
West Virginia Council for Community and Technical College Education

(A Component Unit of the West Virginia Higher Education Policy Commission)

Combined Financial Statements
Years Ended June 30, 2025 and 2024
and
Independent Auditor's Reports



A Professional Limited Liability Company

WEST VIRGINIA COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION

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INDEPENDENT AUDITOR'S REPORT

West Virginia Council for Community and Technical College Education
Charleston, West Virginia

Report on the Audit of the Combined Financial Statements

Opinions

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

In our opinion, based on our audits and the reports of other auditors, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the business-type activities and the aggregate discretely presented component units of the Council, 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.

We did not audit the 2025 or 2024 financial statements of Blue Ridge Community and Technical College (Blue Ridge), Mountwest Community and Technical College (Mountwest), West Virginia Northern Community College (Northern), or West Virginia University at Parkersburg (WVU at Parkersburg), which collectively represent 46%, 47%, and 47% of the 2025 assets, net position, and revenues of the Council. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for Blue Ridge, Mountwest, Northern, and WVU at Parkersburg, are based solely on the reports of the other auditors. We also did not audit the financial statements of the discretely presented component units as defined in Note 2 to the financial statements, other than New River Community and Technical College Foundation, Inc. and WVU at Parkersburg Foundation, Inc., (collectively, the Other Discretely Presented Component Units), for the years ended June 30, 2025 and 2024, which collectively represent 32%, 34%, and 27% of the 2025 assets, net assets, and revenues of the discretely presented component units. The Other Discretely Presented Component Units' financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the discretely presented component units' financial statements, are based solely on the reports of the other auditors.

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 the Council 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. The discretely presented component units' financial statements were not audited in accordance with *Government Auditing Standards*.

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Change in Accounting Principle

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

Responsibilities of Management for the Combined 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 the Council'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 Combined 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 Council'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 the Council'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 - 16, 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 the related footnotes on pages 65 - 74 be presented to supplement the combined financial statements. Such information, although not a part of the combined financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the combined 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 combined financial statements, and other knowledge we obtained during our audit of the combined financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2025, on our consideration of the Council'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 the Council's internal control over financial reporting and compliance.



Charleston, West Virginia
October 14, 2025

**WEST VIRGINIA COUNCIL FOR COMMUNITY
AND TECHNICAL COLLEGE EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year 2025**

Overview of the Combined Financial Statements and Financial Analysis

Senate Bill No. 448, passed during the 2004 legislative session, gave the West Virginia Council for Community and Technical College Education (the Council) the statutory authority for coordinating the delivery of community and technical college education in the State of West Virginia. The Council is comprised of 13 persons appointed by the Governor with the advice and consent of the Senate. There were nine public community and technical colleges and one administrative unit during fiscal years 2024 and 2025. The Council, combined with the West Virginia Higher Education Policy Commission (the Commission) and its institutions, collectively comprise the West Virginia Higher Education Fund (the Fund), which is a discretely presented component unit of the State of West Virginia. The supervision and management of the affairs of each institution is the responsibility of individual Governing Boards, while the Council is responsible for the development and implementation of a higher education policy agenda. Comparative combined statements for the fiscal years ended June 30, 2025 and 2024 are presented.

During fiscal year 2008, House Bill No. 3215 was passed, which clarified and redefined relationships between and among certain higher education boards and institutions. This legislation defines the Statewide network of independently-accredited community and technical colleges. Effective July 1, 2008, West Virginia University at Parkersburg (WVU at Parkersburg) and the administratively-linked community and technical colleges of Fairmont State University, Marshall University, West Virginia State University, and West Virginia University (the Universities) established their own Boards of Governors. Except for Fairmont State University and Pierpont Community and Technical College (Pierpont), which were granted an extension to be effective January 2010, the newly established Boards of Governors and the Boards of Governors of the Universities jointly agreed on a division of assets and liabilities of the Universities, which was effective retroactively to July 1, 2008.

The Governmental Accounting Standards Board (GASB) has issued directives for presentation of college and university financial statements and any component units. The Council does not have any significant entities that are entirely or almost entirely for the benefit of the community and technical colleges reporting to the Council. While certain community and technical colleges do have Foundations, which are included in their respective individual financial statements, these Foundations are not currently significant to the Council, either individually or in total.

The following discussion and analysis of the Council's combined financial statements provides an overview of its financial activities for Fiscal Years 2025, 2024, and 2023, with a focus on 2025, and is required supplementary information. There are three financial statements presented: the Combined Statement of Net Position; the Combined Statement of Revenues, Expenses, and Changes in Net Position; and the Combined Statement of Cash Flows.

Combined Statement of Net Position

The Combined Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the Council. This point-of-time financial statement is designed to present to readers a fiscal snapshot of the Council. The Combined Statement of Net Position presents end-of-year financial information on 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).

From the data presented, readers of the Combined Statement of Net Position are able to determine the assets available to continue the operations of the Council as well as the amount of deferred outflows of resources. They are also able to determine how much the Council owes vendors, employees, and lending institutions and the amount of deferred inflows of resources. Finally, the Combined Statement of Net Position provides a picture of the net position and its availability for expenditure by the Council.

**WEST VIRGINIA COUNCIL FOR COMMUNITY
AND TECHNICAL COLLEGE EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year 2025**

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Net Position is divided into three major categories as follows:

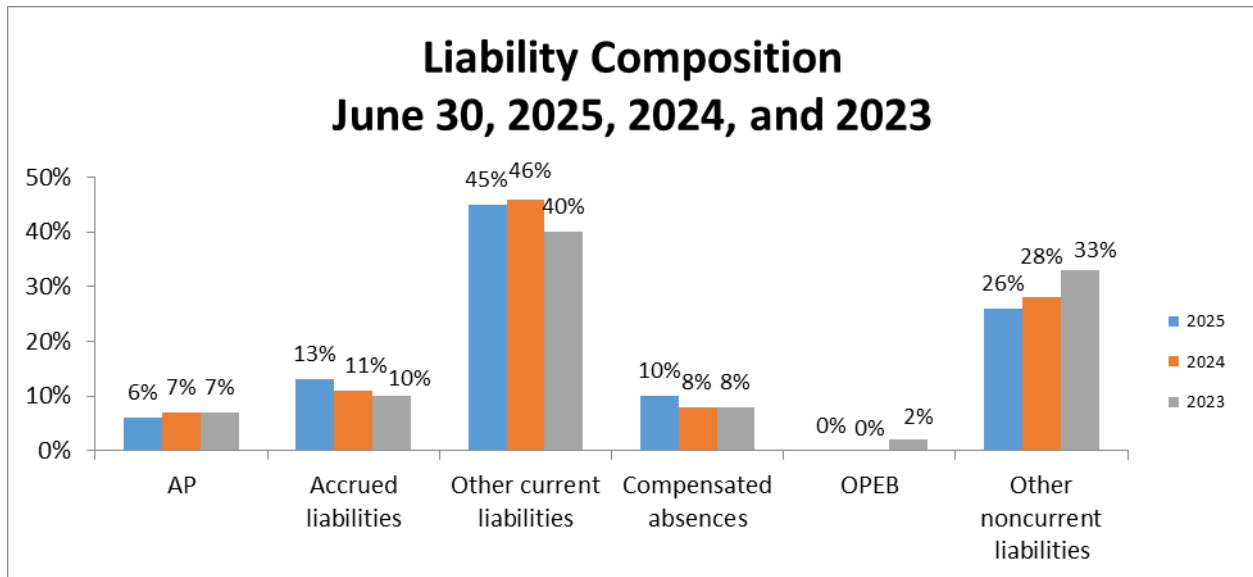
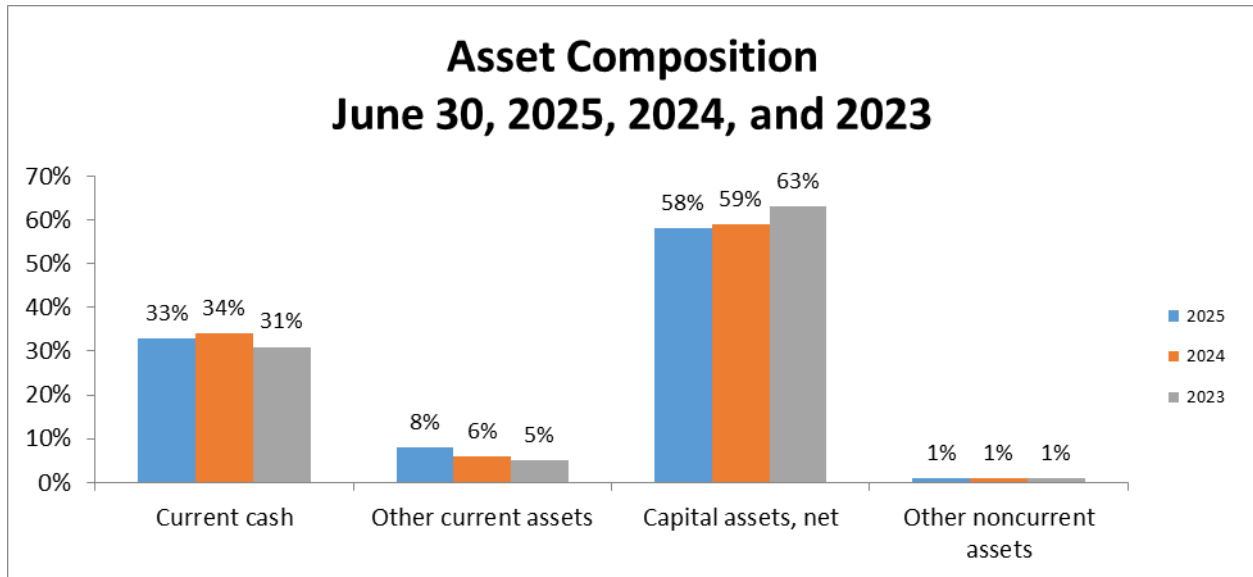
- (1) Net investment in capital assets, which provides the Council's equity in property, plant, and equipment owned by the Council.
- (2) Restricted net position, which is divided into two categories, nonexpendable and expendable. Nonexpendable restricted balances are not available for expenditure by the Council. These funds are invested and generate earnings that are available for certain types of expenditures. Expendable restricted balances are available for expenditure by the Council but have a specific purpose.
- (3) Unrestricted balances are available for expenditure and can be used for any lawful purpose of the Council.

**Condensed Combined Schedules of Net Position
June 30:
(In thousands of dollars)**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>Change from 2024 to 2025</u>
Assets				
Current assets	\$ 167,563	\$ 157,436	\$ 136,984	\$ 10,127
Capital assets, net	238,380	231,237	236,883	7,143
Other noncurrent assets	<u>3,481</u>	<u>4,499</u>	<u>2,991</u>	<u>(1,018)</u>
Total assets	<u>409,424</u>	<u>393,172</u>	<u>376,858</u>	<u>16,252</u>
Deferred outflows of resources	<u>1,854</u>	<u>1,694</u>	<u>4,247</u>	<u>160</u>
Total	<u>\$ 411,278</u>	<u>\$ 394,866</u>	<u>\$ 381,105</u>	<u>\$ 16,412</u>
Liabilities				
Current liabilities	\$ 46,002	\$ 45,707	\$ 38,196	\$ 295
Noncurrent liabilities	<u>17,087</u>	<u>18,639</u>	<u>21,985</u>	<u>(1,552)</u>
Total liabilities	<u>63,089</u>	<u>64,346</u>	<u>60,181</u>	<u>(1,257)</u>
Deferred inflows of resources	<u>1,315</u>	<u>2,792</u>	<u>5,749</u>	<u>(1,477)</u>
Net position				
Net investment in capital assets	228,501	222,561	227,106	5,940
Restricted				
Nonexpendable	50	50	50	-
Expendable	34,109	25,259	22,118	8,850
Unrestricted	<u>84,214</u>	<u>79,858</u>	<u>65,901</u>	<u>4,356</u>
Total net position	<u>346,874</u>	<u>327,728</u>	<u>315,175</u>	<u>19,146</u>
Total	<u>\$ 411,278</u>	<u>\$ 394,866</u>	<u>\$ 381,105</u>	<u>\$ 16,412</u>

**WEST VIRGINIA COUNCIL FOR COMMUNITY
AND TECHNICAL COLLEGE EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year 2025**

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Major items of note in the Combined Statements of Net Position include:

- Total current assets of approximately \$167.6 million exceeded total current liabilities of approximately \$46.0 million as of June 30, 2025 for net working capital of approximately \$121.6 million as compared to net working capital of approximately \$111.7 million as of June 30, 2024. Current assets increased from the prior year by approximately \$10.1 million, and current liabilities increased by approximately \$0.3 million.
- The major components of currents assets include cash and cash equivalents of approximately \$134.5 million and approximately \$133.9 million, appropriations due from primary government of approximately \$16.9 million and approximately \$10.7 million, and net accounts receivable of approximately \$8.8 million and approximately \$6.8 million as of June 30, 2025 and 2024, respectively. The majority of the cash and cash equivalents represent interest-earning assets invested through the office of the West Virginia State Treasurer, a significant portion of which were invested with the Board of Treasury Investments at both June 30, 2025 and 2024.

**WEST VIRGINIA COUNCIL FOR COMMUNITY
AND TECHNICAL COLLEGE EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year 2025**

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- The major components of current liabilities include unearned revenue and deposits of approximately \$25.0 million and approximately \$26.6 million, approximately \$8.4 million and approximately \$7.1 million in accrued liabilities, approximately \$3.8 million and approximately \$4.2 million in accounts payable, and approximately \$5.6 million and approximately \$4.6 million of compensated absences as of June 30, 2025 and 2024, respectively.
- Noncurrent assets total approximately \$241.9 million and approximately \$235.7 million, and noncurrent liabilities total approximately \$17.1 million and approximately \$18.6 million as of June 30, 2025 and 2024, respectively. Noncurrent assets increased over the prior year by approximately \$6.2 million. Noncurrent liabilities decreased by approximately \$1.5 million from the prior year.
- Capital assets, net of accumulated depreciation and amortization, increased from approximately \$231.2 million to approximately \$238.4 million, an increase of approximately \$7.2 million from the previous year.
- Major components of noncurrent liabilities include due to Fairmont State of approximately \$9.0 million and approximately \$10.5 million, due to West Virginia Development Office of approximately \$1.3 million and approximately \$1.3 million, and lease liability of approximately \$5.4 million and approximately \$4.9 million as of June 30, 2025 and 2024, respectively.
- Deferred outflows of resources totaled approximately \$1.9 million and \$1.7 million as of June 30, 2025 and 2024, respectively. Deferred inflows of resources totaled approximately \$1.3 million and approximately \$2.8 million as of June 30, 2025 and 2024, respectively. Deferred outflows of resources and deferred inflows of resources consist primarily of balances related to the net pension liability and the net OPEB liability/asset.
- The net position of the Council totaled approximately \$346.9 million and approximately \$327.7 million as of June 30, 2025 and 2024, respectively, an increase of approximately \$19.2 million.
 - The net investment in capital assets totaled approximately \$228.5 million and approximately \$222.5 million as of June 30, 2025 and 2024, respectively.
 - The restricted portion of the net position totaled approximately \$34.2 million and approximately \$25.3 million as of June 30, 2025 and 2024, respectively, and is primarily restricted for capital projects, scholarships, and sponsored projects.
 - The unrestricted portion of the net position totaled approximately \$84.2 million and approximately \$79.9 million as of June 30, 2025 and 2024, respectively, and represents net position available to the Council for any lawful purpose of the Council and its institutions.

Combined Statement of Revenues, Expenses, and Changes in Net Position

Changes in total net position as presented on the Combined Statement of Net Position are based on the activity presented in the Combined Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues, both operating and nonoperating, expenses, both operating and nonoperating, and any other revenues, expenses, gains, or losses of the Council.

**WEST VIRGINIA COUNCIL FOR COMMUNITY
AND TECHNICAL COLLEGE EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year 2025**

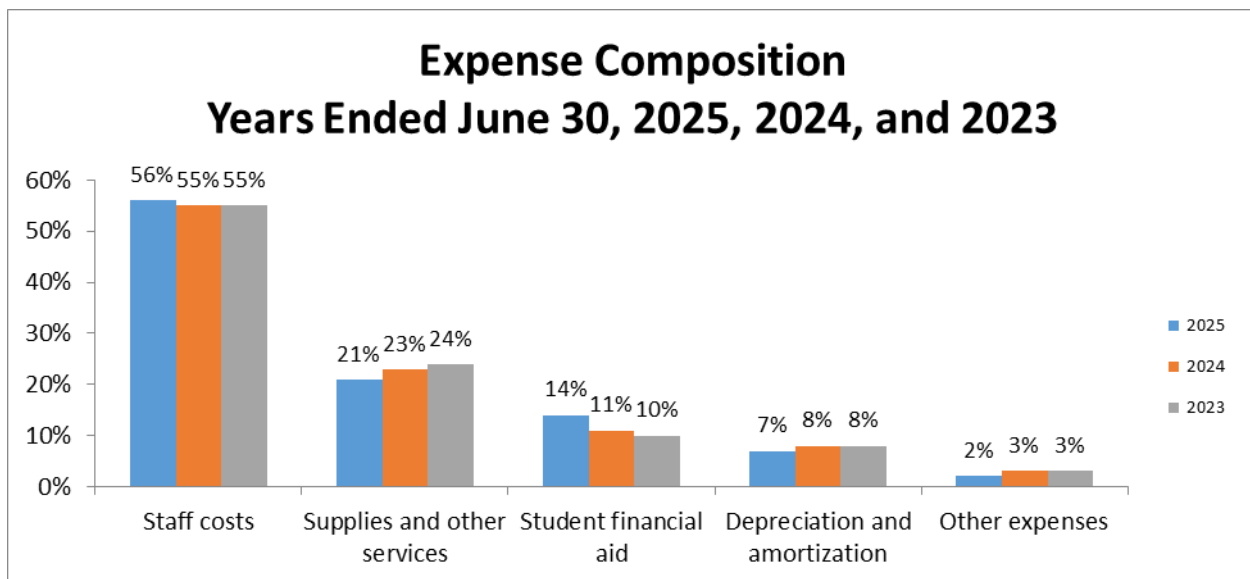
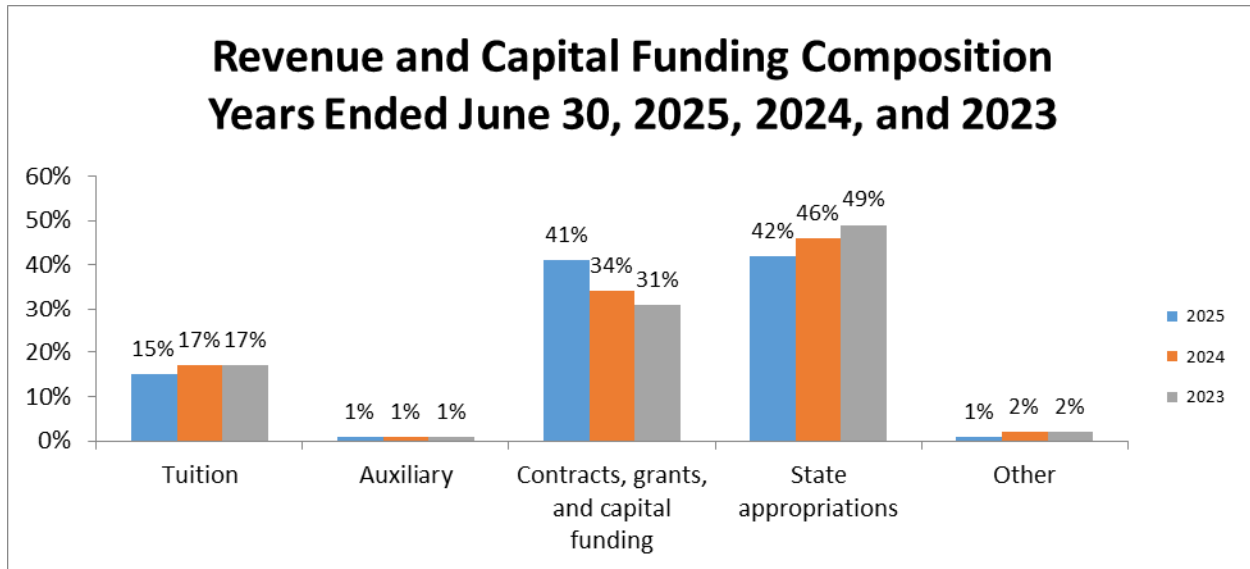
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Operating revenues represent the receipts earned from providing goods and service to the various customers and constituencies served by the Council, including fees from students and revenue in the form of Federal and State grants used to support operations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

Condensed Combined Schedule of Revenues, Expenses, and Changes in Net Position

**Years Ended June 30:
(In thousands of dollars)**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>Change from 2024 to 2025</u>
Operating revenues	\$ 83,863	\$ 69,173	\$ 57,354	\$ 14,690
Operating expenses	<u>193,558</u>	<u>175,788</u>	<u>163,042</u>	<u>17,770</u>
Operating loss	<u>(109,695)</u>	<u>(106,615)</u>	<u>(105,688)</u>	<u>(3,080)</u>
Net nonoperating revenues	<u>125,499</u>	<u>119,294</u>	<u>118,720</u>	<u>6,205</u>
Change in net position before other revenues, expenses, gains, losses, and transfers	<u>15,804</u>	<u>12,679</u>	<u>13,032</u>	<u>3,125</u>
Payments made and expenses incurred (offset) by the State on behalf of the Council and Institutions	144	(801)	(845)	945
Capital grants and gifts	855	413	1,249	442
Donated capital assets	7,015	-	-	7,015
Capital payments made on behalf of the Council and Institutions	328	262	822	66
Transfers to WVU-P Foundation	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>
Change in net position	19,146	12,553	14,258	6,593
Net position - beginning of year	<u>327,728</u>	<u>315,175</u>	<u>300,917</u>	<u>12,553</u>
Net position - end of year	<u>\$ 346,874</u>	<u>\$ 327,728</u>	<u>\$ 315,175</u>	<u>\$ 19,146</u>



Major items of note in the Combined Statements of Revenue, Expenses, and Changes in Net Position include:

- Operating revenues of the Council totaled approximately \$83.9 million in fiscal year 2025 compared to approximately \$69.2 million in fiscal year 2024, an increase of approximately \$14.7 million.
- Student tuition and fee revenues totaled approximately \$29.5 million in fiscal year 2025 compared to approximately \$30.0 million in fiscal year 2024, a decrease of approximately \$0.5 million. Tuition is reported net of scholarship allowances totaling approximately \$34.5 million and approximately \$27.4 million in fiscal years 2025 and 2024, respectively.
- Federal grants and contracts totaled approximately \$17.7 million in fiscal year 2025 compared to approximately \$13.6 million in fiscal year 2024. Federal grants include funding for sponsored research and other miscellaneous federal programs.

**WEST VIRGINIA COUNCIL FOR COMMUNITY
AND TECHNICAL COLLEGE EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year 2025**

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- State grants and contracts totaled approximately \$27.6 million in fiscal year 2025 compared to approximately \$17.9 million in fiscal year 2024, and private grants and contracts totaled approximately \$3.9 million in fiscal year 2025 compared to approximately \$2.9 million in fiscal year 2024. Any fluctuations represent normal grant activities.
- Sales and services of educational activities generated revenues of approximately \$1.5 million in fiscal year 2025 compared to approximately \$1.4 million in fiscal year 2024.
- Auxiliary enterprises generated revenues of approximately \$1.2 million in fiscal year 2025 compared to approximately \$1.3 million in fiscal year 2024, net of scholarship allowance of approximately \$0.3 million and approximately \$0.2 million in fiscal years 2025 and 2024, respectively.
- Other operating revenues totaled approximately \$2.6 million in fiscal year 2025 compared to approximately \$2.2 million in fiscal year 2024.
- Operating expenses totaled approximately \$193.6 million in fiscal year 2025 compared to approximately \$175.8 million in fiscal year 2024, an increase of approximately \$17.8 million.
- Staff costs, including salaries and benefits, totaled approximately \$107.3 million in fiscal year 2025 compared to approximately \$98.5 million in fiscal year 2024, an increase of approximately \$8.8 million from the prior year.
- Supplies and other services totaled approximately \$39.9 million in fiscal year 2025 compared to approximately \$40.3 million in fiscal year 2024.
- Scholarships and fellowships totaled approximately \$27.3 million in fiscal year 2025 compared to approximately \$19.0 million in fiscal year 2024.
- Depreciation and amortization on capital assets totaled approximately \$14.4 million in fiscal year 2025 compared to approximately \$13.5 million in fiscal year 2024.
- The result from operations was an operating loss of approximately \$109.7 million and approximately \$106.6 million for the years ended June 30, 2025 and 2024, respectively, which excludes State appropriations of approximately \$87.7 million and approximately \$87.5 million, respectively, and federal Pell grants of approximately \$36.7 million and approximately \$29.1 million, respectively. These exclusions are recorded as nonoperating revenues.

**WEST VIRGINIA COUNCIL FOR COMMUNITY
AND TECHNICAL COLLEGE EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year 2025**

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- Net nonoperating revenue totaled approximately \$125.5 million and approximately \$119.3 million for the years ended June 30, 2025 and 2024, respectively, an increase of approximately \$6.2 million from the prior year.
 - State general revenue and lottery appropriations totaled approximately \$87.7 million and approximately \$87.5 million for the years ended June 30, 2025 and 2024, reflecting an increase of approximately \$0.2 million in fiscal year 2025.
 - Federal Pell grant revenues totaled approximately \$36.7 million and approximately \$29.1 million for the years ended June 30, 2025 and 2024, respectively, reflecting an increase of approximately \$7.6 million in fiscal year 2025.
- Other funding primarily consists of capital payments made on behalf of the Council totaling approximately \$0.3 million and approximately \$0.3 million for the years ended June 30, 2025 and 2024, respectively, and capital grants and gifts totaling approximately \$0.9 million and approximately \$0.4 million for the years ended June 30, 2025 and 2024, respectively. Payments made and expenses incurred (offset) by the State on behalf of the Council totaled approximately \$0.1 million and approximately \$(0.8) million for the years ended June 30, 2025 and 2024, respectively. Donated capital assets totaled approximately \$7.0 million and approximately \$0.0 million for the years ended June 30, 2025 and 2024, respectively. Transfers to WVU-P Foundation total approximately \$5.0 million and approximately \$0.0 million for the years ended June 30, 2025 and 2024, respectively.
- As reported on a functional basis, expenditures for educational and general (E&G) expenses were approximately \$150.7 million and approximately \$141.5 million in fiscal year 2025 and fiscal year 2024, respectively, an increase of approximately \$9.2 million from fiscal year 2024. Instruction expenses constitute 48.8% and 48.0% of total E&G expenses, and institutional support constitutes 26.4% and 25.6% of total E&G expenses in fiscal year 2025 and fiscal year 2024, respectively.

**WEST VIRGINIA COUNCIL FOR COMMUNITY
AND TECHNICAL COLLEGE EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year 2025**

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**Condensed Combined Functional Expense Comparisons
Years Ended June 30:
(In thousands of dollars)**

	2025 Total	% of E&G Total	2024 Total	% of E&G Total	2023 Total	% of E&G Total	Change from 2024 to 2025
Instruction	\$ 73,547	48.8%	\$ 67,895	48.0%	\$ 63,673	48.6%	\$ 5,652
Public service	1,789	1.2%	1,652	1.2%	1,547	1.2%	137
Academic support	6,728	4.5%	6,948	4.9%	6,616	5.1%	(220)
Student services	15,689	10.4%	14,196	10.0%	11,787	9.0%	1,493
General institutional support	39,715	26.4%	36,260	25.6%	32,776	25.0%	3,455
Operations and maintenance of plant	<u>13,230</u>	<u>8.7%</u>	<u>14,570</u>	<u>10.3%</u>	<u>14,530</u>	<u>11.1%</u>	<u>(1,340)</u>
Total education and general	150,698	<u>100.0%</u>	141,521	<u>100.0%</u>	130,929	<u>100.0%</u>	9,177
Student financial aid	27,295		19,624		17,675		7,671
Auxiliary enterprises	682		713		765		(31)
Depreciation and amortization	14,374		13,539		13,253		835
Loan cancellations and write-offs	259		141		170		118
Other	<u>250</u>		<u>250</u>		<u>250</u>		<u>-</u>
Total	<u>\$ 193,558</u>		<u>\$ 175,788</u>		<u>\$ 163,042</u>		<u>\$ 17,770</u>

Combined Statement of Cash Flows

The final statement presented is the Combined Statement of Cash Flows. The Combined Statement of Cash Flows presents detailed information about the cash activity of the Council during the year. The statement is divided into five parts. The first section deals with operating cash flows and shows the net cash used by the operating activities of the Council. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section reflects cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used in operations to the operating loss reflected on the Combined Statement of Revenues, Expenses, and Changes in Net Position.

**Condensed Combined Schedule of Cash Flows
Years Ended June 30:
(In thousands of dollars)**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>Change from 2024 to 2025</u>
Cash provided (used) by:				
Operating activities	\$ (99,790)	\$ (92,648)	\$ (106,634)	\$ (7,142)
Noncapital financing activities	116,661	113,463	112,627	3,198
Capital and related financing activities	(20,445)	(9,238)	(14,955)	(11,207)
Investing activities	<u>4,454</u>	<u>5,299</u>	<u>3,420</u>	<u>(845)</u>
Change in cash	880	16,876	(5,542)	(15,996)
Cash - beginning of year	<u>136,397</u>	<u>119,521</u>	<u>125,063</u>	<u>16,876</u>
Cash - end of year	<u>\$ 137,277</u>	<u>\$ 136,397</u>	<u>\$ 119,521</u>	<u>\$ 880</u>

**WEST VIRGINIA COUNCIL FOR COMMUNITY
AND TECHNICAL COLLEGE EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year 2025**

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Major items of note in the Combined Statements of Cash Flows include:

- Cash provided by operating activities was exceeded by cash expended for operating activities by approximately \$99.8 million and approximately \$92.6 million for the years ended June 30, 2025 and 2024, respectively, primarily because State appropriations and federal Pell grants are defined within GAAP as noncapital financing activities. Primary sources of cash from operating activities during fiscal years 2025 and 2024 were student tuition and fees of approximately \$30.0 million and approximately \$31.7 million, respectively, and contracts and grants of approximately \$46.3 million and approximately \$39.5 million, respectively. Primary uses of cash for fiscal years 2025 and 2024, respectively, included payments to and on behalf of employees of approximately \$106.0 million and approximately \$101.5 million, payments to suppliers of approximately \$39.4 million and approximately \$39.5 million, and payments for scholarship and fellowships of approximately \$31.6 million and approximately \$22.9 million.
- Net cash provided by noncapital financing activities for fiscal years 2025 and 2024, respectively, totaled approximately \$116.7 million and approximately \$113.5 million, of which approximately \$81.6 million and approximately \$87.5 million were from State general revenue and lottery appropriations and approximately \$36.8 million and approximately \$29.1 million were from federal Pell grants.
- Net cash used in capital financing activities for fiscal years 2025 and 2024, respectively, totaled approximately \$20.4 million and approximately \$9.2 million and primarily resulted from purchases of capital assets and debt activity, as well as a \$5.0 million transfer to WVU-P Foundation for fiscal year 2025.
- Net cash of the Council at June 30, 2025 was approximately \$137.3 million compared to approximately \$136.4 million at June 30, 2024, an increase of approximately \$0.9 million.

Capital Asset and Long-Term Debt Activity

Funding for capital projects comes from a variety of sources, including student tuition and other operating revenues, fundraising, bond proceeds from the Commission, capital lease financing, and other external financing arrangements. Three of the recently-separated community and technical colleges primarily utilize the facilities of their respective four-year and post-graduate counterpart. The Commission still maintains responsibility within the West Virginia Higher Education Fund for real property acquisition and construction.

On December 8, 2009, the Commission, on behalf of the Council, issued approximately \$78.3 of Community and Technical Colleges Improvement Revenue Bonds, 2009 Series A (2009 Bonds). The proceeds of the 2009 Bonds are being used to finance the acquisition, construction, equipping, or improvement of community and technical college facilities in West Virginia. The interest rate on the 2009 Bonds ranges from 2.5% to 5.0% and the due dates commenced July 1, 2010 and end July 1, 2028. State Lottery proceeds of a maximum of approximately \$5.0 million per year will be used to repay the debt, which has a maximum annual debt service of approximately \$5.0 million. In addition, pursuant to Section 18 (j) (1) of the Lottery Act, the Commission has granted a third-in-party lien, for the benefit of the bond holders, on the proceeds of the State Lottery Fund, up to a maximum of approximately \$7.5 annually. Further details concerning capital assets and long-term liabilities are included in the Notes to the Council's Combined Financial Statements.

**WEST VIRGINIA COUNCIL FOR COMMUNITY
AND TECHNICAL COLLEGE EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year 2025**

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

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

The achievement of the West Virginia Climb goal for the higher education system is dependent upon many factors, one of which is adequate resources to implement the strategies necessary to achieve the goals. At the present time, the Council itself maintains a strong financial condition. The State appropriations for Community and Technical Colleges, as they were included in the Council for fiscal years 2025 and 2024, respectively, amounted to approximately \$87.7 million and \$87.5 million.

The demographics of the State of West Virginia also have an impact on the future operations of the Council. The number of high school graduates has declined in recent years and is projected to decline further over the next ten years. Significant efforts are underway to expand the participation rate in higher education by both high school graduating seniors as well as adults to improve the economic environment of the State. Net student tuition and fees provide approximately 14.1% of the total revenues of the Council.

One of the key goals of the higher education system is to improve the economic environment of the State of West Virginia. The full impact of the current economic environment and the resulting impact on the future economic environment by various factors, including the performance of the higher education system, cannot be predicted with any certainty. The Council's current financial condition will be a significant resource supporting future economic development efforts.

Requests for Information

The financial report is designed to provide an overview of the finances of the Council for those with an interest in this organization. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Misty Price at 2001 Union Carbide Drive, Building 2000, South Charleston, West Virginia 25303.

WEST VIRGINIA COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION
COMBINED STATEMENTS OF NET POSITION
JUNE 30, 2025 AND 2024

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	<u>2025</u>	<u>2024</u>
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 134,495,307	\$ 133,883,120
Appropriations due from Primary Government	16,852,096	10,725,169
Accounts receivable, net of allowance for doubtful accounts	8,784,181	6,764,221
Student loans receivable - current portion, net	5,771,709	4,742,368
Due from the Commission	826,413	466,353
Inventories	231,000	165,000
Other current assets	602,042	690,073
Total current assets	<u>167,562,748</u>	<u>157,436,304</u>
NONCURRENT ASSETS:		
Cash and cash equivalents	2,781,920	2,514,217
Student loans receivable	245,734	150,195
Capital assets, net of accumulated depreciation	238,379,751	231,236,820
Net other postemployment benefits asset	212,818	1,577,020
Other noncurrent assets	240,313	258,127
Total noncurrent assets	<u>241,860,536</u>	<u>235,736,379</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows relating to the net pension liability	203,619	233,107
Deferred outflows relating to the net OPEB liability/asset	1,650,425	1,460,588
Total deferred outflows of resources	<u>1,854,044</u>	<u>1,693,695</u>
TOTAL	<u><u>\$ 411,277,328</u></u>	<u><u>\$ 394,866,378</u></u>

The Accompanying Notes Are An Integral
Part Of These Combined Financial Statements

WEST VIRGINIA COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION
COMBINED STATEMENTS OF NET POSITION (Continued)
JUNE 30, 2025 AND 2024

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	<u>2025</u>	<u>2024</u>
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	\$ 3,766,063	\$ 4,223,801
Accrued liabilities	8,386,722	7,123,948
Due to the Commission and Institutions of the Commission	131,993	179,365
Due to Fairmont State - current portion	1,500,000	1,500,000
Compensated absences - current portion	5,561,275	4,627,939
Lease liability - current portion	909,958	732,904
Subscription liability - current portion	354,452	314,415
Other debt service obligations - current portion	308,843	316,474
Funds due to West Virginia Development Office - current portion	66,668	66,668
Unearned revenue and deposits	25,016,006	26,621,547
Total current liabilities	<u>46,001,980</u>	<u>45,707,061</u>
NONCURRENT LIABILITIES:		
Due to Fairmont State	9,000,000	10,500,000
Compensated absences	592,012	436,025
Lease liability	5,388,190	4,878,307
Subscription liability	107,247	302,242
Other debt service obligations	324,752	633,595
Funds due to West Virginia Development Office	1,266,665	1,333,332
Net pension liability	408,051	555,620
Total noncurrent liabilities	<u>17,086,917</u>	<u>18,639,121</u>
DEFERRED INFLOWS OF RESOURCES:		
Service concession arrangement	-	14,583
Deferred inflows relating to the net pension liability	288,551	285,437
Deferred inflows relating to the net OPEB liability/asset	1,017,820	2,466,146
Deferred inflows relating to leases	8,464	25,391
Total deferred inflows of resources	<u>1,314,835</u>	<u>2,791,557</u>
NET POSITION:		
Net investment in capital assets	228,500,900	222,561,049
Restricted for - nonexpendable - other	50,000	50,000
Restricted for - expendable - capital projects	3,922,598	3,787,374
Restricted for - expendable - scholarships	14,863,139	12,160,096
Restricted for - expendable - sponsored programs	12,513,824	7,608,702
Restricted for - expendable - other	2,809,316	1,702,988
Unrestricted	84,213,819	79,858,430
Total net position	<u>346,873,596</u>	<u>327,728,639</u>
TOTAL	<u><u>\$ 411,277,328</u></u>	<u><u>\$ 394,866,378</u></u>

The Accompanying Notes Are An Integral
Part Of These Combined Financial Statements

WEST VIRGINIA COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION
COMBINED STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2025 AND 2024

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	<u>2025</u>	<u>2024</u>
OPERATING REVENUES:		
Student tuition and fees, net of scholarship allowance of \$34,540,069 and \$27,398,254 in 2025 and 2024, respectively	\$ 29,472,933	\$ 29,931,926
Contracts and grants:		
Federal	17,680,677	13,637,893
State	27,550,151	17,858,426
Private	3,847,339	2,886,720
Sales and services of educational activities	1,476,159	1,361,537
Auxiliary enterprise revenue, net of scholarship allowance of \$311,411 and \$195,240 in 2025 and 2024, respectively	1,193,628	1,258,569
Other operating revenue	<u>2,642,259</u>	<u>2,237,606</u>
Total operating revenues	<u>83,863,146</u>	<u>69,172,677</u>
OPERATING EXPENSES:		
Salaries and wages	85,456,595	82,206,643
Benefits	21,848,403	16,331,158
Supplies and other services	39,919,675	40,276,797
Utilities	4,354,279	4,319,168
Student financial aid - scholarships and fellowships	27,345,154	18,975,083
Depreciation and amortization	14,374,338	13,538,729
Loan cancellations and write-offs	<u>259,204</u>	<u>140,647</u>
Total operating expenses	<u>193,557,648</u>	<u>175,788,225</u>
OPERATING LOSS	<u>(109,694,502)</u>	<u>(106,615,548)</u>

The Accompanying Notes Are An Integral
Part Of These Combined Financial Statements

WEST VIRGINIA COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION
COMBINED STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION (Continued)
YEARS ENDED JUNE 30, 2025 AND 2024

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	<u>2025</u>	<u>2024</u>
NONOPERATING REVENUES (EXPENSES):		
State appropriations	87,739,001	87,525,514
Federal Pell grant	36,691,211	29,076,095
Federal HEERF revenue	8,123	21,480
Investment income	4,442,643	5,292,900
Fees assessed by the Commission	(49,515)	(59,731)
Other nonoperating revenues (expenses)	<u>(3,332,283)</u>	<u>(2,561,883)</u>
Net nonoperating revenues	<u>125,499,180</u>	<u>119,294,375</u>
 CHANGE IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS	 15,804,678	 12,678,827
 PAYMENTS MADE AND EXPENSES INCURRED (OFFSET) BY THE STATE ON BEHALF OF THE COUNCIL AND INSTITUTIONS	 143,894	 (800,775)
 CAPITAL GRANTS AND GIFTS	 854,658	 413,387
 DONATED CAPITAL ASSETS	 7,014,956	 -
 CAPITAL PAYMENTS MADE ON BEHALF OF THE COUNCIL AND INSTITUTIONS	 326,771	 262,033
 TRANSFERS TO WVU-P FOUNDATION	 <u>(5,000,000)</u>	 <u>-</u>
 CHANGE IN NET POSITION	 <u>19,144,957</u>	 <u>12,553,472</u>
 NET POSITION - Beginning of year	 <u>327,728,639</u>	 <u>315,175,167</u>
 NET POSITION - End of year	 <u>\$ 346,873,596</u>	 <u>\$ 327,728,639</u>

The Accompanying Notes Are An Integral
Part Of These Combined Financial Statements

WEST VIRGINIA COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

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	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	\$ 30,009,191	\$ 31,726,731
Contracts and grants	46,299,512	39,462,169
Payments to and on behalf of employees	(105,967,056)	(101,528,084)
Payments to suppliers	(39,437,006)	(39,546,073)
Payments to utilities	(4,393,187)	(4,303,087)
Payments for scholarships and fellowships	(31,566,746)	(22,862,513)
Auxiliary enterprise charges	1,196,115	1,255,796
Sales and service educational activities	1,476,159	1,361,537
Other receipts, net	<u>2,593,400</u>	<u>1,785,752</u>
Net cash used in operating activities	<u>(99,789,618)</u>	<u>(92,647,772)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	81,612,073	87,524,400
Federal Pell grant	36,787,525	29,076,095
Federal SEOG grant	20,159	15,670
Federal student loan program - direct lending receipts	11,181,087	12,168,945
Federal student loan program - direct lending payments	(11,181,087)	(12,168,945)
Payments to Fairmont State	(1,500,000)	(1,500,000)
Other payments, net	<u>(259,103)</u>	<u>(1,653,646)</u>
Net cash provided by noncapital financing activities	<u>116,660,654</u>	<u>113,462,519</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Capital grants and gifts received	795,021	380,096
Purchases of capital assets	(15,482,861)	(8,289,279)
Proceeds from sale of capital assets	1,100,825	320,663
Debt service assessed for debt service and reserves	(240,617)	(228,129)
Principal paid on capital debt and leases/SBITAs	(1,495,978)	(1,616,401)
Interest paid on capital debt and leases/SBITAs	(25,916)	(33,931)
Other payments, net	(95,646)	229,474
Transfers to WVU-P Foundation	<u>(5,000,000)</u>	<u>-</u>
Net cash used in capital financing activities	<u>(20,445,172)</u>	<u>(9,237,507)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	<u>4,454,026</u>	<u>5,299,221</u>
Net cash provided by investing activities	<u>4,454,026</u>	<u>5,299,221</u>
CHANGE IN CASH AND CASH EQUIVALENTS	879,890	16,876,461
CASH AND CASH EQUIVALENTS - Beginning of year	<u>136,397,337</u>	<u>119,520,876</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 137,277,227</u>	<u>\$ 136,397,337</u>

The Accompanying Notes Are An Integral
Part Of These Combined Financial Statements

WEST VIRGINIA COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION
COMBINED STATEMENTS OF CASH FLOWS (Continued)
YEARS ENDED JUNE 30, 2025 AND 2024

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	<u>2025</u>	<u>2024</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN		
OPERATING ACTIVITIES:		
Operating loss	\$ (109,694,502)	\$ (106,615,548)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	14,374,338	13,538,729
Pension expense - special funding situation	46,529	(63,728)
OPEB expense - special funding situation	97,365	(737,047)
Changes in assets and liabilities:		
Accounts receivable, net/amounts due from the Commission	(1,868,926)	(2,741,975)
Inventories	-	(29,000)
Net other postemployment benefits asset	572,670	(1,462,388)
Deferred outflows of resources	(160,349)	2,553,535
Accounts payable/amounts due to the Commission	(2,446,544)	(21,028)
Accrued liabilities	592,475	32,905
Net other postemployment benefits liability	-	(1,274,146)
Compensated absences	1,089,323	440,005
Unearned revenue and deposits	(2,030,729)	5,775,218
Net pension liability	(147,569)	(201,010)
Deferred inflows of resources	(1,462,139)	(2,683,318)
Other	<u>1,248,440</u>	<u>841,024</u>
Net cash used in operating activities	<u>\$ (99,789,618)</u>	<u>\$ (92,647,772)</u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT

OF NET POSITION:

Cash and cash equivalents classified as current	\$ 134,495,307	\$ 133,883,120
Cash and cash equivalents classified as noncurrent	<u>2,781,920</u>	<u>2,514,217</u>
	<u>\$ 137,277,227</u>	<u>\$ 136,397,337</u>

NONCASH TRANSACTIONS:

Capital asset additions in accounts payable or retainage	<u>\$ 549,616</u>	<u>\$ 105,260</u>
Sale of capital assets in accounts receivable	<u>\$ 1,270</u>	<u>\$ -</u>
Capital assets acquired through contributions or donations	<u>\$ 7,014,956</u>	<u>\$ -</u>
Capital payments made and expenses incurred on behalf of the Council	<u>\$ 326,771</u>	<u>\$ 262,033</u>
Donations	<u>\$ 26,000</u>	<u>\$ 20,000</u>
Right-to-use lease assets acquired through outstanding leases	<u>\$ 85,326</u>	<u>\$ 769,325</u>
Right-to-use subscription assets acquired through outstanding SBITAs	<u>\$ 41,707</u>	<u>\$ 85,375</u>

The Accompanying Notes Are An Integral
Part Of These Combined Financial Statements

WEST VIRGINIA COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION
COMPONENT UNITS - STATEMENT OF FINANCIAL POSITION

	JUNE 30, 2025					DECEMBER 31, 2024	
	Blue Ridge Community and Technical College Foundation, Inc.	BridgeValley Community & Technical College Foundation, Inc.	New River Community and Technical College Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	WVU at Parkersburg Foundation, Inc.	Southern West Virginia Community and Technical College Foundation, Inc.	Total
ASSETS							
Cash and equivalents	\$ 725,910	\$ 185,664	\$ 178,245	\$ 77,663	\$ 315,132	\$ 578,676	\$ 2,061,290
Investments	1,164,981	2,891,945	2,476,926	7,627,935	16,082,520	4,599,091	34,843,398
Pledges and contributions receivable, net	13,000	500	73,000	100	100,000	254,781	441,381
Other assets	6,723	13,522	-	30,707	2,014	11,173	64,139
Beneficial interests	-	-	1,701,691	1,353,021	-	-	3,054,712
Property and equipment, net	-	-	-	-	20,369,230	-	20,369,230
TOTAL ASSETS	\$ 1,910,614	\$ 3,091,631	\$ 4,429,862	\$ 9,089,426	\$ 36,868,896	\$ 5,443,721	\$ 60,834,150
LIABILITIES AND NET ASSETS							
Liabilities							
Accounts payable	\$ 1,855	\$ 7,575	\$ 149,500	\$ 10,376	\$ 3,435,371	\$ 5,345	\$ 3,610,022
Other accrued liabilities	-	-	20,000	-	-	-	20,000
Amounts held on behalf of others	-	10,927	-	-	96,453	-	107,380
Total Liabilities	1,855	18,502	169,500	10,376	3,531,824	5,345	3,737,402
Net Assets							
Without donor restrictions	292,153	203,556	118,515	1,156,272	1,377,279	849,548	3,997,323
With donor restrictions	1,616,606	2,869,573	4,141,847	7,922,778	31,959,793	4,588,828	53,099,425
Total Net Assets	1,908,759	3,073,129	4,260,362	9,079,050	33,337,072	5,438,376	57,096,748
TOTAL LIABILITIES AND NET ASSETS	\$ 1,910,614	\$ 3,091,631	\$ 4,429,862	\$ 9,089,426	\$ 36,868,896	\$ 5,443,721	\$ 60,834,150

The accompanying notes are an integral part of these financial statements.

WEST VIRGINIA COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION
COMPONENT UNITS - STATEMENT OF FINANCIAL POSITION

	JUNE 30, 2024					DECEMBER 31, 2023	
	Blue Ridge Community and Technical College Foundation, Inc.	BridgeValley Community & Technical College Foundation, Inc.	New River Community and Technical College Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	WVU at Parkersburg Foundation, Inc.	Southern West Virginia Community and Technical College Foundation, Inc.	Total
ASSETS							
Cash and equivalents	\$ 719,484	\$ 228,411	\$ 225,620	\$ 122,045	\$ 2,305,880	\$ 470,137	\$ 4,071,577
Investments	1,078,086	2,519,471	2,265,242	7,229,660	14,743,382	3,975,607	31,811,448
Pledges and contributions receivable, net	2,500	4,867	25,000	1,109	2,600,000	210,102	2,843,578
Other assets	8,163	18,253	2,500	23,033	32,614	10,789	95,352
Beneficial interests	-	-	1,648,629	1,276,291	-	-	2,924,920
Property and equipment, net	-	-	-	-	6,898,638	-	6,898,638
TOTAL ASSETS	\$ 1,808,233	\$ 2,771,002	\$ 4,166,991	\$ 8,652,138	\$ 26,580,514	\$ 4,666,635	\$ 48,645,513
LIABILITIES AND NET ASSETS							
Liabilities							
Accounts payable	\$ -	\$ 27,640	\$ 215,000	\$ 32,290	\$ 127,131	\$ 895	\$ 402,956
Other accrued liabilities	-	-	15,000	-	-	-	15,000
Amounts held on behalf of others	-	16,972	-	-	101,865	-	118,837
Total Liabilities	-	44,612	230,000	32,290	228,996	895	536,793
Net Assets							
Without donor restrictions	241,420	192,121	98,430	1,124,279	1,220,721	807,216	3,684,187
With donor restrictions	1,566,813	2,534,269	3,838,561	7,495,569	25,130,797	3,858,524	44,424,533
Total Net Assets	1,808,233	2,726,390	3,936,991	8,619,848	26,351,518	4,665,740	48,108,720
TOTAL LIABILITIES AND NET ASSETS	\$ 1,808,233	\$ 2,771,002	\$ 4,166,991	\$ 8,652,138	\$ 26,580,514	\$ 4,666,635	\$ 48,645,513

The accompanying notes are an integral part of these financial statements.

WEST VIRGINIA COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION
COMPONENT UNITS - STATEMENT OF ACTIVITIES

	YEAR ENDED JUNE 30, 2025					YEAR ENDED DECEMBER 31, 2024	
	Blue Ridge Community and Technical College Foundation, Inc.	BridgeValley Community & Technical College Foundation, Inc.	New River Community and Technical College Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	WVU at Parkersburg Foundation, Inc.	Southern West Virginia Community and Technical College Foundation, Inc.	Total
<u>Revenues, Gains, Losses, and Other Support</u>							
Without donor restriction							
Gifts, contributions, and other	\$ 28,733	\$ 24,995	\$ 196,790	\$ 120,495	\$ 56,651	\$ 329,791	\$ 757,455
Investment income (loss)	27,791	56,573	17,318	59,851	47,160	111,607	320,300
Reclassifications	437,368	90,391	152,852	201,155	879,041	173,416	1,934,223
With donor restriction							
Gifts, contributions, and other	381,483	209,118	114,164	92,902	6,159,001	422,434	7,379,102
Investment income (loss)	105,678	216,577	341,974	535,462	1,549,036	481,286	3,230,013
Reclassifications	(437,368)	(90,391)	(152,852)	(201,155)	(879,041)	(173,416)	(1,934,223)
Total revenues, gains, losses, and other support	<u>543,685</u>	<u>507,263</u>	<u>670,246</u>	<u>808,710</u>	<u>7,811,848</u>	<u>1,345,118</u>	<u>11,686,870</u>
<u>Expenses</u>							
Student support and program services	442,241	58,697	197,505	302,786	459,044	259,618	1,719,891
Management and general	918	96,172	43,111	23,118	367,250	215,621	746,190
Fundraising	-	5,655	106,259	23,604	-	97,243	232,761
Total expenses	<u>443,159</u>	<u>160,524</u>	<u>346,875</u>	<u>349,508</u>	<u>826,294</u>	<u>572,482</u>	<u>2,698,842</u>
<u>Change in Net Assets</u>							
Without donor restrictions	50,733	11,435	20,085	31,993	156,558	42,332	313,136
With donor restrictions	<u>49,793</u>	<u>335,304</u>	<u>303,286</u>	<u>427,209</u>	<u>6,828,996</u>	<u>730,304</u>	<u>8,674,892</u>
Total change in net assets	<u>100,526</u>	<u>346,739</u>	<u>323,371</u>	<u>459,202</u>	<u>6,985,554</u>	<u>772,636</u>	<u>8,988,028</u>
Net Assets, Beginning of Year	<u>1,808,233</u>	<u>2,726,390</u>	<u>3,936,991</u>	<u>8,619,848</u>	<u>26,351,518</u>	<u>4,665,740</u>	<u>48,108,720</u>
Net Assets, End of Year	<u>\$ 1,908,759</u>	<u>\$ 3,073,129</u>	<u>\$ 4,260,362</u>	<u>\$ 9,079,050</u>	<u>\$ 33,337,072</u>	<u>\$ 5,438,376</u>	<u>\$ 57,096,748</u>

The accompanying notes are an integral part of these financial statements.

WEST VIRGINIA COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION
COMPONENT UNITS - STATEMENT OF ACTIVITIES

	YEAR ENDED JUNE 30, 2024					YEAR ENDED DECEMBER 31, 2023	
	Blue Ridge Community and Technical College Foundation, Inc.	BridgeValley Community & Technical College Foundation, Inc.	New River Community and Technical College Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	WVU at Parkersburg Foundation, Inc.	Southern West Virginia Community and Technical College Foundation, Inc.	Total
<u>Revenues, Gains, Losses, and Other Support</u>							
Without donor restriction							
Gifts, contributions, and other	\$ 30,065	\$ 161,016	\$ 180,733	\$ 46,529	\$ 60,187	\$ 179,734	\$ 658,264
Investment income (loss)	31,938	87,885	17,363	89,274	45,463	16,665	288,588
Reclassifications	244,785	32,268	334,656	114,974	318,263	408,739	1,453,685
With donor restriction							
Gifts, contributions, and other	54,640	223,837	212,087	166,931	169,172	193,246	1,019,913
Investment income (loss)	112,607	69,135	501,161	740,199	1,801,570	(51,752)	3,172,920
Reclassifications	(244,785)	(32,268)	(334,656)	(114,974)	(318,263)	(408,739)	(1,453,685)
Total revenues, gains, losses, and other support	<u>229,250</u>	<u>541,873</u>	<u>911,344</u>	<u>1,042,933</u>	<u>2,076,392</u>	<u>337,893</u>	<u>5,139,685</u>
<u>Expenses</u>							
Student support and program services	268,692	48,953	360,098	116,412	184,636	331,481	1,310,272
Management and general	771	38,121	31,629	17,388	387,858	261,567	737,334
Fundraising	-	8,680	110,462	22,891	-	69,944	211,977
Total expenses	<u>269,463</u>	<u>95,754</u>	<u>502,189</u>	<u>156,691</u>	<u>572,494</u>	<u>662,992</u>	<u>2,259,583</u>
Change in Net Assets							
Without donor restrictions	37,325	185,415	30,563	94,086	(148,581)	(57,854)	140,954
With donor restrictions	<u>(77,538)</u>	<u>260,704</u>	<u>378,592</u>	<u>792,156</u>	<u>1,652,479</u>	<u>(267,245)</u>	<u>2,739,148</u>
Total change in net assets	<u>(40,213)</u>	<u>446,119</u>	<u>409,155</u>	<u>886,242</u>	<u>1,503,898</u>	<u>(325,099)</u>	<u>2,880,102</u>
Net Assets, Beginning of Year	<u>1,848,446</u>	<u>2,280,271</u>	<u>3,527,836</u>	<u>7,733,606</u>	<u>24,847,620</u>	<u>4,990,839</u>	<u>45,228,618</u>
Net Assets, End of Year	<u>\$ 1,808,233</u>	<u>\$ 2,726,390</u>	<u>\$ 3,936,991</u>	<u>\$ 8,619,848</u>	<u>\$ 26,351,518</u>	<u>\$ 4,665,740</u>	<u>\$ 48,108,720</u>

The accompanying notes are an integral part of these financial statements.

**WEST VIRGINIA COUNCIL FOR COMMUNITY
AND TECHNICAL COLLEGE EDUCATION
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

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NOTE 1 - ORGANIZATION

The West Virginia Council for Community and Technical College Education (the Council) is comprised of the following:

Blue Ridge Community and Technical College (Blue Ridge)
BridgeValley Community and Technical College (BridgeValley)
Eastern West Virginia Community and Technical College (Eastern)
Mountwest Community and Technical College (Mountwest)
New River Community and Technical College (New River)
Pierpont Community and Technical College (Pierpont)
Southern West Virginia Community and Technical College (Southern)
West Virginia Council for Community and Technical College Education (administrative unit)
West Virginia Northern Community College (Northern)
West Virginia University at Parkersburg (WVU at Parkersburg)

The Council is a part of the West Virginia Higher Education Fund. The Council (two-year education) and the West Virginia Higher Education Policy Commission (the Commission) (four-year and post-graduate education) collectively comprise the West Virginia Higher Education Fund. The Council and the Commission were legislatively created under Senate Bill No. 448 and Senate Bill No. 653, respectively. Senate Bill No. 448, which was enacted in March 2004, requires a separate combined audit of the Council.

The Council is responsible for developing, overseeing, and advancing the State of West Virginia's (the State) public policy agenda as it relates to community and technical college education. The Council is comprised of 13 persons appointed by the Governor with the advice and consent of the Senate.

Each institution within the Council is governed by its own Governing Board, which is responsible for the general determination, control, supervision, and management of the financial business and educational policies and affairs of its institution. Certain administrative services are provided by the Commission to the Council at no charge.

During fiscal year 2008, House Bill No. 3215 was passed, which clarified and redefined relationships between and among certain higher education boards and institutions. This legislation defines the statewide network of independently accredited community and technical colleges. Effective July 1, 2008, WVU at Parkersburg and the administratively linked community and technical colleges of Fairmont State University, Marshall University, West Virginia State University, and West Virginia University (the Universities) established their own Boards of Governors. Except for Fairmont State University (Fairmont) and Pierpont, which were granted an extension to be effective January 1, 2010, the newly established Boards of Governors and the Boards of Governors of the Universities jointly agreed on a division of assets and liabilities of the Universities as required.

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

**WEST VIRGINIA COUNCIL FOR COMMUNITY
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NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The accompanying combined financial statements present all entities under the authority of the Council under GASB.

The basic criterion for inclusion in the accompanying combined financial statements is the exercise of oversight responsibility derived from the Council's ability to significantly influence operations and accountability for fiscal matters of related entities. Related foundations and other affiliates of the Council are not part of the Council's reporting entity and are not included in the accompanying combined financial statements as the Council has no ability to designate management, cannot significantly influence operations of these entities, and is not accountable for the fiscal matters of the foundations and other affiliates under GASB blended component unit requirements.

The Council applies GASB discretely presented component unit requirements. As a result, the financial statements of certain component units as first presented in the Component Units - Statements of Financial Position are discretely presented here with the Council's financial statements. The discretely presented component units included here are separate private nonprofit organizations affiliated with a respective institution and are required to be reported under GASB. These discretely presented component unit organizations report under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The discretely presented component units consist of foundations that meet the criteria for inclusion under GASB discretely presented component unit requirements.

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

- **Net investment in capital assets** - This represents the Council'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 which the Council is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

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

- **Restricted net position - nonexpendable** - This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal.
- **Unrestricted net position** - Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational activities. These resources are used for transactions relating to the educational and general operations of the Council and may be used at the discretion of the respective governing boards to meet current expenses for any purpose.

**WEST VIRGINIA COUNCIL FOR COMMUNITY
AND TECHNICAL COLLEGE EDUCATION
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash and Cash Equivalents - For purposes of the combined statements of net position, the Council 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 of West Virginia (the State) for investment purposes by the West Virginia Board of Treasury Investments (the BTI). These funds are transferred to the BTI, and the BTI 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, and by the 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 State Legislature and is subject to oversight by the State Legislature. Fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. The amounts on deposit are available for immediate withdrawal, or on the first day of each month for the WV Short Term Bond Pool, and accordingly, are presented as cash and cash equivalents in the accompanying combined financial statements.

The BTI maintains the Consolidated Fund investment fund, which consists of nine investment pools and participant-directed accounts, three of which the Council may invest in. These pools have been structured as multiparticipant variable net asset funds to reduce risk and offer investment liquidity diversification to the Consolidated Fund participants. Consolidated 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, WV 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 the Council's policy to provide for future losses on uncollectible accounts, contracts, grants, and loans receivable based on an evaluation of the underlying account, contract, grant, and loan balances, the historical collectibility experienced by the Council on such balances, and other factors, which, in the Council's judgment, require consideration in estimating doubtful accounts.

Amounts with Affiliates - The current amounts due to/from affiliates, including the Commission and institutions of the Commission, are noninterest bearing and payable on demand.

**WEST VIRGINIA COUNCIL FOR COMMUNITY
AND TECHNICAL COLLEGE EDUCATION
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt service obligations payable to the Commission and its institutions bear interest and have scheduled maturities. Notes payable to the Commission are noninterest bearing.

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

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

Noncurrent Appropriations Due from Primary Government - An appropriation due from primary government that is (1) externally restricted to make debt service payments, to make long-term loans to students, or to maintain sinking or reserve funds, (2) to purchase capital or other noncurrent assets, or (3) to be held for permanently restricted net position, is classified as a noncurrent asset in the combined statements of net position.

Capital Assets - Capital assets include property, plant, and equipment, books and materials that are part of a catalogued library, and infrastructure assets. Capital assets are stated at cost at the date of acquisition or construction, or at fair market 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, 20 years for land improvements, 7 to 20 years for library assets, and 3 to 10 years for furniture and equipment.

Capital assets also include intangible right-to-use lease and 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 term or the estimated useful life of the underlying asset, unless the lease or subscription-based information technology arrangement (SBITA) contains a purchase option.

Unearned Revenue and Deposits - Cash received for programs or activities to be conducted primarily in the next fiscal year is classified as unearned revenue, including items such as orientation fees and room and board. 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 benefits (OPEB) expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State. Effective July 1, 2007, the Council was required to participate in this multiple employer cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State. Details regarding this plan and its stand-alone financial statements can be obtained by contacting West Virginia Public Employees Insurance Agency (PEIA), 601 57th Street SE, Charleston, WV 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. The Council's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination. The Council'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.

**WEST VIRGINIA COUNCIL FOR COMMUNITY
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NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by West Virginia Retiree Health Benefit Trust Fund (RHBT). For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 10 for further discussion.

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

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

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

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

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

BRIM engages an independent actuary to assist in the determination of its premiums so as to minimize the likelihood of premium adjustments to the Council or other participants in BRIM's insurance programs. As a result, management does not expect significant differences between the premiums the Council is currently charged by BRIM and the ultimate cost of that insurance based on the Council's actual loss experience. In the event such differences arise between estimated premiums currently charged by BRIM to the Council and the Council'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 a third-party insurer, the Council 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 insurer, the Council has transferred its risks related to health insurance, life insurance, prescription drug coverage, and job-related injuries.

**WEST VIRGINIA COUNCIL FOR COMMUNITY
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YEARS ENDED JUNE 30, 2025 AND 2024**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Revenues - The Council 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 proceeds from the sale of capital assets (including natural resources).

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

Use of Restricted Net Position - The Council has not adopted a formal policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Generally, the Council attempts to utilize restricted net position first when practicable. Certain community and technical colleges (CTCs) have adopted a policy to utilize restricted net position first.

Federal Financial Assistance Programs - The Council 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 the institutions within the Council. Direct student loans receivable are not included in the Council's combined statements of net position. In 2025 and 2024, the Council received and disbursed, or awarded, approximately \$14,800,000 and \$15,700,000 respectively, under the Direct Student Loan Program, which are not included as revenue and expense on the combined statements of revenues, expenses, and changes in net position.

The Council 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 combined financial statements. In 2025 and 2024, the Council received and disbursed approximately \$37,700,000 and \$29,800,000, respectively, under these federal student aid programs.

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

Certain aid, such as loans, funds provided to students as awards 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.

**WEST VIRGINIA COUNCIL FOR COMMUNITY
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NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government Grants and Contracts - Government grants and contracts normally provide for the recovery of direct and indirect costs subject to audit. The Council 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 - The Council is exempt from income taxes, except for unrelated business income, as a governmental instrumentality 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 combined statements of cash flows.

Use of Estimates - The preparation of combined financial statements in conformity with generally accepted accounting principles 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 combined financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ materially from those estimates.

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

Newly Adopted Statements Issued by GASB – The Council 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.

The Council 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 concentrations or constraints common in a governmental environment. The Statement 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 significant impact on the financial statements.

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YEARS ENDED JUNE 30, 2025 AND 2024**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 is 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. The Statement aims to improve financial reporting. It clarifies that management's discussion and analysis should be limited to only topics in the existing sections and stresses that the detailed analyses section should provide clear explanation of why balances or results changed rather than simply presenting the amounts of the change. The descriptions of unusual or infrequent items will make it clearer which items need to be separately reported. The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from government to government, to improve comparability. The changes to presentation of major component unit information and budgetary comparison information are also geared towards enhancing comparability. The Council has not yet determined the effect that the adoption of GASB Statement No. 103 may have on its financial statements.

GASB has 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. The Council has not yet determined the effect that the adoption of GASB Statement No. 104 may have on its financial statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

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

	2025		
	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
State Treasurer	\$ 132,291,363	\$ 2,781,920	\$ 135,073,283
Banks	2,192,689	-	2,192,689
On hand	<u>11,255</u>	<u>-</u>	<u>11,255</u>
	<u>\$ 134,495,307</u>	<u>\$ 2,781,920</u>	<u>\$ 137,277,227</u>

	2024		
	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
State Treasurer	\$ 132,499,954	\$ 2,514,217	\$ 135,014,171
Banks	1,371,662	-	1,371,662
On hand	<u>11,504</u>	<u>-</u>	<u>11,504</u>
	<u>\$ 133,883,120</u>	<u>\$ 2,514,217</u>	<u>\$ 136,397,337</u>

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NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

Amounts held by the State Treasurer and Trustee include \$5,907,151 and \$5,571,413 of restricted cash at June 30, 2025 and 2024, respectively.

The combined carrying amount of cash in the bank at June 30, 2025 and 2024, was \$2,192,689 and \$1,371,662 respectively, as compared with the combined bank balance of \$2,865,472 and \$1,665,297, respectively. The difference is primarily caused by outstanding checks and items in transit. The bank balances were covered by federal depository insurance as noted below or were collateralized by securities held by the State's agent. Regarding federal depository insurance, accounts are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Amounts with the State Treasurer were \$135,073,283 and \$135,014,171 as of June 30, 2025 and 2024, respectively. Of these amounts, \$99,261,618 and \$96,145,931 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 at June 30, 2025 and 2024.

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	\$ 96,982,546	AAAm	\$ 93,967,003	AAAm
WV Short Term Bond Pool	2,279,072	Not Rated	2,178,928	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	\$ 96,982,546	41	\$ 93,967,003	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	\$ 2,279,072	637	\$ 2,178,928	645

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NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

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

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

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

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

NOTE 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 \$11,509,812 and \$9,957,666 in 2025 and 2024, respectively	\$ 3,496,598	\$ 2,719,757
Grants and contracts receivable, no allowance necessary	2,495,926	2,316,415
Lease receivable, current	8,832	16,828
Other	<u>2,782,825</u>	<u>1,711,221</u>
	<u><u>\$ 8,784,181</u></u>	<u><u>\$ 6,764,221</u></u>

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NOTE 5 - CAPITAL ASSETS

A summary of capital assets transactions for the Council at June 30, 2025 and 2024, is as follows:

	2025			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 12,738,324	\$ 1,332,550	\$ -	\$ 14,070,874
Construction in progress	<u>2,018,286</u>	<u>7,314,302</u>	<u>2,165,312</u>	<u>7,167,276</u>
Total capital assets not being depreciated	<u>\$ 14,756,610</u>	<u>\$ 8,646,852</u>	<u>\$ 2,165,312</u>	<u>\$ 21,238,150</u>
Other capital assets being depreciated:				
Land improvements	\$ 3,728,887	\$ 53,019	\$ -	\$ 3,781,906
Infrastructure	6,083,345	7,365	-	6,090,710
Buildings	294,739,020	8,587,751	7,266,454	296,060,317
Equipment	64,120,759	8,762,226	746,456	72,136,529
Software	644,695	-	-	644,695
Library books	<u>7,143,191</u>	<u>103,804</u>	<u>23,297</u>	<u>7,223,698</u>
Total other capital assets being depreciated	<u>376,459,897</u>	<u>17,514,165</u>	<u>8,036,207</u>	<u>385,937,855</u>
Lease assets being amortized:				
Building space	7,160,688	1,470,911	415,136	8,216,463
Equipment	<u>225,758</u>	<u>93,579</u>	<u>25,000</u>	<u>294,337</u>
Total lease assets being amortized	<u>7,386,446</u>	<u>1,564,490</u>	<u>440,136</u>	<u>8,510,800</u>
Subscription assets being amortized	<u>1,588,414</u>	<u>270,212</u>	<u>114,604</u>	<u>1,744,022</u>
Less accumulated depreciation for:				
Land improvements	2,514,022	163,857	-	2,677,879
Infrastructure	3,989,720	221,387	-	4,211,107
Buildings	107,286,534	7,032,354	2,978,068	111,340,820
Equipment	45,058,131	5,358,616	729,528	49,687,219
Software	492,123	50,727	-	542,850
Library books	<u>6,796,164</u>	<u>113,233</u>	<u>23,297</u>	<u>6,886,100</u>
Total accumulated depreciation	<u>166,136,694</u>	<u>12,940,174</u>	<u>3,730,893</u>	<u>175,345,975</u>
Less accumulated amortization for lease and subscription assets:				
Building space	1,815,496	935,978	415,136	2,336,338
Equipment	167,723	55,665	25,000	198,388
Subscription assets	<u>834,634</u>	<u>442,521</u>	<u>106,780</u>	<u>1,170,375</u>
Total accumulated amortization	<u>2,817,853</u>	<u>1,434,164</u>	<u>546,916</u>	<u>3,705,101</u>
Other capital assets, lease assets, and subscription assets, net	<u>\$216,480,210</u>	<u>\$ 4,974,529</u>	<u>\$ 4,313,138</u>	<u>\$217,141,601</u>
Capital asset summary:				
Capital assets not being depreciated	\$ 14,756,610	\$ 8,646,852	\$ 2,165,312	\$ 21,238,150
Other capital assets	376,459,897	17,514,165	8,036,207	385,937,855
Lease assets	7,386,446	1,564,490	440,136	8,510,800
Subscription assets	<u>1,588,414</u>	<u>270,212</u>	<u>114,604</u>	<u>1,744,022</u>
Total cost of capital assets	<u>400,191,367</u>	<u>27,995,719</u>	<u>10,756,259</u>	<u>417,430,827</u>
Less accumulated depreciation and amortization	<u>168,954,547</u>	<u>14,374,338</u>	<u>4,277,809</u>	<u>179,051,076</u>
Capital assets, net	<u>\$231,236,820</u>	<u>\$ 13,621,381</u>	<u>\$ 6,478,450</u>	<u>\$238,379,751</u>

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NOTE 5 - CAPITAL ASSETS (Continued)

	2024			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 12,789,204	\$ -	\$ 50,880	\$ 12,738,324
Construction in progress	<u>2,295,918</u>	<u>1,917,295</u>	<u>2,194,927</u>	<u>2,018,286</u>
Total capital assets not being depreciated	<u>\$ 15,085,122</u>	<u>\$ 1,917,295</u>	<u>\$ 2,245,807</u>	<u>\$ 14,756,610</u>
Other capital assets being depreciated:				
Land improvements	\$ 3,480,051	\$ 256,836	\$ 8,000	\$ 3,728,887
Infrastructure	6,083,345	-	-	6,083,345
Buildings	292,844,876	2,898,744	1,004,600	294,739,020
Equipment	60,347,394	4,843,273	1,069,908	64,120,759
Software	609,895	34,800	-	644,695
Library books	<u>7,638,311</u>	<u>98,961</u>	<u>594,081</u>	<u>7,143,191</u>
Total other capital assets being depreciated	<u>371,003,872</u>	<u>8,132,614</u>	<u>2,676,589</u>	<u>376,459,897</u>
Lease assets being amortized:				
Building space	6,415,440	768,325	23,077	7,160,688
Equipment	<u>327,923</u>	<u>-</u>	<u>102,165</u>	<u>225,758</u>
Total lease assets being amortized	<u>6,743,363</u>	<u>768,325</u>	<u>125,242</u>	<u>7,386,446</u>
Subscription assets being amortized	<u>1,512,339</u>	<u>226,709</u>	<u>150,634</u>	<u>1,588,414</u>
Less accumulated depreciation for:				
Land improvements	2,346,078	169,944	2,000	2,514,022
Infrastructure	3,768,335	221,385	-	3,989,720
Buildings	100,346,857	7,013,887	74,210	107,286,534
Equipment	41,551,542	4,727,619	1,221,030	45,058,131
Software	449,129	42,994	-	492,123
Library books	<u>7,264,745</u>	<u>125,463</u>	<u>594,044</u>	<u>6,796,164</u>
Total accumulated depreciation	<u>155,726,686</u>	<u>12,301,292</u>	<u>1,891,284</u>	<u>166,136,694</u>
Less accumulated amortization for lease and subscription assets:				
Building space	943,696	894,877	23,077	1,815,496
Equipment	202,568	67,320	102,165	167,723
Subscription assets	<u>588,514</u>	<u>396,754</u>	<u>150,634</u>	<u>834,634</u>
Total accumulated amortization	<u>1,734,778</u>	<u>1,358,951</u>	<u>275,876</u>	<u>2,817,853</u>
Other capital assets, lease assets, and subscription assets, net	<u>\$221,798,110</u>	<u>\$ (4,532,595)</u>	<u>\$ 785,305</u>	<u>\$216,480,210</u>
Capital asset summary:				
Capital assets not being depreciated	\$ 15,085,122	\$ 1,917,295	\$ 2,245,807	\$ 14,756,610
Other capital assets	371,003,872	8,132,614	2,676,589	376,459,897
Lease assets	6,743,363	768,325	125,242	7,386,446
Subscription assets	<u>1,512,339</u>	<u>226,709</u>	<u>150,634</u>	<u>1,588,414</u>
Total cost of capital assets	<u>394,344,696</u>	<u>11,044,943</u>	<u>5,198,272</u>	<u>400,191,367</u>
Less accumulated depreciation and amortization	<u>157,461,464</u>	<u>13,660,243</u>	<u>2,167,160</u>	<u>168,954,547</u>
Capital assets, net	<u>\$236,883,232</u>	<u>\$ (2,615,300)</u>	<u>\$ 3,031,112</u>	<u>\$231,236,820</u>

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NOTE 5 - CAPITAL ASSETS (Continued)

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

Title for certain real property is with the Commission.

The Council had no construction commitments as of June 30, 2025.

NOTE 6 - LONG-TERM LIABILITIES

A summary of long-term obligation transactions for the Council at June 30, 2025 and 2024, is as follows:

	2025				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Lease liability	\$ 5,611,211	\$ 1,561,010	\$ 874,073	\$ 6,298,148	\$ 909,958
Subscription liability	616,657	46,475	201,433	461,699	354,452
Other debt service obligations	950,069	-	316,474	633,595	308,843
Due to Fairmont State	12,000,000	-	1,500,000	10,500,000	1,500,000
Funds due to West Virginia Development Office	1,400,000	-	66,667	1,333,333	66,668
Compensated absences	<u>5,063,964</u>	<u>1,089,323</u>	<u>-</u>	<u>6,153,287</u>	<u>5,561,275</u>
Total long-term liabilities	<u>\$ 25,641,901</u>	<u>\$ 2,696,808</u>	<u>\$ 2,958,647</u>	<u>\$ 25,380,062</u>	<u>\$ 8,701,196</u>

	2024				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Lease liability	\$ 5,707,837	\$ 769,325	\$ 865,951	\$ 5,611,211	\$ 732,904
Subscription liability	756,816	61,207	201,366	616,657	314,415
Other debt service obligations	1,500,772	1,217	551,920	950,069	316,474
Due to Fairmont State	13,500,000	-	1,500,000	12,000,000	1,500,000
Funds due to West Virginia Development Office	1,466,667	-	66,667	1,400,000	66,668
Compensated absences	<u>4,622,959</u>	<u>705,714</u>	<u>264,709</u>	<u>5,063,964</u>	<u>4,627,939</u>
Total long-term liabilities	<u>\$ 27,555,051</u>	<u>\$ 1,537,463</u>	<u>\$ 3,450,613</u>	<u>\$ 25,641,901</u>	<u>\$ 7,558,400</u>

At June 30, 2025 and 2024, debt service obligations include amounts due to the Commission of \$633,595 and \$942,700, respectively, and others of \$0 and \$7,369, respectively.

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NOTE 7 - LEASES

Lessor - During the fiscal years ending June 30, 2025 and 2024, the Council, as lessor, leased classroom and office space to a third-party under a noncancelable lease agreement. The lease income and interest income for the years ended June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Lease income	\$ 16,928	\$ 65,205
Interest income	<u>1,081</u>	<u>5,234</u>
Total	<u>\$ 18,009</u>	<u>\$ 70,439</u>

Lessee - The Council leases building space and equipment for various terms under long-term, noncancelable lease agreements. The leases have interest rates ranging from 0.42% to 8.50% and expire at various dates through fiscal year 2043.

Future annual minimum lease payments 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	\$ 909,958	\$ 222,541	\$ 1,132,499
2027	934,540	187,624	1,122,164
2028	764,380	154,964	919,344
2029	658,561	132,319	790,880
2030	670,425	113,022	783,447
2031 - 2035	1,884,375	310,349	2,194,724
2036 - 2040	255,261	152,739	408,000
2041 - 2043	<u>220,648</u>	<u>30,952</u>	<u>251,600</u>
Total	<u>\$ 6,298,148</u>	<u>\$ 1,304,510</u>	<u>\$ 7,602,658</u>

NOTE 8 - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Council has entered into SBITAs with various terms under long-term, noncancelable agreements. The SBITAs have interest rates ranging from 0.09% to 8.50% and expire at various dates through fiscal year 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	\$ 354,452	\$ 25,969	\$ 380,421
2027	66,996	6,947	73,943
2028	<u>40,251</u>	<u>2,237</u>	<u>42,488</u>
Total	<u>\$ 461,699</u>	<u>\$ 35,153</u>	<u>\$ 496,852</u>

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NOTE 9 - WEST VIRGINIA DEVELOPMENT OFFICE OBLIGATION

Eastern entered into a financial assistance agreement with the West Virginia Development Office (WVDO) in 2014 for \$2,000,000 to construct an academic wing at Eastern's campus in Moorefield, West Virginia. Eastern will remit payments of \$16,667 each quarter beginning on September 30, 2015 until the debt is paid in full. The debt will be due in total on June 30, 2045. As of June 30, 2025, a total of \$1,333,333 is outstanding on this agreement. The total amount of loan payments made for each of the years ended June 30, 2025 and 2024 were \$66,667.

Future minimum payments related to the academic wing debt, as of June 30, 2025, were as follows:

<u>Year Ending June 30,</u>	
2026	\$ 66,668
2027	66,667
2028	66,667
2029	66,667
2030	66,667
Thereafter	<u>999,997</u>
	<u>\$ 1,333,333</u>

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS

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

	<u>2025</u>	<u>2024</u>
Net OPEB liability (asset)	\$ (212,818)	\$ (1,577,020)
Deferred outflows of resources	1,650,425	1,460,588
Deferred inflows of resources	1,017,820	2,466,146
Revenues	271,558	(913,820)
OPEB expense	458,930	(3,695,457)
Contributions made by the Council and Institutions	515,417	198,464

Plan Description

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

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NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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 were no subsidization of retiree healthcare from paygo premiums and PEIA active employers were not billed paygo. The prior year paygo rate for fiscal years 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.

The Council's contributions to the OPEB plan for the years ended June 30, 2025, 2024, and 2023 were \$515,417, \$198,464, and \$985,219, respectively

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NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 rate 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%, respectfully. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year 2033.
- Actuarial cost method: Entry age normal cost method.
- Amortization method: Level percentage of payroll over a 20-year closed period beginning June 30, 2017.
- Wage inflation: 2.75%.
- Retirement age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2020 actuarial valuation.
- Aging factors: Based on the 2013 SOA Study "Health Care Costs - From Birth to Death".
- Expenses: Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.
- Mortality post retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females.
- Mortality pre-retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 100% for females.

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

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NOTE 10 - 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 the Council'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	\$ 929,080	\$ (212,818)	\$ (1,162,912)
2024	(267,099)	(1,577,020)	(3,013,575)

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NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rate. The following presents the Council'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 the Council'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	\$ (1,672,684)	\$ (212,818)	\$ 1,540,398
2024	(3,660,683)	(1,577,020)	1,305,152

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 the Council's proportionate share of the net OPEB liability (asset) was \$(780,600). Of this amount, the Council recognized \$(212,818) as its proportionate share on the statement of net position. The remainder of \$(567,782) denotes the Council's proportionate share of net OPEB liability (asset) attributable to the special funding situation.

At June 30, 2024 the Council's proportionate share of the net OPEB liability (asset) was \$(2,164,799). Of this amount, the Council recognized \$(1,577,020) as its proportionate share on the statement of net position. The remainder of \$(587,779) denotes the Council'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, the Council's proportion was 0.511368025%, a decrease of 0.485543580% from its proportion of 0.996911605% calculated as of June 30, 2023. At the June 30, 2023 measurement date, the Council's proportion was 0.996911605%, a decrease of 0.045244863% from its proportion of 1.042156468% calculated as of June 30, 2022.

For the year ended June 30, 2025, the Council recognized OPEB expense of \$458,930. Of this amount, \$187,372 was recognized as the Council's proportionate share of OPEB expense and \$271,558 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The Council also recognized revenue of \$271,558 for support provided by the State.

For the year ended June 30, 2024, the Council recognized OPEB expense of \$(3,695,457). Of this amount, \$(2,781,637) was recognized as the Council's proportionate share of OPEB expense and \$(913,820) as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The Council also recognized revenue of \$(913,820) for support provided by the State.

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NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 experience	\$ 740,647	\$ 213,719
Changes in proportion and differences between employer contributions and proportionate share of contributions	312,583	310,388
Net difference between projected and actual investment earnings	-	242,365
Changes in assumptions	81,778	251,348
Contributions after the measurement date	<u>515,417</u>	<u>-</u>
Total	<u>\$ 1,650,425</u>	<u>\$ 1,017,820</u>
<u>June 30, 2024</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 918,317
Changes in proportion and differences between employer contributions and proportionate share of contributions	827,070	642,373
Net difference between projected and actual investment earnings	-	25,895
Changes in assumptions	435,054	879,561
Contributions after the measurement date	<u>198,464</u>	<u>-</u>
Total	<u>\$ 1,460,588</u>	<u>\$ 2,466,146</u>

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NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The Council will recognize the \$515,417 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability (asset) in the year ended June 30, 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	\$ (168,237)
2027	387,147
2028	(73,346)
2029	<u>(28,376)</u>
	<u>\$ 117,188</u>

Payables to the OPEB Plan

The Council did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2025 and 2024.

NOTE 11 - SYSTEM BONDS PAYABLE

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

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

The Municipal Bond Commission has the authority to assess each public institution of the Council 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 capital obligation of the Commission, an estimate of the obligation of each institution was reported as a long-term payable by each institution and as a receivable by the Commission. During 2025 and 2024, the Council paid \$308,843 and \$293,240, respectively, to the Commission against the debt obligation.

For the years ended June 30, 2025 and 2024, debt service assessed is as follows:

	<u>2025</u>	<u>2024</u>
Principal	\$ 308,843	\$ 293,240
Interest	31,694	50,983
Other	<u>36,210</u>	<u>35,936</u>
	<u>\$ 376,747</u>	<u>\$ 380,159</u>

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NOTE 12 - CAPITAL PAYMENTS MADE ON BEHALF OF THE COUNCIL

On December 8, 2009, the Commission, on behalf of the Council, issued \$78,295,000 of Community and Technical Colleges Improvement Revenue Bonds, 2009 Series A (2009 Bonds). The proceeds of the 2009 Bonds will be used to finance the acquisition, construction, equipping, or improvement of community and technical college facilities in West Virginia and pay issuance costs of \$295,000. The interest rate on the 2009 Bonds ranges from 2.5% to 5.0% and the due dates commence July 1, 2010 and end July 1, 2028. State Lottery proceeds of a maximum of \$5,000,000 per year will be used to repay the debt, which has a maximum annual debt service of \$4,999,750. In addition, pursuant to Section 18(j)(1) of the Lottery Act, the Commission has granted a third-in-party lien, for the benefit of the bondholders, on the proceeds of the State Lottery Fund, up to a maximum of \$7,500,000 annually.

NOTE 13 - RETIREMENT PLANS

Substantially all full-time employees of the Council participate in either the West Virginia Teachers' Retirement System (the STRS) or the Teachers' Insurance and Annuities Association-College Retirement Equities Fund (the TIAA-CREF). Previously, upon fulltime employment, all employees were required to make an irrevocable selection between the STRS and TIAA-CREF. Current participants in the STRS are permitted to make a one-time election to cease their participation in that plan and commence contributions to the West Virginia Teachers' Defined Contribution Plan. Contributions to and participation in the West Virginia Teachers' Defined Contribution Plan by College 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 the Council are enrolled in a defined benefit pension plan, the STRS plan, which is administered by the CPRB.

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

STRS	2025	2024
Net pension liability	\$ 408,051	\$ 555,620
Deferred outflows of resources	203,619	233,107
Deferred inflows of resources	288,551	285,437
Revenues	46,529	122,528
Pension expense	11,514	26,277
Contributions made by the Council and Institutions	83,902	81,644

Plan Description

The Council contributes to the West Virginia Teacher's Retirement System (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.

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NOTE 13 - 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 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: 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, the Council's proportionate share attributable to this special funding subsidy was \$46,529 and \$122,528, respectively.

The Council's contributions to STRS for the years ended June 30, 2025, 2024, and 2023, were \$83,902, \$81,644, and \$100,149, respectively.

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.

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NOTE 13 - RETIREMENT PLANS (Continued)

- Amortization method and period: Level dollar, fixed period over 40 years, from July 1, 1994 through fiscal year 2034.
- Investment rate of return: 7.25%, net of pension plan administrative and investment expenses.
- Projected salary increases: Teachers 2.75-5.90% and non-teachers 2.75-6.50%, based on age.
- Inflation rate: 2.75%.
- Discount rate: 7.25%.
- Mortality rates based on Pub 2010 - Mortality Tables.
- Withdrawal rates: 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: 15-100%.
- *Ad hoc* cost-of-living increases in pensions are periodically granted by the State Legislature. However, the retirement system makes no automatic provision for such increases.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 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.

June 30, 2024		
Asset Class	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%

June 30, 2023		
Asset Class	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%

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NOTE 13 - RETIREMENT PLANS (Continued)

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 the Council'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 the Council'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
2025	\$ 685,573	\$ 408,051	\$ 173,716
2024	852,468	555,620	302,532

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 July 1, 2022, rolled forward to the measurement date of June 30, 2023.

At June 30, 2025, the Council's proportionate share of the STRS net pension liability was \$1,083,251. Of this amount, the Council recognized \$408,051 as its proportionate share on the statement of net position. The remainder of \$675,200 denotes the Council's proportionate share of net pension liability attributable to the special funding.

At June 30, 2024, the Council's proportionate share of the STRS net pension liability was \$1,689,597. Of this amount, the Council recognized \$555,620 as its proportionate share on the statement of net position. The remainder of \$1,133,977 denotes the Council's proportionate share of net pension liability attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on 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, the Council's proportion was 0.021647%, a decrease of 0.002608% from its proportion of 0.024255% calculated as of June 30, 2023. At the June 30, 2023 measurement date, the Council's proportion was 0.024255%, a decrease of 0.005177% from its proportion of 0.029432% calculated as of June 30, 2022.

For the year ended June 30, 2025, the Council recognized STRS pension expense of \$11,514. Of this amount, \$(35,015) was recognized as the Council's proportionate share of the STRS expense and \$46,529 as the amount of pension expense attributable to special funding from a non-employer contributing entity. The Council also recognized revenue of \$46,529 for support provided by the State.

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NOTE 13 - RETIREMENT PLANS (Continued)

For the year ended June 30, 2024, the Council recognized STRS pension expense of \$26,277. Of this amount, \$(96,251) was recognized as the Council's proportionate share of the STRS expense and \$122,528 as the amount of pension expense attributable to special funding from a non-employer contributing entity. The Council also recognized revenue of \$122,528 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.

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>June 30, 2025</u>		
Differences between expected and actual experience	\$ 42,130	\$ -
Changes in proportion and difference between employer contributions and proportionate share of contributions	66,721	246,512
Changes in assumptions	10,866	-
Net difference between projected and actual investment earnings	-	42,039
Contributions after the measurement date	<u>83,902</u>	<u>-</u>
Total	<u>\$ 203,619</u>	<u>\$ 288,551</u>
<u>June 30, 2024</u>		
Differences between expected and actual experience	\$ 19,910	\$ 1,234
Changes in proportion and difference between employer contributions and proportionate share of contributions	98,205	284,203
Changes in assumptions	23,706	-
Net difference between projected and actual investment earnings	9,642	-
Contributions after the measurement date	<u>81,644</u>	<u>-</u>
Total	<u>\$ 233,107</u>	<u>\$ 285,437</u>

The Council will recognize the \$83,902 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.

Fiscal Year Ended June 30,	Amortization
2026	\$ (99,642)
2027	4,694
2028	(53,965)
2029	<u>(19,921)</u>
	<u>\$ (168,834)</u>

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NOTE 13 - RETIREMENT PLANS (Continued)

Payables to the Pension Plan

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

DEFINED CONTRIBUTION PLANS

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

Total contributions to the TIAA-CREF for the years ended June 30, 2025, 2024, and 2023 were approximately \$9,000,000, \$8,600,000, and \$8,284,000, which consisted of approximately \$4,500,000, \$4,300,000, and \$4,142,000, respectively, from both the Council and the covered employees.

Total contributions to the Educators Money for the years ended June 30, 2025, 2024, and 2023 were approximately \$5,150, \$38,000, and \$52,000, which consisted of approximately \$2,575, \$19,000, and \$26,000, respectively, from both the Council and the covered employees.

The Council's total payroll for the years ended June 30, 2025, 2024, and 2023 was approximately \$85,457,000, \$82,207,000, and \$76,788,000, respectively, and total covered employees' salaries in TIAA-CREF and Educators Money were approximately \$74,679,000 and \$43,000, respectively, in 2025, approximately \$71,798,000 and \$310,000, respectively, in 2024, and approximately \$69,241,000 and \$433,000, respectively, in 2023.

NOTE 14 - FOUNDATIONS

Various foundations have been established as separate nonprofit organizations incorporated in the State having as their purpose "... to aid, strengthen and further in every proper and useful way, the work and services of the (individual institutions within the Council), and their affiliated nonprofit organizations..." Oversight of the foundations is the responsibility of separate and independently-elected Boards of Directors not otherwise affiliated with the Council. In carrying out their responsibilities, the Boards of Directors of the foundations employ management, form policy, and maintain fiscal accountability over funds administered by the foundations. Accordingly, the financial statements of the foundations are not included in the accompanying combined financial statements under the blended component unit requirements. However, the foundations are considered component units of the individual Institutions and, therefore, are discretely presented with the Institution's financial statements and the Council's financial statements in accordance with GASB discretely present component unit requirements.

Complete financial statements for any discretely presented component unit foundation can be obtained by contacting the Business Office of the Council at 2001 Union Carbide Drive, Building 2000, South Charleston, West Virginia 25303.

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NOTE 15 - AFFILIATED ORGANIZATIONS AND OTHER STATE AGENCIES

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

In addition to the relationships and transactions previously described, the Council 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 due to other state agencies at June 30, are as follows:

	<u>2025</u>	<u>2024</u>
Due from:		
Bluefield State University	\$ 76,703	\$ -
Department of Education	6,572	5,008
Departments of Health, Health Facilities, and Human Services	5,396	74,680
Division of Rehabilitation Services	4,111	9,260
Division of Corrections and Rehabilitation	-	17,250
Division of Highways	35,109	44,578
National Guard	1,265	4,599
WV Virtual Academy	<u>600</u>	<u>-</u>
	<u>\$ 129,756</u>	<u>\$ 155,375</u>

	<u>2025</u>	<u>2024</u>
Due to:		
Attorney General	\$ 614	\$ 2,532
Charter School Board	488	370
Department of Administration	5,656	18,876
Departments of Health, Health Facilities, and Human Services	3,055	-
Division of Labor	90	-
Division of Natural Resources	-	2,869
Office of Technology	141	18
PEIA/RHBT	7,944	9,020
State Treasurer's Office	8,155	530,023
Tax Department	1,397	1,390
Workforce West Virginia	21,669	-
WVNET	79,811	1,211
West Virginia University	<u>33,866</u>	<u>1,508</u>
	<u>\$ 162,886</u>	<u>\$ 567,817</u>

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NOTE 16 - RELATED PARTY TRANSACTIONS

Pierpont's 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.

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.

NOTE 17 - CONTINGENCIES AND COMMITMENTS

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

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

The Internal Revenue Code of 1986 establishes rules and regulations for arbitrage rebates. There are no arbitrage rebate liabilities that have been recorded in the combined financial statements at June 30, 2025.

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

NOTE 18 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 14, 2025, the date the combined financial statements were available to be issued. No significant subsequent events requiring adjustment to or disclosure in the combined financial statements were noted.

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NOTE 19 - COMPONENT UNITS' DISCLOSURES

Certain of the community and technical college Foundations are reported as discretely presented component units. Each of the discretely presented component units included here is presented as of its respective fiscal year end - June 30, 2025 and 2024 for Blue Ridge Community and Technical College Foundation, Inc.; BridgeValley Community & Technical College Foundation, Inc.; New River Community and Technical College Foundation, Inc.; West Virginia Northern Community College Foundation, Inc.; and WVU at Parkersburg Foundation, Inc.; and December 31, 2024 and 2023 for Southern West Virginia Community and Technical College Foundation, Inc. For simplification, certain disclosures present all year end dates as of June 30. See separately issued component unit financial statements for full disclosures. The following is an aggregation of the significant notes for the financial statements of the discretely presented component units:

ORGANIZATION AND NATURE OF OPERATIONS

The Foundations are nonprofit organizations incorporated in the State of West Virginia. The primary purpose of the Foundations is to provide assistance and support for the students, facilities, and programs of their respective institutions.

SUMMARY OF ACCOUNTING POLICIES

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

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

Net assets without donor restrictions are not restricted by donor-imposed stipulations. Net assets without donor restrictions are maintained and distributed at the discretion of the component units' respective Boards of Directors.

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

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

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

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NOTE 19 - COMPONENT UNITS' DISCLOSURES (Continued)

Investments - The component units account for their investments in accordance with accounting principles generally accepted in the United States of America. As such, investments are valued at fair value in the statements of net assets. Unrealized gains and losses are included in the changes in net assets. See separately issued component unit financial statements for respective fair value disclosures.

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

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

Income tax status - The component units have been recognized by the Internal Revenue Service as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and, therefore, are not subject to federal and state income taxes on their exempt-purpose activities. However, income from certain activities not directly related to the component units' tax-exempt purposes would be subject to taxation as unrelated business income.

For the years ended June 30, 2025 and 2024, the component units have no material uncertain tax positions to be accounted for in the financial statements under professional standards. The component units recognize interest and penalties, if any, related to unrecognized tax benefits in interest expense. The respective component units' returns for years ending on or after June 30, 2022 remain subject to examination.

Contributions - Contributions, including unconditional promises to give, are recognized as revenue and recorded at their fair market values on the date of such gifts. The component units report contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires - that is, when a stipulated time restriction ends or purpose restriction is accomplished - net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Endowments - See separately issued component unit financial statements for endowment-related disclosures.

Amounts held on behalf of others - Amounts held on behalf of others represent assets held by the component units in an agency capacity. These funds are custodial by nature (assets equal liabilities) and do not involve measurement of operations.

Functional reporting - The costs of providing various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated based on managements' estimates among program services and supporting services benefited. A brief description of each of the functional classifications is as follows:

Student support and program services - Funds expended primarily to provide support services for students, alumni, and faculty of a component unit. It includes scholarships awarded to students and the provision of services that directly assist the academic functions, such as faculty development, as well capital projects.

Management and general - Expenses incurred principally for central executive-level activities concerned with management of day-to-day operations and long-range planning, legal and fiscal operations, and administrative data processing.

Fundraising - Expenses related to community and alumni relations, including development and fundraising.

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NOTE 19 - COMPONENT UNITS' DISCLOSURES (Continued)

Related party transactions - See separately issued component unit financial statements for disclosures of related party transactions.

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

INVESTMENTS

Investments are stated at estimated fair value in the component unit financial statements. The following is an analysis of the composition of the component units' investments:

	JUNE 30, 2025					DECEMBER 31, 2024
	Blue Ridge Community and Technical College Foundation, Inc.	BridgeValley Community & Technical College Foundation, Inc.	New River Community and Technical College Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	WVU at Parkersburg Foundation, Inc.	Southern West Virginia Community and Technical College Foundation, Inc.
Cash and temporary investments	\$ -	\$ 107,673	\$ -	\$ 698,149	\$ -	\$ -
U.S. Government securities	-	451,448	-	48,447	-	-
Corporate and municipal bonds and notes	75,767	707,530	832,207	429,821	2,211,592	-
Equity securities and mutual funds	1,089,214	1,625,294	1,555,312	6,446,623	13,786,742	4,599,091
Other	-	-	89,407	4,895	84,186	-
Total investments	<u>\$ 1,164,981</u>	<u>\$ 2,891,945</u>	<u>\$ 2,476,926</u>	<u>\$ 7,627,935</u>	<u>\$ 16,082,520</u>	<u>\$ 4,599,091</u>
	JUNE 30, 2024					DECEMBER 31, 2023
	Blue Ridge Community and Technical College Foundation, Inc.	BridgeValley Community & Technical College Foundation, Inc.	New River Community and Technical College Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	WVU at Parkersburg Foundation, Inc.	Southern West Virginia Community and Technical College Foundation, Inc.
Cash and temporary investments	\$ -	\$ 71,795	\$ -	\$ 514,902	\$ -	\$ -
U.S. Government securities	-	744,504	-	48,855	-	-
Corporate and municipal bonds and notes	58,840	693,852	643,435	527,817	2,127,953	-
Equity securities and mutual funds	1,019,246	812,052	1,499,211	6,130,537	12,529,227	3,975,607
Other	-	197,268	122,596	7,549	86,202	-
Total investments	<u>\$ 1,078,086</u>	<u>\$ 2,519,471</u>	<u>\$ 2,265,242</u>	<u>\$ 7,229,660</u>	<u>\$ 14,743,382</u>	<u>\$ 3,975,607</u>

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NOTE 19 - COMPONENT UNITS' DISCLOSURES (Continued)

FAIR VALUE MEASUREMENTS

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

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

In accordance with this guidance, the component units group financial assets generally measured at fair value in three levels, based on markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

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

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

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

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NOTE 19 - COMPONENT UNITS' DISCLOSURES (Continued)

Fair values of assets and liabilities measured on a recurring basis as of June 30, 2025 are as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and temporary investments	\$ 805,822	\$ 805,822	\$ -	\$ -
U.S. Government securities	499,895	-	499,895	-
Corporate and municipal bonds and notes	4,256,917	75,767	4,181,150	-
Equity securities and mutual funds	29,102,276	25,405,667	3,696,609	-
Other	<u>178,488</u>	<u>-</u>	<u>178,488</u>	<u>-</u>
Total investments	<u>\$ 34,843,398</u>	<u>\$ 26,287,256</u>	<u>\$ 8,556,142</u>	<u>\$ -</u>
Total beneficial interests	<u>\$ 3,054,712</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,054,712</u>

Fair values of assets and liabilities measured on a recurring basis as of June 30, 2024 are as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and temporary investments	\$ 586,697	\$ 586,697	\$ -	\$ -
U.S. Government securities	793,359	-	793,359	-
Corporate and municipal bonds and notes	4,051,897	58,840	3,993,057	-
Equity securities and mutual funds	25,965,880	22,570,468	3,395,412	-
Other	<u>413,615</u>	<u>-</u>	<u>413,615</u>	<u>-</u>
Total investments	<u>\$ 31,811,448</u>	<u>\$ 23,216,005</u>	<u>\$ 8,595,443</u>	<u>\$ -</u>
Total beneficial interests	<u>\$ 2,924,920</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,924,920</u>

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NOTE 19 - COMPONENT UNITS' DISCLOSURES (Continued)

PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	June 30,	
	2025	2024
Land	\$ 1,319,266	\$ 1,319,266
Land improvements	21,273	21,273
Buildings	3,968,619	3,968,619
Construction in progress	15,506,617	1,958,539
Furniture	96,565	96,565
Machinery and equipment	19,781	19,781
Total	20,932,121	7,384,043
Less accumulated depreciation	(562,891)	(485,405)
Property and equipment, net	<u>\$ 20,369,230</u>	<u>\$ 6,898,638</u>

Depreciation expense for each of the years ended June 30, 2025 and 2024 was \$77,486.

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of June 30,

	YEAR ENDED JUNE 30, 2025					YEAR ENDED DECEMBER 31, 2024
	Blue Ridge Community and Technical College Foundation, Inc.	BridgeValley Community & Technical College Foundation, Inc.	New River Community and Technical College Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	WVU at Parkersburg Foundation, Inc.	Southern West Virginia Community and Technical College Foundation, Inc.
Capital projects	\$ -	\$ 967,290	\$ 122,275	\$ 182,509	\$ -	\$ -
Scholarships and grants	1,616,606	666,343	870,201	6,447,112	31,959,793	3,281,461
Endowments	-	187,654	3,145,894	-	-	-
Special events or purposes	-	86,997	-	-	-	7,250
Institutional support	-	176,966	-	1,293,157	-	1,300,117
Other	-	784,323	3,477	-	-	-
Total	<u>\$ 1,616,606</u>	<u>\$ 2,869,573</u>	<u>\$ 4,141,847</u>	<u>\$ 7,922,778</u>	<u>\$ 31,959,793</u>	<u>\$ 4,588,828</u>

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NOTE 19 - COMPONENT UNITS' DISCLOSURES (Continued)

	YEAR ENDED JUNE 30, 2024					YEAR ENDED DECEMBER 31, 2023
	Blue Ridge Community and Technical College Foundation, Inc.	BridgeValley Community & Technical College Foundation, Inc.	New River Community and Technical College Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	WVU at Parkersburg Foundation, Inc.	Southern West Virginia Community and Technical College Foundation, Inc.
Capital projects	\$ -	\$ 968,923	\$ 121,451	\$ 172,302	\$ -	\$ -
Scholarships and grants	1,566,813	446,950	759,019	6,100,816	25,130,797	2,583,929
Endowments	-	95,174	2,954,614	-	-	-
Special events or purposes	-	79,830	-	-	-	12,250
Institutional support	-	159,069	-	1,222,451	-	1,262,345
Other	-	784,323	3,477	-	-	-
Total	<u>\$ 1,566,813</u>	<u>\$ 2,534,269</u>	<u>\$ 3,838,561</u>	<u>\$ 7,495,569</u>	<u>\$ 25,130,797</u>	<u>\$ 3,858,524</u>

LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As of June 30, 2025, the component units' financial assets available for general expenditure within one year after year end are as follows:

	JUNE 30, 2025					DECEMBER 31, 2024
	Blue Ridge Community and Technical College Foundation, Inc.	BridgeValley Community & Technical College Foundation, Inc.	New River Community and Technical College Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	WVU at Parkersburg Foundation, Inc.	Southern West Virginia Community and Technical College Foundation, Inc.
Cash and equivalents	\$ 725,910	\$ 185,664	\$ 178,245	\$ 77,663	\$ 219,790	\$ 578,676
Investments	1,164,981	1,576,306	36,770	845,490	556,080	10,263
Pledges and contributions receivable, net	13,000	-	73,000	-	100,000	254,781
Other assets	-	13,522	-	-	-	-
Total	<u>\$ 1,903,891</u>	<u>\$ 1,775,492</u>	<u>\$ 288,015</u>	<u>\$ 923,153</u>	<u>\$ 875,870</u>	<u>\$ 843,720</u>

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

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NOTE 20 - NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

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

	Salaries and <u>Wages</u>	Benefits	Supplies and Other <u>Services</u>	Utilities	Scholarships and <u>Fellowships</u>	Depreciation and <u>Amortization</u>	Loan Cancellations and <u>Write-Offs</u>	Total
2025								
Instruction	\$ 45,857,490	\$ 11,116,074	\$ 16,277,199	\$ 296,520	\$ -	\$ -	\$ -	\$ 73,547,283
Public service	1,015,572	183,150	590,025	-	-	-	-	1,788,747
Academic support	3,636,087	931,381	2,020,201	140,068	-	-	-	6,727,737
Student services	10,359,638	2,810,501	2,482,732	32,608	3,500	-	-	15,688,979
General institutional support	19,892,612	5,418,631	13,833,341	414,170	155,787	-	-	39,714,541
Operations and maintenance of plant	4,164,263	1,289,696	4,315,793	3,460,365	-	-	-	13,230,117
Total education and general	84,925,662	21,749,433	39,519,291	4,343,731	159,287	-	-	150,697,404
Student financial aid	108,974	188	-	-	27,185,867	-	-	27,295,029
Auxiliary enterprises	421,959	98,782	150,384	10,548	-	-	-	681,673
Depreciation and amortization	-	-	-	-	-	14,374,338	-	14,374,338
Loan cancellations and write-offs	-	-	-	-	-	-	259,204	259,204
Other	-	-	250,000	-	-	-	-	250,000
Total	\$ 85,456,595	\$ 21,848,403	\$ 39,919,675	\$ 4,354,279	\$ 27,345,154	\$ 14,374,338	\$ 259,204	\$ 193,557,648
2024								
Instruction	\$ 43,806,883	\$ 8,715,405	\$ 15,100,814	\$ 271,752	\$ -	\$ -	\$ -	\$ 67,894,854
Public service	926,709	168,350	556,868	-	-	-	-	1,651,927
Academic support	3,878,541	808,004	2,136,224	125,103	500	-	-	6,948,372
Student services	9,303,322	2,141,292	2,714,229	30,756	6,986	-	-	14,196,585
General institutional support	19,196,177	3,275,111	13,360,942	339,563	88,030	-	-	36,259,823
Operations and maintenance of plant	4,530,082	1,138,982	5,359,263	3,541,587	-	-	-	14,569,914
Total education and general	81,641,714	16,247,144	39,228,340	4,308,761	95,516	-	-	141,521,475
Student financial aid	109,860	-	634,976	-	18,879,567	-	-	19,624,403
Auxiliary enterprises	455,069	84,014	163,481	10,407	-	-	-	712,971
Depreciation and amortization	-	-	-	-	-	13,538,729	-	13,538,729
Loan cancellations and write-offs	-	-	-	-	-	-	140,647	140,647
Other	-	-	250,000	-	-	-	-	250,000
Total	\$ 82,206,643	\$ 16,331,158	\$ 40,276,797	\$ 4,319,168	\$ 18,975,083	\$ 13,538,729	\$ 140,647	\$ 175,788,225

REQUIRED SUPPLEMENTARY INFORMATION

WEST VIRGINIA COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION
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>
Council's proportion of the net pension liability (asset) (percentage)	0.021647%	0.024255%	0.029432%	0.036316%	0.035333%	0.035101%	0.036060%	0.053070%	0.069243%	0.068486%
Council's proportionate share of the net pension liability (asset)	\$ 408,051	\$ 555,620	\$ 756,630	\$ 567,391	\$ 1,138,511	\$ 1,044,138	\$ 1,125,483	\$ 1,833,140	\$ 2,845,650	\$ 2,385,460
State's proportionate share of the net pension liability (asset)	<u>675,200</u>	<u>1,133,977</u>	<u>1,685,947</u>	<u>1,505,484</u>	<u>2,472,522</u>	<u>2,349,139</u>	<u>2,733,095</u>	<u>4,054,762</u>	<u>5,419,987</u>	<u>5,415,637</u>
Total proportionate share of the net pension liability (asset)	<u>\$ 1,083,251</u>	<u>\$ 1,689,597</u>	<u>\$ 2,442,577</u>	<u>\$ 2,072,875</u>	<u>\$ 3,611,033</u>	<u>\$ 3,393,277</u>	<u>\$ 3,858,578</u>	<u>\$ 5,887,902</u>	<u>\$ 8,265,637</u>	<u>\$ 7,801,097</u>
Council's covered payroll	\$ 583,245	\$ 685,597	\$ 717,471	\$ 931,603	\$ 866,998	\$ 949,668	\$ 993,840	\$ 1,332,895	\$ 1,680,669	\$ 1,989,696
Council's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	69.96%	81.04%	105.46%	60.90%	131.32%	109.95%	113.25%	137.53%	169.32%	119.89%
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).

WEST VIRGINIA COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION
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	\$ 83,902	\$ 81,644	\$ 100,149	\$ 116,700	\$ 144,496	\$ 150,225	\$ 152,544	\$ 164,441	\$ 220,166	\$ 258,982
Contributions in relation to the contractually required contribution	<u>(83,902)</u>	<u>(81,644)</u>	<u>(100,149)</u>	<u>(116,700)</u>	<u>(144,496)</u>	<u>(150,225)</u>	<u>(152,544)</u>	<u>(164,441)</u>	<u>(220,166)</u>	<u>(260,982)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,000)</u>
Council's covered payroll	\$ 593,284	\$ 572,245	\$ 670,597	\$ 733,973	\$ 923,603	\$ 940,998	\$ 989,968	\$ 1,037,540	\$ 1,355,895	\$ 1,555,318
Contributions as a percentage of covered payroll	14.14%	14.27%	14.93%	15.90%	15.64%	15.96%	15.41%	15.85%	16.24%	16.78%

WEST VIRGINIA COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION
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>	(Restated) <u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Council's proportion of the net OPEB liability (asset) (percentage)	0.511368025%	0.996911605%	1.042156468%	1.004683338%	1.169309099%	1.206275389%	1.200161177%	1.123661118%		
Council's proportionate share of the net OPEB liability (asset)	\$ (212,818)	\$ (1,577,020)	\$ 1,159,514	\$ (298,783)	\$ 4,737,892	\$ 19,420,459	\$ 25,439,133	\$ 27,438,774		
State's proportionate share of the net OPEB liability (asset)	<u>(567,782)</u>	<u>(587,779)</u>	<u>397,545</u>	<u>(59,060)</u>	<u>1,645,175</u>	<u>4,095,925</u>	<u>5,328,744</u>	<u>5,675,315</u>		
Total proportionate share of the net OPEB liability (asset)	<u>\$ (780,600)</u>	<u>\$ (2,164,799)</u>	<u>\$ 1,557,059</u>	<u>\$ (357,843)</u>	<u>\$ 6,383,067</u>	<u>\$ 23,516,384</u>	<u>\$ 30,767,877</u>	<u>\$ 33,114,089</u>		
Council's covered-employee payroll	\$ 45,066,556	\$ 46,431,409	\$ 41,925,441	\$ 44,867,893	\$ 41,507,754	\$ 40,735,131	\$ 39,515,549	\$ 38,215,263		
Council's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-0.47%	-3.40%	2.77%	-0.67%	11.41%	47.67%	64.38%	71.80%		
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, the Council should present information for those years for which information is available.

WEST VIRGINIA COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION
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	\$ 515,417	\$ 198,464	\$ 985,219	\$ 1,280,123	\$ 2,154,765	\$ 2,278,530	\$ 2,133,133	\$ 2,343,858		
Contributions in relation to the statutorily required contribution	<u>(515,417)</u>	<u>(198,464)</u>	<u>(985,219)</u>	<u>(1,280,123)</u>	<u>(2,154,765)</u>	<u>(2,278,530)</u>	<u>(2,133,133)</u>	<u>(2,343,858)</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Council's covered-employee payroll	\$ 45,237,480	\$ 46,559,495	\$ 43,230,699	\$ 47,589,210	\$ 42,257,004	\$ 42,049,469	\$ 39,922,479	\$ 38,107,414		
Contributions as a percentage of covered-employee payroll	1.14%	0.43%	2.28%	2.69%	5.10%	5.42%	5.34%	6.15%		

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

WEST VIRGINIA COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION
NOTES 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%

WEST VIRGINIA COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION
NOTES 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%
<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.	7.5%

WEST VIRGINIA COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION
NOTES 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>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.	7.5%
<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.	7.5%
<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.	7.5%
<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.	7.5%

WEST VIRGINIA COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION
NOTES 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>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.	7.5%

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

WEST VIRGINIA COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-OPEB
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
<u>2024</u>	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	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.
<u>2023</u>	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	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 year 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.
<u>2022</u>	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.
<u>2021</u>	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.
<u>2020</u>	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.

WEST VIRGINIA COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-OPEB
YEARS ENDED JUNE 30, 2025 AND 2024

	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

West Virginia Council for Community and Technical College Education
Charleston, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of the business-type activities of the West Virginia Council for Community and Technical College Education (the Council), a component unit of the West Virginia Higher Education Policy Commission, as of and for the year ended June 30, 2025, and the related notes to the combined financial statements, which collectively comprise the Council's combined financial statements, and have issued our report thereon dated October 14, 2025. Our report includes a reference to other auditors who audited the financial statements of Blue Ridge Community and Technical College, Mountwest Community and Technical College, West Virginia Northern Community College, West Virginia University at Parkersburg, and all discretely presented component units except New River Community and Technical College Foundation, Inc. and WVU at Parkersburg Foundation, Inc., as described in our report on the Council's combined financial statements. The discretely presented component units' financial statements were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the Council'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 combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council'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 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 the Council's combined 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 determination of combined financial statement amounts. 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 "Suttle & Stalnaker, PLLC".

Charleston, West Virginia
October 14, 2025