

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

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

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

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NOTE 11 NOTES PAYABLE – DIRECT PLACEMENTS (CONTINUED)

Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rents, utilities, and interest on other debt obligations incurred before February 15, 2020. MURC intends to use the entire Loan balance for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. In September 2021, MURC received forgiveness for the entire amount outstanding on the PPP Loan from the Small business Administration. The Small Business Administration may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors for a period of six years. The amount of liability, if any, from potential noncompliance cannot be determined with certainty. However, management is of the opinion that any review will not have any impact on the Corporation's statement of net position or statement of revenue, expenses, and changes in net position, as the PPP loan was used for its intended purpose.

During fiscal year 2013, Glenville entered into a \$3,000 note collateralized by a first lien on equipment installed in various buildings on campus. Interest is 3.10% with semiannual principal payments of \$132. The note matures June 2028. The note balance at June 30, 2023 and 2022 was approximately \$1,213 and \$1,434, respectively.

During fiscal year 2020, Glenville entered into a \$1,000 promissory note to the Glenville State College Foundation, bearing interest at 4%. The balance was paid in full October 2020 and no amounts were borrowed in 2022 or 2023..

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

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

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

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NOTE 11 NOTES PAYABLE – DIRECT PLACEMENTS (CONTINUED)

On May 7, 2021, the Commission executed a construction loan agreement to Summit Community Bank to fund construction and permanent financing in the amount of \$7,500. The note payable bears a variable interest rate at 3.25% per annum and is subject to repricing May 27, 2027 and every five years thereafter. The note payable is collateralized by lease rental revenues. Interest only payments are due for 12 consecutive payments beginning June 27, 2021. Payments of principal and interest are due monthly beginning June 27, 2022 in installments of \$53. As of June 30, 2023 and 2022, the balance on the note was \$6,488 and \$6,098, respectively. The note matures in May 2037.

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

Annual minimum payments for the years ending after June 30, 2023, are as follows (dollars in thousands):

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 4,924	\$ 3,856	\$ 8,780
2025	5,056	3,847	8,903
2026	5,190	3,673	8,863
2027	4,886	3,503	8,389
2028	4,641	3,343	7,984
2029-2033	26,402	14,507	40,909
2034-2038	20,958	9,837	30,795
2039-2043	14,085	6,981	21,066
2044-2048	11,396	4,870	16,266
2049-2053	8,403	3,062	11,465
2054-2058	9,337	983	10,320
Total	<u>\$ 115,278</u>	<u>\$ 58,462</u>	<u>\$ 173,740</u>

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NOTE 12 INSTITUTION BONDS PAYABLE

The Institutions within the Fund, at June 30, 2023 and 2022, have the following outstanding bonds payable (dollars in thousands):

	Maximum Interest Rate	Annual Installments	Principal Outstanding	
			2023	2022
Concord University - Revenue Bonds 2014 Series, due through 2044	2.25-5%	\$320-\$950	\$ 13,836	\$ 14,256
Fairmont State University - Facilities Improvement Revenue Bonds, 2006, Series, due through 2026	1.74% (10 year reset)	343-611	-	2,152
Fairmont State University - Revenue Refunding Bonds, 2015, Series A, due through 2045	1.75-5.00	580-1,665	25,685	26,415
Fairmont State University - Revenue Refunding Bonds, 2015, Series A, due through 2045	5.00	1,930-2,995	22,340	24,270
Glenville State University - Improvement and Refunding Revenue Bonds, Series 2017, due in 2047	3.25-5.25	735-850	33,390	34,150
Marshall University - University Bonds 2020A, due through 2050	3.00-5.00	2,260-5,330	56,035	56,035
Marshall University - University Bonds 2020B, due through 2039	2.26-3.67	1,935-3,595	39,710	41,890

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NOTE 12 INSTITUTION BONDS PAYABLE (CONTINUED)

	Maximum Interest Rate	Annual Installments	Principal Outstanding	
			2023	2022
Shepherd University - Refinance Revenue Bonds, due through 2033	3.00-4.375	435-460	2,955	3,400
Shepherd University - Refunding Revenue Bond, due through 2037	3.65	1,427-1,649	26,218	27,699
West Liberty University - Revenue Refunding Bonds 2013, due through 2028	1.30-2.68	580-765	3,505	4,195
West Liberty University - Revenue Bonds 2012, due through 2027	2.0-3.25	\$565-\$785	3,560	4,255
West Liberty University - Revenue Bonds 2018, due through 2038	3.65	192-366	4,321	4,535
West Liberty University - Revenue Bonds 2021, due through 2036	2.174	70-365	3,020	3,020
West Virginia University - Revenue Improvement Bonds 2011, Series A, due through 2026	3.87	35-62	6,242	7,073
West Virginia University - Revenue Bonds (Taxable) 2012 Series A, due though 2042	4.50	394-1,475	10,330	10,669
West Virginia University - Revenue Bonds (Taxable) 2012 Series A, due though 2032	Variable	0-284	2,581	2,800

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NOTE 12 INSTITUTION BONDS PAYABLE (CONTINUED)

	Maximum Interest Rate	Annual Installments	Principal Outstanding	
			2023	2022
West Virginia University - Revenue Refunding and Improvement Bonds (Taxable) 2013, Series B, due through 2043	3.24	890-995	\$ 15,630	\$ 23,070
West Virginia University - Improvement Revenue Bonds (Taxable) 2014, Series B, due through 2043	4.50	10,075-24,105	79,050	79,050
West Virginia University - Improvement Revenue Bonds 2016, Series A, due through 2046	3.43	0-678	15,536	16,215
West Virginia University - Revenue Bonds, 2019 Series A, due through 2050	3.11	0-5,095	82,935	84,425
West Virginia University - Revenue Bonds, 2019 Series B, due through 2042	1.89	0-8,345	39,125	39,125
West Virginia University - Revenue Bonds, 2020 Series A, due through 2045	2.46	0-30,565	367,430	377,785
West Virginia University - Revenue Bonds, 2020 Series B, due through 2036	2.20	595-163	10,378	11,120
West Virginia University - Revenue Bonds, 2020 Series A, due through 2045	3.11	\$0-\$7,430	25,670	25,670

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NOTE 12 INSTITUTION BONDS PAYABLE (CONTINUED)

	Maximum Interest Rate	Annual Installments	Principal Outstanding	
			2023	2022
West Virginia University - Revenue Bonds, 2020 Series B, due through 2042	3.06	0-7,125	\$ 45,005	\$ 45,005
West Virginia University - Revenue Bonds, 2022 Series A, due through 2036	2.6	575-1,630	23,187	20,000
West Virginia University - Revenue Bonds, 2023 Series A, due through 2036	4.95	43-445	56,500	-
Total			1,014,174	988,279
Add: Unamortized Bond Premium			30,815	37,079
Less: Unamortized Bond Discount			(90)	(98)
Total			<u>\$ 1,044,899</u>	<u>\$ 1,025,260</u>

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

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

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

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NOTE 12 INSTITUTION BONDS PAYABLE (CONTINUED)

The current and advance refundings resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$3,122. This difference, reported in the accompanying statement of net position as a deferred outflow of resources, will be amortized to interest expense through the year 2050 using the effective-interest method. The primary purpose of the 2020A current refunding and 2020B advanced refunding was to restructure the existing outstanding bonds, effectively creating short-term cash flow savings through a level debt service structure. This new level debt service structure will strengthen Marshall University's strategic positioning and allow immediate growth of Marshall University reserves. The debt restructure provides a net economic gain (difference between the present value of the old and new debt service payments) of \$2,747. Total gross debt service over the next 30 years will increase by \$11,761 as a result of the strategic level debt service restructure.

In May 2021, the West Virginia State University Board entered into a Capital Loan Agreement with Rice Capital Access Program, LLC for a direct placement for up to \$40,500. As described in Note 11, the proceeds were used to repay outstanding balances of the 2012 Bonds, 2013 Bonds and a capital lease.

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

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

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

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

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NOTE 12 INSTITUTION BONDS PAYABLE (CONTINUED)

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

On May 23, 2023, the WVU Board issued the 2023 Series A bonds (taxable) in the amount of \$56,500 to (a) finance the design, acquisition, construction, and equipping of certain capital improvements as part of the University annual capital improvements program, \$25,000 (b) finance Phase I of the ERP Modernization Plan consisting primarily of the preliminary planning, design, development and implementation of the modernized enterprise resource planning platform, including related applications and software, \$31,000 and (c) pay the costs of issuance, \$0.5 million.

For the years ended June 30, 2023 and 2022, WVU recorded a deferred loss on refunding of \$13,141 and \$13,824, respectively, on the statement of net position.

A summary of the annual aggregate principal payments for years subsequent to June 30, 2023, is as follows (dollars in thousands):

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 35,020	\$ 34,561	\$ 69,581
2025	39,631	33,464	73,095
2026	40,809	32,400	73,209
2027	44,626	31,141	75,767
2028	46,768	35,618	82,386
2029-2033	212,896	129,655	342,551
2034-2038	225,150	94,348	319,498
2039-2043	223,448	51,585	275,033
2044-2048	124,489	12,217	136,706
2049-2053	21,337	1,134	22,471
Total	<u>\$ 1,014,174</u>	<u>\$ 456,123</u>	<u>\$ 1,470,297</u>

NOTE 13 SYSTEM BONDS PAYABLE

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

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NOTE 13 SYSTEM BONDS PAYABLE (CONTINUED)

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

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

The Commission, at June 30, 2023 and 2022, has the following outstanding bonds payable (dollars in thousands):

	Maximum Interest Rate	Original Range of Annual Installments	Principal Outstanding	
			2023	2022
Series 2017 - Community and Technical College Capital Improvement Revenue Refunding Bonds	5.00%	\$3-\$4,760	\$ 56,315	\$ 58,390
Series 2017 - Revenue Refunding Bonds Higher Education Facilities	5.00	1,205-3,885	12,195	15,715
Series 2012A - Revenue Refunding Bonds, due through 2034	5.00	1,425-42,100	81,880	87,060
Series 2012B - Revenue Bonds, due through 2034	5.00	200-2,400	4,420	5,110
Series 2010B - Revenue Bonds, due through 2040	7.65	10,800-39,465	50,265	50,265
Series 2000A - University System Bonds, due through 2031	6.26	0-3,264	10,261	11,948
Series 1998 - University System Bonds, due through 2028	5.25	1,065-3,625	16,410	19,220
Total			231,746	247,708
Add: Bond Premium			17,859	19,504
Total			<u>\$ 249,605</u>	<u>\$ 267,212</u>

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NOTE 13 SYSTEM BONDS PAYABLE (CONTINUED)

A summary of the annual aggregate principal and interest payments for years subsequent to June 30, 2023 is as follows (dollars in thousands):

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 16,573	\$ 17,450	\$ 34,023
2025	17,231	16,686	33,917
2026	17,257	15,869	33,126
2027	18,106	15,038	33,144
2028	17,594	14,212	31,806
2029-2033	76,560	48,655	125,215
2034-2038	48,620	13,870	62,490
2039- 2043	19,805	1,736	21,541
Total	<u>\$ 231,746</u>	<u>\$ 143,516</u>	<u>\$ 375,262</u>

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

The 2017 advance refundings created irrevocable trust funds, the securities and earnings therein are considered sufficient to fully service the bonds until they are called or mature. For financial reporting purposes the bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. At June 30, 2023, the amount of defeased bonds outstanding was \$58,705 related to the 2007 Series A Bonds.

NOTE 14 UNRESTRICTED NET POSITION

The Fund's unrestricted net position at June 30, 2023 and 2022, includes certain designated net position as follows (dollars in thousands):

	<u>2023</u>	<u>2022</u> <u>(As Restated)</u>
Designated for Auxiliaries	\$ 17,429	\$ 7,539
Designated for Repair, Replacement, and New Property	6,622	7,473
Other	5,475	9,623
Undesignated	128,172	48,553
Total Unrestricted Net Assets	<u>\$ 157,698</u>	<u>\$ 73,188</u>

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NOTE 15 RETIREMENT PLANS

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

Defined Contribution Benefit Plans

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

Total contributions to Empower Retirement for the years ended June 30, 2023, 2022 and 2021, were approximately \$174, \$204, and \$361, respectively, which consisted of approximately \$87, \$102, and \$181, respectively, from the covered employees in 2023, 2022 and 2021, respectively.

Total contributions to the TIAA-CREF for the years ended June 30, 2023, 2022 and 2021, were approximately \$106.6 million, \$103.1 million, and \$99.6 million, respectively, which consisted of approximately \$53.2 million, \$51.5 million, and \$49.8 million, from the Fund in 2023, 2022 and 2021, respectively, and approximately \$53.3 million, \$51.6 million, and \$49.9 million, from the covered employees in 2023, 2022 and 2021, respectively.

The Fund's total payroll for the years ended June 30, 2023, 2022 and 2021, was approximately \$1,006.9 million, \$946.1 million, and \$905.6 million, respectively, and total covered employees' salaries in the TIAA-CREF and Empower Retirement were approximately \$855.8 million, and \$1.5 million for the year ended June 30, 2023; \$833.3 million, and \$2.0 million for the year ended June 30, 2022; \$805.2 million, and \$2.1 million for the year ended June 30, 2021.

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NOTE 15 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan

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

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

	2023	2022
Net Pension Liability	\$ 5,626	\$ 4,452
Deferred Outflows of Resources	1,669	2,108
Deferred Inflows of Resources	4,313	9,045
Revenues	972	(239)
Pension Expense	(1,557)	(2,670)
Contributions Made by the Fund	566	910

Plan Description

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

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

Benefits Provided

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

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NOTE 15 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

Contributions

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

Member Contributions

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

Employer Contributions

Employers make the following contributions:

The State (including institutions of higher education) contributes:

1. 15% of gross salary of their State-employed members hired prior to July 1, 1991;
2. 15% of School Aid Formula (SAF) covered payroll of county-employed members;
3. 7.5% of SAF-covered payroll of members of the TDCRS;
4. a certain percentage of fire insurance premiums paid by State residents, and
5. under WV State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the TRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2023 and 2022, respectively, the Fund's proportionate share attributable to this special funding subsidy was \$(1,005) and \$(1,374).

The Fund's contributions to TRS for the years ended June 30, 2023, 2022, and 2021 were approximately \$.6 million, \$.9 million, and \$1.2 million, respectively.

Assumptions

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2021 and 2020, respectively, and rolled forward to the measurement dates of June 30, 2022 and 2021 respectively.

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NOTE 15 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

Assumptions (Continued)

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

- Actuarial cost method: Entry age normal cost with level percentage of payroll
- Asset valuation method: Investments are reported at fair value
- Amortization method and period: Level dollar, fixed period through fiscal year 2034
- Investment rate of return of (6.20%) and 7.25%, as of July 1, 2022 and 2021, respectively, net of investment expenses
- Projected salary increases: Teachers 2.75% - 5.90% as of June 30, 2022 and 2021, and nonteachers 2.75% - 6.50% as of June 30, 2022 and 2.75% - 6.0% as of June 30, 2021, based on age
- Inflation rate of 2.75% as of June 30, 2022 and 2021
- Discount rate of 7.25% as of June 30, 2022 and 2021
- Mortality rates based on RP-2000 Mortality Tables
- Withdrawal rates: Teachers 7.00% - 35% and nonteachers 2.30% - 18.00%
- Disability rates: 0.004% - 0.563%
- Retirement age: An age-related assumption is used for participants not yet receiving payments
- Retirement rates: 15% - 100%
- Ad hoc cost-of-living increases in pensions are periodically granted by the State Legislature. However, the retirement system makes no automatic provision for such increases.

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

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

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NOTE 15 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

Assumptions (Continued)

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

	2023	
<u>Asset Class</u>	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

	2022	
<u>Asset Class</u>	Long-Term Expected Real Rate of Return	Target Allocation
Domestic Equity	5.1%	27.5%
International Equity	5.2	27.5
Fixed Income	1.5	15.0
Real Estate	5.8	10.0
Private Equity	9.3	10.0
Hedge Funds	3.8	10.0

Discount rate

The discount rate used to measure the total TRS pension liability was 7.25% as of June 30, 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that State contributions will continue to follow the current funding policy. Based on those assumptions, TRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on TRS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

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NOTE 15 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

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

The following presents the Fund's proportionate share of the TRS net pension liability as of June 30, 2023 and 2022 calculated using the discount rate of 7.25%, as well as what the Fund's TRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate (dollars in thousands).

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Net Pension Liability 2023	\$ 8,269	\$ 5,626	\$ 3,374
Net Pension Liability 2022	\$ 7,867	\$ 4,452	\$ 1,551

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

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

At June 30, 2023 and 2022, the Fund's proportionate share of the TRS net pension liability was \$16.8 million and \$13.2 million, respectively. Of this amount, the Fund recognized approximately \$5.6 million and \$4.5 million, respectively, as its proportionate share on the statements of net position. The remainder of \$11.2 million and \$8.7 million, respectively, denotes the Fund's proportionate share of net pension liability attributable to the special funding.

The allocation percentage assigned to each participating employer and nonemployer-contributing entity is based on their proportionate share of employer and nonemployer contributions to TRS for each of the fiscal years ended June 30, 2022 and 2021. Employer contributions are recognized when due. At June 30, 2022, the Fund's proportion was 0.2187260%, a decrease of 0.0662040% from its proportion of 0.2917080% calculated as of June 30, 2021. At June 30, 2021, the Fund's proportion was 0.2917080%, a decrease of 0.0048520% from its proportion of 0.3607500% calculated as of June 30, 2020.

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NOTE 15 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

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

For the years ended June 30, 2023 and 2022, the Fund recognized TRS pension expense of \$(1.6) million and \$(2.7) million, respectively. Of this amount, \$(.6) million and \$(1.5) million, respectively, was recognized as the Fund's proportionate share of the TRS expense, \$(1.0) million and \$(1.2) million, respectively, as the amount of pension expense attributable to special funding from a nonemployer contributing entity and \$.5 million and \$-0- million, respectively as the amount of pension expense from a nonemployer contributing entity not attributable to a special funding situation. The Fund also recognized revenue of \$(.6) million and (\$0.2) million, respectively, for support provided by the State.

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

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	\$ 176	\$ 4,172	\$ 280	\$ 5,261
Net Difference Between Projected and Actual Experience	232	139	338	301
Net Difference Between Projected and Actual Investment Earnings	229	2	26	3,478
Change in Assumptions	466	-	554	5
Contributions after the Measurement Date	566	-	910	-
Total	<u>\$ 1,669</u>	<u>\$ 4,313</u>	<u>\$ 2,108</u>	<u>\$ 9,045</u>

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NOTE 15 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

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

The Fund will recognize the \$0.6 million reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the TRS net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in TRS pension expense as follows (dollars in thousands).

<u>Fiscal Year Ending June 30,</u>	<u>Amortization</u>
2024	\$ (1,720)
2025	(958)
2026	(971)
2027	358
2028	81
Total	<u>\$ (3,210)</u>

Payables to the Pension Plan

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

NOTE 16 FOUNDATIONS

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

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NOTE 16 FOUNDATIONS (CONTINUED)

The West Virginia University Foundation, Inc. is appropriately not included as a discretely presented component unit of West Virginia University as the economic resources held do not entirely or almost entirely benefit the West Virginia University, and its net assets (including unrealized gains) totaled \$1.2 billion at both June 30, 2023 and 2022, respectively. The Bridgemont Community and Technical College Foundation, Inc., The Eastern West Virginia Community and Technical College Foundation, Inc., The Kanawha Valley Community and Technical College Foundation, Inc., Mountwest Foundation, Inc., and Tech Foundation, Inc. are not included for the years ended June 30, 2023 and 2022 within the individual Institution's financial statements, because they were not significant to their Institutions. The Higher Education Foundation is not included for the years ended June 30, 2023 and 2022, because it was not significant to the Fund.

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

NOTE 17 OTHER DISCRETE COMPONENT UNITS

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

NOTE 18 AFFILIATED ORGANIZATIONS

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

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NOTE 19 CONCESSION SERVICE ARRANGEMENTS

West Virginia University (WVU) has identified one contract for services that meets the four criteria of a service concession arrangement (SCA) per GASB Statement No. 94, *Public-Private and Public- Public Partnerships and Availability Payment Arrangements*. SCAs are defined as a contract between a government and an operator, another government or a private entity, in which the operator provides services, the operator collects and is compensated by fees from third parties, the government still has control over the services provided, and the government retains ownership of the assets at the end of the contract.

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

During fiscal year 2015, WVU recorded a capital asset with a fair market value of \$34,952 and a deferred inflow of resources. This deferred inflow is being amortized to auxiliary revenue over the term of the agreement (40 years). WVU has recorded an accounts receivable of \$126 and \$76 at June 30, 2023 and 2022, respectively. At June 30, 2023, WVU recognized management fee revenue and its share of the net revenue of \$96 and \$92, respectively. At June 30, 2020, WVU recognized management fee revenue and its share of the net revenue of \$68 and \$206, respectively. This revenue is included in revenue from auxiliary enterprises on the statement of revenues, expense and changes in net position.

NOTE 20 CONTINGENCIES AND COMMITMENTS

Contingencies

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

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

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NOTE 20 CONTINGENCIES AND COMMITMENTS (CONTINUED)

Contingencies (Continued)

The IRC of 1986 establishes rules and regulations for arbitrage rebates. There are no arbitrage rebate liabilities that have been recorded in the financial statements at June 30, 2023 and 2022.

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

Commitments

WVU has signed an agreement providing for the purchase of steam through the year 2027 from a nearby facility that commenced operations in late 1992. Under the agreement, WVU has an annual minimum steam purchase requirement, purchased at an operating rate calculated in accordance with the agreement. This operating rate is adjusted quarterly based on actual production costs and other cost indices. Management believes that the rate is comparable to market rates. At June 30, 2023, WVU was committed to an additional purchase of \$1.6 million to meet the minimum steam purchase requirement for the contract year ended September 30, 2023. WVU anticipates substantially meeting the minimum steam purchase requirement for the remaining term of its commitment; however, payment in future years will be dependent on actual operating costs and other cost indices in those years.

On December 28, 2021, the Marshall entered into a Ground Lease Agreement and Master Lease Agreement (together the Agreements) related to the construction and use of a new educational building with the Marshall University Foundation (MU Foundation). The MU Foundation is responsible for financing and constructing the building. Marshall is leasing the land the building is being constructed on to the MU Foundation. Upon completion of construction, Marshall will lease the building from the MU Foundation in an amount equal to the debt service payments of the debt incurred by the MU Foundation to construct the building and a monthly payment of \$3,350 for a term of 30 years. Marshall agreed to pay a defined portion of the construction costs from existing resources, and certain lease payments have started prior to the start of the lease term. As of June 30, 2023 and 2022, Marshall has paid approximately \$21,232,294 and \$3,308,000, respectively, which is included in other noncurrent assets on the statement of financial position. A portion of the construction of the building are being provided by an irrevocable gift agreement, made by the President of Marshall, for approximately \$25,000,000.

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NOTE 20 CONTINGENCIES AND COMMITMENTS (CONTINUED)

Commitments (Continued)

During August 2022, West Virginia State University received a proposed penalty letter from the IRS regarding the late filing of certain 2020 information return. The returns were due March 31, 2021. The University filed the returns in September 2021 at the time the oversight was noted. A letter of abatement has been sent to the IRS and the University has contacted its attorney and contracted with a third party to handle the riling of these returns going forward. The University does not anticipate having to pay any penalty for the oversight.

NOTE 21 COMPONENT UNITS' DISCLOSURES

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

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

Basis of Presentation

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

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

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

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

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

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NOTE 21 COMPONENT UNITS' DISCLOSURES (CONTINUED)

Basis of Presentation (Continued)

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

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

Investments

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

Property and Equipment

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

Gift Annuities

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

Contributions

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

Endowments

See separately issued component unit financial statements for endowment related disclosures. For the years ended June 30, 2023 and 2022, there were no material reclasses among net asset classes nor were there material changes in the endowments.

Pledges Receivable

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

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NOTE 21 COMPONENT UNITS' DISCLOSURES (CONTINUED)

Funds Held in Custody for Others

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

Student Housing Facility Project and Construction in Progress

Shepherd University Foundation Supporting Organization designed and constructed Potomac Place, a 298 bed student housing facility on the Shepherd University campus. As disclosed in Note 9, the Supporting Organization permanently financed the construction costs of Potomac Place with a 40-year rural development loan from the United States Department of Agriculture. The Supporting Organization owns the building and associated equipment and furnishings and has entered into a ground lease with Shepherd University. The ground lease will expire upon repayment of all associated outstanding debt borrowed by the Supporting Organization. Upon the expiration of the lease, the buildings and associated equipment and furnishings will be transferred to Shepherd University. The ground lease agreement requires annual rental payments due 30 days after the receipt of the Supporting Organization's audited financial statements. Due to the variable nature of the ground lease payments, a right-of-use asset and lease obligation is not recognized under Topic 842, Leases.

Lease payments are equal to the net available cash flow generated from the operations of Potomac Place. Variable lease expense due to Shepherd University for the ground lease amounted to \$514,272 and \$635,619 for the years ended June 30, 2023 and 2022, respectively. Cumulative cash payments made to Shepherd University for ground lease rental payments since the residence hall became operational amounted to \$2,041,152 as of June 30, 2023.

The Supporting Organization has entered into a management agreement with Shepherd University. The management agreement appointed Shepherd University as the Supporting Organization's exclusive agent for construction, operation, management and maintenance of Potomac Place. No additional fees, outside of the ground lease payments, are payable to Shepherd University for these series.

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NOTE 21 COMPONENT UNITS' DISCLOSURES (CONTINUED)

Investments

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

	2023							
	Big Green Scholarship Foundation Inc.	Bluefield State University Foundation Inc.	Concord University Foundation, Inc.	Fairmont State Foundation Inc.	The Glenville State College Foundation, Inc.	The Marshall University Foundation, Inc.	New River Community and Technical College Foundation, Inc.	The Shepherd University Foundation, Inc.
Cash and Temporary Investments	\$ 112,212	\$ -	\$ -	\$ 2,475,360	\$ 1,370,360	\$ -	\$ 81,065	\$ 701,271
U.S. Government Securities	-	-	9,827,683	-	-	-	29,049	3,152,835
Corporate and Municipal Bonds and Notes	-	1,621,957	3,990	6,669,533	3,085,661	-	478,744	2,298,697
Mutual Funds	10,430,721	4,239,107	35,045,123	20,061,265	4,364,311	43,404,941	181,854	23,232,346
Equity Investments	979,347	2,676,542	2,228,703	73,463	10,244,442	143,697,420	969,866	2,494,808
Other	18,260	102,950	2,613,092	4,418,467	847,570	95,702,996	30,120	3,604,517
Total	\$ 11,540,540	\$ 8,640,556	\$ 49,718,591	\$ 33,698,088	\$ 19,912,344	\$ 282,805,357	\$ 1,770,698	\$ 35,484,474

* December 31 year-end

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NOTE 21 COMPONENT UNITS' DISCLOSURES (CONTINUED)

Investments (Continued)

	2023							
	Southern West Virginia Community College Foundation, Inc. *	West Liberty University Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.	Blue Ridge Community and Technical College Foundation, Inc.	Total
Cash and Temporary Investments	\$ 56,101	\$ 722,341	\$ 823,231	\$ 2,030,832	\$ 472,392	\$ -	\$ -	\$ 8,845,165
U.S. Government Securities	-	-	47,580	10,961,971	-	-	-	24,019,118
Corporate and Municipal Bonds and Notes	-	3,064,241	351,043	8,327,769	3,828,384	996,385	47,907	30,774,311
Mutual Funds	-	4,156,699	3,067,190	-	9,085,983	7,385,996	918,148	165,573,684
Equity Investments	4,341,894	13,144,629	2,113,832	20,143,803	-	4,863,889	-	207,972,638
Other	-	1,055,691	10,808	11,965,920	-	92,409	-	120,462,800
Total	\$ 4,397,995	\$ 22,143,601	\$ 6,413,684	\$ 53,430,295	\$ 13,386,759	\$ 13,338,679	\$ 966,055	\$ 557,647,716

* December 31 year-end

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NOTE 21 COMPONENT UNITS' DISCLOSURES (CONTINUED)

Investments (Continued)

	2022							
	Big Green Scholarship Foundation Inc.	Bluefield State University Foundation Inc.	Concord University Foundation, Inc.	Fairmont State Foundation Inc.	The Glenville State College Foundation, Inc.	The Marshall University Foundation, Inc.	New River Community and Technical College Foundation, Inc.	The Shepherd University Foundation, Inc.
Cash and Temporary Investments	\$ 40,162	\$ -	\$ -	\$ 696,048	\$ 1,716,616	\$ -	\$ 13,053	\$ 700,275
U.S. Government Securities	-	-	10,241,691	-	-	-	11,871	1,831,808
Corporate and Municipal Bonds and Notes	-	625,994	4,240	6,249,974	2,372,999	-	568,271	1,746,406
Mutual Funds	9,584,268	6,181,500	34,183,828	20,602,232	4,098,707	42,229,655	147,636	21,759,475
Equity Investments	844,216	5,462,148	1,578,780	73,822	8,692,226	128,062,988	856,475	2,639,044
Other	22,310	100,970	3,203	4,206,007	858,047	98,532,695	13,479	3,204,929
Total	\$ 10,490,956	\$ 12,370,612	\$ 46,011,742	\$ 31,828,083	\$ 17,738,595	\$ 268,825,338	\$ 1,610,785	\$ 31,881,937

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NOTE 21 COMPONENT UNITS' DISCLOSURES (CONTINUED)

Investments (Continued)

	2022							
	Southern West Virginia Community College Foundation, Inc. *	West Liberty University Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.	Blue Ridge Community and Technical College Foundation, Inc.	Total
Cash and Temporary Investments	\$ 56,009	\$ 613,133	\$ 541,363	\$ 1,782,776	\$ 355,307	\$ -	\$ -	\$ 6,514,742
U.S. Government Securities	-	99,594	99,860	9,370,237	-	-	-	21,655,061
Corporate and Municipal Bonds and Notes	-	2,716,767	220,673	9,589,685	2,410,990	856,840	48,429	27,411,268
Mutual Funds	-	4,817,967	3,129,325	-	8,257,798	7,400,617	839,830	163,232,838
Equity Investments	4,390,916	10,758,348	1,847,145	18,559,704	-	4,102,052	-	187,867,864
Other	-	1,306,459	15,600	13,040,356	-	118,688	-	121,422,743
Total	\$ 4,446,925	\$ 20,312,268	\$ 5,853,966	\$ 52,342,758	\$ 11,024,095	\$ 12,478,197	\$ 888,259	\$ 528,104,516

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NOTE 21 COMPONENT UNITS' DISCLOSURES (CONTINUED)

Fair Value Measurement

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

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

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

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

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

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

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NOTE 21 COMPONENT UNITS' DISCLOSURES (CONTINUED)

Fair Value Measurement (Continued)

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

	2023			
	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
U.S. Government Investments:				
Cash	\$ 8,177	\$ 6,807	\$ 1,370	\$ -
Mortgage Pools	323	-	323	-
Bonds	3,536	3,237	300	-
Agency Obligations	11,048	-	11,048	-
Treasury Obligations	4,231	2,443	1,788	-
Other	9,828	9,828	-	-
Mutual Money Market Funds	2,476	2,476	-	-
Certificates of Deposit	757	757	-	-
Corporate Equities	4	4	-	-
Corporate Bonds	14,804	2,879	11,924	-
Real Estate Securities	1,418	1,418	-	-
Debt Securities	3,474	-	3,474	-
Equity Securities	28,938	28,938	-	-
Bonds:				
Communication Services	40	-	40	-
Consumer Cyclical	45	-	45	-
Consumer Defensive	141	-	141	-
Consumer Discretionary	178	-	178	-
Energy	47	-	47	-
Financials	203	-	203	-
Healthcare	90	-	90	-
Industrials	45	-	45	-
Miscellaneous	207	-	207	-
Mutual Bond Funds:				
Diversifying Asset	35,045	35,045	-	-
Other	8,306	7,031	1,275	-

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NOTE 21 COMPONENT UNITS' DISCLOSURES (CONTINUED)

Fair Value Measurement (Continued)

	2023			
	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level (Continued):				
Mutual Funds:				
US large Cap	\$ 12,037	\$ 12,037	\$ -	\$ -
US Small and Mid Cap	3,749	3,749	-	-
US Short Term Bond Fund	-	-	-	-
International Equity	2,663	2,663	-	-
Inflations Protected Bond	-	-	-	-
Relative Value Arbitrage	-	-	-	-
International Large Growth	-	-	-	-
Large Blend	-	-	-	-
Large Growth	-	-	-	-
Large Value	-	-	-	-
International Fixed Income	-	-	-	-
Multi Sector Bond	316	316	-	-
High Yield Bond	2,213	2,213	-	-
Long-Short Equity	-	-	-	-
Balanced	-	-	-	-
Energy Limited Partnership	-	-	-	-
Foreign Large Blend	-	-	-	-
Option Based Equity	1,895	1,895	-	-
S&P 500 index	-	-	-	-
S&P midcap 400 index	-	-	-	-
S&P smallcap 600 index	-	-	-	-
Intermediate Term Bond	-	-	-	-
Diversified Alternatives	-	-	-	-
Other	43,334	43,334	-	-
Mutual Stock Funds:				
Publicly Traded	23,258	23,258	-	-
Domestic Mutual Fund	511	511	-	-
International Mutual Fund	4,190	4,190	-	-
Other	8	8	-	-

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NOTE 21 COMPONENT UNITS' DISCLOSURES (CONTINUED)

Fair Value Measurement (Continued)

	2023			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level (Continued):				
Stocks:				
Consumer Goods	\$ 363	\$ 363	\$ -	\$ -
Consumer Discretionary	545	545	-	-
Consumer Supplies	374	374	-	-
Energy	237	237	-	-
Financials	798	625	173	-
Healthcare	658	658	-	-
Industrial goods	366	366	-	-
IT	1,065	1,065	-	-
Materials	172	172	-	-
Real estate	131	131	-	-
Services	-	-	-	-
Technology	-	-	-	-
Utilities	156	156	-	-
US Small and Mid Cap	759	759	-	-
US large Cap	408	408	-	-
International Equity	1,749	1,749	-	-
Domestic Large Cap	366	366	-	-
Domestic Mid Cap	44	44	-	-
Domestic Small Cap	54	54	-	-
Index Funds	176	176	-	-
Other	14,321	14,321	-	-
Fixed Income:				
Domestic Mutual Funds	18,063	18,063	-	-
International Mutual Fund	14,242	14,242	-	-
US Gov Bonds	-	-	-	-
Other	-	-	-	-

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NOTE 21 COMPONENT UNITS' DISCLOSURES (CONTINUED)

Fair Value Measurement (Continued)

	2023			
	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level (Continued):				
Public Real Asset	\$ 30	\$ 30	\$ -	\$ -
Other	16,218	1,159	15,059	-
Total	298,830	<u>\$ 251,100</u>	<u>\$ 47,730</u>	<u>\$ -</u>
Investments Measured at Net Asset Value (NAV):				
Comingled Domestic Fund	8,977			
Comingled Global Fund	14,817			
Global Equity	139,788			
Commingled Hedge Fund	29,790			
Real Asset Fund	8,870			
Private Capital Fund	17,664			
Private Equity	6,387			
Private Infrastructure	5,771			
Private Real Estate	11,407			
Natural Resources	10,643			
Venture	1,517			
Distressed Debt	40			
Multi Strategy	3,144			
Nonrecurring FMV	3			
Total Investments	<u>\$ 557,648</u>			

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NOTE 21 COMPONENT UNITS' DISCLOSURES (CONTINUED)

Fair Value Measurement (Continued)

	2022			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
U.S. Government Investments:				
Cash	\$ 6,539	\$ 4,822	\$ 1,717	\$ -
Mortgage Pools	208	-	208	-
Bonds	1,576	1,348	228	-
Agency Obligations	9,713	11	9,702	-
Treasury Obligations	2,124	1,308	816	-
Other	10,242	10,242	-	-
Mutual Money Market Funds	1,579	1,579	-	-
Certificates of Deposit	61	61	-	-
Corporate Equities	4	4	-	-
Corporate Bonds	15,023	2,373	12,650	-
Real Estate Securities	3,154	3,154	-	-
Debt Securities	3,271	-	3,271	-
Equity Securities	28,044	28,044	-	-
Bonds:				
Communication Services	42	-	42	-
Consumer Cyclical	47	-	47	-
Consumer Defensive	144	-	144	-
Consumer Discretionary	232	-	232	-
Energy	49	-	49	-
Financials	148	-	148	-
Healthcare	99	-	99	-
Industrials	46	-	46	-
Miscellaneous	50	-	50	-
Mutual Bond Funds:				
Diversifying Asset	34,184	34,184	-	-
Other	7,838	7,838	-	-
Mutual Funds:				
US large Cap	8,690	8,690	-	-
US Small and Mid Cap	2,052	2,052	-	-
International Equity	1,667	1,667	-	-
Inflations Protected Bond	1,280	1,280	-	-
Relative Value Arbitrage	508	508	-	-
International Large Growth	21	21	-	-
Large Blend	1,055	1,055	-	-
Large Growth	45	45	-	-
Multi Sector Bond	1,198	1,198	-	-
High Yield Bond	2,131	2,131	-	-
Long-Short Equity	138	138	-	-
Balanced	48	48	-	-

WEST VIRGINIA HIGHER EDUCATION FUND
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NOTE 21 COMPONENT UNITS' DISCLOSURES (CONTINUED)

Fair Value Measurement (Continued)

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

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NOTE 21 COMPONENT UNITS' DISCLOSURES (CONTINUED)

Fair Value Measurement (Continued)

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

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NOTE 21 COMPONENT UNITS' DISCLOSURES (CONTINUED)

Property and Equipment

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

	2023					
	Big Green Scholarship Foundation, Inc.	Bluefield State University Foundation, Inc.	Concord University Foundation, Inc.	Fairmont State Foundation, Inc.	The Glenville State College Foundation, Inc.	The Marshall University Foundation, Inc.
Land and Land Improvements	\$ -	\$ -	\$ -	\$ 68,000	\$ 580,903	\$ 1,642,000
Buildings	-	-	-	272,000	3,328,357	10,858,897
Equipment	-	313,211	8,631	57,295	38,790	1,197,778
Furniture	-	326,408	-	-	-	-
Other	386,960	4,647,841	-	-	269,657	20,456,630
Accumulated Depreciation	(59,301)	(283,637)	(7,818)	(57,207)	(1,176,652)	(4,811,673)
Property and Equipment, Net	\$ 327,659	\$ 5,003,823	\$ 813	\$ 340,088	\$ 3,041,055	\$ 29,343,632

	2023					
	Provident Group-Marshall Properties, LLC	The Shepherd University Foundation, Inc.	West Virginia School of Osteopathic Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.	Total
Land and Land Improvements	\$ -	\$ -	\$ -	\$ -	\$ 36,092	\$ 2,326,995
Buildings	77,641,675	20,146,309	-	2,877,149	1,224,930	116,349,317
Equipment	7,903,520	12,749	-	17,015	3,900	9,552,889
Furniture	-	1,006,723	-	-	77,065	1,410,196
Other	110,978	-	100,000	-	-	25,972,066
Accumulated Depreciation	(41,446,385)	(3,992,876)	(80,000)	(946,912)	(407,919)	(53,270,380)
Property and Equipment, Net	\$ 44,209,788	\$ 17,172,905	\$ 20,000	\$ 1,947,252	\$ 934,068	\$ 102,341,083

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NOTE 21 COMPONENT UNITS' DISCLOSURES (CONTINUED)

Property and Equipment (Continued)

	2022					
	Big Green Scholarship Foundation, Inc.	Bluefield State University Foundation, Inc.	Concord University Foundation, Inc.	Fairmont State Foundation, Inc.	The Glenville State College Foundation, Inc.	The Marshall University Foundation, Inc.
Land and Land Improvements	\$ -	\$ -	\$ -	\$ 68,000	\$ 564,403	\$ 1,642,000
Buildings	-	-	-	272,000	3,133,358	10,823,230
Equipment	-	-	8,631	53,769	43,780	1,165,783
Furniture	-	-	-	-	-	-
Other	124,484	-	-	-	193,771	3,480,364
Accumulated Depreciation	(40,098)	-	(6,583)	(47,310)	(1,050,480)	(4,509,033)
Property and Equipment, Net	\$ 84,386	\$ -	\$ 2,048	\$ 346,459	\$ 2,884,832	\$ 12,602,344

	2022					
	Provident Group-Marshall Properties, LLC	The Shepherd University Foundation, Inc.	West Virginia School of Osteopathic Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.	Total
Land and Land Improvements	\$ -	\$ -	\$ -	\$ -	\$ 36,092	\$ 2,310,495
Buildings	77,514,460	20,082,300	-	2,877,149	1,224,930	115,927,427
Equipment	7,823,860	20,272	-	17,015	3,900	9,137,010
Furniture	-	1,012,802	-	-	77,065	1,089,867
Other	31,810	-	100,000	-	-	3,930,429
Accumulated Depreciation	(38,614,738)	(3,484,643)	(60,000)	(819,192)	(334,123)	(48,966,200)
Property and Equipment, Net	\$ 46,755,392	\$ 17,630,731	\$ 40,000	\$ 2,074,972	\$ 1,007,864	\$ 83,429,028

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NOTE 22 SEGMENT INFORMATION

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

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

West Virginia Board of Governors Revenue Bonds 2023 Series A (Taxable) (2023 Bonds)

On May 23, 2023, the WVU Board issued the 2023 Series A bonds (taxable) in the amount of \$56,500 to (a) finance the design, acquisition, construction, and equipping of certain capital improvements as part of the University annual capital improvements program, \$25,000 (b) finance Phase I of the ERP Modernization Plan consisting primarily of the preliminary planning, design, development and implementation of the modernized enterprise resource planning platform, including related applications and software, \$31,000 and (c) pay the costs of issuance, \$0.5 million.

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

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

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

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

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

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

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

WEST VIRGINIA HIGHER EDUCATION FUND
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NOTE 22 SEGMENT INFORMATION (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

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

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NOTE 22 SEGMENT INFORMATION (CONTINUED)

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

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

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

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

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

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NOTE 22 SEGMENT INFORMATION (CONTINUED)

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

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

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

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

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

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NOTE 22 SEGMENT INFORMATION (CONTINUED)

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

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

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

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

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

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NOTE 22 SEGMENT INFORMATION (CONTINUED)

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

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

Concord University Revenue Bonds, Series 2014

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

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

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

Fairmont State University Facilities Construction Bonds 2015, Series A

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

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NOTE 22 SEGMENT INFORMATION (CONTINUED)

Fairmont State Facilities Improvement Revenue Bonds, 2006 Series

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

Fairmont State Refunding Bonds, 2021 Series A

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

Shepherd University, Refunding Revenue Bonds 2013

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

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

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

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

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

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NOTE 22 SEGMENT INFORMATION (CONTINUED)

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

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

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

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

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

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

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NOTE 22 SEGMENT INFORMATION (CONTINUED)

	2023									
	WVU Auxiliaries	Marshall Revenue Series 2020A and 2020B	Fairmont Improvement Series 2006	Fairmont Revenue Refunding Bonds 2015 and Housing Construction Series 2015	Shepherd Revenue Refunding 2013	Shepherd Revenue Refunding 2017	West Liberty Revenue Refunding 2018	West Liberty Revenue Refunding 2013	West Liberty Capital Improvement 2012	
CONDENSED STATEMENT OF NET POSITION										
ASSETS										
Current Assets	\$ 56,059	\$ 14,668	\$ 19	\$ 26,752	\$ 4,633	\$ -	\$ 379	\$ 5,012	\$ 1,204	
Noncurrent Assets	1,269,978	162,721	4,942	69,050	9,162	34,370	5,357	8,451	7,649	
Total Assets	<u>1,326,037</u>	<u>177,389</u>	<u>4,961</u>	<u>95,802</u>	<u>13,795</u>	<u>34,370</u>	<u>5,736</u>	<u>13,463</u>	<u>8,853</u>	
DEFERRED OUTFLOWS OF RESOURCES										
	13,902	-	-	-	-	-	-	32	-	
Total	<u>\$ 1,339,939</u>	<u>\$ 177,389</u>	<u>\$ 4,961</u>	<u>\$ 95,802</u>	<u>\$ 13,795</u>	<u>\$ 34,370</u>	<u>\$ 5,736</u>	<u>\$ 13,495</u>	<u>\$ 8,853</u>	
LIABILITIES										
Current Liabilities	\$ 58,029	\$ 6,174	\$ -	\$ 3,936	\$ 599	\$ 3,806	\$ 227	\$ 725	\$ 787	
Noncurrent Liabilities	881,890	129,705	-	49,905	2,518	24,687	4,100	2,795	2,845	
Total Liabilities	<u>939,919</u>	<u>135,879</u>	<u>-</u>	<u>53,841</u>	<u>3,117</u>	<u>28,493</u>	<u>4,327</u>	<u>3,520</u>	<u>3,632</u>	
DEFERRED INFLOWS OF RESOURCES										
	40,638	2,331	-	106	-	-	-	-	-	
Total	<u>980,557</u>	<u>138,210</u>	<u>-</u>	<u>53,947</u>	<u>3,117</u>	<u>28,493</u>	<u>4,327</u>	<u>3,520</u>	<u>3,632</u>	
NET POSITION										
Net Investment in Capital Assets	415,547	8,228	4,961	15,474	6,184	8,145	103	5,359	6,913	
Restricted/Designated	70,435	7	-	26,381	-	-	-	-	-	
Unrestricted	(126,600)	30,944	-	-	4,494	(2,268)	1,306	4,616	(1,692)	
Total Net Position	<u>359,382</u>	<u>39,179</u>	<u>4,961</u>	<u>41,855</u>	<u>10,678</u>	<u>5,877</u>	<u>1,409</u>	<u>9,975</u>	<u>5,221</u>	
Total	<u>\$ 1,339,939</u>	<u>\$ 177,389</u>	<u>\$ 4,961</u>	<u>\$ 95,802</u>	<u>\$ 13,795</u>	<u>\$ 34,370</u>	<u>\$ 5,736</u>	<u>\$ 13,495</u>	<u>\$ 8,853</u>	

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NOTE 22 SEGMENT INFORMATION (CONTINUED)

	2023								
	WVU Auxiliaries	Marshall Revenue Series 2020A and 2020B	Fairmont Improvement Series 2006	Fairmont Revenue Refunding Bonds 2015 and Housing Construction Series 2015	Shepherd Revenue Refunding 2013	Shepherd Revenue Refunding 2017	West Liberty Revenue Refunding 2018	West Liberty Revenue Refunding 2013	West Liberty Capital Improvement 2012
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION									
OPERATING									
Operating Revenues	\$ 112,357	\$ 22,578	\$ -	\$ 8,525	\$ 389	\$ 11,709	\$ -	\$ 1,702	\$ 994
Operating Expenses	(175,657)	(19,816)	-	(4,907)	(244)	(10,714)	-	-	-
Other	25,985	-	-	-	-	-	-	-	-
Net Operating Income (Loss)	(37,315)	2,762	-	3,618	145	995	-	1,702	994
NONOPERATING									
Transfers from Institution	6,668	(17,767)	-	-	-	-	-	-	-
Nonoperating Revenues	26,555	591	2,175	380	250	304	-	-	-
Nonoperating Expenses	(26,557)	(4,814)	(249)	(2,003)	(284)	(999)	(83)	(1,647)	(425)
INCREASE (DECREASE) IN NET POSITION	(30,649)	(19,228)	1,926	1,995	111	300	(83)	55	569
Net Position - Beginning of Year	390,031	58,407	3,035	39,860	10,567	5,577	1,492	9,920	4,652
NET POSITION - END OF YEAR	<u>\$ 359,382</u>	<u>\$ 39,179</u>	<u>\$ 4,961</u>	<u>\$ 41,855</u>	<u>\$ 10,678</u>	<u>\$ 5,877</u>	<u>\$ 1,409</u>	<u>\$ 9,975</u>	<u>\$ 5,221</u>
CONDENSED STATEMENT OF CASH FLOWS									
Net Cash Provided (Used) by									
Operating Activities	\$ (34,058)	\$ 12,856	\$ 2,194	\$ 5,710	\$ 1,578	\$ 1,791	\$ 379	\$ 1,702	\$ 994
Noncapital Financing Activities	21,046	-	-	-	-	-	-	-	-
Capital Financing Activities	13,672	(9,437)	(2,194)	(4,413)	(2,085)	(2,612)	(379)	(2,081)	(817)
Investing Activities	1,444	-	-	376	-	-	-	-	-
INCREASE (DECREASE) IN CASH	2,104	3,419	-	1,673	(507)	(821)	-	(379)	177
Cash - Beginning of Year	109,980	11,139	-	10,426	4,876	(617)	380	5,390	1,027
CASH - END OF YEAR	<u>\$ 112,084</u>	<u>\$ 14,558</u>	<u>\$ -</u>	<u>\$ 12,099</u>	<u>\$ 4,369</u>	<u>\$ (1,438)</u>	<u>\$ 380</u>	<u>\$ 5,011</u>	<u>\$ 1,204</u>

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NOTE 22 SEGMENT INFORMATION (CONTINUED)

	2022								
	WVU Auxiliaries	Marshall Revenue Series 2020A and 2020B	Fairmont Improvement Series 2006	Fairmont Revenue Refunding Bonds 2015 and Housing Construction Series 2015	Shepherd Revenue Refunding 2013	Shepherd Revenue Refunding 2017	West Liberty Revenue Refunding 2018	West Liberty Revenue Refunding 2013	West Liberty Capital Improvement 2012
CONDENSED STATEMENT OF NET POSITION									
ASSETS									
Current Assets	\$ 65,441	\$ 11,190	\$ 3	\$ 26,747	\$ 5,138	\$ (297)	\$ 379	\$ 5,391	\$ 1,027
Noncurrent Assets	1,272,743	167,048	5,190	70,427	9,062	34,931	5,663	8,706	7,933
Total Assets	<u>1,338,184</u>	<u>178,238</u>	<u>5,193</u>	<u>97,174</u>	<u>14,200</u>	<u>34,634</u>	<u>6,042</u>	<u>14,097</u>	<u>8,960</u>
DEFERRED OUTFLOWS OF RESOURCES									
	14,591	-	-	-	-	-	-	39	-
Total	<u>\$ 1,352,775</u>	<u>\$ 178,238</u>	<u>\$ 5,193</u>	<u>\$ 97,174</u>	<u>\$ 14,200</u>	<u>\$ 34,634</u>	<u>\$ 6,042</u>	<u>\$ 14,136</u>	<u>\$ 8,960</u>
LIABILITIES									
Current Liabilities	\$ 64,036	\$ 4,252	\$ 530	\$ 3,869	\$ 653	\$ 2,838	\$ 228	\$ 711	\$ 748
Noncurrent Liabilities	852,751	113,143	1,628	53,325	2,980	26,219	4,322	3,505	3,560
Total Liabilities	<u>916,787</u>	<u>117,395</u>	<u>2,158</u>	<u>57,194</u>	<u>3,633</u>	<u>29,057</u>	<u>4,550</u>	<u>4,216</u>	<u>4,308</u>
DEFERRED INFLOWS OF RESOURCES									
	45,957	2,436	-	120	-	-	-	-	-
Total	<u>962,744</u>	<u>119,831</u>	<u>2,158</u>	<u>57,314</u>	<u>3,633</u>	<u>29,057</u>	<u>4,550</u>	<u>4,216</u>	<u>4,308</u>
NET POSITION									
Net Investment in Capital Assets	450,292	51,415	3,035	13,618	5,637	7,226	2,278	4,937	6,503
Restricted/Designated	59,892	-	-	26,242	-	-	-	-	-
Unrestricted	(120,153)	6,992	-	-	4,930	(1,649)	(786)	4,983	(1,851)
Total Net Position	<u>390,031</u>	<u>58,407</u>	<u>3,035</u>	<u>39,860</u>	<u>10,567</u>	<u>5,577</u>	<u>1,492</u>	<u>9,920</u>	<u>4,652</u>
Total	<u>\$ 1,352,775</u>	<u>\$ 178,238</u>	<u>\$ 5,193</u>	<u>\$ 97,174</u>	<u>\$ 14,200</u>	<u>\$ 34,634</u>	<u>\$ 6,042</u>	<u>\$ 14,136</u>	<u>\$ 8,960</u>

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NOTE 22 SEGMENT INFORMATION (CONTINUED)

	2022								
	WVU Auxiliaries	Marshall Revenue Series 2020A and 2020B	Fairmont Improvement Series 2006	Fairmont Revenue Refunding Bonds 2015 and Housing Construction Series 2015	Shepherd Revenue Refunding 2013	Shepherd Revenue Refunding 2017	West Liberty Revenue Refunding 2018	West Liberty Revenue Refunding 2013	West Liberty Capital Improvement 2012
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION									
OPERATING									
Operating Revenues	\$ 112,780	\$ 20,656	\$ -	\$ 7,974	\$ 2,401	\$ 9,811	\$ -	\$ 1,670	\$ 960
Operating Expenses	(146,493)	(19,178)	-	(4,651)	(275)	(10,797)	-	-	-
Other	15,694	-	-	-	-	-	-	-	-
Net Operating Income (Loss)	(18,019)	1,478	-	3,323	2,126	(986)	-	1,670	960
NONOPERATING									
Transfers from Institution	(19,854)	(1,188)	-	(852)	88	580	-	-	-
Nonoperating Revenues	18,722	451	513	-	(221)	(1,053)	-	-	-
Nonoperating Expenses	(25,004)	(4,863)	(257)	(2,026)	-	-	1,377	(1,634)	(447)
INCREASE (DECREASE) IN NET POSITION	(44,155)	(4,122)	256	445	1,993	(1,459)	1,377	36	513
Net Position - Beginning of Year	434,186	62,529	2,779	39,415	8,574	7,036	115	9,884	4,139
NET POSITION - END OF YEAR	<u>\$ 390,031</u>	<u>\$ 58,407</u>	<u>\$ 3,035</u>	<u>\$ 39,860</u>	<u>\$ 10,567</u>	<u>\$ 5,577</u>	<u>\$ 1,492</u>	<u>\$ 9,920</u>	<u>\$ 4,652</u>
CONDENSED STATEMENT OF CASH FLOWS									
Net Cash Provided (Used) by									
Operating Activities	\$ 1,028	\$ 8,902	\$ 559	\$ 5,374	\$ 1,856	\$ 446	\$ -	\$ 1,670	\$ 960
Noncapital Financing Activities	11,804	-	(559)	(5,184)	-	-	-	-	-
Capital Financing Activities	(62,095)	(9,881)	-	-	(1,356)	(1,991)	(30)	(2,054)	(816)
Investing Activities	31	-	-	11	-	-	-	-	-
INCREASE (DECREASE) IN CASH	(49,232)	(979)	-	201	500	(1,545)	(30)	(384)	144
Cash - Beginning of Year	159,212	12,118	-	10,225	4,376	928	410	5,774	883
CASH - END OF YEAR	<u>\$ 109,980</u>	<u>\$ 11,139</u>	<u>\$ -</u>	<u>\$ 10,426</u>	<u>\$ 4,876</u>	<u>\$ (617)</u>	<u>\$ 380</u>	<u>\$ 5,390</u>	<u>\$ 1,027</u>

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NOTE 23 NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

For the years ended June 30 the following tables represents operating expenses within both natural and functional classifications (dollars in thousands):

	2023							Total
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation/ Amortization	Other	
Instruction	\$ 461,094	\$ 76,642	\$ 77,904	\$ 784	\$ 1,580	\$ 3,111	\$ 120	\$ 621,235
Research	93,592	36,179	70,295	482	294	-	3	200,845
Public Service	69,148	10,069	38,374	302	526	-	38	118,457
Academic Support	67,659	8,002	31,640	392	199	-	153	108,045
Student Services	55,040	11,715	25,181	92	217	-	21	92,266
Operations and Maintenance of Plant	23,872	4,932	37,892	48,297	-	-	50	115,043
General Institutions Support	157,208	14,627	106,965	1,896	2,766	-	276	283,738
Total Education and General	927,613	162,166	388,251	52,245	5,582	3,111	661	1,539,629
Student Financial Aid	229	1,134	633	-	121,430	-	-	123,426
Auxiliary Enterprises	75,076	19,884	102,572	17,379	51	-	2,676	217,638
Depreciation and Amortization	-	-	-	-	-	193,619	-	193,619
Administration of Leasing Activities	1,388	423	1,851	3,328	-	-	-	6,990
Other	-	22	606	-	(36)	-	786	1,378
Total	<u>\$ 1,004,306</u>	<u>\$ 183,629</u>	<u>\$ 493,913</u>	<u>\$ 72,952</u>	<u>\$ 127,027</u>	<u>\$ 196,730</u>	<u>\$ 4,123</u>	<u>\$ 2,082,680</u>

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NOTE 23 NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS (CONTINUED)

	2022 (As Restated)							
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation/ Amortization	Other	Total
Instruction	\$ 440,977	\$ 65,552	\$ 78,009	\$ 536	\$ 189	\$ -	\$ 450	\$ 585,713
Research	82,893	32,682	70,170	387	-	-	18	186,150
Public Service	59,787	11,101	34,278	266	145	-	85	105,662
Academic Support	64,159	10,222	26,789	324	9	-	177	101,680
Student Services	51,759	12,319	23,402	116	149	-	154	87,899
Operations and Maintenance of Plant	34,737	5,435	35,885	44,023	-	-	118	120,198
General Institutions Support	143,329	11,508	95,052	1,653	2,509	-	473	254,524
Total Education and General	877,641	148,819	363,585	47,305	3,001	-	1,475	1,441,826
Student Financial Aid	231	31	532	-	178,950	-	-	179,744
Auxiliary Enterprises	69,183	9,572	92,327	14,920	-	-	238	186,240
Depreciation and Amortization	-	-	57	-	-	177,316	-	177,373
Administration of Leasing Activities	1,361	424	1,764	3,227	-	-	-	6,776
Other	-	-	659	-	27,270	-	3,106	31,035
Total	<u>\$ 948,416</u>	<u>\$ 158,846</u>	<u>\$ 458,924</u>	<u>\$ 65,452</u>	<u>\$ 209,221</u>	<u>\$ 177,316</u>	<u>\$ 4,819</u>	<u>\$ 2,022,994</u>

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NOTE 24 RISKS AND UNCERTAINTIES

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year-end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the Fund, COVID-19 may impact various parts of its 2023 operations and financial results, including, but not limited to, declines in state appropriations, loss of auxiliary revenues, additional bad debts, costs for increased use of technology, or potential shortages of personnel. Management believes the Fund is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

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NOTE 26 CONDENSED BLENDED COMPONENT UNIT INFORMATION

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

Condensed Combining Statements of Net Position

	2023													Total
	Bluefield State University	Concord University	West Liberty University	Shepherd University	Glenville State College	Fairmont State University	West Virginia State University	West Virginia University	Marshall University	West Virginia School of Osteopathic Medicine	Policy Commission	Council	Eliminating/Reclassification Entries	
ASSETS														
Inter-Entity Receivables	\$ 39	\$ 8	\$ -	\$ 30	\$ -	\$ -	\$ -	\$ 251	\$ -	\$ 128	\$ -	\$ 386	\$ (842)	\$ -
Other Current Assets	7,014	10,864	13,186	11,885	3,720	54,033	17,695	342,487	67,354	86,232	90,512	136,598	(11,576)	830,004
Capital Assets, Net	39,033	60,373	76,926	105,373	73,427	131,514	73,319	1,948,898	487,848	79,655	67,791	236,883	-	3,381,040
Other Noncurrent Assets	590	2,952	434	174	3,810	12,194	1,188	201,627	151,380	4,490	51,412	2,992	(42,616)	390,627
Total Assets	46,676	74,197	90,546	117,462	80,957	197,741	92,202	2,493,263	706,582	170,505	209,715	376,859	(55,034)	4,601,671
DEFERRED OUTFLOWS OF RESOURCES														
	420	548	631	580	556	935	7,447	27,291	5,807	580	11,880	4,248	-	60,923
Total Assets and Deferred Outflows	\$ 47,096	\$ 74,745	\$ 91,177	\$ 118,042	\$ 81,513	\$ 198,676	\$ 99,649	\$ 2,520,554	\$ 712,389	\$ 171,085	\$ 221,595	\$ 381,107	\$ (55,034)	\$ 4,662,594
LIABILITIES														
Inter-Entity Payables	\$ 79	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88	\$ (169)	\$ -
Other Current Liabilities	8,999	8,491	6,521	9,724	4,275	12,777	12,976	263,560	62,343	5,480	33,096	38,109	(12,098)	454,253
Other Long-Term Liabilities	1,082	15,828	19,003	35,850	36,180	51,688	37,059	1,013,844	186,202	2,515	270,978	21,985	(42,763)	1,649,451
Total Liabilities	10,160	24,319	25,524	45,576	40,455	64,465	50,035	1,277,404	248,545	7,995	304,074	60,182	(55,030)	2,103,704
DEFERRED INFLOWS OF RESOURCES														
	946	1,340	1,420	1,911	2,558	2,896	2,012	77,352	10,459	1,334	7,695	5,749	(4)	115,668
Total Liabilities and Deferred Inflows of Resources	11,106	25,659	26,944	47,487	43,013	67,361	52,047	1,354,756	259,004	9,329	311,769	65,931	(55,034)	2,219,372
NET POSITION														
Net Investment in Capital Assets	38,519	44,698	57,105	67,163	37,806	76,889	35,436	1,006,959	318,483	78,375	50,325	227,108	-	2,038,866
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nonexpendable	578	2,425	-	-	-	-	-	15,775	15,176	-	-	50	-	34,004
Expendable	-	2,265	84	80	2,599	23,809	1,149	58,959	23,099	10,882	67,610	22,118	-	212,654
Unrestricted	(3,107)	(302)	7,044	3,312	(1,905)	30,617	11,017	84,105	96,627	72,499	(208,109)	65,900	-	157,698
Total Net Position	35,990	49,086	64,233	70,555	38,500	131,315	47,602	1,165,798	453,385	161,756	(90,174)	315,176	-	2,443,222
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 47,096	\$ 74,745	\$ 91,177	\$ 118,042	\$ 81,513	\$ 198,676	\$ 99,649	\$ 2,520,554	\$ 712,389	\$ 171,085	\$ 221,595	\$ 381,107	\$ (55,034)	\$ 4,662,594

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NOTE 26 CONDENSED BLENDED COMPONENT UNIT INFORMATION (CONTINUED)

Condensed Combining Statements of Revenues, Expenses, and Changes in Net Position

	2023													Eliminating/ Reclassification Entries	Total
	Bluefield State University	Concord University	West Liberty University	Shepherd University	Glenville State College	Fairmont State University	West Virginia State University	West Virginia University	Marshall University	West Virginia School of Osteopathic Medicine	Policy Commission	Council			
OPERATING REVENUES															
Student Tuition and Fees, Net	\$ 7,484	\$ 5,685	\$ 15,364	\$ 13,360	\$ 6,592	\$ 11,641	\$ 8,225	\$ 400,975	\$ 70,710	\$ 36,441	\$ -	\$ 26,172	\$ -	\$ 602,649	
Federal, State, Local Contracts and Grants	4,962	12,940	5,733	7,134	4,134	12,876	18,932	315,167	96,476	1,976	6,328	27,001	(77,876)	435,783	
Sales and Services of Educational Activity	38	1	-	41	214	-	-	13,190	249	-	3,516	874	(229)	17,894	
Auxiliary Enterprise Revenue	709	7,997	-	11,920	-	10,447	2,987	129,710	33,607	672	5,755	1,267	-	205,071	
Other Operating Revenues	-	787	8,917	340	8,797	1,146	455	7,738	16,417	504	3,641	2,040	(3,368)	47,414	
Total Operating Revenues	13,193	27,410	30,014	32,795	19,737	36,110	30,599	866,780	217,459	39,593	19,240	57,354	(81,473)	1,308,811	
OPERATING EXPENSES															
Operations	25,070	39,559	38,301	44,413	27,923	52,043	48,476	1,095,875	296,986	44,490	26,376	149,788	(3,350)	1,885,950	
Depreciation and Amortization	2,073	2,998	4,075	6,234	2,791	6,037	3,636	128,853	18,601	4,620	3,559	13,253	-	196,730	
Total Operating Expenses	27,143	42,557	42,376	50,647	30,714	58,080	52,112	1,224,728	315,587	49,110	29,935	163,041	(3,350)	2,082,680	
OPERATING LOSS	(13,950)	(15,147)	(12,362)	(17,852)	(10,977)	(21,970)	(21,513)	(357,948)	(98,128)	(9,517)	(10,695)	(105,687)	(78,123)	(773,869)	
NONOPERATING REVENUES (EXPENSES)															
State Appropriations	6,649	10,837	9,553	13,027	6,769	19,273	15,833	186,726	70,030	5,973	128,082	82,432	-	555,184	
Federal Pell Grants	2,644	3,752	3,127	4,071	3,250	5,229	3,371	25,443	15,746	-	-	24,035	-	90,668	
COVID Relief Grants	3,384	1,953	3,322	-	2,103	5,814	11,478	-	1,868	-	-	9,757	-	39,679	
Other Nonoperating Revenues (Expenses)	36	(402)	123	73	(1,351)	595	(1,656)	89,431	3,315	5,112	(94,672)	1,647	78,335	80,586	
Total Nonoperating Revenues	12,713	16,140	16,125	17,171	10,771	30,911	29,026	301,600	90,959	11,085	33,410	117,871	78,335	766,117	
CAPITAL GRANTS, APPROPRIATIONS, AND GIFTS	-	188	-	-	-	-	661	48,934	24,264	(1)	-	1,251	-	75,297	
CAPITAL PAYMENTS MADE ON BEHALF OF THE FUND	-	-	-	-	1,164	(272)	-	-	-	-	211	823	(212)	1,714	
INCREASE (DECREASE) IN NET POSITION	(1,237)	1,181	3,763	(681)	958	8,669	8,174	(7,414)	17,095	1,567	22,926	14,258	-	69,259	
Net Position - Beginning of Year, as Restated	37,227	47,905	60,470	71,236	37,542	122,646	39,428	1,173,212	436,290	160,189	(113,100)	300,918	-	2,373,963	
NET POSITION - END OF YEAR	<u>\$ 35,990</u>	<u>\$ 49,086</u>	<u>\$ 64,233</u>	<u>\$ 70,555</u>	<u>\$ 38,500</u>	<u>\$ 131,315</u>	<u>\$ 47,602</u>	<u>\$ 1,165,798</u>	<u>\$ 453,385</u>	<u>\$ 161,756</u>	<u>\$ (90,174)</u>	<u>\$ 315,176</u>	<u>\$ -</u>	<u>\$ 2,443,222</u>	

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022
(DOLLARS IN THOUSAND)

NOTE 26 CONDENSED BLENDED COMPONENT UNIT INFORMATION (CONTINUED)

Condensed Combining Statements of Cash Flows

	2023													
	Bluefield State University	Concord University	West Liberty University	Shepherd University	Glenville State College	Fairmont State University	West Virginia State University	West Virginia University	Marshall University	West Virginia School of Osteopathic Medicine	Policy Commission	Council	Eliminating/ Reclassification Entries	Total
NET CASH PROVIDED (USED) BY														
Operating Activities	\$ (8,520)	\$ (15,149)	\$ (11,084)	\$ (14,473)	\$ (12,063)	\$ (21,632)	\$ (23,879)	\$ (282,075)	\$ (95,629)	\$ (8,593)	\$ (6,438)	\$ (106,634)	\$ (80,260)	\$ (686,429)
Noncapital Financing Activities	13,039	16,116	12,679	18,576	12,121	32,145	30,681	319,664	87,576	10,351	12,486	112,627	80,380	758,441
Capital Financing Activities	(2,168)	(4,560)	(91)	(9,122)	(4,907)	(10,512)	(4,082)	(68,465)	(44,886)	(6,850)	(26,659)	(14,955)	(119)	(197,376)
Investing Activities	175	667	327	298	1,402	1,582	19	32,224	24,202	1,688	3,004	3,420	(7,924)	61,084
INCREASE (DECREASE) IN CURRENT CASH AND CASH EQUIVALENTS	2,526	(2,926)	1,831	(4,721)	(3,447)	1,583	2,739	1,348	(28,737)	(3,404)	(17,607)	(5,542)	(7,923)	(64,280)
Cash - Beginning of Year	3,178	7,047	9,903	14,104	4,984	48,782	9,482	203,761	58,908	40,868	89,981	125,063	(69,944)	546,117
CASH - END OF YEAR	<u>\$ 5,704</u>	<u>\$ 4,121</u>	<u>\$ 11,734</u>	<u>\$ 9,383</u>	<u>\$ 1,537</u>	<u>\$ 50,365</u>	<u>\$ 12,221</u>	<u>\$ 205,109</u>	<u>\$ 30,171</u>	<u>\$ 37,464</u>	<u>\$ 72,374</u>	<u>\$ 119,521</u>	<u>\$ (77,867)</u>	<u>\$ 481,837</u>

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022
(DOLLARS IN THOUSAND)

NOTE 26 CONDENSED BLENDED COMPONENT UNIT INFORMATION (CONTINUED)

Condensed Combining Statements of Net Position

	2022 (Restated)													Total
	Bluefield State University	Concord University	West Liberty University	Shepherd University	Glenville State College	Fairmont State University	West Virginia State University	West Virginia University	Marshall University	West Virginia School of Osteopathic Medicine	Policy Commission	Council	Eliminating/ Reclassification Entries	
ASSETS														
Inter-Entity Receivables	\$ 23	\$ 2	\$ -	\$ 25	\$ -	\$ -	\$ -	\$ 1,722	\$ -	\$ 21	\$ -	\$ 155	\$ (1,948)	\$ -
Other Current Assets	5,013	12,916	12,007	17,118	6,375	51,799	12,584	357,338	90,151	88,960	107,552	138,971	(10,547)	890,237
Capital Assets, Net	39,380	60,213	77,533	105,788	72,967	134,721	74,678	1,974,210	465,712	78,180	69,364	232,419	-	3,385,165
Other Noncurrent Assets	599	3,510	544	317	5,257	13,832	1,466	192,802	145,897	4,667	56,918	3,616	(49,990)	379,435
Total Assets	45,015	76,641	90,084	123,248	84,599	200,352	88,728	2,526,072	701,760	171,828	233,834	375,161	(62,485)	4,654,837
DEFERRED OUTFLOWS OF RESOURCES	334	410	655	466	726	872	7,562	25,556	5,549	628	12,946	3,760	-	59,464
Total Assets and Deferred Outflows	<u>\$ 45,349</u>	<u>\$ 77,051</u>	<u>\$ 90,739</u>	<u>\$ 123,714</u>	<u>\$ 85,325</u>	<u>\$ 201,224</u>	<u>\$ 96,290</u>	<u>\$ 2,551,628</u>	<u>\$ 707,309</u>	<u>\$ 172,456</u>	<u>\$ 246,780</u>	<u>\$ 378,921</u>	<u>\$ (62,485)</u>	<u>\$ 4,714,301</u>
LIABILITIES														
Inter-Entity Payables	\$ 47	\$ -	\$ -	\$ 32	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93	\$ (172)	\$ -
Other Current Liabilities	5,410	9,311	6,821	9,752	6,127	15,388	14,331	273,372	61,954	7,193	59,787	47,370	(12,322)	504,494
Other Long-Term Liabilities	374	16,618	20,026	38,470	37,227	56,895	38,324	983,423	186,583	2,010	292,686	18,843	(49,991)	1,641,488
Total Liabilities	5,831	25,929	26,847	48,254	43,354	72,283	52,655	1,256,795	248,537	9,203	352,473	66,306	(62,485)	2,145,982
DEFERRED INFLOWS OF RESOURCES	2,291	3,217	3,422	4,224	4,429	6,295	4,207	121,621	22,482	3,064	7,407	11,697	-	194,356
Total Liabilities and Deferred Inflows of Resources	8,122	29,146	30,269	52,478	47,783	78,578	56,862	1,378,416	271,019	12,267	359,880	78,003	(62,485)	2,340,338
NET POSITION														
Net Investment in Capital Assets	39,263	43,505	56,110	65,153	36,153	73,903	35,237	1,041,667	314,018	77,095	57,022	225,918	-	2,065,044
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nonexpendable	578	2,425	-	-	-	-	-	15,108	15,176	-	-	50	-	33,337
Expendable	-	2,094	644	2,951	4,152	21,689	1,233	59,599	20,786	10,974	57,926	20,346	-	202,394
Unrestricted	(2,614)	(119)	3,716	3,132	(2,763)	27,054	2,958	56,838	86,310	72,120	(228,048)	54,604	-	73,188
Total Net Position	37,227	47,905	60,470	71,236	37,542	122,646	39,428	1,173,212	436,290	160,189	(113,100)	300,918	-	2,373,963
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 45,349</u>	<u>\$ 77,051</u>	<u>\$ 90,739</u>	<u>\$ 123,714</u>	<u>\$ 85,325</u>	<u>\$ 201,224</u>	<u>\$ 96,290</u>	<u>\$ 2,551,628</u>	<u>\$ 707,309</u>	<u>\$ 172,456</u>	<u>\$ 246,780</u>	<u>\$ 378,921</u>	<u>\$ (62,485)</u>	<u>\$ 4,714,301</u>

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022
(DOLLARS IN THOUSAND)

NOTE 26 CONDENSED BLENDED COMPONENT UNIT INFORMATION (CONTINUED)

Condensed Combining Statements of Revenues, Expenses, and Changes in Net Position

	2022 (Restated)													Total
	Bluefield State University	Concord University	West Liberty University	Shepherd University	Glenville State College	Fairmont State University	West Virginia State University	West Virginia University	Marshall University	West Virginia School of Osteopathic Medicine	Policy Commission	Council	Eliminating/ Reclassification Entries	
OPERATING REVENUES														
Student Tuition and Fees, Net	\$ 4,993	\$ 7,276	\$ 14,893	\$ 13,829	\$ 7,109	\$ 12,143	\$ 8,747	\$ 417,624	\$ 70,641	\$ 35,695	\$ -	\$ 27,393	\$ -	\$ 620,343
Federal, State, Local Contracts and Grants	5,851	10,563	5,092	6,013	3,480	10,763	15,469	294,535	91,757	2,283	4,318	19,644	(101,834)	367,934
Sales and Services of Educational Activity	65	4	-	29	829	-	-	12,057	431	-	3,131	679	(2,836)	14,389
Auxiliary Enterprise Revenue	577	8,456	7,593	10,537	3,090	9,660	3,057	124,564	28,823	593	5,814	1,793	-	204,557
Other Operating Revenues	20	672	212	371	1,888	969	1,720	7,261	8,536	541	3,414	2,581	(3,629)	24,556
Total Operating Revenues	11,506	26,971	27,790	30,779	16,396	33,535	28,993	856,041	200,188	39,112	16,677	52,090	(108,299)	1,231,779
OPERATING EXPENSES														
Operations	24,797	40,402	38,575	48,568	25,710	53,950	43,724	1,059,741	288,007	44,166	22,715	161,560	(6,237)	1,845,678
Depreciation and Amortization	1,956	2,927	4,591	5,607	2,541	6,063	3,460	111,146	18,578	4,303	3,908	12,236	-	177,316
Total Operating Expenses	26,753	43,329	43,166	54,175	28,251	60,013	47,184	1,170,887	306,585	48,469	26,623	173,796	(6,237)	2,022,994
OPERATING LOSS	(15,247)	(16,358)	(15,376)	(23,396)	(11,855)	(26,478)	(18,191)	(314,846)	(106,397)	(9,357)	(9,946)	(121,706)	(102,062)	(791,215)
NONOPERATING REVENUES (EXPENSES)														
State Appropriations	6,287	10,476	8,966	12,494	6,350	19,100	14,123	165,739	57,362	9,463	128,293	81,934	-	520,587
Federal Pell Grants	3,045	3,127	3,119	3,780	3,540	5,159	3,358	25,855	15,637	-	-	23,842	-	90,462
COVID Relief Grants	6,788	4,901	5,373	8,084	3,530	9,912	6,692	53,961	28,130	577	-	36,864	-	164,812
Other Nonoperating Revenues (Expenses)	(143)	(1,632)	317	206	(1,072)	(2,046)	(2,392)	17,062	(14,707)	(2,879)	(100,046)	(2,370)	101,632	(8,070)
Total Nonoperating Revenues	15,977	16,872	17,775	24,564	12,348	32,125	21,781	262,617	86,422	7,161	28,247	140,270	101,632	767,791
CAPITAL GRANTS, APPROPRIATIONS, AND GIFTS	-	536	-	-	-	-	1,286	55,567	3,346	31	-	533	-	61,299
NET OTHER TRANSFER MADE AND RECEIVED	-	-	-	-	1,137	77	-	(2,667)	-	(77)	(1,381)	949	430	(1,532)
INCREASE (DECREASE) IN NET POSITION	730	1,050	2,399	1,168	1,630	5,724	4,876	671	(16,629)	(2,242)	16,920	20,046	-	36,343
Net Position - Beginning of Year, as Restated	36,497	46,855	58,071	70,068	35,912	116,922	34,552	1,172,541	452,919	162,431	(130,020)	280,872	-	2,337,620
NET POSITION - END OF YEAR	<u>\$ 37,227</u>	<u>\$ 47,905</u>	<u>\$ 60,470</u>	<u>\$ 71,236</u>	<u>\$ 37,542</u>	<u>\$ 122,646</u>	<u>\$ 39,428</u>	<u>\$ 1,173,212</u>	<u>\$ 436,290</u>	<u>\$ 160,189</u>	<u>\$ (113,100)</u>	<u>\$ 300,918</u>	<u>\$ -</u>	<u>\$ 2,373,963</u>

**WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022
(DOLLARS IN THOUSAND)**

NOTE 26 CONDENSED BLENDED COMPONENT UNIT INFORMATION (CONTINUED)

Condensed Combining Statements of Cash Flows

	2022 (Restated)													Total
	Bluefield State University	Concord University	West Liberty University	Shepherd University	Glenville State College	Fairmont State University	West Virginia State University	West Virginia University	Marshall University	West Virginia School of Osteopathic Medicine	Policy Commission	Council	Eliminating/ Reclassification Entries	
NET CASH PROVIDED (USED) BY														
Operating Activities	\$ (13,533)	\$ (13,306)	\$ (12,698)	\$ (20,700)	\$ (7,248)	\$ (21,028)	\$ (17,573)	\$ (220,271)	\$ (97,905)	\$ (4,842)	\$ (6,453)	\$ (116,667)	\$ (103,494)	\$ (655,718)
Noncapital Financing Activities	16,671	19,385	12,085	26,235	14,784	35,681	24,158	321,248	112,179	9,273	65,841	142,170	102,777	902,487
Capital Financing Activities	(3,095)	(3,999)	(2,646)	(1,837)	(3,950)	(8,444)	(2,878)	(106,329)	(25,268)	(6,134)	(27,070)	(11,633)	372	(202,911)
Investing Activities	4	(802)	2,989	16	100	66	9	3,653	3,221	(516)	1,471	159	29,801	40,171
INCREASE (DECREASE) IN CURRENT CASH AND CASH EQUIVALENTS	47	1,278	(270)	3,714	3,686	6,275	3,716	(1,699)	(7,773)	(2,219)	33,789	14,029	29,456	84,029
Cash - Beginning of Year	3,131	5,769	10,173	10,390	1,298	42,507	5,766	205,460	66,681	43,087	56,192	111,034	(99,400)	462,088
CASH - END OF YEAR	\$ 3,178	\$ 7,047	\$ 9,903	\$ 14,104	\$ 4,984	\$ 48,782	\$ 9,482	\$ 203,761	\$ 58,908	\$ 40,868	\$ 89,981	\$ 125,063	\$ (69,944)	\$ 546,117

WEST VIRGINIA HIGHER EDUCATION FUND
SCHEDULES OF PROPORTIONATE SHARE OF TRS NET POSITION LIABILITY
AND EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2023 AND 2022
(UNAUDITED)

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

Measurement Date	Fund's	Fund's	State's	Total	Fund's	Fund's	Plan
	Proportionate Share as a Percentage of Net Pension Liability					Proportionate Share	
June 30, 2022	0.2187260 %	\$ 5,628	\$ 11,231	\$ 16,859	\$ 5,075	111%	77.78 %
June 30, 2021	0.2917080	4,452	8,775	13,227	6,786	70	86.38
June 30, 2020	0.3607500	11,620	24,822	36,442	9,229	126	70.89
June 30, 2019	0.3814850	11,350	27,285	38,636	8,527	133	72.64
June 30, 2018	0.0442048	13,808	35,596	49,404	9,707	142	71.20
June 30, 2017	0.0579326	20,016	44,262	64,278	12,290	163	67.85
June 30, 2016	0.6837370	28,100	53,520	81,620	13,893	202	61.42
June 30, 2015	0.6763590	23,450	53,422	76,872	15,069	156	66.25
June 30, 2014	0.0075941	25,755	58,191	83,946	16,084	160	65.95

TRS Schedule of Employer Contributions

Measurement Date	Actuarially Determined Contributions	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual
					Contribution as a Percentage of Covered Payroll
June 30, 2022	\$ 897	\$ 761	\$ 106	\$ 5,075	15.00 %
June 30, 2021	1,121	942	179	6,602	14.27
June 30, 2020	1,541	1,181	298	9,229	12.80
June 30, 2019	1,790	1,485	305	8,527	17.42
June 30, 2018	2,021	1,806	215	9,707	18.61
June 30, 2017	2,513	2,092	421	12,290	17.02
June 30, 2016	2,625	2,542	83	13,893	18.30
June 30, 2015	2,902	2,823	79	15,069	18.73
June 30, 2014	3,399	3,439	(40)	16,084	21.38

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

Notes to Required Supplementary Information
For the Year Ended June 30, 2023

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

**WEST VIRGINIA HIGHER EDUCATION FUND
SCHEDULES OF PROPORTIONATE SHARE OF NET OTHER
POSTEMPLOYMENT LIABILITY (ASSET)
AND EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2023 AND 2022
(UNAUDITED)**

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

Measurement Date	Fund's	Fund's	State's	Total	Fund's	Fund's	Plan
	Proportionate Share as a Percentage of OPEB Liability (Asset)					Proportionate Share	Proportionate Share
June 30, 2022	11.5579860 %	\$ 12,862	\$ 4,413	\$ 17,275	\$ 278,095	5%	93.59 %
June 30, 2021	12.3343980	(3,711)	(591)	(4,302)	296,072	(1)	25.10
June 30, 2020	12.2837300	54,245	12,484	66,730	298,983	18	73.49
June 30, 2019	12.2492179	204,248	41,591	245,839	310,502	31	36.69
June 30, 2018	12.2307243	262,154	54,235	316,389	312,470	83	30.98
June 30, 2017	11.5442668	283,628	58,634	342,262	310,818	91	25.10

Schedule of Employer Contributions

Measurement Date	Actuarially Determined Contributions	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual
					Contribution as a Percentage of Covered Payroll
June 30, 2022	\$ 13,051	\$ 11,015	\$ 2,036	\$ 290,534	4%
June 30, 2021	20,622	12,994	7,628	302,759	4
June 30, 2020	23,517	22,288	1,154	298,983	8
June 30, 2019	24,901	23,321	(1,580)	310,502	4
June 30, 2018	24,641	24,437	(204)	312,470	8
June 30, 2017	24,070	24,070	-	310,818	8

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

**Notes to Required Supplementary Information
For the Year Ended June 30, 2023**

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

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
SCHEDULE OF COMBINING NET POSITION INFORMATION
JUNE 30, 2023
(DOLLARS IN THOUSAND)

ASSETS	<u>Higher Education Fund</u>	<u>Aggregate Discretely Presented Component Units</u>	<u>Total</u>
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 481,837	\$ 55,125	\$ 536,962
Short-Term Investments	110,255	39,894	150,149
Appropriations Due from Primary Government	15,420	-	15,420
Accounts Receivable, Net	196,524	25,891	222,415
Loans Receivable - Current Portion	9,463	562	10,025
Other Current Assets	12,562	3,949	16,511
Inventories	3,943	2	3,945
Total Current Assets	<u>830,004</u>	<u>125,423</u>	<u>955,427</u>
NONCURRENT ASSETS			
Cash and Cash Equivalents	99,031	7,091	106,122
Investments	214,520	517,754	732,274
Loans Receivable - Net of Allowance of \$6,462	23,764	-	23,764
Other Assets	53,312	49,553	102,865
Capital Assets, Net	3,381,040	102,341	3,483,381
Total Noncurrent Assets	<u>3,771,667</u>	<u>676,739</u>	<u>4,448,406</u>
Total Assets	4,601,671	802,162	5,403,833
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Refunding	34,142	-	34,142
Related to Pensions	1,669	-	1,669
Related to OPEB	25,112	-	25,112
Total Deferred Outflows of Resources	<u>60,923</u>	<u>-</u>	<u>60,923</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 4,662,594</u>	<u>\$ 802,162</u>	<u>\$ 5,464,756</u>

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
SCHEDULE OF COMBINING NET POSITION INFORMATION (CONTINUED)
JUNE 30, 2023
(DOLLARS IN THOUSAND)

LIABILITIES	Higher Education Fund	Aggregate Discretely Presented Component Units	Total
CURRENT LIABILITIES			
Accounts Payable	\$ 89,494	\$ 3,536	\$ 93,030
Due to State of West Virginia	39	-	39
Accrued Liabilities	81,538	2,643	84,181
Unearned Revenue	134,970	1,079	136,049
Deposits/Custodial/Annuity Liabilities	4,322	133,875	138,197
Real Estate Purchase Agreements Payable - Current Portion	295	-	295
Other Liabilities - Current Portion	329	2,689	3,018
Compensated Absences - Current Portion	55,334	-	55,334
Notes Payable - Current Portion	4,924	3,105	8,029
Lease Liabilities - Current Portion	6,219	74	6,293
SBITA Liabilities - Current Portion	14,409	-	14,409
Financed Purchases Payable - Current Portion	1,282	-	1,282
Interest Payable	9,505	-	9,505
Bonds Payable - Current Portion	51,593	238	51,831
Total Current Liabilities	454,253	147,239	601,492
NONCURRENT LIABILITIES			
Advances from Federal Sponsors	16,376	-	16,376
Real Estate Purchase Agreement Payable	10,287	-	10,287
Compensated Absences	4,901	-	4,901
Notes Payable	110,354	24,907	135,261
Lease Liabilities	93,377	238	93,615
SBITA Liabilities	16,764	-	16,764
Financed Purchases Payable	57,834	-	57,834
Future Interest Payable	26,256	-	26,256
Bonds Payable	1,242,911	81,766	1,324,677
Other Postemployment Benefit Liability	12,745	-	12,745
Net Pension Liability	5,626	-	5,626
Other Noncurrent Liabilities	52,020	4,255	56,275
Total Noncurrent Liabilities	1,649,451	111,166	1,760,617
Total Liabilities	2,103,704	258,405	2,362,109

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
SCHEDULE OF COMBINING NET POSITION INFORMATION (CONTINUED)
JUNE 30, 2023
(DOLLARS IN THOUSAND)

	Higher Education Fund	Aggregate Discretely Presented Component Units	Total
DEFERRED INFLOWS OF RESOURCES			
Related to Public-Private Partnerships	\$ 39,559	\$ -	\$ 39,559
Related to Pensions	4,313	-	4,313
Related to OPEB	58,504	-	58,504
Related to Leases	12,510	-	12,510
Other	782	-	782
Total Deferred Inflows of Resources	115,668	-	115,668
Total Liabilities and Deferred Inflows of Resources	2,219,372	258,405	2,477,777
NET POSITION			
Net Investment in Capital Assets	2,038,866	(27,982)	2,010,884
Restricted for:			
Expendable:			
Scholarships	14,800	47,070	61,870
Sponsored Projects	71,088	952	72,040
Loans	19,472	-	19,472
Capital Projects	17,562	2,427	19,989
Debt Service	17,208	-	17,208
Other	72,524	140,404	212,928
Total Restricted Expendable	212,654	190,853	403,507
Nonexpendable	34,004	346,227	380,231
Unrestricted	157,698	34,659	192,357
Total Net Position	2,443,222	543,757	2,986,979
Total Liabilities, Deferred Inflows, of Resources, and Net Position	\$ 4,662,594	\$ 802,162	\$ 5,464,756

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
SCHEDULE OF COMBINING REVENUES, EXPENSES, AND
CHANGES IN NET POSITION INFORMATION
JUNE 30, 2023
(DOLLARS IN THOUSAND)

	Higher Education Fund	Aggregate Discretely Presented Component Units	Total
OPERATING REVENUES			
Student Tuition and Fees, Net of Scholarship Allowance of \$288,657	\$ 602,649	\$ -	\$ 602,649
Federal and Local land Grants	12,759	83,525	96,284
Contracts and Grants:			
Federal	205,907	-	205,907
State	68,454	-	68,454
Local	1,384	-	1,384
Private	147,279	-	147,279
Interest on Student Loans Receivable	536	-	536
Sales and Services of Educational Activities	17,894	-	17,894
Auxiliary Enterprise Revenue Net of Scholarship Allowance of \$27,224	205,071	12,557	217,628
Other Operating Revenues	46,878	6,194	53,072
Total Operating Revenues	<u>1,308,811</u>	<u>102,276</u>	<u>1,411,087</u>
OPERATING EXPENSES			
Salaries and Wages	1,004,306	9,338	1,013,644
Benefits	183,629	182	183,811
Supplies and Other Services	493,913	2,651	496,564
Utilities	72,952	368	73,320
Student Financial Aid - Scholarships and Fellowships	127,027	14,305	141,332
Depreciation and Amortization	196,730	4,343	201,073
Other Operating Expenses	4,123	28,265	32,388
Total Operating Expenses	<u>2,082,680</u>	<u>59,452</u>	<u>2,142,132</u>
OPERATING (LOSS) INCOME	(773,869)	42,824	(731,045)

WEST VIRGINIA HIGHER EDUCATION FUND
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
SCHEDULE OF COMBINING REVENUES, EXPENSES, AND
CHANGES IN NET POSITION INFORMATION (CONTINUED)
JUNE 30, 2023
(DOLLARS IN THOUSAND)

	Higher Education Fund	Aggregate Discretely Presented Component Units	Total
NONOPERATING REVENUES (EXPENSES)			
State Appropriations	\$ 498,843	\$ -	\$ 498,843
State Lottery Appropriations	56,341	-	56,341
Federal Pell Grants	90,668	-	90,668
COVID Relief Grants	39,679	-	39,679
Gifts	116,512	-	116,512
Investment Income, Net	41,365	33,904	75,269
Interest on Indebtedness	(57,389)	(3,436)	(60,825)
Payments made on Behalf of the Fund	(11,502)	-	(11,502)
Student Financial Aid and Other Payments to Institutions	(30,780)	-	(30,780)
Federal Revenue	16,391	-	16,391
Other Nonoperating Expenses, Net	5,989	-	5,989
Net Nonoperating Revenues	<u>766,117</u>	<u>30,468</u>	<u>796,585</u>
(LOSS) GAIN BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(7,752)	73,292	65,540
CAPITAL GRANTS, APPROPRIATIONS AND GIFTS	75,297	-	75,297
CAPITAL PAYMENTS MADE ON BEHALF OF THE FUND	<u>1,714</u>	<u>-</u>	<u>1,714</u>
INCREASE IN NET POSITION	69,259	73,292	142,551
Net Position - Beginning of Year, As Restated	<u>2,373,963</u>	<u>470,465</u>	<u>2,844,428</u>
NET POSITION - END OF YEAR	<u><u>\$ 2,443,222</u></u>	<u><u>\$ 543,757</u></u>	<u><u>\$ 2,986,979</u></u>



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

West Virginia Higher Education
Policy Commission
Charleston, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the West Virginia Higher Education Fund (the Fund), (a component unit of the State of West Virginia), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated October 31, 2023. Our report includes a reference to other auditors who audited the financial statements of Fairmont State University, West Virginia Council for Community and Technical College Education, the West Virginia School of Osteopathic Medicine, and all discretely presented component units, except Blue Ridge Community and Technical College Foundation, Inc, as described in our report on the Fund's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Fund's discretely presented component units, except for the Shepherd University Foundation, Inc. and Supporting Organization, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component units of the Fund.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified certain deficiencies in internal control, described in the accompanying schedule and findings and responses as items 2023-001, 2023-002, and 2023-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

West Virginia Higher Education Fund’s Response to Findings

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

Purpose of This Report

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



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
October 31, 2023

**WEST VIRGINIA HIGHER EDUCATION FUND
SCHEDULE OF FINDINGS AND RESPONSES
YEARS ENDED JUNE 30, 2023 AND 2022**

2023 – 001 Misstatements of the University’s Financial Statements – West Liberty University

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: Our audit procedures identified a number of misstatements of the University’s financial statements.

Criteria or specific requirement: The University’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

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

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

Repeat Finding: No.

Views of responsible officials and planned corrective actions: Additional internal controls have been created to identify and record the receipt of revenue from every source. Once the year is rolled forward, past periods will be made inactive so as not to allow entry into those past periods. In addition, internal controls have been put into place to track and record movement from Construction in Progress to the recording of an asset.

West Liberty University is implementing a shared workbook that captures every revenue transaction. West Liberty University will identify and account for every revenue source daily so that is properly recognized. Reconciliations will be completed monthly to narrow down and identify accounting errors.

2023 – 002 Misstatements of the University’s Financial Statements – Glenville State University

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: Management is unable to provide a complete trial balance from the Oasis System and has to post manual entries to capture certain financial activity not recorded in the general ledger.

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

Effect: By not recording all transactions in one general ledger system, there is an increased likelihood that transactions could be incorrectly omitted from the general ledger.

Cause: Management should ensure all financial activity is under the control of the general ledger.

Recommendation: We recommend the University evaluate its process for capturing all financial activity in the general ledger.

**WEST VIRGINIA HIGHER EDUCATION FUND
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022**

**2023 – 002 Misstatements of the University’s Financial Statements – Glenville State University
(Continued)**

Repeat Finding: This is a repeat finding (2022-001).

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and will evaluate their process for capturing all financial activity in the general ledger.

2023 – 003 Prior Period Adjustment – WVU at Parkersburg

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: A restatement of beginning net position of \$1,723,991 was recorded related to OPEB to correct an error.

Criteria or Specific Requirement: Management of the Council (and its Institutions) is responsible for establishing and maintaining internal controls over financial reporting, and for the fair presentation of the financial statements and notes in conformity with accounting principles generally accepted in the United States of America.

Context: Total assets, deferred outflows, liabilities, deferred inflows, net position, revenues and expenses of the Council are \$376.9 million, \$4.2 million, \$60.2 million, \$5.7 million, \$315.2 million, \$177.3 million and \$163.0 million, respectively.

Cause: West Virginia University at Parkersburg (WVU at Parkersburg) and West Virginia University’s Human Resources team submitted a request to the West Virginia Retiree Health Benefit Trust Fund (RHBT) to separate WVU at Parkersburg’s activity within the Plan’s system for WVU at Parkersburg to gain access to employee information to provide timely information to its employees. This access was granted by the RHBT, and as a result, WVU at Parkersburg was provided its own unique employer account. This also resulted in a change in the RHBT’s audited Schedules of Employer OPEB Allocations and OPEB Amounts by Employer. In the past, WVU at Parkersburg was combined with West Virginia University within the audited report. A reconciliation and allocation process was performed to record these balances for financial statement purposes. Internally, no notification to this request from the human resources teams or RHBT staff was made to the Business Office. Thus, when the reports were published, the reconciliation and allocation process were performed with the assumption the amounts within the reports were combined as past practice since the inception of the GASB 75 Standards. This separation of WVU at Parkersburg and West Virginia University was not immediately evident on the audited schedules. As such, the financial statements were misstated because the incorrect amounts were used for the financial statements.

Effect: The lack of controls in place over the recording of the financial activities, presentation of the financial statements, and the safeguarding of assets resulted in restatement of beginning net position due to an error.

Recommendation: We recommend the Council and its Institutions continue to evaluate financial reporting processes and controls, as well as its accounting and recording of OPEB to ensure it is recorded properly.

**WEST VIRGINIA HIGHER EDUCATION FUND
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022**

2023 – 003 Prior Period Adjustment – WVU at Parkersburg (Continued)

Views of Responsible Officials and Planned Corrective Action: Management concurs with the finding. Management has added additional review procedures and implemented a review process to ensure that balances are properly stated and reconciled with the audited West Virginia Retiree Health Benefit Trust Fund Report.