
Pierpont Community & Technical College

Financial Statements
Years Ended June 30, 2025 and 2024

and

Independent Auditor's Reports



**Suttle &
Stalnaker**

Certified
Public
Accountants

A Professional Limited Liability Company



PIERPONT COMMUNITY & TECHNICAL COLLEGE

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Pierpont Community & Technical College (Pierpont), a component unit of the West Virginia Council for Community and Technical College Education, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise Pierpont's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Pierpont, as of June 30, 2025 and 2024, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pierpont and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 2 to the financial statements, during fiscal year 2025, Pierpont implemented Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 20, the schedule of proportionate share of the net pension liability, the schedule of pension contributions, the schedule of proportionate share of the net OPEB liability (asset), the schedule of OPEB contributions, and related footnotes on pages 60 through 69, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2025, on our consideration of Pierpont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pierpont's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Suttle & Stalnaker, PLLC".

Charleston, West Virginia
September 29, 2025

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2025**

About Pierpont Community & Technical College

Pierpont Community & Technical College (Pierpont), headquartered in Fairmont, West Virginia, is a comprehensive community college serving 13 counties in north central West Virginia. Pierpont's main campus is located in the I-79 Technology Park at the Pierpont North Central Advanced Technology Center (ATC). With an enrollment of approximately 1,900 students, Pierpont offers an Associate of Arts (AA) degree in Liberal Studies, designed to prepare students for transfer to four-year institutions. Pierpont also offers numerous two-year and one-year degrees in occupational and technical program areas, designed to prepare, equip, and launch students into gainful employment. These 22 Associate of Applied Science (AAS) degrees and 15 Certificate of Applied Science (CAS) degrees anchor educational and career pathways to careers and higher education. In addition to our workforce degree pathways, Pierpont offers accelerated skills/credential training and occupational skill sets. In addition to the ATC in Fairmont, Pierpont has campuses at the Middletown Commons in Whitehall, West Virginia, the Clarksburg Campus in Clarksburg, West Virginia, and the Robert C. Byrd National Aerospace Education Center in Bridgeport, West Virginia. Through its Office of Career and Corporate Training housed within the ATC, Pierpont provides a variety of non-credit courses and programs designed to provide individuals with skill upgrades, certifications, and training for many purposes, including gainful employment, salary increases and/or advancement with a company or industry.

The mission of Pierpont is to provide accessible, responsive, comprehensive education that works with a vision to empower individuals and strengthen communities through exceptional training and educational pathways.

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

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

Overview

This section of the annual financial report focuses on an overview of Pierpont's financial performance during the fiscal year ended June 30, 2025, with comparisons to the previous year.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2025**

The 2025 financial statements reflect the fourth year of financial results after the final separation from Fairmont State. In 2022, Pierpont recognized \$2,500,000 in revenue related to the special appropriation of State funds by the West Virginia Legislature per the Final Separation Agreement. In fiscal year 2023, that funding was used to complete ongoing capital projects related to the separation including the Caperton Center Expansion for the Veterinary Technology Assistant Program and the Early Childhood Program remodel. Pierpont paid the fourth year's payment on the obligation due to Fairmont State of \$1,500,000 in accordance with the Final Separation Agreement, reducing the liability to \$10,500,000 at June 30, 2025.

The Fairmont State Foundation, Inc.'s financial information will not be presented. This presentation is not required to comply with Governmental Accounting Standards Board (GASB) Statement No. 61 due to the fact that the Fairmont State Foundation, Inc. supported both Pierpont and Fairmont State. During the year ended June 30, 2022, the Fairmont State Foundation, Inc. transferred a significant portion of the funds held for the benefit of the Pierpont Foundation Inc. to the Pierpont Foundation Inc., but still holds some funds on behalf of the Pierpont Foundation Inc. at June 30, 2025. The Pierpont Foundation Inc.'s financial information will also not be presented. This presentation is not required to comply with GASB Statement No. 61 due to the fact that the Pierpont Foundation Inc.'s financial position is not significant to Pierpont's financial statements and Pierpont has no ability to designate management, cannot significantly influence operations, and is not accountable for the fiscal matters of the Pierpont Foundation Inc.

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

Financial Highlights

Financial highlights of fiscal year 2025 include increases in full tuition rate enrollment with decreases in reduced rate dual credit enrollment students, an increase in net position, implementation of GASB Statement No. 101, *Compensated Absences*, and a change in the methodology used to estimate scholarship allowances.

- For fiscal year 2025, Pierpont experienced increases in full-time equivalent (FTE) students and student headcount for students paying the full tuition rate, while experiencing a decrease in dual credit enrollment students paying a significantly discounted tuition rate.
 - The FTE for students paying the full tuition rate increased from 811 for Fall 2023 to 916 for Fall 2024 and the headcount increased from 903 for Fall 2023 to 990 for Fall 2024.
 - The FTE for dual credit enrollment students paying the significantly discounted tuition rate decreased from 408 for Fall 2023 to 392 for Fall 2024 and the headcount decreased from 1,028 for Fall 2023 to 945 for Fall 2024.
- Total net position increased by \$2,508,868 or 9.63%. The increase can be attributed to the following:
 - Restricted for expendable capital projects increased by \$277,183.
 - Unrestricted deficit decreased by \$2,187,091.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2025**

- During fiscal year 2025, Pierpont implemented GASB Statement No. 101, *Compensated Absences*, which resulted in the recognition of certain types of previously unrecorded compensated absences, such as sick leave, that have been earned, accumulated, and is anticipated to be used and paid out. During the year ended June 30, 2025, an additional \$134,810 was accrued for previously unrecorded sick leave.
- During fiscal year 2025, based on the National Association of College and University Business Officers (NACUBO) Advisory 2023-01, Pierpont changed its methodology used to estimate scholarship allowances. Under the new estimation methodology, even with the overall increase in enrollment, Pierpont experienced a decrease in net tuition and fee revenue and auxiliary enterprise revenue. However, the change in methodology has no impact on the change in net position. The observed decreases in net tuition and fee and auxiliary enterprise revenue are the result of reclassifying existing financial aid sources (including Pell, state, and institutional aid) more accurately based on actual student-level application of aid by term to tuition and auxiliary charges. In fiscal year 2025, the total scholarship allowance increased from the prior year by \$2,005,772 to a total of \$5,466,463.

Statement of Net Position

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

Net position is divided into three major categories:

1. **Net investment in capital assets.** This category represents Pierpont's total investment in capital assets, net of depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of this category.
2. **Restricted net position.** This category includes net position whose use is restricted either due to externally imposed constraints or restrictions imposed by law. It is further divided into two additional components - expendable and nonexpendable. **Expendable restricted net position** includes resources for which Pierpont is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. **Nonexpendable restricted net position** includes endowment and similar type funds for which donors or other outside sources have stipulated, as a condition of the gift instruments, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. Pierpont has no nonexpendable net position.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2025

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

Condensed Schedules of Net Position

June 30:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Assets			
Current Assets	\$ 14,250,516	\$ 13,194,099	\$ 12,134,104
Noncurrent Assets	29,330,133	29,849,594	30,790,084
Total Assets	<u>43,580,649</u>	<u>43,043,693</u>	<u>42,924,188</u>
Deferred Outflows of Resources	<u>113,231</u>	<u>128,875</u>	<u>776,557</u>
Total	<u>\$ 43,693,880</u>	<u>\$ 43,172,568</u>	<u>\$ 43,700,745</u>
Liabilities			
Current Liabilities	\$ 5,344,449	\$ 5,211,531	\$ 4,889,061
Noncurrent Liabilities	9,690,371	11,633,945	13,699,042
Total Liabilities	<u>15,034,820</u>	<u>16,845,476</u>	<u>18,588,103</u>
Deferred Inflows of Resources	<u>110,304</u>	<u>287,204</u>	<u>440,344</u>
Net Position			
Net Investment in Capital Assets	<u>28,258,547</u>	<u>28,258,909</u>	<u>28,739,372</u>
Restricted for:			
Expendable:			
Capital Projects	1,565,215	1,288,032	1,791,832
Scholarships	63,307	41,968	47,115
Sponsored Projects	-	-	31,093
Other	23,617	-	141,140
Total Restricted	<u>1,652,139</u>	<u>1,330,000</u>	<u>2,011,180</u>
Unrestricted (Deficit)	<u>(1,361,930)</u>	<u>(3,549,021)</u>	<u>(6,078,254)</u>
Total Net Position	<u>28,548,756</u>	<u>26,039,888</u>	<u>24,672,298</u>
Total	<u>\$ 43,693,880</u>	<u>\$ 43,172,568</u>	<u>\$ 43,700,745</u>

- Total current assets increased by \$1,056,417 or 8.01%, resulting primarily from an increase in cash and cash equivalents of \$808,496. Cash primarily increased in the Education and General unrestricted fund. Accounts receivable increased by \$247,921 or 67.20% due primarily to dual enrollment receivables of \$148,095 due from the West Virginia Higher Education Policy Commission.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2025**

- Total noncurrent assets, comprised primarily of capital assets, including buildings and equipment, decreased by \$519,461 or 1.74%. The decrease in noncurrent assets is due to a decrease in net capital assets in the amount of \$410,683, primarily due to current year depreciation and amortization expense of \$1,348,063. This decrease was offset by capital asset additions of \$853,275. The net OPEB asset also decreased by \$108,778.
- Total current liabilities increased by \$132,918 or 2.55% due to an increase in unearned revenue and deposits of \$79,448 and compensated absences of \$119,485. Pierpont implemented GASB Statement No. 101 in fiscal year 2025, which resulted in an accrual for sick leave that has been earned, accumulated, and is anticipated to be used and paid out. These increases were offset by a decrease in accounts payable of \$95,779.
- Total noncurrent liabilities decreased by \$1,943,574 or 16.71%. The noncurrent portion of the amount due to Fairmont State that is required to be paid by Pierpont under the Final Separation Agreement decreased by \$1,500,000. The noncurrent portion of this obligation is \$9,000,000 at June 30, 2025. The noncurrent portion of the debt obligation due to the Commission decreased by \$240,545. Additional decreases were due to decreases in the lease liability of \$81,192 and subscription liability of \$92,935.
- The total assets and deferred outflows of resources of Pierpont exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$28,548,756 (net position). Of this amount, \$(1,361,930) (unrestricted net deficit) may be used to meet the educational and general operations of Pierpont. Pierpont is still recovering from the loss on final separation from Fairmont State recorded in fiscal year 2021.
- Pierpont's unrestricted net deficit balance of \$(1,361,930) includes fund manager and auxiliary funds of \$2,202,738. Pierpont's unrestricted President's control (undesignated) net deficit decreased by \$2,192,073 to a net deficit of \$(3,564,668) at June 30, 2025.

Statement of Revenues, Expenses, and Changes in Net Position

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2025

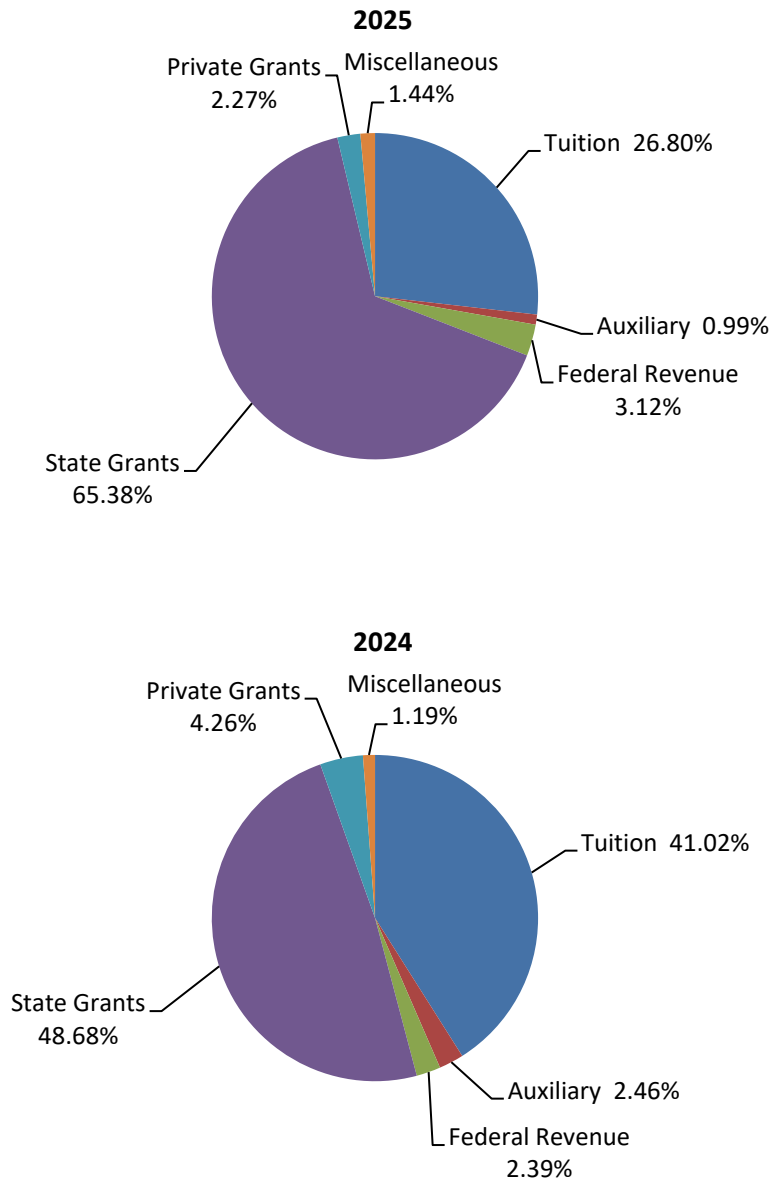
Condensed Schedules of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating Revenues	\$ 7,928,565	\$ 6,986,579	\$ 7,012,504
Operating Expenses	<u>17,677,176</u>	<u>16,969,806</u>	<u>16,928,955</u>
Operating Loss	(9,748,611)	(9,983,227)	(9,916,451)
 Total Net Nonoperating Revenues	 <u>12,111,200</u>	 <u>11,415,729</u>	 <u>12,598,380</u>
 Change in Net Position before Other			
Revenues, Expenses, and Gains or Losses	2,362,589	1,432,502	2,681,929
 Payments Made and Expenses Incurred by the			
Commission on Behalf of Pierpont	130,792	6,550	656,413
Payments Made and Expenses Incurred (Offset) by the			
State on Behalf of Pierpont	<u>15,487</u>	<u>(71,462)</u>	<u>(64,337)</u>
 Change in Net Position	 2,508,868	 1,367,590	 3,274,005
 Net Position – Beginning of Year	 <u>26,039,888</u>	 <u>24,672,298</u>	 <u>21,398,293</u>
 Net Position – End of Year	 <u>\$ 28,548,756</u>	 <u>\$ 26,039,888</u>	 <u>\$ 24,672,298</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2025

Operating Revenues:

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



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

- Tuition and fee revenue, after adjustment for the scholarship allowance, decreased by \$741,828 or 25.88%. Pierpont changed the method of calculating the scholarship allowance based on NACUBO Advisory 2023-01, which resulted in an increase in the scholarship allowance applied to tuition and fees revenue.
- Tuition and fees increased prior to the scholarship allowance by \$1,149,841 or 18.17%. The scholarship allowance increased by \$1,891,642 for a decrease in net tuition and fees of \$741,828.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2025**

- Auxiliary enterprise revenue, after adjustment for the scholarship allowance, decreased by \$93,606 or 54.50%. Pierpont changed the method of calculating the scholarship allowance based on NACUBO Advisory 2023-01, which resulted in an increase in the scholarship allowance applied to auxiliary enterprise revenue.
 - Auxiliary enterprise revenue increased prior to the scholarship allowance by \$20,524 or 11.95%. The scholarship allowance increased by \$114,130 for a decrease in net auxiliary enterprise revenue of \$93,606.
- Federal contracts and grants increased by \$80,826 or 48.42%.
- State contracts and grants increased by \$1,782,797 or 52.42%. State contracts and grants include institutional grants from other state agencies. State grants and contracts also include state-funded student financial aid.
- Private contracts and grants decreased by \$117,648 or 39.50%.
- State appropriations decreased by \$62,798 or 0.72%. This decrease is in part due to a one-time supplemental appropriation received in fiscal year 2024 by the West Virginia Legislature to offset the increase in the cost of PEIA premiums that was not received again in fiscal year 2025.
- Pell grants are reported as nonoperating revenues because of specific guidance in the AICPA industry audit guide. Pell grants increased by \$809,292 or 34.58%.
- Investment income decreased by \$62,258 or 12.75%.

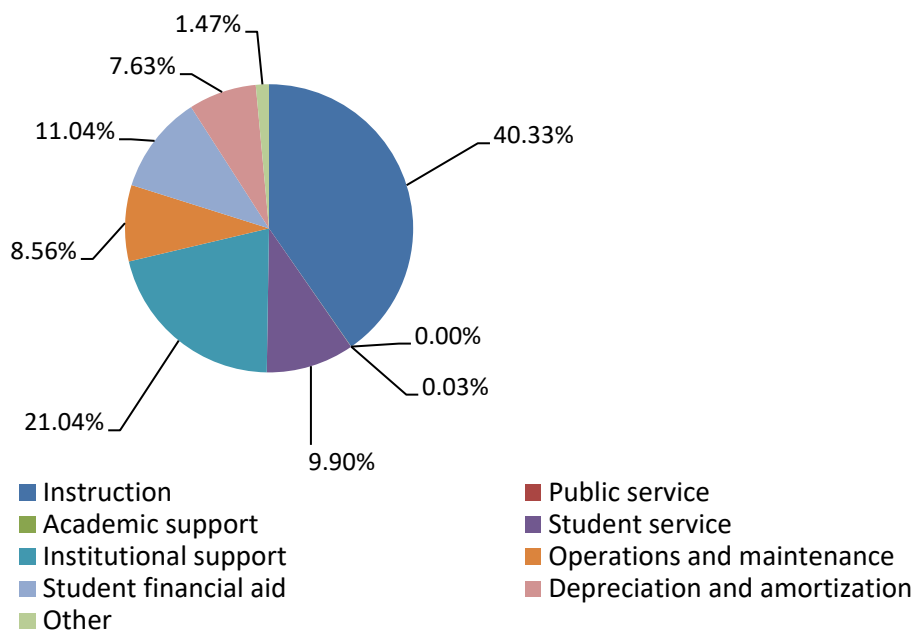
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2025

FUNCTIONAL CLASSIFICATION CHART

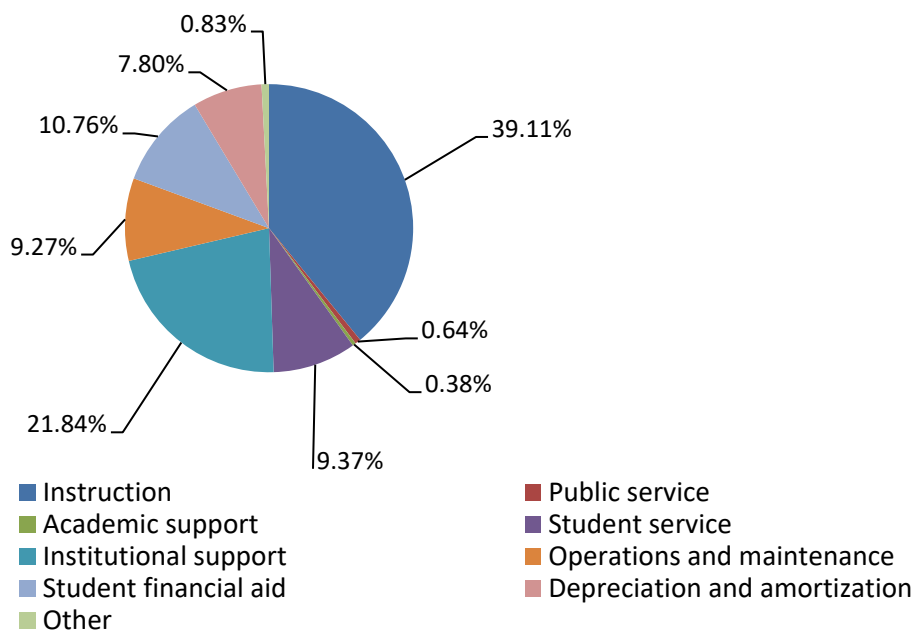
Operating Expenses:

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

2025



2024



MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2025

Breakdown of Expense by Functional Classification:

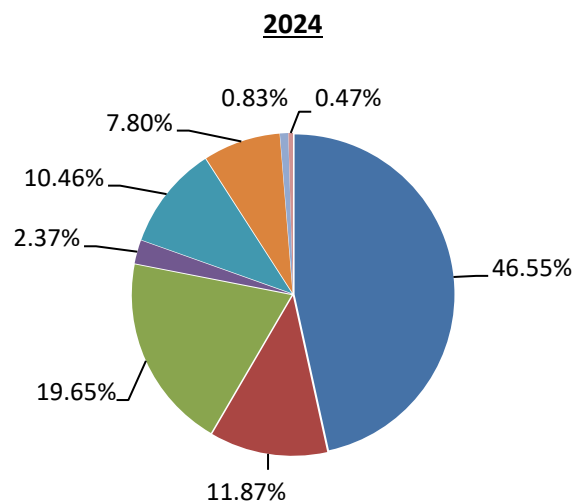
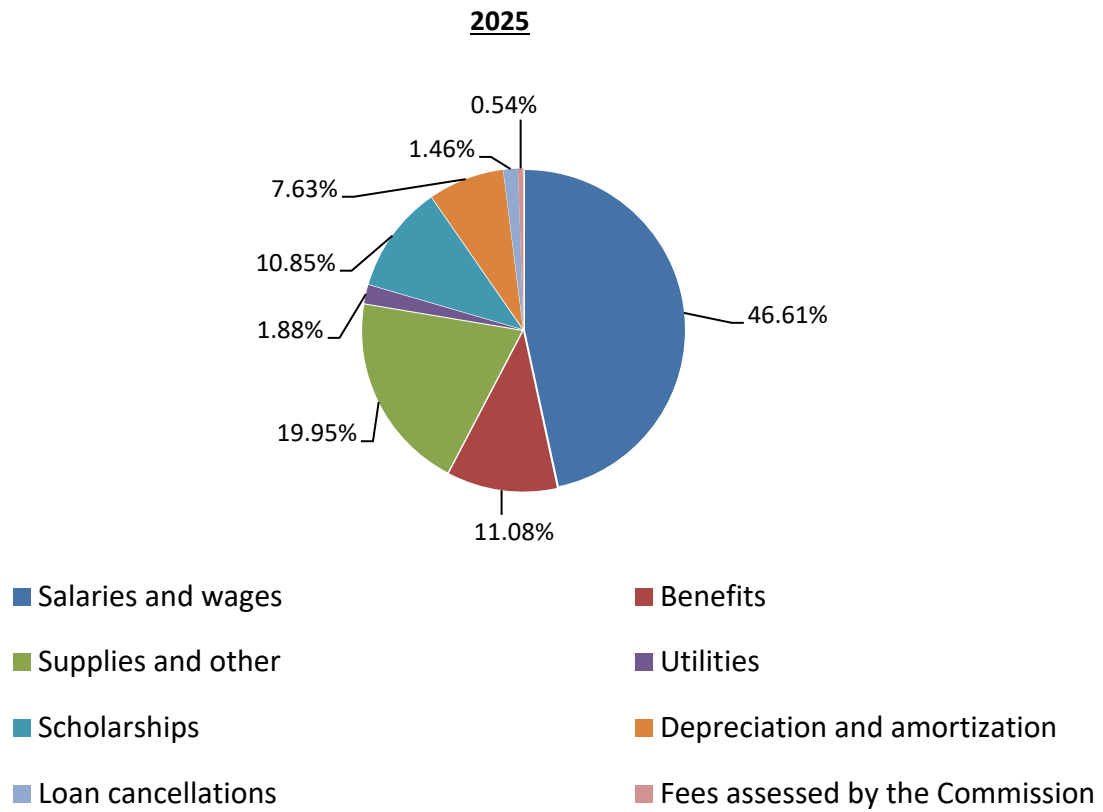
For fiscal year 2025, Pierpont's total operating expenses were \$17,677,176. Instruction expenses totaled \$7,131,441 or 40.33% of the total operating budget. The following reflects the amounts and percentages for these expenses:

	<u>2025</u>	<u>%</u>	<u>2024</u>	<u>%</u>	<u>2023</u>	<u>%</u>
Instruction	\$ 7,131,441	40.33%	\$ 6,636,438	39.11%	\$ 6,893,702	40.72%
Public service	-	0.00%	108,132	0.64%	153,138	0.90%
Academic support	5,188	0.03%	64,263	0.38%	119,129	0.70%
Student services	1,749,298	9.90%	1,590,507	9.37%	1,187,151	7.01%
General institutional support	3,719,212	21.04%	3,706,943	21.84%	3,669,174	21.67%
Operation and maintenance	1,512,449	8.56%	1,573,341	9.27%	1,482,333	8.76%
Student financial aid	1,952,321	11.04%	1,825,405	10.76%	2,049,361	12.11%
Depreciation and amortization	1,348,063	7.63%	1,324,130	7.80%	1,204,726	7.12%
Loan cancellations and write-offs	<u>259,204</u>	<u>1.47%</u>	<u>140,647</u>	<u>0.83%</u>	<u>170,241</u>	<u>1.01%</u>
Total	<u><u>\$17,677,176</u></u>	<u><u>100.00%</u></u>	<u><u>\$16,969,806</u></u>	<u><u>100.00%</u></u>	<u><u>\$16,928,955</u></u>	<u><u>100.00%</u></u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2025**

NATURAL CLASSIFICATION CHARTS

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



MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2025

Breakdown of Expenses by Natural Classification:

For fiscal year 2025, Pierpont's total operating expenses were \$17,677,176. A major portion of the total operating expenses is for direct salaries, wages, and benefits amounting to \$10,197,458 or 57.69%. The following reflects the amounts and percentages for these expenses:

	<u>2025</u>	<u>%</u>	<u>2024</u>	<u>%</u>	<u>2023</u>	<u>%</u>
Salaries and wages	\$ 8,238,305	46.61%	\$ 7,898,265	46.55%	\$ 7,312,120	43.19%
Benefits	1,959,153	11.08%	2,013,570	11.87%	1,610,512	9.51%
Supplies and other services	3,526,426	19.95%	3,335,340	19.65%	4,215,846	24.90%
Utilities	331,672	1.88%	401,777	2.37%	290,834	1.72%
Scholarships and fellowships	1,917,154	10.85%	1,775,483	10.46%	2,039,250	12.05%
Depreciation and amortization	1,348,063	7.63%	1,324,130	7.80%	1,204,726	7.12%
Loan cancellations and write-offs	259,204	1.46%	140,647	0.83%	170,241	1.01%
Fees assessed by the Commission	<u>97,199</u>	<u>0.54%</u>	<u>80,594</u>	<u>0.47%</u>	<u>85,426</u>	<u>0.50%</u>
Total	<u>\$ 17,677,176</u>	<u>100.00%</u>	<u>\$ 16,969,806</u>	<u>100.00%</u>	<u>\$16,928,955</u>	<u>100.00%</u>

- Salaries and wages increased by \$340,040 or 4.31%.
- Benefits decreased by \$54,417 or 2.70%.
- Supplies and other services expense increased by \$191,086 or 5.73%.
- Utilities decreased by \$70,105 or 17.45%.
- Student financial aid expense increased by \$141,671 or 7.98%. Gross scholarships and fellowships increased by \$2,147,443. Scholarship allowance adjustment increased by \$2,005,772 to \$5,466,463.
- Depreciation and amortization expense increased by \$23,933 and was 7.63% of total operating expenses.
- Loan cancellations and write-offs increased by \$118,557 or 84.29% due to an increase in bad debt expense.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2025

Statement of Cash Flows

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

The Statement of Cash Flows is divided into five parts:

1. **Cash flows from operating activities.** This section shows the net cash used by the operating activities.
2. **Cash flows from noncapital financing activities.** This section reflects the cash received and paid for nonoperating, noninvesting, and noncapital financing purposes.
3. **Cash flows from capital and related financing activities.** This section includes cash used for the acquisition and construction of capital and related items.
4. **Cash flows from investing activities.** This section shows the purchases, proceeds, and interest received from investing activities.
5. **Reconciliation of net cash provided by (used in) operating activities.** This section provides a schedule that reconciles the accrual-based operating income (loss) and net cash used in operating activities.

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Cash Provided By (Used In):			
Operating Activities	\$ (8,676,411)	\$ (8,083,579)	\$ (9,169,091)
Noncapital Financing Activities	10,359,245	9,516,438	10,847,518
Capital Financing Activities	(1,300,209)	(580,482)	(2,797,692)
Investing Activities	<u>425,871</u>	<u>488,129</u>	<u>337,719</u>
Change in Cash and Cash Equivalents	808,496	1,340,506	(781,546)
Cash – Beginning of Year	<u>12,825,166</u>	<u>11,484,660</u>	<u>12,266,206</u>
Cash – End of Year	<u>\$ 13,633,662</u>	<u>\$ 12,825,166</u>	<u>\$ 11,484,660</u>

Major sources of funds included in operating activities consist of tuition and fees of \$3,541,524 and contracts and grants of \$5,461,389. Major uses of funds under this category were payments made to and on behalf of employees for salaries and benefits amounting to \$10,114,026, payments to suppliers amounting to \$3,622,205, and payments for scholarships and fellowships of \$3,706,676.

Major sources of cash flow provided by noncapital financing activities consist of State appropriations of \$8,613,156 and Federal Pell grant receipts of \$3,246,089. The major use of funds under this category was for payments made to Fairmont State of \$1,500,000 in line with the Final Separation Agreement.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2025**

The major uses of cash in capital financing activities were for purchases of capital assets of \$759,279 and payments made to the Commission on debt obligation of \$240,617.

Capital Asset and Long-Term Debt Activity

During fiscal year 2025, Pierpont paid the Commission for debt incurred from bonds sold in previous years for the State's colleges and universities. Under the Final Separation Agreement, Pierpont assumed the entire debt obligation to the Commission that was previously shared between Pierpont and Fairmont State. As of June 30, 2025, the current portion due to the Commission is \$240,545, and the noncurrent portion is \$252,797.

Under the Final Separation Agreement, Pierpont is required to pay Fairmont State a total of \$16,300,000 through fiscal year 2032. Pierpont paid two equal installments in fiscal year 2025 totaling \$1,500,000, which reduced the total amount due to Fairmont State to \$10,500,000 at June 30, 2025. As of June 30, 2025, the current portion due to Fairmont State is \$1,500,000 and the noncurrent portion is \$9,000,000. Yearly payments of \$1,500,000 will be made through the fiscal year ending June 30, 2032. These payments are payable in two equal installments due no later than October 1st and March 1st of each fiscal year.

Economic Outlook

Fiscal year 2025 was a positive year for Pierpont with strong enrollment increases in students paying standard tuition rates and only slight decreases in dual credit students paying the dual credit discounted tuition rate. In October 2024, Pierpont's Board of Governors approved adoption of Pierpont's Mission, Vision, and Core Values along with Pierpont's 2024-2026 Strategic Plan.

In September 2024, Pierpont brought on a new Director of Institutional Effectiveness to help solidify the 2024-2026 Strategic Plan by introducing specific measures and key performance indicators to track progress toward the achievement of the plan's goals. With the 2024-2026 Strategic Plan approval by the Board of Governors, the institution focused on achieving the goals outlined in the plan, which identified four strategic areas of People, Programs, Partners, and Performance.

During fiscal year 2025, Pierpont expanded offerings in the School of Health Sciences primarily in the Licensed Practical Nursing Program, the Veterinary Technology Program, and Emergency Medical Services Program. Pierpont also expanded offerings in the School of Business, Aviation, and Technology primarily in the Applied Welding Program with continued focus on the Airframe and Powerplant Program. The Airframe and Powerplant Program continued to operate at Fairmont State University's National Aerospace Education Center. The new Airframe and Powerplant Training Facility approved by the West Virginia Legislature with construction expected to have begun in the Fall of 2024 was delayed. Pierpont still anticipates the facility becoming available and when in place will enable Pierpont to almost double the number of students accepted into the Program. Pierpont's Office of Career and Corporate Training, with a continued focus on serving the needs of regional business and industry offering accelerated programs designed to provide skill upgrades, stackable micro-credentials, and stand-alone certifications, increased their offerings in fiscal year 2025 and plans to do so significantly in fiscal year 2026.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2025**

With the adoption of a 2024-2026 Strategic Plan providing a renewed focus on People, Programs, Partners, and Performance, the future for Pierpont is positive. Early indications of stable enrollment in the upcoming year adds confidence that Pierpont is on the right track and supports Pierpont's expectation of a bright future. Pierpont, however, continues to be proactive in taking steps to control spending in upcoming years and remains prepared to make necessary adjustments based on changes brought about during times of uncertainty. Pierpont is excited about future opportunities and continues to focus on its mission to provide accessible, responsive, comprehensive education that works in addressing the needs of students and industry within our service region.

STATEMENTS OF NET POSITION
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 13,633,662	\$ 12,825,166
Accounts receivable — net	<u>616,854</u>	<u>368,933</u>
Total current assets	<u>14,250,516</u>	<u>13,194,099</u>
NONCURRENT ASSETS:		
Other noncurrent assets	32,679	32,679
Net OPEB asset	5,957	114,735
Capital assets — net	<u>29,291,497</u>	<u>29,702,180</u>
Total noncurrent assets	<u>29,330,133</u>	<u>29,849,594</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows related to pensions	46,393	67,493
Deferred outflows related to OPEB	<u>66,838</u>	<u>61,382</u>
Total deferred outflows of resources	<u>113,231</u>	<u>128,875</u>
TOTAL	<u>\$ 43,693,880</u>	<u>\$ 43,172,568</u>

(Continued)

STATEMENTS OF NET POSITION
JUNE 30, 2025 AND 2024

	2025	2024
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	\$ 111,434	\$ 207,213
Retainages payable	35,705	72,500
Accrued liabilities — payroll	923,841	894,001
Accrued interest	12,551	16,978
Unearned revenue and deposits	1,829,970	1,750,522
Compensated absences — current portion	442,871	323,386
Lease liability — current portion	127,189	106,193
Subscription liability — current portion	120,343	100,121
Due to Fairmont State — current portion	1,500,000	1,500,000
Debt obligation due to Commission — current portion	<u>240,545</u>	<u>240,617</u>
Total current liabilities	<u>5,344,449</u>	<u>5,211,531</u>
NONCURRENT LIABILITIES:		
Compensated absences	137,822	163,058
Lease liability	219,740	300,932
Subscription liability	36,631	129,566
Due to Fairmont State	9,000,000	10,500,000
Debt obligation due to Commission	252,797	493,342
Net pension liability	<u>43,381</u>	<u>47,047</u>
Total noncurrent liabilities	<u>9,690,371</u>	<u>11,633,945</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows related to pensions	61,126	75,576
Deferred inflows related to OPEB	<u>49,178</u>	<u>211,628</u>
Total deferred inflows of resources	<u>110,304</u>	<u>287,204</u>
NET POSITION:		
Net investment in capital assets	<u>28,258,547</u>	<u>28,258,909</u>
Restricted for — expendable		
Capital projects	1,565,215	1,288,032
Scholarships	63,307	41,968
Other	<u>23,617</u>	<u>-</u>
Total restricted	<u>1,652,139</u>	<u>1,330,000</u>
Unrestricted (deficit)	<u>(1,361,930)</u>	<u>(3,549,021)</u>
Total net position	<u>28,548,756</u>	<u>26,039,888</u>
TOTAL	<u>\$ 43,693,880</u>	<u>\$ 43,172,568</u>

The Accompanying Notes Are An Integral Part Of These Financial Statements

(Concluded)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
OPERATING REVENUES:		
Student tuition and fees — net of scholarship allowance of \$5,352,333 and \$3,460,691 in 2025 and 2024, respectively	\$ 2,124,187	\$ 2,866,015
Auxiliary enterprise revenue — net of scholarship allowance of \$114,130 and \$0 in 2025 and 2024, respectively	78,136	171,742
Contracts and grants:		
Federal	247,758	166,932
State/local	5,183,941	3,401,144
Private	180,225	297,873
Miscellaneous — net	114,318	82,873
Total operating revenues	<u>7,928,565</u>	<u>6,986,579</u>
OPERATING EXPENSES:		
Salaries and wages	8,238,305	7,898,265
Benefits	1,959,153	2,013,570
Supplies and other services	3,526,426	3,335,340
Utilities	331,672	401,777
Student financial aid — scholarships and fellowships	1,917,154	1,775,483
Depreciation and amortization	1,348,063	1,324,130
Loan cancellations and write-offs	259,204	140,647
Fees assessed by the Commission for operations	97,199	80,594
Total operating expenses	<u>17,677,176</u>	<u>16,969,806</u>
OPERATING LOSS	<u>(9,748,611)</u>	<u>(9,983,227)</u>
NONOPERATING REVENUES (EXPENSES):		
State appropriations	8,613,156	8,675,954
Federal Pell grant revenue	3,149,776	2,340,484
Investment income	425,871	488,129
Interest expense	(39,179)	(46,436)
Loss on disposal of fixed assets	(7,338)	-
Fees assessed by the Commission for debt service	(31,086)	(42,402)
Net nonoperating revenues	<u>12,111,200</u>	<u>11,415,729</u>
CHANGE IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, AND GAINS OR LOSSES	2,362,589	1,432,502
PAYMENTS MADE AND EXPENSES INCURRED BY THE COMMISSION ON BEHALF OF PIERPONT	130,792	6,550
PAYMENTS MADE AND EXPENSES INCURRED (OFFSET) BY THE STATE ON BEHALF OF PIERPONT	<u>15,487</u>	<u>(71,462)</u>
NET CHANGE IN NET POSITION	2,508,868	1,367,590
NET POSITION — Beginning of year	<u>26,039,888</u>	<u>24,672,298</u>
NET POSITION — End of year	<u>\$ 28,548,756</u>	<u>\$ 26,039,888</u>

The Accompanying Notes Are An Integral Part Of These Financial Statements

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	\$ 3,541,524	\$ 4,408,754
Contracts and grants	5,461,389	4,158,371
Payments to and on behalf of employees	(10,114,026)	(9,600,898)
Payments to suppliers	(3,622,205)	(3,293,027)
Payments to utilities	(331,672)	(401,777)
Payments for scholarships and fellowships	(3,706,676)	(3,529,023)
Auxiliary enterprise charges	78,136	171,742
Fees assessed by the Commission	(97,199)	(80,594)
Other receipts — net	<u>114,318</u>	<u>82,873</u>
Net cash used in operating activities	<u>(8,676,411)</u>	<u>(8,083,579)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	8,613,156	8,675,954
Federal Pell grant revenues	3,246,089	2,340,484
William D. Ford direct lending receipts	1,789,522	1,753,540
William D. Ford direct lending payments	(1,789,522)	(1,753,540)
Payments to Fairmont State	<u>(1,500,000)</u>	<u>(1,500,000)</u>
Net cash provided by noncapital financing activities	<u>10,359,245</u>	<u>9,516,438</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Fees assessed by the Commission	(31,086)	(42,402)
Purchases of capital assets	(759,279)	(376,785)
Proceeds from sale of capital assets	8,321	320,663
Payments on leases	(146,435)	(137,308)
Payments on SBITAs	(131,113)	(116,521)
Payments to the Commission on debt obligation	<u>(240,617)</u>	<u>(228,129)</u>
Net cash used in capital financing activities	<u>(1,300,209)</u>	<u>(580,482)</u>
CASH FLOWS FROM INVESTING ACTIVITY — Investment income	<u>425,871</u>	<u>488,129</u>
CHANGE IN CASH AND CASH EQUIVALENTS	808,496	1,340,506
CASH AND CASH EQUIVALENTS — Beginning of year	<u>12,825,166</u>	<u>11,484,660</u>
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 13,633,662</u>	<u>\$ 12,825,166</u>

(Continued)

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (9,748,611)	\$ (9,983,227)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	1,348,063	1,324,130
Pension expense — special funding situation	5,401	11,367
OPEB expense — special funding situation	10,086	(82,829)
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable — net	(246,651)	(40,152)
Net OPEB asset	108,778	(114,735)
Deferred outflows of resources	15,644	647,682
Accounts payable	(95,779)	42,313
Accrued liabilities — payroll	29,840	148,363
Unearned revenue and deposits	(16,865)	262,420
Compensated absences	94,249	53,281
Net OPEB liability	-	(85,242)
Net pension liability	(3,666)	(113,810)
Deferred inflows of resources	<u>(176,900)</u>	<u>(153,140)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (8,676,411)</u>	<u>\$ (8,083,579)</u>
NONCASH TRANSACTIONS:		
Capital asset additions in retainages payable	<u>\$ 35,705</u>	<u>\$ 72,500</u>
Sale of capital assets in accounts receivable	<u>\$ 1,270</u>	<u>\$ -</u>
Payments made and expenses incurred by the Commission on behalf of Pierpont	<u>\$ 130,792</u>	<u>\$ 6,550</u>
Right-to-use assets acquired through outstanding leases	<u>\$ 59,326</u>	<u>\$ -</u>
Right-to-use assets acquired through outstanding SBITAs	<u>\$ 41,707</u>	<u>\$ 85,375</u>
The Accompanying Notes Are An Integral Part Of These Financial Statements		(Concluded)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

1. ORGANIZATION

Pierpont Community & Technical College (Pierpont) is governed by the Pierpont Community & Technical College Board of Governors (the Board). The Board was established by House Bill 3215, which clarified and redefined relationships between and among certain higher education boards and institutions. This legislation defines the statewide network of independently accredited community and technical colleges.

Powers and duties of the Board include, but are not limited to, the power to determine, control, supervise, and manage the financial, business, and educational policies and affairs of Pierpont under its jurisdiction; the duty to develop a master plan for Pierpont; the power to prescribe the specific functions and Pierpont's budget request; the duty to review, at least every five years, all academic programs offered at Pierpont; and the power to fix tuition and other fees for the different classes or categories of students enrolled at Pierpont.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity - Pierpont is a blended component unit of the West Virginia Higher Education Fund and represents separate funds of the State that are not included in the State's general fund. Pierpont is a separate entity, which, along with all State institutions of higher education, the Council, and the West Virginia Higher Education Policy Commission (the Commission, which includes the West Virginia Network for Educational Telecomputing), forms the Higher Education Fund of the State. The Higher Education Fund is considered a component unit of the State, and its financial statements are discretely presented in the State's annual comprehensive financial report.

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Restricted net position - nonexpendable - This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal. Pierpont does not have any restricted nonexpendable net position at June 30, 2025 and 2024.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

GASB requires entities to accrue for employees' rights to receive compensation for vacation and/or sick leave that has been earned, accumulated, and is anticipated to be used, paid out, or otherwise settled using current pay rates. Pierpont's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination. Pierpont's full-time employees earn up to one-and-a-half sick leave days for each month of service and unpaid sick leave is generally forfeited upon termination; however, employees hired prior to July 1, 2001 can convert unpaid sick leave to OPEB premiums upon termination.

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State OPEB Plan and additions to/reductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the West Virginia Retiree Health Benefit Trust Fund (RHBT). For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See note 9 for further discussion.

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

Net Pension Liability - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of West Virginia Teachers' Retirement System (STRS), and additions to/deductions from STRS fiduciary net position have been determined on the same basis as they are reported by STRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See note 12 for further discussion.

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Financial Assistance Programs - Pierpont makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest-subsidized and unsubsidized loans directly to students, through schools like Pierpont. Direct student loan receivables are not included in Pierpont's statements of net position as the loans are repayable directly to the U.S. Department of Education. In 2025 and 2024, Pierpont received and disbursed approximately \$1.8 million and \$1.8 million, respectively, under the Federal Direct Student Loan Program on behalf of the U.S. Department of Education, which is not included as revenue and expense in the statements of revenues, expenses, and changes in net position.

Pierpont also distributes other student financial assistance funds on behalf of the federal government to students under the Federal Pell Grant, Supplemental Educational Opportunity Grant, and College Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2025 and 2024, Pierpont was awarded approximately \$3.4 million and \$2.5 million, respectively, under these federal student aid programs.

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

Certain aid, such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending, is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowance, which reduces revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition.

For the fiscal year ended June 30, 2024, Pierpont calculated the scholarship allowance utilizing the alternative method as described in earlier advisories issued by the National Association of College and University Business Officers (NACUBO). Under the alternative method, the amount reported as scholarship allowance and student financial aid expense was computed 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.

Effective for the fiscal year ended June 30, 2025, Pierpont changed the methodology used to estimate scholarship allowances reported as reductions to tuition and fees and auxiliary enterprise revenues due to NACUBO no longer endorsing the alternative method. Pierpont implemented Method A as outlined in NACUBO Advisory 2023-01. Under Method A, financial aid awards are applied in a prescribed sequence to individual student charges by term, using actual amounts applied to tuition, fees, and other auxiliary services. The scholarship allowance is calculated as the amount of aid applied to tuition and fees and auxiliary services, and that amount is reported as a reduction of the corresponding revenue. Aid that exceeds institutional charges is reported as student financial aid expense. The change in methodology was made to improve the accuracy and transparency of scholarship allowance calculations by reflecting actual financial aid application data rather than estimated proportions.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*, this change is considered a change in accounting estimate resulting from a change in estimation methodology. It has been applied prospectively, and prior periods have not been restated.

While the precise quantitative effect on individual financial statement line items is not reasonably determinable, Pierpont expects the change resulted in the following presentation impacts for the year ended June 30, 2025: a decrease in net tuition and fees revenue, an increase in student financial aid expense, and an increase in contracts and grants revenue, primarily related to federal and state aid programs.

This change does not impact total net position or the amount of aid distributed to students and instead is the result of reclassifying existing financial aid sources (including Pell, state, and institutional aid) more accurately based on actual student-level application of aid to tuition and fees and auxiliary charges.

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Newly Adopted Statements Issued by GASB - Pierpont implemented GASB Statement No. 101, *Compensated Absences*, which is effective for fiscal years beginning after December 15, 2023. This statement modifies the criteria requiring a liability for compensated absences to be recognized. Under this statement a liability must be recognized for leave that has not been used or leave that has been used but not yet paid in cash or settled through noncash means. Furthermore, the liability for leave that has not been used is recognized if the leave is attributed to services already rendered, that accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. If the leave is considered more likely than not to be settled through conversion to a defined benefit post-employment benefit it should not be included in the liability for compensated absences. This statement also specifies certain types of benefits where the liability is not recognized until leave commences or where the liability is not recognized until the leave is used. The statement also provides guidance for measuring the liability and modifies the disclosure requirements allowing for disclosure of only the net change in the liability and no longer requiring disclosure of which governmental funds have been used to liquidate the liabilities. The adoption of GASB Statement No. 101 resulted in the recognition of certain types of previously unrecorded compensated absences, such as sick leave, that have been earned, accumulated, and are anticipated to be used and paid out. The change did not result in a material change to prior year financial statements; therefore, prior year amounts have not been restated.

Pierpont also implemented GASB Statement No. 102, *Certain Risk Disclosures*, which is effective for fiscal years beginning after June 15, 2024. The objective of this statement is to provide financial statement users with information about risks due to concentration or constraints common in a governmental environment. The standard requires an assessment of whether any concentrations or constraints increase the government's vulnerability to significant impacts, and whether events associated with concentrations and/or constraints have occurred or are more likely than not to occur within one year of issuance of the financial statements. Further, additional detailed disclosures may be required in certain situations. The adoption of GASB Statement No. 102 did not have a significant impact on the financial statements.

Recent Statements Issued by GASB - GASB has issued Statement No. 103, *Financial Reporting Model Improvements*, which is effective for fiscal years beginning after June 15, 2025. The focus of the improvements are to the presentation of (1) management's discussion and analysis, (2) unusual or infrequent items, (3) proprietary fund statement of revenues, expenses, and changes in net position, (4) major component unit information, and (5) budgetary comparison information. Pierpont has not yet determined the effect that the adoption of GASB Statement No. 103 may have on its financial statements.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB also issued Statement No. 104, *Disclosure of Certain Capital Assets*, which is effective for fiscal years beginning after June 15, 2025. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets, subscription-based information technology arrangement assets, and right-to-use assets should be disclosed separately by major class of underlying asset in the capital assets note disclosures. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale including if (1) the government has decided to pursue the sale of the capital asset, and (2) it is probable that the sale will be finalized within one year of the financial statement date. Governments should evaluate these assets each reporting period and disclose the ending balance of capital assets held for sale, with separate disclosures for historical cost and accumulated depreciation by major class of asset, and the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. Pierpont has not yet determined the effect that the adoption of GASB Statement No. 104 may have on its financial statements.

3. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents at June 30, 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>
State Treasurer	\$ 13,626,194	\$ 12,823,743
In bank	7,068	1,023
On hand	<u>400</u>	<u>400</u>
	<u>\$ 13,633,662</u>	<u>\$ 12,825,166</u>

Cash held by the Treasurer includes no restricted cash at June 30, 2025 and 2024.

The combined carrying amount of cash in the bank at June 30, 2025 and 2024 was \$7,068 and \$1,023, respectively, as compared with the combined bank balance of \$7,068 and \$1,197, respectively. Any differences are primarily caused by outstanding checks and deposits in transit. The Federal Deposit Insurance Corporation (FDIC) coverage is \$250,000 for interest and non-interest bearing deposits. From time to time, Pierpont may carry deposit balances in individual financial institutions exceeding this limit.

Amounts with the State Treasurer were \$13,626,194 and \$12,823,743 as of June 30, 2025 and 2024, respectively. Of these amounts, \$10,026,847 and \$9,143,403 were invested in the WV Money Market Pool and the WV Short Term Bond Pool as of June 30, 2025 and 2024, respectively. The remainder of the cash held with the State Treasurer was not invested as of June 30, 2025 and 2024.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

3. CASH AND CASH EQUIVALENTS (CONTINUED)

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

External Pool	2025		2024	
	Carrying Value	S & P Rating	Carrying Value	S & P Rating
WV Money Market Pool	\$ 9,796,628	AAAm	\$ 8,936,189	AAAm
WV Short Term Bond Pool	230,219	Not Rated	207,214	Not Rated

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

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

External Pool	2025		2024	
	Carrying Value	WAM (Days)	Carrying Value	WAM (Days)
WV Money Market Pool	\$ 9,796,628	41	\$ 8,936,189	36

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

External Pool	2025		2024	
	Carrying Value	Effective Duration (Days)	Carrying Value	Effective Duration (Days)
WV Short Term Bond Pool	\$ 230,219	637	\$ 207,214	645

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

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

3. CASH AND CASH EQUIVALENTS (CONTINUED)

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

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

4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
Student tuition and fees — net of allowance for doubtful accounts of \$4,415,851 and \$4,160,028, respectively	\$ 281,656	\$ 194,240
Due from Council	138,370	128,461
Due from Commission	184,443	41,484
Due from other state agencies	620	-
Other accounts receivable	<u>11,765</u>	<u>4,748</u>
	<u>\$ 616,854</u>	<u>\$ 368,933</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

5. CAPITAL ASSETS

A summary of capital assets transactions for Pierpont for the years ended June 30, 2025 and 2024 is as follows:

	2025			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 2,308,295	\$ -	\$ -	\$ 2,308,295
Construction in progress	-	93,560	-	93,560
Total capital assets not being depreciated	<u>\$ 2,308,295</u>	<u>\$ 93,560</u>	<u>\$ -</u>	<u>\$ 2,401,855</u>
Other capital assets being depreciated:				
Land improvements	\$ 311,415	\$ -	\$ -	\$ 311,415
Buildings	31,644,030	-	-	31,644,030
Equipment	6,140,061	759,715	(336,738)	6,563,038
Computer software	51,795	-	-	51,795
Total other capital assets being depreciated	<u>38,147,301</u>	<u>759,715</u>	<u>(336,738)</u>	<u>38,570,278</u>
Lease assets being amortized:				
Buildings	537,057	-	-	537,057
Equipment	17,395	59,326	-	76,721
Total lease assets being amortized	<u>554,452</u>	<u>59,326</u>	<u>-</u>	<u>613,778</u>
Subscription assets being amortized	<u>517,203</u>	<u>41,707</u>	<u>-</u>	<u>558,910</u>
Less accumulated depreciation for other capital assets:				
Land improvements	207,321	10,625	-	217,946
Buildings	6,967,337	640,614	-	7,607,951
Equipment	4,213,495	442,113	(319,810)	4,335,798
Computer software	20,862	11,600	-	32,462
Total accumulated depreciation	<u>11,409,015</u>	<u>1,104,952</u>	<u>(319,810)</u>	<u>12,194,157</u>
Less accumulated amortization for lease and subscription assets:				
Lease assets - buildings	152,166	107,412	-	259,578
Lease assets - equipment	10,437	18,311	-	28,748
Subscription assets	253,453	117,388	-	370,841
Total accumulated amortization	<u>416,056</u>	<u>243,111</u>	<u>-</u>	<u>659,167</u>
Other capital assets, lease assets, and subscription assets — net	<u>\$ 27,393,885</u>	<u>\$ (487,315)</u>	<u>\$ (16,928)</u>	<u>\$ 26,889,642</u>
Capital asset summary:				
Capital assets not being depreciated	\$ 2,308,295	\$ 93,560	\$ -	\$ 2,401,855
Other capital assets	38,147,301	759,715	(336,738)	38,570,278
Lease assets	554,452	59,326	-	613,778
Subscription assets	517,203	41,707	-	558,910
Total cost of capital assets	<u>41,527,251</u>	<u>954,308</u>	<u>(336,738)</u>	<u>42,144,821</u>
Less accumulated depreciation and amortization	<u>11,825,071</u>	<u>1,348,063</u>	<u>(319,810)</u>	<u>12,853,324</u>
Capital assets — net	<u>\$ 29,702,180</u>	<u>\$ (393,755)</u>	<u>\$ (16,928)</u>	<u>\$ 29,291,497</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

5. CAPITAL ASSETS (CONTINUED)

	2024			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 2,308,295	\$ -	\$ -	\$ 2,308,295
Total capital assets not being depreciated	\$ 2,308,295	\$ -	\$ -	\$ 2,308,295
Other capital assets being depreciated:				
Land improvements	\$ 292,400	\$ 19,015	\$ -	\$ 311,415
Buildings	31,644,030	-	-	31,644,030
Equipment	6,027,846	129,715	(17,500)	6,140,061
Computer software	16,995	34,800	-	51,795
Total other capital assets being depreciated	37,981,271	183,530	(17,500)	38,147,301
Lease assets being amortized:				
Buildings	537,057	-	-	537,057
Equipment	119,560	-	(102,165)	17,395
Total lease assets being amortized	656,617	-	(102,165)	554,452
Subscription assets being amortized	431,828	85,375	-	517,203
Less accumulated depreciation for other capital assets:				
Land improvements	197,133	10,188	-	207,321
Buildings	6,326,722	640,615	-	6,967,337
Equipment	3,784,929	446,066	(17,500)	4,213,495
Computer software	16,995	3,867	-	20,862
Total accumulated depreciation	10,325,779	1,100,736	(17,500)	11,409,015
Less accumulated amortization for lease and subscription assets:				
Lease assets - buildings	44,755	107,411	-	152,166
Lease assets - equipment	101,264	11,338	(102,165)	10,437
Subscription assets	148,808	104,645	-	253,453
Total accumulated amortization	294,827	223,394	(102,165)	416,056
Other capital assets, lease assets, and subscription assets — net	\$ 28,449,110	\$ (1,055,225)	\$ -	\$ 27,393,885
Capital asset summary:				
Capital assets not being depreciated	\$ 2,308,295	\$ -	\$ -	\$ 2,308,295
Other capital assets	37,981,271	183,530	(17,500)	38,147,301
Lease assets	656,617	-	(102,165)	554,452
Subscription assets	431,828	85,375	-	517,203
Total cost of capital assets	41,378,011	268,905	(119,665)	41,527,251
Less accumulated depreciation and amortization	10,620,606	1,324,130	(119,665)	11,825,071
Capital assets — net	\$ 30,757,405	\$ (1,055,225)	\$ -	\$ 29,702,180

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

5. CAPITAL ASSETS (CONTINUED)

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

Pierpont had no construction commitments as of June 30, 2025.

6. LONG-TERM LIABILITIES

Long-term obligation activities for the years ended June 30, 2025 and 2024 are as follows:

	2025				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 486,444	\$ 94,249*	\$ -	\$ 580,693	\$ 442,871
Lease liability	407,125	57,874	(118,070)	346,929	127,189
Subscription liability	229,687	27,408	(100,121)	156,974	120,343
Due to Fairmont State	12,000,000	-	(1,500,000)	10,500,000	1,500,000
Debt obligation due to Commission	<u>733,959</u>	<u>-</u>	<u>(240,617)</u>	<u>493,342</u>	<u>240,545</u>
Total long-term liabilities	<u>\$ 13,857,215</u>	<u>\$ 179,531</u>	<u>\$ (1,958,808)</u>	<u>\$ 12,077,938</u>	<u>\$ 2,430,948</u>

*Total change in compensated absences is presented as a net amount after implementation of GASB Statement No. 101, *Compensated Absences*.

	2024				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 433,163	\$ 317,990	\$ (264,709)	\$ 486,444	\$ 323,386
Lease liability	515,011	-	(107,886)	407,125	106,193
Subscription liability	244,460	61,207	(75,980)	229,687	100,121
Due to Fairmont State	13,500,000	-	(1,500,000)	12,000,000	1,500,000
Debt obligation due to Commission	<u>962,088</u>	<u>-</u>	<u>(228,129)</u>	<u>733,959</u>	<u>240,617</u>
Total long-term liabilities	<u>\$ 15,654,722</u>	<u>\$ 379,197</u>	<u>\$ (2,176,704)</u>	<u>\$ 13,857,215</u>	<u>\$ 2,270,317</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

7. LEASES

Pierpont leases buildings and equipment for various terms under long-term, noncancelable lease agreements. The leases have monthly or quarterly installments ranging between \$427 and \$10,415 plus interest ranging between interest at 6.35% and 8.50% with due dates ranging from June 2026 to June 2028.

Future annual minimum lease payments on leases for years subsequent to June 30, 2025, are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2026	\$ 127,189	\$ 19,246	\$ 146,435
2027	131,704	10,704	142,408
2028	<u>88,036</u>	<u>2,295</u>	<u>90,331</u>
	<u>\$ 346,929</u>	<u>\$ 32,245</u>	<u>\$ 379,174</u>

8. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Pierpont has entered into SBITAs with various terms under long-term, noncancelable agreements. The SBITAs have annual installments ranging between \$12,500 and \$96,230 plus interest ranging from 6.50% to 8.50% with due dates ranging from June 2026 to June 2028.

Future annual minimum subscription payments on SBITAs for years subsequent to June 30, 2025, are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2026	\$ 120,343	\$ 11,788	\$ 132,131
2027	25,146	3,120	28,266
2028	<u>11,485</u>	<u>1,015</u>	<u>12,500</u>
	<u>\$ 156,974</u>	<u>\$ 15,923</u>	<u>\$ 172,897</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

9. OTHER POSTEMPLOYMENT BENEFITS

Following are Pierpont's net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, revenues, OPEB expense, and contributions made for the fiscal years ended June 30, 2025 and 2024:

	2025	2024
Net OPEB liability (asset)	\$ (5,957)	\$ (114,735)
Deferred outflows of resources	66,838	61,382
Deferred inflows of resources	49,178	211,628
Revenues	10,086	(82,829)
OPEB expense	(14,973)	99,481
Contributions made by Pierpont	34,071	5,659

Plan Description

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

The primary sources of revenue are plan members and employer contributions. Members' contributions are recognized in the period in which the contributions are due. Employer contributions and related receivables to the trust are recognized pursuant to a formal commitment from the employer or statutory or contractual requirement, when there is a reasonable expectation of collection. Benefits and refunds are recognized when due and payable.

Benefits Provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

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

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)***Contributions***

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

Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. In fiscal year 2024, there was no subsidization of retiree healthcare from paygo premiums and PEIA active employers were not billed paygo. The prior year paygo rate for fiscal year 2023 was \$70 per active health policy per month.

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

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

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

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

Pierpont's contributions to the OPEB plan for the years ended June 30, 2025 and 2024 were \$34,071 and \$5,659, respectively.

Assumptions

The June 30, 2025 OPEB liability (asset) for financial reporting purposes was determined by an actuarial valuation as of June 30, 2023 and a measurement date of June 30, 2024. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Inflation rate: 2.50%.
- Salary increase: Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation.
- Investment rate of return: 7.40%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates: Trend rates for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2033.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

- Actuarial cost method: Entry age normal cost method.
- Amortization method: Level percentage of payroll over a 20-year closed period as of June 30, 2017.
- Wage inflation: 2.75%.
- Retirement age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2020 actuarial valuation.
- Aging factors: Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
- Expenses: Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.
- Mortality post-retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females.
- Mortality pre-retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 100% for females.

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

The actuarial valuation as of June 30, 2023, reflects updates to the following healthcare related assumptions, which include per capita claim costs, healthcare trend rates, coverage and continuance, and participation rates.

The long-term expected rate of return of 7.40% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.60% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 2.75% for assets invested with the BTI.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Target asset allocations, capital market assumptions (CMA), and forecast returns were provided by the Plan's investment advisors, including the West Virginia Investment Management Board (WV-IMB). The projected nominal return for the Money Market Pool held with the BTI was estimated based on the WV-IMB assumed inflation of 2.50% plus a 25-basis point spread.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The target allocation and estimates of annualized long-term expected returns assuming a 10-year horizon as of June 30, 2024 and 2023 are summarized below:

June 30, 2024		
Asset Class	Target Allocation	Long-term Expected Real Return
Equity	45.0%	7.4%
Fixed income	15.0%	3.9%
Private credit and income	6.0%	7.4%
Private equity	12.0%	10.0%
Real estate	12.0%	7.7%
Hedge funds	10.0%	4.5%
June 30, 2023		
Asset Class	Target Allocation	Long-term Expected Real Return
Equity	45.0%	7.4%
Fixed income	15.0%	3.9%
Private credit and income	6.0%	7.4%
Private equity	12.0%	10.0%
Real estate	12.0%	7.2%
Hedge funds	10.0%	4.5%

Single discount rate. The discount rate used to measure the total OPEB liability (asset) was 7.40% for fiscal years 2025 and 2024. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.40% for those fiscal years. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

Sensitivity of the net OPEB liability (asset) to changes in the discount rate. The following presents Pierpont's proportionate share of the net OPEB liability (asset) as of June 30, 2025 and 2024 calculated using a discount rate that is one percentage point lower (6.40%) or one percentage point higher (8.40%) than the current rate (7.40%).

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability (asset)			
2025	\$ 26,043	\$ (5,957)	\$ (32,607)
2024	(19,414)	(114,735)	(219,281)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rate. The following presents Pierpont's proportionate share of the net OPEB liability (asset) as of June 30, 2025 and 2024 calculated using the healthcare cost trend rate, as well as what Pierpont's net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB liability (asset)			
2025	\$ (46,835)	\$ (5,957)	\$ 43,684
2024	(292,279)	(114,735)	96,397

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

The June 30, 2025 net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The June 30, 2024 net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

At June 30, 2025, Pierpont's proportionate share of the net OPEB liability (asset) was \$(24,668). Of this amount, Pierpont recognized \$(5,957) as its proportionate share on the statement of net position. The remainder of \$(18,711) denotes Pierpont's proportionate share of net OPEB liability (asset) attributable to the special funding situation.

At June 30, 2024, Pierpont's proportionate share of the net OPEB liability (asset) was \$(163,708). Of this amount, Pierpont recognized \$(114,735) as its proportionate share on the statement of net position. The remainder of \$(48,973) denotes Pierpont's proportionate share of net OPEB liability (asset) attributable to the special funding situation.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to OPEB for each of the fiscal years ended June 30, 2024 and 2023. Employer contributions are recognized when due. At the June 30, 2024 measurement date, Pierpont's proportion was 0.014306664%, a decrease of 0.058196414% from its proportion of 0.072503078% calculated as of June 30, 2023. At the June 30, 2023 measurement date, Pierpont's proportion was 0.072503078%, a decrease of 0.004085792% from its proportion of 0.076588870% calculated as of June 30, 2022.

For the year ended June 30, 2025, Pierpont recognized OPEB expense of \$(14,973). Of this amount, \$(25,059) was recognized as Pierpont's proportionate share of OPEB expense and \$ 10,086 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. Pierpont also recognized revenue of \$10,086 for support provided by the State.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

For the year ended June 30, 2024, Pierpont recognized OPEB expense of \$99,481. Of this amount, \$182,310 was recognized as Pierpont's proportionate share of OPEB expense and \$(82,829) as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. Pierpont also recognized revenue of \$(82,829) for support provided by the State.

At June 30, 2025 and 2024, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

<u>June 30, 2025</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual non-investment experience	\$ 20,748	\$ 5,990
Changes in proportion and difference between employer contributions and proportionate share of contributions	9,745	29,357
Net difference between projected and actual investment earnings	-	6,787
Changes in assumptions	2,274	7,044
Contributions after the measurement date	<u>34,071</u>	<u>-</u>
Total	<u>\$ 66,838</u>	<u>\$ 49,178</u>
 <u>June 30, 2024</u>	 <u>Deferred Outflows of Resources</u>	 <u>Deferred Inflows of Resources</u>
Differences between expected and actual non-investment experience	\$ -	\$ 66,788
Changes in proportion and difference between employer contributions and proportionate share of contributions	24,086	78,914
Net difference between projected and actual investment earnings	-	1,913
Changes in assumptions	31,637	64,013
Contributions after the measurement date	<u>5,659</u>	<u>-</u>
Total	<u>\$ 61,382</u>	<u>\$ 211,628</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Pierpont will recognize the \$34,071 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction (increase) of the net OPEB liability (asset) in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Amortization</u>
2026	\$ (40,549)
2027	36,193
2028	(8,243)
2029	<u>(3,812)</u>
	<u>\$ (16,411)</u>

Payables to the OPEB Plan

Pierpont had amounts payable for normal contributions to the OPEB plan of \$420 and \$0, respectively, as of June 30, 2025 and 2024.

10. STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

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

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

The Municipal Bond Commission has the authority to assess each public institution of higher education for payment of debt service on these system bonds. The tuition and registration fees of the members of the former State University System are generally pledged as collateral for the Commission's bond indebtedness. Student fees collected by the institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. Although the bonds remain as a capital obligation of the Commission, an estimate of the obligation of each institution is reported as a long-term payable by each institution and as a receivable by the Commission. During 2025 and 2024, Pierpont reduced its debt to the Commission against the debt obligation by \$240,617 and \$228,129, respectively. The amount due to Commission at June 30, 2025 and 2024 is \$493,342 and \$733,959, respectively.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

11. NET POSITION

Pierpont's net position at June 30, 2025 and 2024 includes certain designated net position, as follows:

	<u>2025</u>	<u>2024</u>
Net investment in capital assets	\$ 28,258,547	\$ 28,258,909
Restricted for — expendable:		
Capital projects	1,565,215	1,288,032
Scholarships	63,307	41,968
Other	<u>23,617</u>	<u>-</u>
Total restricted	<u>1,652,139</u>	<u>1,330,000</u>
Unrestricted:		
Designated for auxiliaries	250,011	191,883
Designated for fund managers	1,952,727	2,015,837
Undesignated	<u>(3,564,668)</u>	<u>(5,756,741)</u>
Total unrestricted (deficit)	<u>(1,361,930)</u>	<u>(3,549,021)</u>
Total net position	<u>\$ 28,548,756</u>	<u>\$ 26,039,888</u>

Pierpont's unrestricted net position decreased by \$12,452,915 during the year ended June 30, 2021 to a deficit of \$(12,430,336). Pierpont's loss on the final separation from Fairmont State was \$27,872,673. The unrestricted funds incurred \$16,300,000 of that loss, which was recorded as an amount due to Fairmont State at June 30, 2021. Pierpont's leadership evaluates operating costs during the budget development and throughout the year. Budget needs are strategically evaluated and only those with the most significant impact obtain approval to maintain a balanced budget or minimal deficit condition. During the years ended June 30, 2025 and 2024, Pierpont improved its unrestricted net position by \$2,187,091 and \$2,529,233, respectively, to a deficit of \$(1,361,930) and \$(3,549,021) at June 30, 2025 and 2024, respectively. With Pierpont's investment in new expanded facilities for the Culinary Academy, the Veterinary Technology Assistant Program, the Early Childhood Program, and an anticipated new facility for the Aviation Maintenance Program, along with the implementation of a strategic enrollment plan, Pierpont anticipates improvements to enrollments, which will further enable Pierpont to continue to improve its unrestricted net position.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

12. RETIREMENT PLANS

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

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

DEFINED BENEFIT PENSION PLAN

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

Following are Pierpont's net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, revenues, the pension expense, and contributions made for the fiscal years ended June 30, 2025 and 2024:

	2025	2024
Net pension liability	\$ 43,381	\$ 47,047
Deferred outflows of resources	46,393	67,493
Deferred inflows of resources	61,126	75,576
Revenues	5,401	11,367
Pension expense	18,944	25,035
Contributions made by Pierpont	9,008	8,717

Plan Description

STRS a cost-sharing multi-employer defined benefit pension plan administered by the West Virginia Consolidated Public Retirement Board (CPRB). STRS provides retirement benefits as well as death and disability benefits. CPRB issues a publicly available financial report that includes financial statements and required supplemental information for STRS. That report can be obtained by writing to CPRB, 601 57th Street, Suite 5, Charleston, West Virginia 25304 or by calling (304) 558-3570.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

12. RETIREMENT PLANS (CONTINUED)

Benefits Provided

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

Contributions

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

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

Employer Contributions: Employers make the following contributions:

The State (including institutions of higher education) contributes:

- 15% of gross salary of their State-employed members hired prior to July 1, 1991;
- 7.5% of the gross salary of their TRS covered employees hired for the first time after July 1, 2005 and for those TDCRS members who elected to transfer to STRS effective July 1, 2008;
- a certain percentage of fire insurance premiums paid by State residents; and
- under WV State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the STRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2025 and 2024, Pierpont's proportionate share attributable to this special funding situation was \$5,401 and \$11,367, respectively.

Pierpont's contributions to STRS for the years ended June 30, 2025 and 2024 were \$9,008 and \$8,717, respectively.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

12. RETIREMENT PLANS (CONTINUED)

Assumptions

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2023 and 2022 and rolled forward to June 30, 2024 and 2023, respectively. The following actuarial assumptions were used and applied to the current period measurement:

- Actuarial cost method: Entry age normal cost with level percentage of payroll.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method and period: Level dollar, fixed period over 40 years, from July 1, 1994 through fiscal year 2034.
- Investment rate of return of 7.25%, net of investment expense.
- Projected salary increases: Teachers 2.75-5.90% and non-teachers 2.75-6.50%, based on age.
- Inflation rate of 2.75%.
- Discount rate of 7.25%.
- Mortality rates based on Pub-2010 Mortality Tables.
- Withdrawal rates: Teachers 7.00-35.00% and non-teachers 2.30-18.00%.
- Disability rates: 0.004-0.563%.
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Retirement rates: 15.00-100.00%.
- 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, 2015 to June 30, 2020.

The long-term expected rate of return on pension plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term geometric real rates of return for each major asset class included in STRS' target asset allocation as of June 30, 2024 and 2023, are summarized below.

Asset Class	June 30, 2024	
	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	6.5%	22.5%
International equity	9.1%	22.5%
Fixed income	4.3%	15.0%
Real estate	5.8%	12.0%
Private equity	9.2%	12.0%
Private credit	9.8%	6.0%
Hedge funds	4.6%	10.0%

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

12. RETIREMENT PLANS (CONTINUED)

Asset Class	June 30, 2023	
	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	6.5%	27.5%
International equity	9.1%	27.5%
Fixed income	4.3%	15.0%
Real estate	5.8%	10.0%
Private equity	9.2%	10.0%
Hedge funds	4.6%	10.0%

Discount rate. The discount rate used to measure the total STRS pension liability was 7.25% for fiscal years 2025 and 2024. The projection of cash flows used to determine the discount rate assumed that State contributions will continue to follow the current funding policy. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on STRS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents Pierpont's proportionate share of the STRS net pension liability as of June 30, 2025 and 2024 calculated using the discount rate of 7.25%, as well as what Pierpont's STRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability			
2025	\$ 72,773	\$ 43,381	\$ 18,483
2024	72,253	47,047	25,655

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

The June 30, 2025 STRS net pension liability was measured as of June 30, 2024, and the total pension liability was determined by an actuarial valuation as of July 1, 2023, rolled forward to the measurement date of June 30, 2024. The June 30, 2024 STRS net pension liability was measured as of June 30, 2023, and the total pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

At June 30, 2025, Pierpont's proportionate share of the STRS net pension liability was \$115,108. Of this amount, Pierpont recognized \$43,381 as its proportionate share on the statement of net position. The remainder of \$71,727 denotes Pierpont's proportionate share of net pension liability attributable to the special funding situation.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

12. RETIREMENT PLANS (CONTINUED)

At June 30, 2024, Pierpont's proportionate share of the STRS net pension liability was \$143,131. Of this amount, Pierpont recognized \$47,047 as its proportionate share on the statement of net position. The remainder of \$96,084 denotes Pierpont's proportionate share of net pension liability attributable to the special funding situation.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to STRS for each of the fiscal years ended June 30, 2024 and 2023. Employer contributions are recognized when due. At the June 30, 2024 measurement date, Pierpont's proportion was 0.002299%, an increase of 0.000244% from its proportion of 0.002055% calculated as of June 30, 2023. At the June 30, 2023 measurement date, Pierpont's proportion was 0.002055%, a decrease of 0.004199% from its proportion of 0.006254% calculated as of June 30, 2022.

For the year ended June 30, 2025, Pierpont recognized STRS pension expense of \$18,944. Of this amount, \$13,543 was recognized as Pierpont's proportionate share of the STRS expense and \$5,401 as the amount of pension expense attributable to special funding from a non-employer contributing entity. Pierpont also recognized revenue of \$5,401 for support provided by the State.

For the year ended June 30, 2024, Pierpont recognized STRS pension expense of \$25,035. Of this amount, \$13,668 was recognized as Pierpont's proportionate share of the STRS expense and \$11,367 as the amount of pension expense attributable to special funding from a non-employer contributing entity. Pierpont also recognized revenue of \$11,367 for support provided by the State.

At June 30, 2025 and 2024, deferred outflows of resources and deferred inflows of resources related to the STRS pension are as follows.

<u>June 30, 2025</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,490	\$ -
Changes in proportion and differences in pension contributions	31,793	56,647
Net difference between projected and actual investment earnings	-	4,479
Changes in assumptions	1,102	-
Contributions after the measurement date	<u>9,008</u>	<u>-</u>
Total	<u>\$ 46,393</u>	<u>\$ 61,126</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

12. RETIREMENT PLANS (CONTINUED)

<u>June 30, 2024</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,717	\$ 118
Changes in proportion and differences in pension contributions	54,244	75,458
Net difference between projected and actual investment earnings	829	-
Changes in assumptions	1,986	-
Contributions after the measurement date	<u>8,717</u>	<u>-</u>
Total	<u>\$ 67,493</u>	<u>\$ 75,576</u>

Pierpont will recognize the \$9,008 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the STRS net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in STRS pension expense as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Amortization</u>
2026	\$ 4,459
2027	(5,523)
2028	(22,486)
2029	<u>(191)</u>
	<u>\$ (23,741)</u>

Payables to the Pension Plan

Pierpont did not report any amounts payable for normal contributions to the STRS as of June 30, 2025 and 2024.

DEFINED CONTRIBUTION BENEFIT PLANS

The TIAA-CREF and Educators Money are defined contribution benefit plans in which benefits are based solely upon amounts contributed, plus investment earnings. Employees who elect to participate in these plans are required to make a contribution equal to 6% of total annual compensation for the years ended June 30, 2025 and 2024. Pierpont matches the employees' 6% contribution. Contributions are immediately and fully vested. In addition, employees may elect to make additional contributions to TIAA-CREF and Educators Money, which are not matched by Pierpont.

Total contributions to the TIAA-CREF for the years ended June 30, 2025 and 2024 were \$872,834 and \$832,868, respectively, which consisted of equal contributions from Pierpont and covered employees of \$436,417 and \$416,434, respectively.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

12. RETIREMENT PLANS (CONTINUED)

Total contributions to Educators Money for the years ended June 30, 2025 and 2024 were \$5,150 and \$19,622, respectively, which consisted of \$2,575 and \$9,811, from both Pierpont and from covered employees, respectively.

Pierpont's total payroll for the year ended June 30, 2025 was \$8,238,305, and total covered employees' salaries in the STRS, TIAA-CREF, and Educators Money were \$60,056, \$7,273,620, and \$42,922, respectively.

Pierpont's total payroll for the year ended June 30, 2024 was \$7,898,265, and total covered employees' salaries in the STRS, TIAA-CREF, and Educators Money were \$58,116, \$6,940,571, and \$163,524, respectively.

13. FAIRMONT STATE FOUNDATION, INC.

The Fairmont State Foundation, Inc. is a separate nonprofit organization incorporated in the State whose purpose is to benefit the work and services of Fairmont State and Pierpont and their affiliated nonprofit organizations. In carrying out its responsibilities, the board of directors of the Fairmont State Foundation, Inc. employs management, forms policy, and maintains fiscal accountability over funds administered by the Fairmont State Foundation, Inc. The economic resources of the Fairmont State Foundation, Inc. do not entirely benefit Pierpont. Accordingly, the financial statements of the Fairmont State Foundation, Inc. are not included in the accompanying financial statements because it is not entirely or almost entirely for the benefit of Pierpont. Since Pierpont was part of Fairmont State for many years, the Fairmont State Foundation, Inc. has obtained resources designated for Pierpont's programs and/or students. Certain endowments and other fund balances designated to benefit Pierpont are under the control and management of the Fairmont State Foundation, Inc. During fiscal year 2022, a significant number of endowments and other fund balances designated to benefit Pierpont were transferred to the Pierpont Foundation, Inc. in the amount of \$768,727. At June 30, 2025 and 2024, the Fairmont State Foundation, Inc. held funds for Pierpont in the amount of \$465,121 and \$448,753, respectively.

Total funds expended by the Fairmont State Foundation, Inc. in support of Pierpont activities totaled \$16,495 and \$16,075 during the years ended June 30, 2025 and 2024, respectively.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

14. PIERPONT FOUNDATION, INC.

The Pierpont Foundation, Inc. is a separate nonprofit organization incorporated in the State whose purpose is to benefit the work and services of Pierpont. The Pierpont Foundation Inc. has a separate board of directors responsible for policy and fiscal accountability. Fiscal year 2022 was the first year the Pierpont Foundation Inc. had financial activity. This activity primarily consisted of a transfer of endowments and other fund balances from the Fairmont State Foundation, Inc. in the amount of \$768,727. The Pierpont Foundation Inc. records activity for fundraising, investment income, and scholarships. As of June 30, 2025 and 2024, the Pierpont Foundation Inc. had total assets in the amount of \$1,127,221 and \$858,569, respectively.

Total funds expended by the Pierpont Foundation, Inc. in support of Pierpont activities totaled \$21,823 and \$53,110 during the years ended June 30, 2025 and 2024, respectively.

15. AFFILIATED ORGANIZATIONS AND OTHER STATE AGENCIES

Pierpont receives funding or grants from and provides services to other state agencies, and utilizes services, supplies, and equipment provided by other state agencies. Amounts due from and to other state agencies at June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Due from:		
WV Department of Education	\$ 620	\$ -
	<u>\$ 620</u>	<u>\$ -</u>
Due to:		
WV Higher Education Policy Commission	\$ 3,452	\$ 104,254
WV State Treasurer's Office	668	573
WV Department of Administration	-	14,761
WV Retiree Health Benefit Trust Fund	420	-
WV Office of Technology	-	10
	<u>\$ 4,540</u>	<u>\$ 119,598</u>

16. RELATED-PARTY TRANSACTIONS

The Final Separation Agreement with Fairmont State was executed on April 1, 2021, detailing the final separation, including the division of assets and providing for payment of outstanding indebtedness. Per the Final Separation Agreement, it was determined that Pierpont shall pay Fairmont State a total of \$16,300,000 through 2032. Pierpont paid Fairmont State \$1,300,000 in fiscal year 2022. For fiscal years 2023 through 2032, Pierpont shall pay Fairmont State \$1,500,000 per year. As of June 30, 2025 and 2024, the amount due to Fairmont State is \$10,500,000 and \$12,000,000, respectively.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

16. RELATED-PARTY TRANSACTIONS (CONTINUED)

For fiscal years 2025 and 2024, Pierpont paid Fairmont State \$405,000 under a fee for service agreement. These costs are primarily to cover facility-related costs for Pierpont's Aviation programs located at Fairmont State's National Aerospace Education Center in Bridgeport. For fiscal year 2026, Pierpont's Aviation program will continue at Fairmont State's National Aerospace Education Center, and the fee for service agreement will require Pierpont to continue to pay Fairmont State \$405,000.

17. CONTINGENCIES

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

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

PIERPONT COMMUNITY & TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

18. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

For the years ended June 30, 2025 and 2024, the following tables represent operating expenses within both natural and functional classifications:

2025									
Function	Salaries and Wages	Benefits	Supplies and Others	Utilities	Scholarships	Depreciation and Amortization	Loan Cancellations	Fees Assessed by the Commission	Function Total
Instruction	\$ 4,971,950	\$ 1,140,256	\$ 1,019,235	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,131,441
Public service	-	-	-	-	-	-	-	-	-
Academic support	4,500	688	-	-	-	-	-	-	5,188
Student services	1,142,706	307,576	295,516	-	3,500	-	-	-	1,749,298
General institutional support	1,873,812	442,952	1,305,249	-	-	-	-	97,199	3,719,212
Operation and maintenance	206,833	67,518	906,426	331,672	-	-	-	-	1,512,449
Student financial aid	38,504	163	-	-	1,913,654	-	-	-	1,952,321
Depreciation and amortization	-	-	-	-	-	1,348,063	-	-	1,348,063
Loan cancellations and write-offs	-	-	-	-	-	-	259,204	-	259,204
TOTAL	\$ 8,238,305	\$ 1,959,153	\$ 3,526,426	\$ 331,672	\$ 1,917,154	\$ 1,348,063	\$ 259,204	\$ 97,199	\$ 17,677,176
2024									
Function	Salaries and Wages	Benefits	Supplies and Others	Utilities	Scholarships	Depreciation and Amortization	Loan Cancellations	Fees Assessed by the Commission	Function Total
Instruction	\$ 4,685,295	\$ 1,147,078	\$ 804,065	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,636,438
Public service	81,601	26,231	300	-	-	-	-	-	108,132
Academic support	49,838	2,640	11,285	-	500	-	-	-	64,263
Student services	999,178	299,073	285,270	-	6,986	-	-	-	1,590,507
General institutional support	1,874,572	491,472	1,260,294	11	-	-	-	80,594	3,706,943
Operation and maintenance	150,373	47,076	974,126	401,766	-	-	-	-	1,573,341
Student financial aid	57,408	-	-	-	1,767,997	-	-	-	1,825,405
Depreciation and amortization	-	-	-	-	-	1,324,130	-	-	1,324,130
Loan cancellations and write-offs	-	-	-	-	-	-	140,647	-	140,647
TOTAL	\$ 7,898,265	\$ 2,013,570	\$ 3,335,340	\$ 401,777	\$ 1,775,483	\$ 1,324,130	\$ 140,647	\$ 80,594	\$ 16,969,806

REQUIRED SUPPLEMENTARY INFORMATION

**PIERPONT COMMUNITY & TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2025**

**State Teachers' Retirement System
Last 10 Fiscal Years***

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Pierpont's proportion of the net pension liability (asset) (percentage)	0.002299%	0.002055%	0.006254%	0.006213%	0.001834%	0.001863%	0.001662%	0.001812%	0.001903%	0.001644%
Pierpont's proportionate share of the net pension liability (asset)	\$ 43,381	\$ 47,047	\$ 160,857	\$ 97,095	\$ 59,072	\$ 55,427	\$ 51,892	\$ 62,604	\$ 78,224	\$ 56,969
State's proportionate share of the net pension liability (asset)	<u>71,727</u>	<u>96,084</u>	<u>358,341</u>	<u>217,078</u>	<u>128,342</u>	<u>133,786</u>	<u>134,473</u>	<u>138,439</u>	<u>148,997</u>	<u>130,012</u>
Total proportionate share of the net pension liability (asset)	<u>\$ 115,108</u>	<u>\$ 143,131</u>	<u>\$ 519,198</u>	<u>\$ 314,173</u>	<u>\$ 187,414</u>	<u>\$ 189,213</u>	<u>\$ 186,365</u>	<u>\$ 201,043</u>	<u>\$ 227,221</u>	<u>\$ 186,981</u>
Pierpont's covered payroll	\$ 58,116	\$ 56,355	\$ 121,739	\$ 119,311	\$ 50,578	\$ 52,687	\$ 51,126	\$ 50,008	\$ 49,195	\$ 49,845
Pierpont's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	74.65%	83.48%	132.13%	81.38%	116.79%	105.20%	101.50%	125.19%	159.01%	114.29%
Plan fiduciary net position as a percentage of the total pension liability	84.24%	80.42%	77.78%	86.38%	70.89%	72.64%	71.20%	67.85%	61.42%	66.25%

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year (measurement date).

**PIERPONT COMMUNITY & TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
JUNE 30, 2025**

State Teachers' Retirement System

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 9,008	\$ 8,717	\$ 8,453	\$ 18,261	\$ 17,897	\$ 7,587	\$ 8,069	\$ 7,656	\$ 7,501	\$ 7,379
Contributions in relation to the contractually required contribution	<u>(9,008)</u>	<u>(8,717)</u>	<u>(8,453)</u>	<u>(18,261)</u>	<u>(17,897)</u>	<u>(7,587)</u>	<u>(8,069)</u>	<u>(7,656)</u>	<u>(7,501)</u>	<u>(7,379)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Pierpont's covered payroll	\$ 60,056	\$ 58,116	\$ 56,355	\$ 121,739	\$ 119,311	\$ 50,578	\$ 52,687	\$ 51,126	\$ 50,008	\$ 49,195
Contributions as a percentage of covered payroll	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.31%	14.97%	15.00%	15.00%

**PIERPONT COMMUNITY & TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
JUNE 30, 2025**

Last 10 Fiscal Years*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Pierpont's proportion of the net OPEB liability (asset) (percentage)	0.014306664%	0.072503078%	0.076588870%	0.089655105%	0.091660029%	0.137559207%	0.138659143%	0.132195612%		
Pierpont's proportionate share of the net OPEB liability (asset)	\$ (5,957)	\$ (114,735)	\$ 85,242	\$ (26,659)	\$ 404,855	\$ 2,282,288	\$ 2,974,842	\$ 3,250,676		
State's proportionate share of the net OPEB liability (asset)	<u>(18,711)</u>	<u>(48,973)</u>	<u>29,201</u>	<u>(5,249)</u>	<u>89,520</u>	<u>467,058</u>	<u>614,821</u>	<u>667,693</u>		
Total proportionate share of the net OPEB liability (asset)	<u>\$ (24,668)</u>	<u>\$ (163,708)</u>	<u>\$ 114,443</u>	<u>\$ (31,908)</u>	<u>\$ 494,375</u>	<u>\$ 2,749,346</u>	<u>\$ 3,589,663</u>	<u>\$ 3,918,369</u>		
Pierpont's covered-employee payroll	\$ 5,249,075	\$ 5,058,731	\$ 5,158,675	\$ 5,338,250	\$ 5,189,805	\$ 5,235,890	\$ 4,830,737	\$ 4,600,880		
Pierpont's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	(0.11)%	(2.27)%	1.65%	(0.50)%	7.80%	43.59%	61.58%	70.65%		
Plan fiduciary net position as a percentage of the total OPEB liability	102.19%	109.66%	93.59%	101.81%	73.49%	39.69%	30.98%	25.10%		

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year (measurement date).

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

**PIERPONT COMMUNITY & TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
JUNE 30, 2025**

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 34,071	\$ 5,659	\$ 72,710	\$ 90,050	\$ 163,494	\$ 177,168	\$ 249,410	\$ 247,742		
Contributions in relation to the statutorily required contribution	<u>(34,071)</u>	<u>(5,659)</u>	<u>(72,710)</u>	<u>(90,050)</u>	<u>(163,494)</u>	<u>(177,168)</u>	<u>(249,410)</u>	<u>(247,742)</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Pierpont's covered-employee payroll	\$ 5,611,850	\$ 5,249,075	\$ 5,058,731	\$ 5,158,675	\$ 5,338,250	\$ 5,189,805	\$ 5,235,890	\$ 4,830,737		
Contributions as a percentage of covered- employee payroll	0.61%	0.11%	1.44%	1.75%	3.06%	3.41%	4.76%	5.13%		

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

PIERPONT COMMUNITY & TECHNICAL COLLEGE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2025 AND 2024

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

	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality</u>	<u>Discount Rate</u>
<u>2024</u>	2.75%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 5.90%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 6.50%.	7.25%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired: Healthy males – 100% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019; Beneficiary males-101% of Pub-2010 Contingent Survivor Male table, headcount weighted, projected generationally with Scale MP-2019; Beneficiary females-113% of Pub-2010 Contingent Survivor Female table, headcount weighted, projected generationally with Scale MP-2019.	7.25%
<u>2023</u>	2.75%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 5.90%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 6.50%.	7.25%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired: Healthy males – 100% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019; Beneficiary males-101% of Pub-2010 Contingent Survivor Male table, headcount weighted, projected generationally with Scale MP-2019; Beneficiary females-113% of Pub-2010 Contingent Survivor Female table, headcount weighted, projected generationally with Scale MP-2019.	7.25%

PIERPONT COMMUNITY & TECHNICAL COLLEGE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2025 AND 2024

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

PIERPONT COMMUNITY & TECHNICAL COLLEGE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2025 AND 2024

	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality</u>	<u>Discount Rate</u>
<u>2020</u>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.16%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.75%.	7.5%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired healthy males – 108% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019.	7.50%
<u>2019</u>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: Healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; Disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.50%
<u>2018</u>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.50%

PIERPONT COMMUNITY & TECHNICAL COLLEGE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2025 AND 2024

	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality</u>	<u>Discount Rate</u>
<u>2017</u>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.50%
<u>2016</u>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.50%
<u>2015</u>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.75 to 5.25%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.40 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant monthly mortality table. Retired: RP2000 healthy annuitant, scale AA; Disabled: RP2000 disabled annuitant mortality table, scale AA.	7.50%

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

PIERPONT COMMUNITY & TECHNICAL COLLEGE
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YEARS ENDED JUNE 30, 2025 AND 2024

Actuarial Changes Other Postemployment Benefits Plan

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

	Inflation Rate	Salary Increases	Wage Inflation Rate	Investment Rate of Return & Discount Rate	Mortality	Retirement Age	Aging Factors	Expenses	Healthcare Cost Trend Rates
2024	2.50%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	7.40%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rates for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.5% is reached in plan year end 2033.
2023	2.50%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	7.40%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare and Medicare per capita costs of 7.0% medical and 8.0% drug. The trends increase over four years to 9.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2032.
2022	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% for two years then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.
2021	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2020, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
2020	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, 6.5% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.

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	Inflation Rate	Salary Increases	Wage Inflation Rate	Investment Rate of Return & Discount Rate	Mortality	Retirement Age	Aging Factors	Expenses	Healthcare Cost Trend Rates
<u>2019</u>	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
<u>2018</u>	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.0% and 10.0% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.
<u>2017</u>	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Pierpont Community & Technical College (Pierpont), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Pierpont's financial statements, and have issued our report thereon dated September 29, 2025.

Report on Internal Control over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in cursive script that reads "Seattle & Stalaker, PLLC".

Charleston, West Virginia
September 29, 2025