FAIRMONT STATE UNIVERSITY

FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2026 AND 2025

AND

INDEPENDENT AUDITOR'S REPORTS

Suttle & Stalnaker Certified Public Accountants
A Professional Limited Liability Company

FAIRMONT STATE UNIVERSITY

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Suttle & Stalnaker Certified Public Accountants
A Professional Limited Liability Company

INDEPENDENT AUDITOR'S REPORT

Board of Governors
Fairmont State University
Fairmont, West Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Fairmont State University (Fairmont State), a component unit of the West Virginia Higher Education Policy Commission, as of and for the years ended June 30, 2026 and 2025, and the related notes to the financial statements, which collectively comprise Fairmont State's financial statements as listed in the table of contents.

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component unit of Fairmont State, as of June 30, 2026 and 2025, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fairmont State 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 financial statements of the Fairmont State Foundation, Inc., a discretely presented component unit of Fairmont State, were not audited in accordance with *Government Auditing Standards*.

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Change in Accounting Principle

As described in Note 2 to the financial statements, during fiscal year 2026, Fairmont State implemented Governmental Accounting Standards Board Statement No. 103, *Financial Reporting Model Improvements.* Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fairmont State'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 Fairmont State'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 7 through 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 related footnotes on pages 75 through 84, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fairmont State's basic financial statements. The additional information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2026, on our consideration of Fairmont State'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 Fairmont State's internal control over financial reporting and compliance.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
October 15, 2026

Overview of the Financial Statements

Management's Discussion and Analysis is required supplementary information that has been prepared in accordance with the requirements of Governmental Accounting Standards Board (GASB) standards. This section of Fairmont State University's (Fairmont State) annual financial report provides an overview of Fairmont State's financial performance during the fiscal years ended June 30, 2026, 2025, and 2024. A comparative analysis is presented for fiscal year 2026 compared to fiscal year 2025 and fiscal year 2025 compared to fiscal year 2024.

Fairmont State's financial statements consist of three basic financial statements: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. Together, these statements provide information about Fairmont State's financial condition, operating results, and cash flows.

As required by GASB, Fairmont State Foundation, Inc. (the Foundation) is included in the financial statements as a discretely presented component unit. Complete financial statements for the Foundation can be obtained from Fairmont State Foundation, Inc.

Statement of Net Position

The Statement of Net Position presents the assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) of Fairmont State as of the fiscal year end. Net position is divided into the following categories:

1. ***Net investment in capital assets*** represents Fairmont State's total investment in capital assets, net of depreciation and amortization and outstanding debt obligations related to those capital assets.

2. ***Restricted net position*** represents resources that are restricted either due to externally imposed constraints or restrictions imposed by law.

3. ***Unrestricted net position*** represents resources that are not subject to external restrictions and may be used to support Fairmont State's ongoing operations and strategic initiatives.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the financial results for the fiscal year. The statement distinguishes operating revenues and expenses from noncapital subsidies and other nonoperating revenues and expenses and presents the resulting change in net position for the year.

Operating revenues primarily consist of tuition and fees, grants and contracts, and auxiliary enterprise activities. Operating expenses include salaries and wages, benefits, supplies and other services, student financial aid expenses, depreciation and amortization, and other expenses necessary to support Fairmont State's mission.

State appropriations, while budgeted for operations, are reported as noncapital subsidies. This is because State appropriations are provided by the West Virginia Legislature to Fairmont State and are non-exchange transactions.

Other nonoperating revenues and expenses include capital subsidies, income related to financing, endowment contributions, gains or losses on disposal of assets, investment income, and interest expense.

Statement of Cash Flows

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

Financial Summary and Detailed Analysis

Condensed Schedules of Net Position
June 30:

	2026	2025	2024
Assets			
Current and Other Assets	$ 53,024,414	$ 68,989,567	$ 73,190,754
Capital Assets - net	129,366,319	125,787,210	127,625,604
Total Assets	182,390,733	194,776,777	200,816,358
Deferred Outflows of Resources	1,295,417	729,778	382,380
Total	$ 183,686,150	$ 195,506,555	$ 201,198,738
Liabilities			
Long-term Liabilities	$ 47,601,859	$ 50,311,560	$ 52,438,107
Other Liabilities	12,047,693	13,052,809	12,279,516
Total Liabilities	59,649,552	63,364,369	64,717,623
Deferred Inflows of Resources	737,023	657,393	1,186,930
Net Position			
Net Investment in Capital Assets	83,130,930	77,680,370	76,349,512
Restricted	25,403,944	23,243,953	23,366,713
Unrestricted	14,764,701	30,560,470	35,577,960
Total Net Position	123,299,575	131,484,793	135,294,185
Total	$ 183,686,150	$ 195,506,555	$ 201,198,738

Total assets decreased by $12,386,044 or 6.36% from fiscal year 2025 to fiscal year 2026. The major components of this decrease are:

- Total current and other assets decreased by $15,965,153 or 23.14%, resulting primarily from a decrease in cash and cash equivalents of $14,509,148. Fairmont State is focusing on its strategic spending initiative to use excess cash balances, in part for construction projects on campus, expenses to support students, and salary increases for faculty and staff. The amount due from Pierpont Community & Technical College (Pierpont) that is required to be paid by Pierpont under the Final Separation Agreement decreased by $1,500,000 due to normal annual payments under the Agreement.

- Total capital assets, net of accumulated depreciation and amortization, increased by $3,579,109 or 2.85%. The increase is due to an increase in capital asset additions of $12,048,973 with the most significant increase being construction in progress of $7,593,920. Most notable additions were expenses incurred for the new nursing simulation lab, library modernization project, deferred maintenance projects for new roofs on campus buildings, and wireless internet upgrades and security locks. Increases in capital assets were offset by depreciation and amortization expense of $6,325,186.

Total assets decreased by $6,039,581 or 3.01% from fiscal year 2024 to fiscal year 2025. The major components of this decrease are:

- Total current and other assets decreased by $4,201,187 or 5.74%, resulting primarily from a decrease in cash and cash equivalents of $1,920,707 due to a negative change in net position during the year. Cash primarily decreased in the Unrestricted, Restricted, and Other fund. The amount due from Pierpont that is required to be paid by Pierpont under the Final Separation Agreement decreased by $1,500,000. The net OPEB asset decreased by $470,945 due to changes in OPEB-related actuarial assumptions.

- Total capital assets, net of accumulated depreciation and amortization, decreased by $1,838,394 or 1.44%. The decrease is due to depreciation and amortization expense of $6,147,513 exceeding capital asset additions of $4,309,119.

Deferred outflows of resources increased by $565,639 from fiscal year 2025 to fiscal year 2026 and by $347,398 from fiscal year 2024 to fiscal year 2025 primarily due to changes in OPEB-related actuarial assumptions.

Total liabilities decreased by $3,714,817 or 5.86% from fiscal year 2025 to fiscal year 2026. The major components of this decrease are:

- Total long-term liabilities decreased by $2,709,701 or 5.39% primarily due to principal payments made on existing bond debt of $3,075,000 and amortization of the bond premium totaling $630,676. This decrease was offset by an increase in compensated absences of $539,971 attributable to employees carrying higher vacation and sick leave balances along with pay increases provided to employees in fiscal year 2026.

- Total other liabilities decreased by $1,005,116 or 7.70%, primarily due to a decrease in unearned revenue and deposits of $3,462,282. Unearned revenue and deposits decreased due to Fairmont State expending a large portion of the Governor's Grant for Aviation and Nursing Program Expansion Grant received in advance in the prior year. In addition, Fairmont State expended amounts under the deferred maintenance grants as construction projects are completed. This decrease was offset by an increase in accounts payable and retainages payable of $2,041,410 and $417,823, respectively, resulting from payables for construction projects ongoing at year-end.

Total liabilities decreased by $1,353,254 or 2.09% from fiscal year 2024 to fiscal year 2025. The major components of this decrease are:

- Total long-term liabilities decreased by $2,126,547 or 4.06% primarily due to principal payments made on existing bond debt of $2,935,000 and amortization of the bond premium totaling $630,674. This decrease was offset by an increase in the subscription liability, which increased by $1,629,115 due to Fairmont State entering into six new SBITAs in fiscal year 2025. Fairmont State made principal payments on the subscription liability totaling $654,845.

- Total other liabilities increased by $773,293 or 6.30%, primarily due to an increase in unearned revenue and deposits of $648,292. Unearned revenue and deposits increased due to payments received in advance for the Governor's Grant for Aviation and Nursing Program Expansion Grant, which was partially offset by Fairmont State expending the College Access Emergency Grant and Middle College Program funds in fiscal year 2025.

Deferred inflows of resources decreased by $529,537 from fiscal year 2024 to fiscal year 2025 primarily due to changes in OPEB-related actuarial assumptions, while deferred inflows remained relatively consistent between fiscal year 2025 and fiscal year 2026.

Net position decreased by $8,185,218 or 6.23% during fiscal year 2026. Unrestricted net position decreased by $15,795,769 due to operating and other nonoperating expenses exceeding revenues, noncapital subsidies, and other nonoperating revenues. This decrease is a result of Fairmont State implementing a strategic spending initiative in fiscal year 2026 in an effort to spend down cash reserves. See additional discussion of the factors affecting revenues and expenses below. This decrease was offset by an increase in net investment in capital assets of $5,450,560 due to an increase in capital assets from ongoing construction projects and the reduction in bonds payable due to principal payments made during the fiscal year. Restricted net position also increased by $2,159,991 due to additional amounts being restricted for capital projects, particularly the library modernization project.

Net position decreased by $3,809,392 or 2.82% during fiscal year 2025. Unrestricted net position decreased by $5,017,490 due to operating and other nonoperating expenses exceeding revenues, noncapital subsidies, and other nonoperating revenues. See additional discussion of the factors affecting revenues and expenses below. This decrease was offset by an increase in net investment in capital assets of $1,330,858 due to the reduction in bonds payable due to principal payments made during the fiscal year.

Condensed Schedule of Revenues, Expenses, and Changes in Net Position
Year Ended June 30:

	2026	2025	2024
Operating Revenues	$ 45,860,175	$ 44,436,456	$ 40,552,453
Operating Expenses	78,458,139	71,225,445	61,110,937
Operating Loss	(32,597,964)	(26,788,989)	(20,558,484)
Noncapital Subsidies	22,697,985	22,246,068	22,535,458
Operating Income (Loss) and Noncapital Subsidies	(9,899,979)	(4,542,921)	1,976,974
Other Net Nonoperating Revenues	1,714,761	733,529	2,002,034
Change in Net Position	(8,185,218)	(3,809,392)	3,979,008
Net Position - Beginning of Year	131,484,793	135,294,185	131,315,177
Net Position - End of Year	$ 123,299,575	$ 131,484,793	$ 135,294,185

Total operating revenues increased by $1,423,719 or 3.20% from fiscal year 2025 to fiscal year 2026. The major components of this increase are:

- Tuition and fee revenue, after adjustment for the scholarship allowance, increased by $875,874 or 7.64%. The increase is due to an increase in various program fees charged to students as well as a decrease in the scholarship allowance due to a decrease in state-funded institutional aid.

- Auxiliary enterprise revenue, after adjustment for the scholarship allowance, increased by $2,664,786 or 39.87%. The increase is attributed to an increase in housing rates of 3.00% and an increase in housing occupancy. Additionally, Fairmont State opened the new SOAR Store offering official Falcon merchandise and apparel, which resulted in additional auxiliary enterprise revenue. The scholarship allowance also decreased significantly from the prior year due to a decrease in state-funded institutional aid, which subsequently increases revenue.

- Federal contracts and grants increased by $1,607,102 or 55.15% primarily due to the new CDS Nursing Upgrades grant, which Fairmont State used to construct a new nursing simulation lab.

- State contracts and grants decreased by $3,789,423 or 31.16%. The decrease was primarily attributable to reduced state-funded student financial aid funding. During fiscal year 2025, the West Virginia Legislature provided one-time funding through the College Access Emergency grant and additional support for the West Virginia Higher Education grants to address disruptions associated with the Free Application for Federal Student Aid (FAFSA) process. This additional funding was not provided again in fiscal year 2026.

Total operating revenues increased by $3,884,003 or 9.58% from fiscal year 2024 to fiscal year 2025. The major components of this increase are:

- Tuition and fees revenue, after adjustment for the scholarship allowance, increased by $1,291,424 or 12.69%. The Board of Governors increased tuition and fees for fiscal year 2025 by 3.00% for the resident and nonresident undergraduate and graduate levels as well as for the metro rate offered only to undergraduate students.

- Auxiliary enterprise revenue, after adjustment for the scholarship allowance, decreased by $4,243,891 or 38.84%. The decrease is primarily attributed to an increase in the scholarship allowance. Fairmont State changed the method of calculating the scholarship allowance based on NACUBO Advisory 2023-01, which resulted in a portion of the scholarship allowance now being applied to auxiliary enterprise revenue.

- Federal grant revenues increased by $956,040 or 48.83% primarily due to the new CDS Security grant.

- State contracts and grants increased by $3,983,854 or 48.03% primarily related to an increase in the West Virginia Higher Education grants and the College Access Emergency grant. The increase in these grant awards was due to disruptions associated with the FAFSA process, which resulted in the West Virginia Legislature providing increased funding in fiscal year 2025.

- Pell grant revenue increased by $1,631,356 or 28.63%. The increase was primarily driven by a higher maximum Pell grant award, which increased from $6,835 in fiscal year 2024 to $7,395 in fiscal year 2025. The higher maximum award resulted in increased federal financial aid received by students.

Breakdown of Expenses by Natural Classification:

For fiscal year 2026, Fairmont State's total operating expenses were $78,458,139. A major portion of the total operating expenses is for salaries, wages, and benefits amounting to $44,986,567 or 57.34%. The following reflects the amounts and percentages for the expenses:

	2026	%	2025	%	2024	%
Salaries and wages	$ 35,456,004	45.19%	$ 31,960,435	44.87%	$ 30,109,189	49.26%
Benefits	9,530,563	12.15%	8,166,799	11.47%	4,489,957	7.35%
Supplies and other services	19,145,501	24.40%	15,857,187	22.27%	13,806,016	22.59%
Utilities	2,922,617	3.73%	2,794,470	3.92%	2,563,615	4.20%
Scholarships and fellowships	4,517,006	5.75%	5,547,574	7.79%	3,717,307	6.08%
Depreciation and amortization	6,325,186	8.06%	6,147,513	8.63%	5,878,284	9.62%
Loan cancellations and write-offs	539,134	0.69%	729,475	1.02%	525,069	0.86%
Fees assessed by the Commission	22,128	0.03%	21,992	0.03%	21,500	0.04%
Total	$ 78,458,139	100.00%	$ 71,225,445	100.00%	$ 61,110,937	100.00%

Total operating expenses increased by $7,232,694 or 10.15% from fiscal year 2025 to fiscal year 2026. The major components of this increase are:

- Salaries and wages increased by $3,495,569 or 10.94%, which was primarily the result of an across the board pay raise of 3% as well as merit raises and promotions. In addition, Fairmont State filled vacant positions that existed during fiscal year 2025.

- Benefits increased by $1,363,764 or 16.70%. The increase was primarily driven by higher employer Public Employee Insurance Agency (PEIA) costs following a statewide premium rate increase of 14% effective July 1, 2025. Other benefits increased proportionally with the increase in salaries and wages as mentioned above.

- Supplies and other services expense increased by $3,288,314 or 20.74%. The increase was primarily attributable to repairs and maintenance expenses incurred related to flood damage to campus properties in the summer of 2025. Fairmont State also purchased additional non-capitalizable assets for various campus buildings and residence halls. In addition, Fairmont State incurred additional program costs and other student activity expenses to assist in increasing enrollment.

- Student financial aid expense decreased by $1,030,568 or 18.58%. The decrease was primarily attributable to lower state-funded student financial aid awards. State-funded aid declined following the reduction of West Virginia Higher Education grant awards and the expiration of the one-time College Access Emergency grant funding provided in fiscal year 2025 to address FAFSA related challenges. Consistent with the reduction in aid awards, the decrease was offset by a decrease in the scholarship allowance.

Total operating expenses increased by $10,114,508 or 16.55% from fiscal year 2024 to fiscal year 2025. The major components of this increase are:

- Salaries and wages increased $1,851,246 or 6.15%, which was primarily the result of an across the board pay raise of 3% as well as merit raises and promotions.

- Benefits increased by $3,676,842 or 81.89%, which was primarily driven by changes in OPEB-related actuarial assumptions resulting in higher benefits expense. Additionally, there was an increase in employer PEIA health insurance rates and an increase in benefits associated with the implementation of GASB Statement No. 101, *Compensated Absences*, which resulted in the recognition of certain types of previously unrecorded compensated absences, such as sick leave.

- Supplies and other services expense increased by $2,051,171 or 14.86%. The increase was primarily attributable to expenses associated with the launch of Middle College program in the fall of 2024. The program supports youth in foster care by allowing students to live on campus while completing their high school education while earning an associate degree. Additionally, professional fees for legal and accounting and finance services increased due to employee turnover.

- Student financial aid expense increased by $1,830,267 or 49.24%. The increase was primarily attributable to the West Virginia Higher Education grants and College Access Emergency grant awarded by the West Virginia Legislature in response to disruptions associated with the FAFSA process, along with an increase in Pell grants. The increase was offset by an increase in the scholarship allowance, which is due to Fairmont State changing its methodology used to estimate the scholarship allowance during fiscal year 2025 based on NACUBO Advisory 2023-01.

Other net nonoperating revenues increased by $981,232 from fiscal year 2025 to fiscal year 2026 primarily due to an increase in capital related grants related to deferred maintenance projects ongoing on campus. Other net nonoperating revenues decreased by $1,268,505 from fiscal year 2024 to fiscal year 2025 due to higher insurance proceeds and settlement revenue received in fiscal year 2024.

Significant Capital Asset and Long-Term Financing Activity

Fairmont State has significant outstanding debt from bond issuances. Four bond series were issued in fiscal year 2003. The bonds were issued to acquire an apartment complex and for the construction of a parking garage, 400-suite dormitory, student activity center, and infrastructure improvements. The four bond issues were refinanced in fiscal year 2012 into one bond issuance with two Series. The two bond issues in 2012 were refunded in fiscal year 2021 with one Series. During fiscal year 2015, Fairmont State issued Series 2015A revenue bonds for the construction of a new apartment complex.

The 2015 bond issue is supported by housing fund user fees only. The 2021 bond issue is supported by auxiliary and infrastructure fund student and user fees and payments received from Pierpont under the Final Separation Agreement.

The 2015 bonds are payable over thirty years from the time of issuance, and the 2021 bonds are payable over eleven years from the time of issuance. The total principal repayments made during fiscal year 2026 amounted to $3,075,000. The current portion of bonds payable due in fiscal year 2027 is $3,855,675 and the noncurrent portion of bonds payable is $38,777,686.

During fiscal year 2026, Fairmont State made significant investments in capital assets, particularly construction in progress totaling $7,593,920. Significant construction projects include constructing a new nursing simulation lab, replacing and repairing roofs on campus buildings, installing security wireless locks across campus, upgrading the wireless network in residence halls, and modernizing the campus library. Fairmont State did not issue or incur any new debt to finance the construction projects.

In addition to the ongoing construction activity, Fairmont State acquired $1,295,229 of depreciable capital assets during fiscal year 2026. These additions did not result in Fairmont State incurring any new debt. Additions were primarily for various academic programs with the most significant addition being a new Cessna airplane.

Long-term liabilities also include lease and subscription-based information technology arrangement (SBITA) liabilities. Fairmont State entered into two new leases and four new SBITAs during fiscal year 2026, resulting in the recognition of an additional lease and subscription liability and related right-to-use assets. Other changes in lease and SBITA balances were due to scheduled payments on the liabilities and amortization of the related right-to-use assets.

Currently Known Facts, Decisions, or Conditions

Fairmont State continues to operate in an environment characterized by changing enrollment patterns, increasing operating costs, evolving state funding conditions, and ongoing demands to maintain the quality and affordability of public higher education. These factors influence Fairmont State's financial outlook and require continued attention to resource allocation, expenditure management, and long-term financial sustainability.

Enrollment and Revenue Outlook

Student enrollment and credit-hour production remain important drivers of Fairmont State's financial position. Changes in enrollment, student retention, course participation, and student mix can impact tuition and fee revenue, state funding considerations, and the resources available to support academic programs and student services. Fairmont State continues to evaluate enrollment trends and its implications for revenue projections, academic program delivery, and institutional priorities. Fairmont State combined all graduate students into one tuition rate for fiscal year 2027, which reduced the out-of-state rate by over 50%.

Operating Costs and Financial Pressures

Fairmont State faces continued cost pressures associated with utilities, facilities maintenance, materials and supplies, technology, contractual services, and other essential operating expenses. These increases place pressure on Fairmont State's ability to maintain existing services and facilities while preserving affordability for students and families. Because many operating expenses are necessary to sustain core institutional functions, expenditure management and the prioritization of available resources remain important components of Fairmont State's financial planning.

Employee Compensation and Benefits

Employee compensation and benefits represent significant components of Fairmont State's operating expenses. In particular, increases in the cost of health insurance and other employee benefits may require additional institutional resources. Fairmont State's responsibility for its share of employee benefit costs continues to create budgetary challenges and may affect the resources available for other institutional priorities. In fiscal year 2026, Fairmont State completed a Class and Compensation Study, resulting in university-wide salary increases for faculty and staff. Additionally, a 3% raise for all faculty and staff was approved for fiscal years 2026 and 2027.

State Appropriations and Public Funding

State appropriations remain an important source of support for Fairmont State's educational mission and its ability to provide affordable higher education for the region. The level and timing of state funding, together with any changes in funding requirements or allocations, can influence Fairmont State's operating budget and financial flexibility. Fairmont State will continue to monitor state funding decisions and evaluate the impact on institutional operations, student affordability, and the delivery of academic and student support services.

Facilities and Infrastructure

Maintaining campus buildings, utilities, technology, and other infrastructure is essential to Fairmont State's academic mission and campus operations. Ongoing maintenance requirements, necessary repairs, and future capital needs compete with other operating priorities for limited resources. Fairmont State must continue to assess infrastructure needs, prioritize projects based on condition and risk, and identify appropriate funding sources to support the responsible stewardship of its physical assets. Fairmont State is currently participating in a Housing Campus Study and recently purchased adjacent property to its main campus on Locust Avenue. Coupled with Congressional District Spending grant dollars, Fairmont State is renovating and modernizing the campus library.

Budget Management and Institutional Priorities

Fairmont State continues to emphasize responsible financial management, alignment of expenses with available revenues, and the strategic allocation of resources to support student success and institutional effectiveness. Budget planning must balance the costs of existing operations with investments in academic quality, enrollment and retention initiatives, student services, technology, and facilities. Fairmont State will continue to evaluate spending patterns, organizational and operational efficiencies, and opportunities to improve the sustainability of its financial model.

Outlook

Fairmont State's financial outlook will depend on future enrollment and revenue performance, state funding decisions, employee benefit costs, operating expense trends, and the resources required to maintain campus facilities and academic programs. Management will continue to monitor these conditions and make budgetary and operational decisions intended to preserve financial stability, maintain educational quality, and support Fairmont State's long-term mission. Actual results may differ from current expectations as economic, enrollment, funding, and operating conditions change.

FAIRMONT STATE UNIVERSITY

STATEMENTS OF NET POSITION
JUNE 30, 2026 AND 2025

	Fairmont State University		Fairmont State Foundation, Inc.	
	2026	2025	2026	2025
ASSETS AND DEFERRED OUTFLOWS				
CURRENT ASSETS:				
Cash and cash equivalents	$ 41,655,962	$ 56,162,134	$ 525,337	$ 475,581
Accounts receivable - net	2,038,354	1,988,372	-	-
Pledges receivable - current portion	-	-	646,669	573,573
Due from Pierpont - current portion	1,500,000	1,500,000	-	-
Inventories	192,986	82,636	-	-
Other current assets	-	-	28,990	21,142
Total current assets	45,387,302	59,733,142	1,200,996	1,070,296
NONCURRENT ASSETS:				
Cash and cash equivalents	24,147	27,123	-	-
Investments, at fair value	-	-	45,494,859	41,207,074
Pledges receivable	-	-	512,879	324,646
Due from Pierpont	7,500,000	9,000,000	-	-
Other noncurrent assets	112,965	126,082	4,169,732	3,688,483
Net OPEB asset	-	103,220	-	-
Capital assets - net	129,366,319	125,787,210	345,126	356,663
Total noncurrent assets	137,003,431	135,043,635	50,522,596	45,576,866
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows related to pensions	78,198	80,555	-	-
Deferred outflows related to OPEB	1,217,219	649,223	-	-
Total deferred outflows of resources	1,295,417	729,778	-	-
TOTAL	$ 183,686,150	$ 195,506,555	$ 51,723,592	$ 46,647,162

(Continued)

FAIRMONT STATE UNIVERSITY

STATEMENTS OF NET POSITION
JUNE 30, 2026 AND 2025

	Fairmont State University		Fairmont State Foundation, Inc.	
	2026	2025	2026	2025
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION				
CURRENT LIABILITIES:				
Accounts payable	$ 3,128,582	$ 1,087,172	$ 1,497	$ 1,630
Accrued liabilities - payroll	3,571,152	3,554,269	-	-
Accrued interest payable	195,280	214,230	-	-
Retainages payable	417,823	-	-	-
Unearned revenue and deposits	4,734,856	8,197,138	-	-
Funds held in custody for others	-	-	509,924	465,121
Other current liabilities	-	-	284	566
Compensated absences - current portion	1,952,094	1,643,599	-	-
Lease liability - current portion	70,487	5,049	-	-
Subscription liability - current portion	572,176	691,528	-	-
Bonds payable - current portion	3,855,675	3,705,675	-	-
Total current liabilities	18,498,125	19,098,660	511,705	467,317
NONCURRENT LIABILITIES:				
Compensated absences	731,796	500,320	-	-
Lease liability	246,027	-	-	-
Subscription liability	967,574	991,203	-	-
Bonds payable	38,777,686	42,633,362	-	-
Net pension liability	101,675	140,824	-	-
Net OPEB liability	326,669	-	-	-
Other noncurrent liabilities	-	-	1,615	1,899
Total noncurrent liabilities	41,151,427	44,265,709	1,615	1,899
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows related to pensions	47,573	80,613	-	-
Deferred inflows related to OPEB	622,490	496,757	-	-
Deferred gain on refunding	66,960	80,023	-	-
Total deferred inflows of resources	737,023	657,393	-	-
NET POSITION:				
Net investment in capital assets	83,130,930	77,680,370	345,126	356,663
Restricted for - expendable:				
Scholarships	197,680	182,917	5,185,044	4,391,846
Capital projects	15,633,709	11,980,641	-	-
Debt service	9,572,555	10,824,709	-	-
Other	-	255,686	15,211,227	11,959,163
Restricted for - nonexpendable	-	-	27,775,322	26,777,762
Total restricted	25,403,944	23,243,953	48,171,593	43,128,771
Unrestricted	14,764,701	30,560,470	2,693,553	2,692,512
Total net position	123,299,575	131,484,793	51,210,272	46,177,946
TOTAL	$ 183,686,150	$ 195,506,555	$ 51,723,592	$ 46,647,162

(Concluded)

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

FAIRMONT STATE UNIVERSITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2026 AND 2025

	Fairmont State University		Fairmont State Foundation, Inc.	
	2026	2025	2026	2025
OPERATING REVENUES:				
Student tuition and fees - net of scholarship allowance of $16,173,007 and $16,514,113 in 2026 and 2025, respectively	$ 12,345,385	$ 11,469,511	$ -	$ -
Auxiliary enterprise revenue - net of scholarship allowance of $3,334,680 and $4,575,523 in 2026 and 2025, respectively	9,347,658	6,682,872	-	-
Contracts and grants:				
Federal - Pell grants	7,042,553	7,328,686	-	-
Federal - other	4,520,929	2,913,827	-	-
State	8,372,528	12,161,951	-	-
Private	3,153,220	2,747,455	-	-
Operating costs revenue	405,000	405,000	-	-
Gifts and donations	-	-	2,382,424	1,480,141
Miscellaneous - net	672,902	727,154	572,099	131,569
Total operating revenues	45,860,175	44,436,456	2,954,523	1,611,710
OPERATING EXPENSES:				
Salaries and wages	35,456,004	31,960,435	556,017	548,975
Benefits	9,530,563	8,166,799	143,081	139,121
Supplies and other services	19,145,501	15,857,187	2,296,811	1,231,091
Utilities	2,922,617	2,794,470	9,121	7,471
Student financial aid - scholarships and fellowships	4,517,006	5,547,574	1,332,025	1,291,566
Depreciation and amortization	6,325,186	6,147,513	11,537	11,240
Loan cancellations and write-offs	539,134	729,475	127,500	45,322
Fees assessed by the Commission for operations	22,128	21,992	-	-
Total operating expenses	78,458,139	71,225,445	4,476,092	3,274,786
OPERATING LOSS	(32,597,964)	(26,788,989)	(1,521,569)	(1,663,076)

(Continued)

FAIRMONT STATE UNIVERSITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2026 AND 2025

	Fairmont State University		Fairmont State Foundation, Inc.	
	2026	2025	2026	2025
NONCAPITAL SUBSIDIES				
State appropriations	20,634,815	20,671,494	-	-
Payments made and expenses incurred on behalf of Fairmont State	571,300	392,289	-	-
Contributions for scholarships	1,065,442	1,014,075	-	-
Gifts	426,428	168,210	-	-
Total noncapital subsidies	22,697,985	22,246,068	-	-
OPERATING LOSS AND NONCAPITAL SUBSIDIES	(9,899,979)	(4,542,921)	(1,521,569)	(1,663,076)
OTHER NONOPERATING REVENUES (EXPENSES):				
Investment income - net	1,612,160	1,999,311	5,557,983	3,709,425
Capital grants - deferred maintenance	1,424,453	116,440	-	-
Insurance proceeds	-	7,745	-	-
Interest expense	(1,277,347)	(1,389,967)	-	-
Gain (loss) on disposal of capital assets	(44,505)	-	-	-
Contributions to permanent endowments	-	-	995,912	1,389,607
Total other net nonoperating revenues	1,714,761	733,529	6,553,895	5,099,032
NET CHANGE IN NET POSITION	(8,185,218)	(3,809,392)	5,032,326	3,435,956
NET POSITION - Beginning of year	131,484,793	135,294,185	46,177,946	42,741,990
NET POSITION - End of year	$ 123,299,575	$ 131,484,793	$ 51,210,272	$ 46,177,946

(Concluded)

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

FAIRMONT STATE UNIVERSITY

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees - net	$ 12,057,567	$ 11,543,626
Contracts and grants	14,225,235	18,218,506
Payments to and on behalf of employees	(44,127,502)	(39,451,108)
Payments to suppliers	(18,487,057)	(15,603,859)
Payments to utilities	(2,922,617)	(2,794,470)
Payments for scholarships and fellowships	(4,517,006)	(5,547,574)
Auxiliary enterprise charges - net	8,406,875	6,358,138
Fees assessed by the Commission	(22,128)	(21,992)
Other receipts - net	649,572	938,306
Operating support services revenue	405,000	405,000
Net cash used in operating activities	(34,332,061)	(25,955,427)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	20,634,815	20,671,494
Pell grant revenues	7,042,553	7,328,686
Payments from Pierpont	1,500,000	1,500,000
Contributions for scholarships	1,065,442	1,014,075
Gifts	426,428	168,210
William D. Ford direct lending receipts	11,241,120	9,570,662
William D. Ford direct lending payments	(11,241,120)	(9,570,662)
Net cash provided by noncapital financing activities	30,669,238	30,682,465
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Capital grants	645,000	181,773
Purchases of capital assets	(7,210,345)	(3,050,416)
Proceeds from sale of capital assets	8,656	-
Insurance proceeds	-	7,745
Payments on leases	(96,012)	(99,799)
Payments on SBITAs	(948,485)	(822,311)
Principal paid on bonds	(3,075,000)	(2,935,000)
Interest paid on bonds	(1,782,299)	(1,929,048)
Bond interest income	48,292	57,688
Net cash used in capital financing activities	(12,410,193)	(8,589,368)

FAIRMONT STATE UNIVERSITY

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
CASH FLOWS FROM INVESTING ACTIVITY - Interest on investments	1,563,868	1,941,623
CHANGE IN CASH AND CASH EQUIVALENTS	(14,509,148)	(1,920,707)
CASH AND CASH EQUIVALENTS - Beginning of year	56,189,257	58,109,964
CASH AND CASH EQUIVALENTS - End of year	$ 41,680,109	$ 56,189,257
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (32,597,964)	$ (26,788,989)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Federal Pell grant revenue	(7,042,553)	(7,328,686)
Depreciation and amortization	6,325,186	6,147,513
Pension expense - special funding situation	(1,227)	17,531
OPEB expense - special funding situation	372,527	174,758
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable - net	(660,049)	458,093
Inventories	(110,350)	2,927
Net OPEB asset	103,220	470,945
Deferred outflows of resources	(565,639)	(347,398)
Accounts payable	1,451,537	230,335
Accrued liabilities	16,883	305,115
Unearned revenue and deposits	(2,530,753)	669,414
Compensated absences	539,971	559,047
Net pension liability	(39,149)	3,505
Net OPEB liability	326,669	-
Deferred inflows of resources	79,630	(529,537)
NET CASH USED IN OPERATING ACTIVITIES	$ (34,332,061)	$ (25,955,427)
NONCASH TRANSACTIONS:		
Right-to-use assets acquired through outstanding leases	$ 383,430	$ -
Right-to-use assets acquired through outstanding SBITAs	$ 684,877	$ 1,725,792
Capital asset additions in accounts payable	$ 1,260,981	$ -
Capital asset additions in retainages payable	$ 417,823	$ -
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION:		
Cash and cash equivalents classified as current	$ 41,655,962	$ 56,162,134
Cash and cash equivalents classified as noncurrent	24,147	27,123
	$ 41,680,109	$ 56,189,257

(Concluded)

1. ORGANIZATION

Fairmont State University (Fairmont State) is governed by the Fairmont State University Board of Governors (the Board). The Board was established by Senate Bill (S.B.) 653, which was enacted by the West Virginia State Legislature (the Legislature) on March 19, 2000 and restructured higher education in West Virginia.

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

S.B. 653 also created the West Virginia Higher Education Policy Commission (the Commission), which is responsible for developing, gaining consensus around, and overseeing the implementation and development of a higher education public policy agenda.

As a requirement of Governmental Accounting Standards Board (GASB), Fairmont State has included information from the Fairmont State Foundation, Inc. (the Foundation).

Although Fairmont State benefits from the activities of the Foundation, the Foundation is independent of Fairmont State in all respects. The Foundation is not a subsidiary of Fairmont State and is not directly or indirectly controlled by Fairmont State. The Foundation has its own separate, independent Board of Directors. Moreover, the assets of the Foundation are the exclusive property of the Foundation and do not belong to Fairmont State. Fairmont State is not accountable for, and does not have ownership of, any of the financial and capital resources of the Foundation. Fairmont State does not have the power or authority to mortgage, pledge, or encumber the assets of the Foundation. The Board of Directors of the Foundation is entitled to make all decisions regarding the business and affairs of the Foundation, including, without limitation, distributions made to Fairmont State. Under State law, neither the principal nor income generated by the assets of the Foundation can be taken into consideration in determining the amount of State-appropriated funds allocated to Fairmont State. Third parties dealing with Fairmont State, the Board, and the State of West Virginia (the State) (or any agency thereof) should not rely upon the financial statements of the Foundation for any purpose without consideration of all the foregoing conditions and limitations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The accompanying financial statements present all funds under the authority of Fairmont State. The basic criterion for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from Fairmont State's ability to significantly influence operations and accountability for fiscal matters of related entities.

The audited financial statements of the Foundation are presented here as a discrete component unit with Fairmont State's financial statements in accordance with GASB. The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards. The financial statements of the Foundation have been converted to the GASB reporting model. Relevant disclosures under GASB are also presented (See Notes 12 and 16).

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 Fairmont State as a whole. Net position is classified into four categories according to external donor restrictions or availability of assets for satisfaction of Fairmont State's obligations. Fairmont State's net position is classified as follows:

Net investment in capital assets - This represents Fairmont State's total investment in capital assets, net of depreciation and outstanding debt obligations related to those capital assets.

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

The Legislature, as a regulatory body outside the reporting entity, has restricted the use of certain funds by Article 10, *Fees and Other Money Collected at State Institutions of Higher Education of the West Virginia State Code.* House Bill 101, passed in March 2004, simplified the tuition and fee restrictions to auxiliaries and capital items. These activities are fundamental to the normal ongoing operations of the institution. These restrictions are subject to change by future actions of the Legislature.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Fairmont State does not have any restricted nonexpendable net position at June 30, 2026 and 2025.

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 Fairmont State and may be used at the discretion of the Board to meet current expenses for any purpose.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Capital Assets - Capital assets consists primarily of 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 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 15 to 50 years for buildings and infrastructure, 15 years for land improvements, 7 years for library books, and 3 to 10 years for furniture and equipment.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Compensated Absences and Other Postemployment Benefits - GASB provides standards for the measurement, recognition, and display of other postemployment benefit (OPEB) expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State. Effective July 1, 2007, Fairmont State 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 St., SE Suite 2, 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. Fairmont State'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. Fairmont State's full-time employees earn up to one-and-a-half sick leave days for each month of service and unpaid sick leave is generally forfeited upon termination; however, employees hired prior to July 1, 2001 can convert unpaid sick leave to OPEB premiums upon termination.

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

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

Net Pension Liability - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of West Virginia Teachers' Retirement System (STRS), and additions to/deductions from STRS fiduciary net position have been determined on the same basis as they are reported by STRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See note 11 for further discussion.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Risk Management - The State's Board of Risk and Insurance Management (BRIM) provides general, property, and casualty liability coverage to Fairmont State and its employees. Such coverage may be provided to Fairmont State 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 Fairmont State or other participants in BRIM's insurance programs. As a result, management does not expect significant differences between the premiums Fairmont State is currently charged by BRIM and the ultimate cost of that insurance based on Fairmont State's actual loss experience. In the event that such differences arise between estimated premiums currently charged by BRIM to Fairmont State and Fairmont State'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, Fairmont State 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, Fairmont State has transferred its risks related to health insurance, life insurance, prescription drug coverage, and job-related injuries coverage.

Classification of Revenues - Fairmont State classifies its revenues as operating, noncapital subsidies, or nonoperating based on the underlying economic nature of the transaction and the extent to which the activity is subsidized:

Operating revenues - Operating revenues include activities that are exchange transactions and represent core institutional operations, such as (1) student tuition and fees, net of scholarship allowances; (2) sales and services of educational departments or auxiliary enterprises, net of scholarship allowances; (3) Federal Pell grants; and (4) federal, state, local, and private grants and contracts that are directly tied to an exchange of specific goods, services, or research.

Noncapital subsidies - Subsidies are non-exchange transactions that directly or indirectly keep student fees lower than they would be otherwise. Noncapital subsidies support ongoing institutional operations and are presented in a dedicated section following operating income. They include items such as state appropriations, noncapital grants and gifts, and contributions for the provision of scholarships.

Other nonoperating revenues - Other nonoperating revenues include capital subsidies, endowment contributions, income related to financing, gains on disposal of assets, and investment income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Restricted Net Position - Fairmont State 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, Fairmont State attempts to utilize restricted net position first when practicable.

Federal Financial Assistance Programs - Fairmont State makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest-subsidized and nonsubsidized loans directly to students through universities such as Fairmont State. Direct student loan receivables are not included in Fairmont State's statements of net position as the loans are repayable directly to the U.S. Department of Education. In 2026 and 2025, Fairmont State received and disbursed approximately $11.2 million and $9.6 million, respectively, under the Federal Direct Student Loan Program on behalf of the U.S. Department of Education, which is not included as revenue and expense in the statements of revenues, expenses, and changes in net position.

Fairmont State also distributes other student financial assistance funds on behalf of the federal government to students under the Federal Pell Grant, Supplemental Educational Opportunity Grant, and College Work-Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2026 and 2025, Fairmont State received and disbursed $7.3 million and $7.6 million, respectively, under these federal student aid programs.

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

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

Fairmont State calculates the scholarship allowance utilizing Method A as outlined in NACUBO Advisory 2023-01. Under Method A, financial aid awards are applied in a prescribed sequence to individual student charges by term, using actual amounts applied to tuition, fees, and other auxiliary services. The scholarship allowance is calculated as the amount of aid applied to tuition and fees and auxiliary services, and that amount is reported as a reduction of the corresponding revenue. Aid that exceeds institutional charges is reported as student financial aid expense.

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

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

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

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

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

Newly Adopted Statements Issued by GASB - Fairmont State implemented Statement No. 103, *Financial Reporting Model Improvements*, which is effective for fiscal years beginning after June 15, 2025. The focus of the improvements are to the presentation of (1) management's discussion and analysis, (2) unusual or infrequent items, (3) proprietary fund Statement of Revenues, Expenses, and Changes in Net Position, (4) major component unit information, and (5) budgetary comparison information. The primary impacts of adopting this Statement are:

- Presentation of Subsidies - Fairmont State presents noncapital subsidies, including state operational appropriations, in a separate section immediately following operating income (loss). A new subtotal for operating income (loss) and noncapital subsidies is now presented on the Statement of Revenues, Expenses, and Changes in Net Position.

- Component Units - Major discretely presented component units are now presented in separate columns or through combining statements, rather than being aggregated into a single column.

- Nonoperating Classification - Nonoperating activities have been strictly limited to subsidies received and provided, contributions to permanent and term endowments, financing activities, investment activities, and the disposal of capital assets or inventory.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In accordance with the transitional provisions of GASB Statement No. 103, the financial statements for the fiscal year ended June 30, 2025, have been retroactively restated to conform to the new presentation model. This implementation required a reclassification of certain financial statement lines but did not change total ending net position for the prior period. The effects of this restatement on Fairmont State's Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2025 are summarized below:

From the Statement of Revenues, Expenses, and Changes in Net Position	As Previously Reported	Effect of GASB Statement No. 103	Restated
Operating revenue			
Contracts and grants - federal Pell grants	$ -	$ 7,328,686	$ 7,328,686
Contracts and grants - state	12,278,391	(116,440)	12,161,951
Contracts and grants - private	3,761,530	(1,014,075)	2,747,455
Noncapital subsidies			
State appropriations	-	20,671,494	20,671,494
Payments made and expenses incurred on behalf of Fairmont State	-	392,289	392,289
Contributions for scholarships	-	1,014,075	1,014,075
Gifts	-	168,210	168,210
Other nonoperating revenues (expenses)			
State appropriations	20,671,494	(20,671,494)	-
Pell grant revenues	7,328,686	(7,328,686)	-
Gifts	168,210	(168,210)	-
Capital gifts - deferred maintenance	-	116,440	116,440
Other			
Payments made and expenses incurred on behalf of Fairmont State	392,289	(392,289)	-

Fairmont State also implemented GASB 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 adoption of GASB Statement No. 104 did not have a significant impact on the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Statements Issued by GASB - GASB has issued Statement No. 105, *Subsequent Events*, which is effective for fiscal years beginning after June 15, 2026. This statement clarifies the subsequent events that constitute recognized and unrecognized events and establishes specific note disclosure requirements for nonrecognized events. Fairmont State has not yet determined the effect that the adoption of GASB Statement No. 105 may have on its financial statements.

3. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents at June 30, 2026 and 2025, was held as follows:

	2026		
	Current	**Noncurrent**	**Total**
State Treasurer/BTI	$ 41,265,461	$ -	$ 41,265,461
Trustee	-	24,147	24,147
In bank	387,501	-	387,501
On hand	3,000	-	3,000
	$ 41,655,962	$ 24,147	$ 41,680,109

	2025		
	Current	**Noncurrent**	**Total**
State Treasurer/BTI	$ 55,881,489	$ -	$ 55,881,489
Trustee	-	27,123	27,123
In bank	278,145	-	278,145
On hand	2,500	-	2,500
	$ 56,162,134	$ 27,123	$ 56,189,257

Cash held by the State Treasurer includes no restricted cash at June 30, 2026 and 2025.

The combined carrying amount of cash in the bank at June 30, 2026 and 2025 was $387,501 and $278,145, respectively, as compared with the combined bank balance of $439,697 and $393,870, respectively. The difference is primarily caused by outstanding checks and items in transit. The Federal Deposit Insurance Corporation (FDIC) coverage is $250,000 for interest and non-interest bearing deposits. From time to time, Fairmont State may carry deposit balances in individual financial institutions exceeding this limit.

Amounts with the State Treasurer were $41,265,461 and $55,881,489 as of June 30, 2026 and 2025, respectively. Of these amounts, $33,244,551 and $41,140,439 were invested in the WV Money Market Pool and the WV Short Term Bond Pool as of June 30, 2026 and 2025, respectively. The remainder of the cash held with the State Treasurer was not invested as of June 30, 2026 and 2025.

3. CASH AND CASH EQUIVALENTS (CONTINUED)

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

	2026		2025	
External Pool	Carrying Value	S & P Rating	Carrying Value	S & P Rating
WV Money Market Pool	$ 32,484,068	AAAm	$ 40,195,844	AAAm
WV Short Term Bond Pool	760,483	Not Rated	944,595	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:

	2026		2025	
External Pool	Carrying Value	WAM (Days)	Carrying Value	WAM (Days)
WV Money Market Pool	$ 32,484,068	46	$ 40,195,844	41

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

	2026		2025	
External Pool	Carrying Value	Effective Duration (Days)	Carrying Value	Effective Duration (Days)
WV Short Term Bond Pool	$ 760,483	664	$ 944,595	637

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, Fairmont State will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

3. CASH AND CASH EQUIVALENTS (CONTINUED)

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

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

4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2026 and 2025, are as follows:

	2026	2025
Student tuition and fees - net of allowance for doubtful accounts of $6,496,913 and $5,957,782, respectively	$ 1,029,201	$ 1,176,400
Grants and contracts receivable	559,262	313,830
Due from the Commission - deferred maintenance	161,469	113,545
Due from the Commission - other	150,907	205,452
Other accounts receivable	137,515	179,145
	$ 2,038,354	$ 1,988,372

5. CAPITAL ASSETS

Capital asset activities for the years ended June 30, 2026 and 2025 are as follows:

	2026			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 5,947,875	$ -	$ -	$ 5,947,875
Construction in progress	1,411,170	7,593,920	(2,091,517)	6,913,573
Total capital assets not being depreciated	$ 7,359,045	$ 7,593,920	$ (2,091,517)	$ 12,861,448
Other capital assets being depreciated:				
Land improvements	$ 5,830,684	$ 16,454	$ -	$ 5,847,138
Infrastructure	16,142,215	-	-	16,142,215
Buildings	190,254,389	2,091,517	(192,840)	192,153,066
Equipment	10,628,702	1,271,669	(64,667)	11,835,704
Computer software	155,256	-	-	155,256
Library books	3,705,576	7,106	(54)	3,712,628
Total other capital assets being depreciated	226,716,822	3,386,746	(257,561)	229,846,007
Lease assets being amortized:				
Equipment	277,515	383,430	(277,515)	383,430
Total lease assets being amortized	277,515	383,430	(277,515)	383,430
Subscription assets being amortized	3,200,538	684,877	(559,821)	3,325,594
Less accumulated depreciation for other capital assets:				
Land improvements	4,565,861	176,561	-	4,742,422
Infrastructure	15,560,143	62,152	-	15,622,295
Buildings	79,150,927	4,422,683	(139,679)	83,433,931
Equipment	7,063,809	784,993	(64,667)	7,784,135
Computer software	155,256	-	-	155,256
Library books	3,685,816	7,466	(54)	3,693,228
Total accumulated depreciation	110,181,812	5,453,855	(204,400)	115,431,267
Less accumulated amortization for lease and subscription assets:				
Lease assets - equipment	272,890	81,312	(277,515)	76,687
Subscription assets	1,312,008	790,019	(559,821)	1,542,206
Total accumulated amortization	1,584,898	871,331	(837,336)	1,618,893
Other capital assets, lease assets, and subscription assets - net	$ 118,428,165	$ (1,870,133)	$ (53,161)	$ 116,504,871
Capital asset summary:				
Capital assets not being depreciated	$ 7,359,045	$ 7,593,920	$ (2,091,517)	$ 12,861,448
Other capital assets	226,716,822	3,386,746	(257,561)	229,846,007
Lease assets	277,515	383,430	(277,515)	383,430
Subscription assets	3,200,538	684,877	(559,821)	3,325,594
Total cost of capital assets	237,553,920	12,048,973	(3,186,414)	246,416,479
Less accumulated depreciation and amortization	111,766,710	6,325,186	(1,041,736)	117,050,160
Capital assets - net	$ 125,787,210	$ 5,723,787	$ (2,144,678)	$ 129,366,319

5. CAPITAL ASSETS (CONTINUED)

	2025			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 5,947,875	$ -	$ -	$ 5,947,875
Construction in progress	314,200	1,096,970	-	1,411,170
Total capital assets not being depreciated	$ 6,262,075	$ 1,096,970	$ -	$ 7,359,045
Other capital assets being depreciated:				
Land improvements	$ 5,761,284	$ 69,400	$ -	$ 5,830,684
Infrastructure	16,142,215	-	-	16,142,215
Buildings	189,998,686	255,703	-	190,254,389
Equipment	9,823,092	1,154,300	(348,690)	10,628,702
Computer software	161,256	-	(6,000)	155,256
Library books	3,698,715	6,954	(93)	3,705,576
Total other capital assets being depreciated	225,585,248	1,486,357	(354,783)	226,716,822
Lease assets being amortized:				
Equipment	496,782	-	(219,267)	277,515
Total lease assets being amortized	496,782	-	(219,267)	277,515
Subscription assets being amortized	2,069,962	1,725,792	(595,216)	3,200,538
Less accumulated depreciation for other capital assets:				
Land improvements	4,392,764	173,097	-	4,565,861
Infrastructure	15,497,991	62,152	-	15,560,143
Buildings	74,708,592	4,442,335	-	79,150,927
Equipment	6,752,032	660,467	(348,690)	7,063,809
Computer software	161,256	-	(6,000)	155,256
Library books	3,676,934	8,975	(93)	3,685,816
Total accumulated depreciation	105,189,569	5,347,026	(354,783)	110,181,812
Less accumulated amortization for lease and subscription assets:				
Lease assets - equipment	401,034	91,123	(219,267)	272,890
Subscription assets	1,197,860	709,364	(595,216)	1,312,008
Total accumulated amortization	1,598,894	800,487	(814,483)	1,584,898
Other capital assets, lease assets, and subscription assets - net	$ 121,363,529	$ (2,935,364)	$ -	$ 118,428,165
Capital asset summary:				
Capital assets not being depreciated	$ 6,262,075	$ 1,096,970	$ -	$ 7,359,045
Other capital assets	225,585,248	1,486,357	(354,783)	226,716,822
Lease assets	496,782	-	(219,267)	277,515
Subscription assets	2,069,962	1,725,792	(595,216)	3,200,538
Total cost of capital assets	234,414,067	4,309,119	(1,169,266)	237,553,920
Less accumulated depreciation and amortization	106,788,463	6,147,513	(1,169,266)	111,766,710
Capital assets - net	$ 127,625,604	$ (1,838,394)	$ -	$ 125,787,210

5. CAPITAL ASSETS (CONTINUED)

Fairmont State 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.

Fairmont State's construction commitments were $2,636,463 and $6,454,959 as of June 30, 2026 and 2025, respectively.

6. LONG-TERM LIABILITIES

Long-term obligation activities for the years ended June 30, 2026, and 2025 are as follows:

	2026				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable	$ 42,300,000	$ -	$ (3,075,000)	$ 39,225,000	$ 3,225,000
Add (less) deferred amounts:					
Premium on issuance	4,039,037	-	(630,676)	3,408,361	630,675
Total bonds payable - net	46,339,037	-	(3,705,676)	42,633,361	3,855,675
Other long-term liabilities:					
Compensated absences	2,143,919	539,971*	-	2,683,890	1,952,094
Lease liability	5,049	376,000	(64,535)	316,514	70,487
Subscription liability	1,682,731	494,580	(637,561)	1,539,750	572,176
Total long-term liabilities	$ 50,170,736	$ 1,410,551	$ (4,407,772)	$ 47,173,515	$ 6,450,432

	2025				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable	$ 45,235,000	$ -	$ (2,935,000)	$ 42,300,000	$ 3,075,000
Add (less) deferred amounts:					
Premium on issuance	4,669,711	-	(630,674)	4,039,037	630,675
Total bonds payable - net	49,904,711	-	(3,565,674)	46,339,037	3,705,675
Other long-term liabilities:					
Compensated absences	1,584,872	559,047*	-	2,143,919	1,643,599
Lease liability	102,744	-	(97,695)	5,049	5,049
Subscription liability	708,461	1,629,115	(654,845)	1,682,731	691,528
Total long-term liabilities	$ 52,300,788	$ 2,188,162	$ (4,318,214)	$ 50,170,736	$ 6,045,851

*Total change in compensated absences is presented as a net amount.

7. BONDS PAYABLE

Bonds payable at June 30, 2026 and 2025 are summarized as follows (in thousands):

	Interest Rates	Annual Principal Installments	2026 Principal Outstanding	2025 Principal Outstanding
Revenue Refunding Bonds 2015, Series A, due through 2045	1.75% - 5.00%	$580 - $1,665	$ 23,275	$ 24,115
Revenue Refunding Bonds 2021, Series A, due through 2032	5.00%	$1,930 - $2,995	15,950	18,185
Total outstanding principal			39,225	42,300
Add unamortized bond premium			3,408	4,039
Total			$ 42,633	$ 46,339
Current			$ 3,856	$ 3,706
Noncurrent			38,777	42,633
Total			$ 42,633	$ 46,339

Fairmont State has issued the following revenue bonds:

a. *Facilities Construction Revenue Bonds, 2015 Series A* - On April 7, 2015, Fairmont State issued Revenue Bonds Series A (the 2015A Bonds) amounting to $30,200,000. The 2015A Bonds were issued to (1) finance the costs of planning, designing, constructing, acquiring, and equipping new student housing facilities; (2) provide payment of capitalized interest on the Series 2015 Bonds; (3) reimburse certain previously incurred expenditures related to the 2015 Project; and (4) pay the costs of issuance of the Series 2015 Bonds and related costs.

b. *Revenue Refunding Bonds, 2021 Series A* - On July 27, 2021, Fairmont State issued Revenue Bonds Series A (the 2021 Bonds) amounting to $26,305,000. The 2021 Bonds were issued to (1) currently refund in full the previously outstanding 2012A and 2012B Bonds and (2) pay the costs of issuance of the 2021 Bonds and related costs. The issuance of the 2021 Bonds resulted in a gain of $130,650 and an economic gain of $5,283,238.

The bond issues are special obligations of Fairmont State and are secured by and payable from certain pledge revenues held under the Bond Indenture (the Indenture). The bonds shall not be deemed to be general obligations or debts of the State within the meaning of the Constitution of the State; neither the credit nor the taxing power of the State is pledged for the payment of the bonds.

7. BONDS PAYABLE (CONTINUED)

The 2015 and 2021 Bonds' covenants require that the schedules of rent, charges, and fees shall at all times be adequate to produce revenues from the auxiliary facilities sufficient to pay operating expenses and, when combined with infrastructure fees (as defined in the Indenture), to make the prescribed payments into the funds and accounts created hereunder, and that such schedule or schedules of rents, charges, and fees, that shall be revised from time to time to provide for all reasonable operating expenses and leave gross revenues, when combined with other monies legally available to be used for such purposes, each year equal at least 100% of the maximum annual debt service of the 2015 and 2021 Bonds of $4,875,856.

For the years ended June 30, 2026 and 2025, Fairmont State had gross revenues that approximated 232% and 216%, respectively, of the maximum annual debt service of the 2015 and 2021 Bonds of $4,875,856.

Future debt service requirements to maturity for the revenue bonds at June 30, 2026, are as follows:

Years Ending June 30,	Principal	Interest	Total
2027	$ 3,225,000	$ 1,640,356	$ 4,865,356
2028	3,375,000	1,496,806	4,871,806
2029	3,525,000	1,345,119	4,870,119
2030	3,685,000	1,185,319	4,870,319
2031	3,855,000	1,016,831	4,871,831
2032-2036	8,575,000	3,211,569	11,786,569
2037-2041	6,680,000	1,952,063	8,632,063
2042-2045	6,305,000	602,062	6,907,062
Total	$ 39,225,000	$ 12,450,125	$ 51,675,125

8. LEASES

Fairmont State leases equipment for various terms under long-term, noncancelable lease agreements. The leases have monthly installments ranging between $2,144 and $5,509 plus interest ranging from 3.76% to 7.50% with due dates in June 2030.

Future annual minimum lease payments on leases for years subsequent to June 30, 2026, are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total Payments
2027	$ 70,487	$ 21,349	$ 91,836
2028	75,960	15,876	91,836
2029	81,856	9,980	91,836
2030	88,211	3,625	91,836
	$ 316,514	$ 50,830	$ 367,344

9. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Fairmont State has entered into SBITAs with various terms under long-term, noncancelable agreements. The SBITAs have quarterly or annual installments ranging between $9,000 and $220,968 plus interest ranging from 6.50% to 8.50% with due dates ranging from June 2026 to June 2031.

Future annual minimum subscription payments on SBITAs for years subsequent to June 30, 2026, are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total Payments
2027	$ 572,176	$ 113,962	$ 686,138
2028	478,490	70,232	548,722
2029	357,190	36,074	393,264
2030	90,593	9,535	100,128
2031	41,301	2,985	44,286
	$ 1,539,750	$ 232,788	$ 1,772,538

10. OTHER POSTEMPLOYMENT BENEFITS

Following are Fairmont State's net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, revenues, OPEB expense, and contributions made for the fiscal years ended June 30, 2026 and 2025:

	2026	2025
Net OPEB liability (asset)	$ 326,669	$ (103,220)
Deferred outflows of resources	1,217,219	649,223
Deferred inflows of resources	622,490	496,757
Revenues	372,527	174,758
OPEB expense	507,203	95,061
Contributions made by Fairmont State	147,599	234,906

10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Description

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

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

Benefits Provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

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

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

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.

10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The paygo rate for fiscal year 2025 was $34 per active health policyholder per month. In fiscal year 2024, there was no subsidization of retiree healthcare from paygo premiums and PEIA active employers were not billed paygo.

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.

Fairmont State's contributions to the OPEB plan for the years ended June 30, 2026 and 2025 were $147,599 and $234,906, respectively.

Assumptions

The June 30, 2026 OPEB liability (asset) for financial reporting purposes was determined by an actuarial valuation as of June 30, 2024 and a measurement date of June 30, 2025. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Inflation rate: 2.50%.
- Salary increase: Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation.
- Investment rate of return: 7.40%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates: Trend rates for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2034.

10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2015 − June 30, 2020.

The actuarial valuation as of June 30, 2024 reflects updates to the 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.

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, 2025 and 2024 are summarized below:

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%

Single discount rate. The discount rate used to measure the total OPEB liability (asset) was 7.40% for fiscal years 2026 and 2025. 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 Fairmont State's proportionate share of the net OPEB liability (asset) as of June 30, 2026 and 2025 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)			
2026	$ 1,247,727	$ 326,669	$ (459,579)
2025	451,283	(103,220)	(565,021)

Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rate. The following presents Fairmont State's proportionate share of the net OPEB liability (asset) as of June 30, 2026 and 2025 calculated using the healthcare cost trend rate, as well as what Fairmont State'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)			
2026	$ (828,564)	$ 326,669	$ 1,698,873
2025	(811,567)	(103,220)	756,967

10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

The June 30, 2026 net OPEB liability (asset) was measured as of June 30, 2025, and the total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2024, rolled forward to the measurement date of June 30, 2025. 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.

At June 30, 2026, Fairmont State's proportionate share of the net OPEB liability (asset) was $585,836. Of this amount, Fairmont State recognized $326,669 as its proportionate share on the statement of net position. The remainder of $259,167 denotes Fairmont State's proportionate share of net OPEB liability (asset) attributable to the special funding situation.

At June 30, 2025, Fairmont State's proportionate share of the net OPEB liability (asset) was $(427,423). Of this amount, Fairmont State recognized $(103,220) as its proportionate share on the statement of net position. The remainder of $(324,203) denotes Fairmont State'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, 2025 and 2024. Employer contributions are recognized when due. At the June 30, 2025 measurement date, Fairmont State's proportion was 0.346400180%, an increase of 0.098489151% from its proportion of 0.247911029% calculated as of June 30, 2024. At the June 30, 2024 measurement date, Fairmont State's proportion was 0.247911029%, a decrease of 0.114912314% from its proportion of 0.362823343% calculated as of June 30, 2023.

For the year ended June 30, 2026, Fairmont State recognized OPEB expense of $507,203. Of this amount, $134,676 was recognized as Fairmont State's proportionate share of OPEB expense and $372,527 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. Fairmont State also recognized revenue of $372,527 for support provided by the State.

For the year ended June 30, 2025, Fairmont State recognized OPEB expense of $95,061. Of this amount, $(79,697) was recognized as Fairmont State's proportionate share of OPEB expense and $174,758 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. Fairmont State also recognized revenue of $174,758 for support provided by the State.

10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

At June 30, 2026, and 2025, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

June 30, 2026	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 297,306	$ 240,527
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,097	75,959
Net difference between projected and actual investment earnings	-	238,684
Changes in assumptions	763,217	67,320
Contributions after the measurement date	147,599	-
Total	$ 1,217,219	$ 622,490

June 30, 2025	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 359,537	$ 103,793
Changes in proportion and differences between employer contributions and proportionate share of contributions	15,373	153,306
Net difference between projected and actual investment earnings	-	117,601
Changes in assumptions	39,407	122,057
Contributions after the measurement date	234,906	-
Total	$ 649,223	$ 496,757

10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Fairmont State will recognize the $147,599 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction (increase) of the net OPEB liability (asset) in the year ended June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30,	Amortization
2027	$ 420,299
2028	194,946
2029	(104,119)
2030	(63,996)
	$ 447,130

Payables to the OPEB Plan

Fairmont State had amounts payable for normal contributions to the OPEB plan of $0 and $7,855, respectively, as of June 30, 2026 and 2025.

11. RETIREMENT PLANS

Substantially all full-time employees of Fairmont State participate in either the West Virginia Teachers' Retirement System (STRS) or the Teachers' Insurance and Annuities Association - College Retirement Equities Fund (TIAA-CREF). Previously, upon full-time employment, all employees were required to make an irrevocable selection between the STRS and TIAA-CREF. Effective July 1, 1991, the STRS was closed to new participants. 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 Fairmont State 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.

DEFINED BENEFIT PENSION PLAN

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

11. RETIREMENT PLANS (CONTINUED)

Following are Fairmont State's net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, revenues, the pension expense, and contributions made for the fiscal years ended June 30, 2026 and 2025:

STRS	2026	2025
Net pension liability	$ 101,675	$ 140,824
Deferred outflows of resources	78,198	80,555
Deferred inflows of resources	47,573	80,613
Revenues	(1,227)	17,531
Pension expense	(34,727)	(21,894)
Contributions made by Fairmont State	31,729	30,369

Plan Description

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

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. 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.

11. RETIREMENT PLANS (CONTINUED)

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 STRS covered employees hired for the first time after July 1, 2005 and for those TDCRS members who elected to transfer to TRS 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, 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, 2026 and 2025, Fairmont State's proportionate share attributable to this special funding situation was $(1,227) and $17,531, respectively.

Fairmont State's contributions to STRS for the years ended June 30, 2026 and 2025 were $31,729 and $30,369, respectively.

Assumptions

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2024 and 2023 and rolled forward to June 30, 2025 and 2024, respectively. The following actuarial assumptions were used and applied to the current period measurement:

- Actuarial cost method: Entry age normal cost with level percentage of payroll.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method and period: Level dollar, fixed period over 40 years, from July 1, 1994 through fiscal year 2034.
- Investment rate of return of 7.25%, net of investment expense.
- Projected salary increases: Teachers 2.75-5.90% and non-teachers 2.75-6.50%, based on age.
- Inflation rate of 2.75%.
- Discount rate of 7.25%.
- Mortality rates based on Pub-2010 Mortality Tables.
- Withdrawal rates: Teachers 1.90-31.50% and non-teachers 2.50-18.00%.
- Disability rates: 0.000-0.507%.
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Retirement rates: 15.00-100.00%.
- Ad hoc cost-of-living increases in pensions are periodically granted by the State Legislature. However, the retirement system makes no automatic provision for such increases.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2019 to June 30, 2024.

11. RETIREMENT PLANS (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term geometric real rates of return for each major asset class included in STRS' target asset allocation as of June 30, 2025 and 2024, are summarized below.

	June 30, 2025	
Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	5.3%	22.5%
International equity	6.7%	22.5%
Fixed income	4.3%	15.0%
Real estate	7.2%	12.0%
Private equity	8.0%	12.0%
Private credit	8.2%	6.0%
Hedge funds	5.0%	10.0%

	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%

Discount rate. The discount rate used to measure the total STRS pension liability was 7.25% for fiscal years 2026 and 2025. 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.

11. RETIREMENT PLANS (CONTINUED)

Sensitivity of the net pension liability to changes in the discount rate. The following presents Fairmont State's proportionate share of the STRS net pension liability as of June 30, 2026 and 2025 calculated using the discount rate of 7.25%, as well as what Fairmont State's STRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability			
2026	$ 203,236	$ 101,675	$ 15,602
2025	236,235	140,824	59,999

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

The June 30, 2026 STRS net pension liability was measured as of June 30, 2025, and the total pension liability was determined by an actuarial valuation as of July 1, 2024, rolled forward to the measurement date of June 30, 2025. 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 June 30, 2023, rolled forward to the measurement date of June 30, 2024.

At June 30, 2026, Fairmont State's proportionate share of the STRS net pension liability was $264,973. Of this amount, Fairmont State recognized $101,675 as its proportionate share on the statement of net position. The remainder of $163,298 denotes Fairmont State's proportionate share of net pension liability attributable to the special funding situation.

At June 30, 2025, Fairmont State's proportionate share of the STRS net pension liability was $373,714. Of this amount, Fairmont State recognized $140,824 as its proportionate share on the statement of net position. The remainder of $232,890 denotes Fairmont State's proportionate share of net pension liability attributable to the special funding situation.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to STRS for each of the fiscal years ended June 30, 2025 and 2024. Employer contributions are recognized when due. At the June 30, 2025 measurement date, Fairmont State's proportion was 0.007824%, an increase of 0.000361% from its proportion of 0.007463% calculated as of June 30, 2024. At the June 30, 2024 measurement date, Fairmont State's proportion was 0.007463%, an increase of 0.001465% from its proportion of 0.005998% calculated as of June 30, 2023.

For the year ended June 30, 2026, Fairmont State recognized STRS pension expense of $(34,727). Of this amount, $(33,500) was recognized as Fairmont State's proportionate share of the STRS expense and $(1,227) as the amount of pension expense attributable to special funding from a non-employer contributing entity. Fairmont State also recognized revenue of $(1,227) for support provided by the State.

11. RETIREMENT PLANS (CONTINUED)

For the year ended June 30, 2025, Fairmont State recognized STRS pension expense of $(21,894). Of this amount, $(39,425) was recognized as Fairmont State's proportionate share of the STRS expense and $17,531 as the amount of pension expense attributable to special funding from a non-employer contributing entity. Fairmont State also recognized revenue of $17,531 for support provided by the State.

At June 30, 2026 and 2025, deferred outflows of resources and deferred inflows of resources related to the STRS pension are as follows.

June 30, 2026	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 17,532	$ -
Changes in proportion and differences between employer contributions and proportionate share of contributions	28,725	19,881
Net difference between projected and actual investment earnings	-	22,068
Changes in assumptions	212	5,624
Contributions after the measurement date	31,729	-
Total	$ 78,198	$ 47,573

June 30, 2025	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 14,577	$ -
Changes in proportion and differences between employer contributions and proportionate share of contributions	32,032	66,073
Net difference between projected and actual investment earnings	-	14,540
Changes in assumptions	3,577	-
Contributions after the measurement date	30,369	-
Total	$ 80,555	$ 80,613

11. RETIREMENT PLANS (CONTINUED)

Fairmont State will recognize the $31,729 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, 2027. 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
2027	$ 3,374
2028	1,096
2029	436
2030	(6,010)
	$ (1,104)

Payables to the Pension Plan

Fairmont State did not report any amounts payable for normal contributions to the STRS as of June 30, 2026 and 2025.

DEFINED CONTRIBUTION BENEFIT PLANS

The TIAA-CREF is a defined contribution benefit plan in which benefits are based solely upon amounts contributed, plus investment earnings. Employees who elect to participate in this plan are required to make a contribution equal to 6% of total annual compensation for the years ended June 30, 2026 and 2025. Fairmont State matches the employees' 6% contribution. Contributions are immediately and fully vested. In addition, employees may elect to make additional contributions to TIAA-CREF, which are not matched by Fairmont State.

Total contributions to the TIAA-CREF for the years ended June 30, 2026 and 2025 were $3,741,346 and $3,383,964, respectively, which consisted of equal contributions from Fairmont State and covered employees of $1,870,673 and $1,691,982, respectively.

Fairmont State's total payroll for the year ended June 30, 2026 was $35,456,004, and total covered employees' salaries in STRS and TIAA-CREF were $211,528 and $31,177,881, respectively.

Fairmont State's total payroll for the year ended June 30, 2025 was $31,960,435, and total covered employees' salaries in STRS and TIAA-CREF were $202,460 and $28,199,699, respectively.

12. FAIRMONT STATE FOUNDATION, INC.

The Foundation is a separate nonprofit organization incorporated in the State whose purpose is to benefit the work and services of Fairmont State and its affiliated nonprofit organizations. In carrying out its responsibilities, the board of directors of the Foundation employs management, forms policy, and maintains fiscal accountability over funds administered by the Foundation. Although Fairmont State does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of Fairmont State by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, Fairmont State, the Foundation is considered a component unit of Fairmont State and is discretely presented with Fairmont State's financial statements in accordance with GASB.

Total funds expended by the Foundation in support of Fairmont State activities totaled $4,460,492 and $3,258,291 during 2026 and 2025, respectively.

13. AFFILIATED ORGANIZATIONS AND OTHER STATE AGENCIES

Fairmont State has a separately incorporated affiliated organization, the Fairmont State Alumni Association. Oversight responsibility for this entity rests with an independent board and management not otherwise affiliated with Fairmont State. Accordingly, the financial statements of this organization are not included in Fairmont State's accompanying financial statements under the blended component unit requirements. It is not included in Fairmont State's accompanying financial statements under the discretely presented component unit requirements as it is not material.

In addition to the relationships and transactions previously described, Fairmont State 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, 2026 and 2025 are as follows:

	2026	2025
Due from:		
West Virginia Higher Education Policy Commission	$ 312,376	$ 318,997
	$ 312,376	$ 318,997
Due to:		
West Virginia Network for Educational Telecomputing	$ 883	$ 11
West Virginia State Attorney General	1,027	1,004
West Virginia State Treasurer's Office	28,907	6,564
West Virginia Office of Technology	303	-
West Virginia State Tax Department	-	73
West Virginia Retiree Health Benefit Trust Fund	-	7,855
West Virginia Department of Administration	15,134	-
	$ 46,254	$ 15,507

14. RELATED-PARTY TRANSACTIONS

During fiscal years 2026 and 2025, Fairmont State and Pierpont entered into a fee for service agreement that establishes the amount Pierpont will pay Fairmont State toward the costs of operation for shared ownership campuses. For fiscal years 2026 and 2025, Pierpont paid Fairmont State $405,000 to cover facility-related costs for Pierpont's Aviation program. For fiscal year 2027, 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.

In accordance with the Final Separation Agreement, Pierpont shall pay Fairmont State a total of $16,300,000 through 2032 for a portion of the debt service on the 2012 Bonded Indebtedness (now the Series 2021 Bonds after refunding of the Series 2012 Bonds). 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, 2026 and 2025, the amount due from Pierpont is $9,000,000 and $10,500,000, respectively.

15. CONTINGENCIES

The nature of the educational industry is such that, from time to time, claims will be presented against Fairmont State 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 Fairmont State would not seriously affect the financial position of Fairmont State.

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. Fairmont State's management believes disallowances, if any, will not have a significant financial impact on Fairmont State'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 financial statements as of June 30, 2026 and 2025, respectively.

Fairmont State owns various buildings that are known to contain asbestos. Fairmont State is not required by federal, state, or local laws to remove the asbestos from its buildings. Fairmont State is required by federal environmental, health, and safety regulations to manage the presence of asbestos in its buildings in a safe condition. Fairmont State addresses its responsibility to manage the presence of asbestos in its buildings on a case-by-case basis. Significant problems of dangerous asbestos conditions are abated as the conditions become known. Fairmont State also addresses the presence of asbestos as building renovation or demolition projects are undertaken and through asbestos operation and maintenance programs directed at containing, managing, or operating with the asbestos in a safe condition.

16. COMPONENT UNIT DISCLOSURES

The following are the significant notes related to the Foundation's financial statements:

ORGANIZATION AND NATURE OF ACTIVITIES

Fairmont State Foundation, Inc. (the Foundation) was established on December 12, 1960 as a nonprofit, tax exempt corporation to solicit, receive, manage, and administer gifts on behalf of Fairmont State University (FSU). It is a Section 501(c)(3) organization with public charity status under Section 170(b)(1)(A)(vi) of the Internal Revenue Code.

Oversight of the Foundation is the responsibility of an independently elected Board of Directors not otherwise affiliated with FSU. In carrying out its responsibilities, the Board of Directors of the Foundation employs management, forms policy, and maintains fiscal accountability over funds administered by the Foundation. The statements of net position include all assets under the control of the Foundation's Board of Directors.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments - Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Other investments are reported at the lower of cost or fair value. Cash and cash equivalents are carried at cost which approximates fair value. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is reported as an increase or decrease in unrestricted net position, unless the income or loss is restricted by donor or law.

Support and revenue - Contributions received are recorded as restricted or unrestricted, depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in unrestricted net position if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in restricted net position until the restriction expires.

Pledges receivable are reported at net realizable value if, at the time the promise is made, payment is expected to be received in one year or less. Pledges receivable for the support of future operations, programs, and activities are recorded at the present value of the estimated future cash flows. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity.

16. COMPONENT UNIT DISCLOSURES (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Beneficial interest in perpetual trusts - The Foundation has been named as a beneficiary to three irrevocable perpetual trusts created under the estates of multiple donors. In accordance with the trust agreements, the Foundation will receive fixed percentages of the annual net income generated from trust assets and has no variance power over the assets held in trust. The Foundation measures the fair value of the initial contribution and subsequent fair value of the beneficial interest using the fair value of the assets held in trust. Distributions from the trust are recorded as investment income in the year received.

Endowments - See separately issued component unit financial statements for endowment related disclosures. For the years ended June 30, 2026 and 2025, there were no material reclasses among net position classes nor were there material changes in the endowments.

INVESTMENTS

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

June 30, 2026	Cost	Fair Value	Unrealized Gain (Loss)
Cash equivalents	$ 1,652,564	$ 1,652,564	$ -
Certificates of deposit	869,553	869,553	-
Mutual funds	21,444,944	26,474,151	5,029,207
Bond mutual funds	11,320,686	10,911,149	(409,537)
Stocks	57,283	109,227	51,944
Private equity and alternatives	4,175,359	5,433,623	1,258,264
Corporate bonds	20,348	25,399	5,051
Municipal bonds	20,000	19,193	(807)
Total investments	$ 39,560,737	$ 45,494,859	$ 5,934,122

16. COMPONENT UNIT DISCLOSURES (CONTINUED)

INVESTMENTS (Continued)

June 30, 2025	Cost	Fair Value	Unrealized Gain (Loss)
Cash equivalents	$ 2,983,826	$ 2,983,826	$ -
Certificates of deposit	726,909	726,909	-
Mutual funds	20,869,434	24,141,504	3,272,070
Bond mutual funds	8,290,707	7,807,856	(482,851)
Stocks	58,981	80,289	21,308
Private equity and alternatives	4,616,879	5,422,268	805,389
Corporate bonds	20,348	25,614	5,266
Municipal bonds	20,003	18,808	(1,195)
Total investments	$ 37,587,087	$ 41,207,074	$ 3,619,987

FAIR VALUE MEASUREMENTS

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

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

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

16. COMPONENT UNIT DISCLOSURES (CONTINUED)

FAIR VALUE MEASUREMENTS (Continued)

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

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

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

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

Fair values of assets measured on a recurring basis at June 30, 2026 are as follows:

	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments				
Cash equivalents	$ 1,652,564	$ -	$ -	$ 1,652,564
Certificates of deposit	-	869,553	-	869,553
Mutual funds	26,474,151	-	-	26,474,151
Bond mutual funds	-	10,911,149	-	10,911,149
Stocks	109,227	-	-	109,227
Private equity and alternatives	-	5,433,623	-	5,433,623
Corporate bonds	-	25,399	-	25,399
Municipal bonds	-	19,193	-	19,193
Pledges receivable	-	1,159,548	-	1,159,548
Beneficial interest in perpetual trusts	-	4,169,732	-	4,169,732
Total	$ 28,235,942	$ 22,588,197	$ -	$ 50,824,139

16. COMPONENT UNIT DISCLOSURES (CONTINUED)

FAIR VALUE MEASUREMENTS (Continued)

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

	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments				
Cash equivalents	$ 2,983,826	$ -	$ -	$ 2,983,826
Certificates of deposit	-	726,909	-	726,909
Mutual funds	24,141,504	-	-	24,141,504
Bond mutual funds	-	7,807,856	-	7,807,856
Stocks	80,289	-	-	80,289
Private equity and alternatives	-	5,422,268	-	5,422,268
Corporate bonds	-	25,614	-	25,614
Municipal bonds	-	18,808	-	18,808
Pledges receivable	-	898,219	-	898,219
Beneficial interest in perpetual trusts	-	3,688,483	-	3,688,483
Total	$ 27,205,619	$ 18,588,157	$ -	$ 45,793,776

PROPERTY AND EQUIPMENT

A summary of property and equipment consists of the following:

	June 30, 2026	June 30, 2025
Land	$ 68,000	$ 68,000
Buildings	272,000	272,000
Furniture, equipment, and improvements	89,329	89,329
	429,329	429,329
Less accumulated depreciation	(84,203)	(72,666)
	$ 345,126	$ 356,663

Depreciation expense was $11,537 and $11,240 for the years ended June 30, 2026 and 2025, respectively.

16. COMPONENT UNIT DISCLOSURES (CONTINUED)

CONDITIONAL PROMISES TO GIVE

In the normal course of operations, the Foundation has been notified as being designated to receive various deferred gifts from alumni and friends in support of FSU that are not recorded in the financial statements because of their contingent nature. The Foundation facilitates tracking deferred gifts through the use of memorandums of understanding (MOU) and other documentation detailing the donor's intent and stipulations for administration of gifts such as bequests. The balance of these gifts at June 30, 2026 and 2025 totaled $5,089,435 and $4,008,435, respectively. All of the gifts are to be received at the death of the donor.

17. SEGMENT INFORMATION

Under the auspices of the State and the Board of Governors of Fairmont State (formerly Fairmont State College), Fairmont State issued revenue bonds to finance certain of its auxiliary enterprise and facilities improvement activities. Investors in the auxiliary bonds rely solely on the revenues generated by the activities of the auxiliaries for repayment. The Board of Governors of Fairmont State recognizes that it is bound by all bond covenants and is legally obligated for the bond debt payments. The facilities improvement bonds are special obligations of Fairmont State and payable from system fees held under the Indenture. Although Pierpont is no longer bound through the bond indenture to provide pledged revenues through direct student fees, the Final Separation Agreement obligates Pierpont to make payments to Fairmont State that Fairmont State will use to support the debt service.

Descriptive information for each of Fairmont State's segments is shown below:

a. *Board of Governors of Fairmont State, Facilities Construction Revenue Bonds, 2015A Series*

On April 7, 2015, Fairmont State issued Facilities Construction Revenue Bonds Series A (the 2015A Bonds) amounting to $30,200,000. The 2015A Bonds were issued to (1) finance the costs of planning, designing, constructing, acquiring, and equipping new student housing facilities; (2) provide payment of capitalized interest on the Series 2015 Bonds; (3) reimburse certain previously incurred expenditures related to the 2015 Project; and (4) pay the costs of issuance of the Series 2015 Bonds and related costs.

The 2015A Bonds outstanding consist of $3,705,000 serial bonds with varying interest rates from 3.00% to 5.00%, which mature serially through June 1, 2030, and term bonds as follows:

Principal Amount	Maturity Date	Interest Rate
$ 2,045,000	June 1, 2032	3.500%
$ 3,345,000	June 1, 2035	3.625%
$ 14,180,000	June 1, 2045	3.750%

17. SEGMENT INFORMATION (CONTINUED)

b. *Revenue Refunding Bonds 2021, Series A*

On July 27, 2021, Fairmont State issued Revenue Bonds Series A (the 2021 Bonds) amounting to $26,305,000. The 2021 Series A Bonds were issued to (1) currently refund in full the previously outstanding 2012A and 2012B Bonds and (2) pay the costs of issuance of the 2021 Series A Bonds and related costs.

The 2021A Bonds outstanding consist of $15,950,000 serial bonds with an interest rate of 5.00%, which mature serially through June 1, 2032.

Fairmont State has fixed, and will maintain, just and equitable rules, regulations, rents, charges, and fees for the use and occupancy of apartments, housing, and parking facilities, and the student activities center. Fairmont State must fix rents, charges, and fees to produce revenues from these sufficient to pay operating expenses and to make the prescribed payments into the funds and accounts created under the Indenture, and such schedule of rents, charges, and fees shall be revised from time to time to provide for all reasonable operating expenses and provide gross operating revenues equal to at least 100% of maximum annual debt service for the 2015 and 2021 Bonds combined. For the years ended June 30, 2026 and 2025, Fairmont State had gross revenues that approximated 232% and 216%, respectively, of the maximum annual debt service of the 2015 and 2021 Bonds of $4,875,856.

Fairmont State has pledged all university fees as defined in the Indenture. All university fees are allocated for the repair and replacement of the facilities financed with the system bonds.

Condensed financial information for each of Fairmont State's segments as of and for the years ended June 30, 2026 and 2025 follows:

FAIRMONT STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2026 AND 2025
17. SEGMENT INFORMATION (CONTINUED)

	Housing Construction Bonds 2015 and Revenue Refunding Bonds 2021 As of/Year Ended June 30, 2026
CONDENSED SCHEDULE OF NET POSITION	
Assets:	
Current assets	$ 24,850,326
Noncurrent and capital assets	63,008,799
Total assets	87,859,125
Deferred outflows of resources	-
Liabilities:	
Current liabilities	4,436,710
Noncurrent liabilities	38,777,687
Total liabilities	43,214,397
Deferred inflows of resources	66,958
Net position:	
Net investment in capital assets	20,194,746
Restricted/expendable	24,383,024
Total net position	$ 44,577,770
CONDENSED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	
Operating revenues	$ 9,804,348
Operating expenses	(7,022,889)
Operating income	2,781,459
Net other nonoperating revenues (expenses)	(477,213)
Depreciation	(1,988,897)
Increase in net position	315,349
Net position - beginning of year	44,262,421
Net position - end of year	$ 44,577,770
CONDENSED SCHEDULE OF CASH FLOWS	
Net cash provided by operating activities	$ 1,644,682
Net cash used in capital and related financing activities	(5,550,237)
Net cash provided by investing activities	447,186
Decrease in cash and cash equivalents	(3,458,369)
Cash and cash equivalents - beginning of year	12,976,978
Cash and cash equivalents - end of year	$ 9,518,609

Note 1: Pursuant to debt service requirements, the activities of the 2015 Series and 2021 Series Bonds have been combined for segment reporting.

Note 2: For purposes of the maximum annual debt service calculation, payments received from Pierpont in line with the Final Separation Agreement of $1,500,000 during fiscal year 2026 are added to operating revenues. This amount is not included in operating revenues noted above.

FAIRMONT STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2026 AND 2025
17. SEGMENT INFORMATION (CONTINUED)

	Housing Construction Bonds 2015 and Revenue Refunding Bonds 2021 As of/Year Ended June 30, 2025
CONDENSED SCHEDULE OF NET POSITION	
Assets:	
Current assets	$ 26,085,296
Noncurrent and capital assets	64,991,583
Total assets	91,076,879
Deferred outflows of resources	-
Liabilities:	
Current liabilities	4,101,072
Noncurrent liabilities	42,633,363
Total liabilities	46,734,435
Deferred inflows of resources	80,023
Net position:	
Net investment in capital assets	19,617,356
Restricted/expendable	24,645,065
Total net position	$ 44,262,421
CONDENSED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	
Operating revenues	$ 9,044,737
Operating expenses	(5,326,837)
Operating income	3,717,900
Net other nonoperating revenues (expenses)	(678,066)
Depreciation	(1,989,997)
Increase in net position	1,049,837
Net position - beginning of year	43,212,584
Net position - end of year	$ 44,262,421
CONDENSED SCHEDULE OF CASH FLOWS	
Net cash provided by operating activities	$ 4,189,020
Net cash used in capital and related financing activities	(4,444,858)
Net cash provided by investing activities	630,616
Increase in cash and cash equivalents	374,778
Cash and cash equivalents - beginning of year	12,602,200
Cash and cash equivalents - end of year	$ 12,976,978

Note 1: Pursuant to debt service requirements, the activities of the 2015 Series and 2021 Series Bonds have been combined for segment reporting.

Note 2: For purposes of the maximum annual debt service calculation, payments received from Pierpont in line with the Final Separation Agreement of $1,500,000 during fiscal year 2025 are added to operating revenues. This amount is not included in operating revenues noted above.

18. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

Operating expenses within both natural and functional classifications for the years ended June 30, 2026 and 2025, are represented as follows:

2026

	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships	Depreciation and Amortization	Loan Cancellations	Fees Assessed by the Commission	Function Total
Auxiliary enterprises	$ 4,213,973	$ 1,164,263	$ 4,243,664	$ 1,364,214	$ -	$ -	$ -	$ -	$ 10,986,114
Instruction	15,776,450	3,741,320	3,234,580	-	285,456	-	-	-	23,037,806
Research	100,772	2,742	31,770	-	16,750	-	-	-	152,034
Public service	353,737	70,715	106,152	-	-	-	-	-	530,604
Academic support	4,286,411	1,281,226	1,744,007	-	217,193	-	-	-	7,528,837
Student services	5,029,951	1,396,005	2,574,930	-	-	-	-	-	9,000,886
General institutional support	3,928,846	1,211,372	2,813,530	1,390	-	-	-	22,128	7,977,266
Student financial aid	202,044	94,076	-	-	3,997,607	-	-	-	4,293,727
Operation and maintenance	1,563,820	568,844	4,396,868	1,557,013	-	-	-	-	8,086,545
Depreciation and amortization	-	-	-	-	-	6,325,186	-	-	6,325,186
Loan cancellations and write-offs	-	-	-	-	-	-	539,134	-	539,134
TOTAL	$ 35,456,004	$ 9,530,563	$ 19,145,501	$ 2,922,617	$ 4,517,006	$ 6,325,186	$ 539,134	$ 22,128	$ 78,458,139

2025

	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships	Depreciation and Amortization	Loan Cancellations	Fees Assessed by the Commission	Function Total
Auxiliary enterprises	$ 3,719,619	$ 887,813	$ 3,546,603	$ 1,187,464	$ -	$ -	$ -	$ -	$ 9,341,499
Instruction	14,454,597	3,466,033	3,052,062	-	188,742	-	-	-	21,161,434
Research	61,309	3,662	86,001	-	20,000	-	-	-	170,972
Public service	428,910	87,333	237,812	-	1,595	-	-	-	755,650
Academic support	4,025,669	989,955	1,271,600	-	121,571	-	-	-	6,408,795
Student services	4,294,257	1,158,284	1,955,122	-	17,300	-	-	-	7,424,963
General institutional support	3,475,774	1,073,998	2,988,340	3,030	-	-	-	21,992	7,563,134
Student financial aid	196,820	65,586	1,030	-	5,198,366	-	-	-	5,461,802
Operation and maintenance	1,303,480	434,135	2,718,617	1,603,976	-	-	-	-	6,060,208
Depreciation and amortization	-	-	-	-	-	6,147,513	-	-	6,147,513
Loan cancellations and write-offs	-	-	-	-	-	-	729,475	-	729,475
TOTAL	$ 31,960,435	$ 8,166,799	$ 15,857,187	$ 2,794,470	$ 5,547,574	$ 6,147,513	$ 729,475	$ 21,992	$ 71,225,445

ADDITIONAL INFORMATION

FAIRMONT STATE UNIVERSITY

SCHEDULE OF NET POSITION INFORMATION
JUNE 30, 2026

ALL FUNDS	Board of Governors Support Fund	Auxiliary Funds	Unrestricted, Restricted, and Other Funds	Internal Fund Eliminations	Total Institution
ASSETS AND DEFERRED OUTFLOWS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 18,091,490	$ 11,931,835	$ 11,632,637	$ -	$ 41,655,962
Accounts receivable - net	255,351	645,882	1,957,366	(820,245)	2,038,354
Due from Pierpont - current portion	283,722	1,216,278	-	-	1,500,000
Inventories	-	-	192,986	-	192,986
Total current assets	18,630,563	13,793,995	13,782,989	(820,245)	45,387,302
NONCURRENT ASSETS:					
Cash and cash equivalents	24,147	-	-	-	24,147
Due from Pierpont	1,418,610	6,081,390	-	-	7,500,000
Other noncurrent assets	-	1,752	111,213	-	112,965
Capital assets - net	48,647,744	70,020,021	10,698,554	-	129,366,319
Total noncurrent assets	50,090,501	76,103,163	10,809,767	-	137,003,431
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred outflows related to pensions	-	-	78,198	-	78,198
Deferred outflows related to OPEB	-	91,844	1,125,375	-	1,217,219
Total deferred outflows of resources	-	91,844	1,203,573	-	1,295,417
TOTAL	$ 68,721,064	$ 89,989,002	$ 25,796,329	$ (820,245)	$ 183,686,150
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION					
CURRENT LIABILITIES:					
Accounts payable	$ 468,039	$ 927,849	$ 2,552,939	$ (820,245)	$ 3,128,582
Accrued liabilities - payroll	-	255,596	3,315,556	-	3,571,152
Accrued interest payable	8,933	132,394	53,953	-	195,280
Retainages payable	95,188	-	322,635	-	417,823
Unearned revenue and deposits	1,872,032	857,292	2,005,532	-	4,734,856
Compensated absences - current portion	-	182,022	1,770,072	-	1,952,094
Lease liability - current portion	-	19,751	50,736	-	70,487
Subscription liability - current portion	-	53,535	518,641	-	572,176
Bonds payable - current portion	397,607	3,458,068	-	-	3,855,675
Total current liabilities	2,841,799	5,886,507	10,590,064	(820,245)	18,498,125
NONCURRENT LIABILITIES:					
Compensated absences	-	84,285	647,511	-	731,796
Lease liability	-	68,938	177,089	-	246,027
Subscription liability	-	-	967,574	-	967,574
Bonds payable	2,172,099	36,605,587	-	-	38,777,686
Net pension liability	-	-	101,675	-	101,675
Net OPEB liability	-	24,730	301,939	-	326,669
Total noncurrent liabilities	2,172,099	36,783,540	2,195,788	-	41,151,427
DEFERRED INFLOWS OF RESOURCES:					
Deferred inflows related to pensions	-	-	47,573	-	47,573
Deferred inflows related to OPEB	-	47,121	575,369	-	622,490
Deferred gain on refunding	42,828	17,685	6,447	-	66,960
Total deferred inflows of resources	42,828	64,806	629,389	-	737,023
NET POSITION:					
Net investment in capital assets	45,722,530	29,796,457	7,611,943	-	83,130,930
Restricted for - expendable:					
Scholarships	32,034	-	165,646	-	197,680
Capital projects	15,633,709	-	-	-	15,633,709
Debt service	2,276,065	7,296,490	-	-	9,572,555
Other	-	-	-	-	-
Total restricted	17,941,808	7,296,490	165,646	-	25,403,944
Unrestricted E&G Plant and President's Control	-	-	1,528,442	-	1,528,442
Unrestricted Auxiliary and Fund Manager Funds	-	10,161,202	3,075,057	-	13,236,259
Total unrestricted	-	10,161,202	4,603,499	-	14,764,701
Total net position	63,664,338	47,254,149	12,381,088	-	123,299,575
TOTAL	$ 68,721,064	$ 89,989,002	$ 25,796,329	$ (820,245)	$ 183,686,150

FAIRMONT STATE UNIVERSITY

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION INFORMATION
YEAR ENDED JUNE 30, 2026

ALL FUNDS	Board of Governors Support Fund	Auxiliary Funds	Unrestricted, Restricted, and Other Funds	Internal Fund Eliminations	Total Institution
OPERATING REVENUES:					
Student tuition and fees - net	$ -	$ -	$ 12,345,385	$ -	$ 12,345,385
Student activity support revenue	-	-	306,506	(306,506)	-
Auxiliary enterprise revenue - net	-	8,197,148	1,150,510	-	9,347,658
Auxiliary support services revenue	-	4,490,866	-	(4,490,866)	-
Contracts and grants:					
Federal - Pell grants	-	-	7,042,553	-	7,042,553
Federal - other	-	-	4,520,929	-	4,520,929
State	-	-	8,372,528	-	8,372,528
Private	-	-	3,153,220	-	3,153,220
Operating costs revenue	-	-	405,000	-	405,000
Miscellaneous - net	3,142	130,588	539,172	-	672,902
Total operating revenues	3,142	12,818,602	37,835,803	(4,797,372)	45,860,175
OPERATING EXPENSES:					
Salaries and wages	-	2,628,625	32,827,379	-	35,456,004
Benefits	-	693,268	8,837,295	-	9,530,563
Supplies and other services	974,599	5,320,474	12,850,428	-	19,145,501
Utilities	-	1,088,646	1,833,971	-	2,922,617
Student financial aid - scholarships and fellowships	-	442,000	4,075,006	-	4,517,006
Depreciation and amortization	2,484,741	2,386,715	1,453,730	-	6,325,186
Assessment for student activity costs	-	-	306,506	(306,506)	-
Assessment for auxiliary fees and debt service	-	-	4,490,866	(4,490,866)	-
Loan cancellations and write-offs	-	187,762	351,372	-	539,134
Fees assessed by the Commission for operations	22,128	-	-	-	22,128
Total operating expenses	3,481,468	12,747,490	67,026,553	(4,797,372)	78,458,139
OPERATING (LOSS) INCOME	(3,478,326)	71,112	(29,190,750)	-	(32,597,964)
NONCAPITAL SUBSIDIES					
State appropriations	-	-	20,634,815	-	20,634,815
Payments made and expenses incurred on behalf of Fairmont State	-	227,455	343,845	-	571,300
Contributions for scholarships	-	-	1,065,442	-	1,065,442
Gifts	-	104,406	322,022	-	426,428
Transfers from/to other funds	680,322	-	(680,322)	-	-
Total noncapital subsidies	680,322	331,861	21,685,802	-	22,697,985
OPERATING LOSS AND NONCAPITAL SUBSIDIES	(2,798,004)	402,973	(7,504,948)	-	(9,899,979)
OTHER NONOPERATING REVENUES (EXPENSES):					
E&G capital and debt service support revenue	491,929	-	-	(491,929)	-
Investment income - net	506,210	429,883	676,067	-	1,612,160
Capital grants - deferred maintenance	1,424,453	-	-	-	1,424,453
Interest expense	(15,651)	(1,134,725)	(126,971)	-	(1,277,347)
Gain (loss) on disposal of capital assets	-	(53,161)	8,656	-	(44,505)
Assessment for E&G capital and debt service costs	-	-	(491,929)	491,929	-
Capital transfers from/to other funds	7,023,919	2,512,809	(9,536,728)	-	-
Total net other nonoperating revenues (expenses)	9,430,860	1,754,806	(9,470,905)	-	1,714,761
NET CHANGE IN NET POSITION	6,632,856	2,157,779	(16,975,853)	-	(8,185,218)
NET POSITION - Beginning of year	57,031,482	45,096,370	29,356,941	-	131,484,793
NET POSITION - End of year	$ 63,664,338	$ 47,254,149	$ 12,381,088	$ -	$ 123,299,575

FAIRMONT STATE UNIVERSITY

SCHEDULE OF CASH FLOW INFORMATION
YEAR ENDED JUNE 30, 2026

	Board of Governors Support Fund	Auxiliary Funds	Unrestricted, Restricted, and Other Funds	Internal Fund Eliminations	Total Institution
CASH FLOWS FROM OPERATING ACTIVITIES:					
Student tuition and fees - net	$ -	$ -	$ 12,057,567	$ -	$ 12,057,567
Contracts and grants	-	-	14,225,235	-	14,225,235
Payments to and on behalf of employees	-	(3,149,914)	(40,977,588)	-	(44,127,502)
Payments to suppliers	(800,270)	(4,899,628)	(12,787,159)	-	(18,487,057)
Payments to utilities	-	(1,088,646)	(1,833,971)	-	(2,922,617)
Payments for scholarships and fellowships	-	(442,000)	(4,075,006)	-	(4,517,006)
Auxiliary enterprise charges - net	-	7,256,365	1,150,510	-	8,406,875
Fees assessed by the Commission	(22,128)	-	-	-	(22,128)
Other receipts - net	3,142	107,258	539,172	-	649,572
Student activity support revenue	-	-	306,506	(306,506)	-
Auxiliary fees and debt service support revenue	-	4,490,866	-	(4,490,866)	-
Assessment for student activity costs	-	-	(306,506)	306,506	-
Assessment for auxiliary fees and debt service	-	-	(4,490,866)	4,490,866	-
Operating support services revenue	-	-	405,000	-	405,000
Net cash (used in) provided by operating activities	(819,256)	2,274,301	(35,787,106)	-	(34,332,061)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
State appropriations	-	-	20,634,815	-	20,634,815
Pell grant revenues	-	-	7,042,553	-	7,042,553
Payments from Pierpont	202,000	1,298,000	-	-	1,500,000
Contributions for scholarships	-	-	1,065,442	-	1,065,442
Gifts	-	104,406	322,022	-	426,428
William D. Ford direct lending receipts	-	-	11,241,120	-	11,241,120
William D. Ford direct lending payments	-	-	(11,241,120)	-	(11,241,120)
Transfers	680,322	-	(680,322)	-	-
Net cash provided by noncapital financing activities	882,322	1,402,406	28,384,510	-	30,669,238
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Capital grants	645,000	-	-	-	645,000
E&G capital and debt service support revenue	491,929	-	-	(491,929)	-
Purchases of capital assets	(4,996,793)	(1,981,076)	(232,476)	-	(7,210,345)
Proceeds from sale of capital assets	-	-	8,656	-	8,656
Payments on leases	-	(30,798)	(65,214)	-	(96,012)
Payments on SBITAs	-	(76,990)	(871,495)	-	(948,485)
Assessment for E&G capital and debt service costs	-	-	(491,929)	491,929	-
Principal paid on bonds	(300,432)	(2,774,568)	-	-	(3,075,000)
Interest paid on bonds	(99,964)	(1,682,335)	-	-	(1,782,299)
Bond interest income	4,366	43,926	-	-	48,292
Capital transfers	7,023,919	2,512,809	(9,536,728)	-	-
Net cash provided by (used in) capital financing activities	2,768,025	(3,989,032)	(11,189,186)	-	(12,410,193)
CASH FLOW FROM INVESTING ACTIVITY - Interest on investments	501,844	385,957	676,067	-	1,563,868
CHANGE IN CASH AND CASH EQUIVALENTS	3,332,935	73,632	(17,915,715)	-	(14,509,148)
CASH AND CASH EQUIVALENTS - Beginning of year	14,782,702	11,858,203	29,548,352	-	56,189,257
CASH AND CASH EQUIVALENTS - End of year	$ 18,115,637	$ 11,931,835	$ 11,632,637	$ -	$ 41,680,109

(Continued)

FAIRMONT STATE UNIVERSITY

SCHEDULE OF CASH FLOW INFORMATION
YEAR ENDED JUNE 30, 2026

	Board of Governors Support Fund	Auxiliary Funds	Unrestricted, Restricted, and Other Funds	Total Institution
RECONCILIATION OF NET OPERATING (LOSS) INCOME TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:				
Operating (loss) income	$ (3,478,326)	$ 71,112	$ (29,190,750)	$ (32,597,964)
Adjustments to reconcile net operating (loss) income to net cash (used in) provided by operating activities:				
Federal Pell grant revenue	-	-	(7,042,553)	(7,042,553)
Depreciation and amortization	2,484,741	2,386,715	1,453,730	6,325,186
Pension expense - special funding situation	-	-	(1,227)	(1,227)
OPEB expense - special funding situation	-	27,455	345,072	372,527
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Accounts receivable - net	(54,527)	(58,828)	(546,694)	(660,049)
Inventories	-	-	(110,350)	(110,350)
Net OPEB asset	-	7,813	95,407	103,220
Deferred outflows of resources	-	(43,171)	(522,468)	(565,639)
Accounts payable	237,212	566,768	647,557	1,451,537
Accrued liabilities	-	56,085	(39,202)	16,883
Unearned revenue and deposits	-	(859,996)	(1,670,757)	(2,530,753)
Compensated absences	-	89,549	450,422	539,971
Net pension liability	-	-	(39,149)	(39,149)
Net OPEB liability	-	24,730	301,939	326,669
Deferred inflows of resources	(8,356)	6,069	81,917	79,630
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (819,256)	$ 2,274,301	$ (35,787,106)	$ (34,332,061)
NONCASH TRANSACTIONS:				
Right-to-use assets acquired through outstanding leases	$ -	$ 107,686	$ 275,744	$ 383,430
Right-to-use assets acquired through outstanding SBITAs	$ -	$ -	$ 684,877	$ 684,877
Capital asset additions in accounts payable	$ 217,492	$ -	$ 1,043,489	$ 1,260,981
Capital asset additions in retainages payable	$ 95,188	$ -	$ 322,635	$ 417,823
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION:				
Cash and cash equivalents classified as current	$ 18,091,490	$ 11,931,835	$ 11,632,637	$ 41,655,962
Cash and cash equivalents classified as noncurrent	24,147	-	-	24,147
	$ 18,115,637	$ 11,931,835	$ 11,632,637	$ 41,680,109

(Concluded)

FAIRMONT STATE UNIVERSITY

SCHEDULE OF NATURAL VS. FUNCTIONAL CLASSIFICATIONS INFORMATION
YEAR ENDED JUNE 30, 2026

INTERNAL FUND: BOG SUPPORT

Function	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships	Depreciation and Amortization	Loan Cancellations	Fees Assessed by the Commission	Function Total
Auxiliary enterprises	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Instruction	-	-	-	-	-	-	-	-	-
Research	-	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-	-
Student services	-	-	-	-	-	-	-	-	-
General institutional support	-	-	94	-	-	-	-	22,128	22,222
Student financial aid	-	-	-	-	-	-	-	-	-
Operation and maintenance	-	-	974,505	-	-	-	-	-	974,505
Depreciation and amortization	-	-	-	-	-	2,484,741	-	-	2,484,741
Loan cancellations and write-offs	-	-	-	-	-	-	-	-	-
TOTAL	$ -	$ -	$ 974,599	$ -	$ -	$ 2,484,741	$ -	$ 22,128	$ 3,481,468

(Continued)

FAIRMONT STATE UNIVERSITY

SCHEDULE OF NATURAL VS. FUNCTIONAL CLASSIFICATIONS INFORMATION
YEAR ENDED JUNE 30, 2026

INTERNAL FUND: AUXILIARY

Function	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships	Depreciation and Amortization	Loan Cancellations	Function Total
Auxiliary enterprises	$ 2,332,845	$ 617,006	$ 3,966,004	$ 1,085,901	$ -	$ -	$ -	$ 8,001,756
Instruction	-	-	73	-	-	-	-	73
Research	-	-	-	-	-	-	-	-
Public service	103,662	17,222	40,455	-	-	-	-	161,339
Academic support	-	-	-	-	-	-	-	-
Student services	49,845	7,206	24,298	-	-	-	-	81,349
General institutional support	48,900	13,464	125,200	-	-	-	-	187,564
Student financial aid	-	-	-	-	442,000	-	-	442,000
Operation and maintenance	93,373	38,370	1,164,444	2,745	-	-	-	1,298,932
Depreciation and amortization	-	-	-	-	-	2,386,715	-	2,386,715
Loan cancellations and write-offs	-	-	-	-	-	-	187,762	187,762
TOTAL	$ 2,628,625	$ 693,268	$ 5,320,474	$ 1,088,646	$ 442,000	$ 2,386,715	$ 187,762	$ 12,747,490

(Continued)

FAIRMONT STATE UNIVERSITY

SCHEDULE OF NATURAL VS. FUNCTIONAL CLASSIFICATIONS INFORMATION
YEAR ENDED JUNE 30, 2026

INTERNAL FUND: UNRESTRICTED, RESTRICTED, AND OTHER FUNDS

Function	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships	Depreciation and Amortization	Assessment for Student Activity Costs	Assessment for Auxiliary Fees and Debt Service	Loan Cancellations	Function Total
Auxiliary enterprises	$ 1,881,128	$ 547,257	$ 277,660	$ 278,313	$ -	$ -	$ -	$ 4,490,866	$ -	$ 7,475,224
Instruction	15,776,450	3,741,320	3,234,507	-	285,456	-	-	-	-	23,037,733
Research	100,772	2,742	31,770	-	16,750	-	-	-	-	152,034
Public service	250,075	53,493	65,697	-	-	-	-	-	-	369,265
Academic support	4,286,411	1,281,226	1,744,007	-	217,193	-	-	-	-	7,528,837
Student services	4,980,106	1,388,799	2,550,632	-	-	-	306,506	-	-	9,226,043
General institutional support	3,879,946	1,197,908	2,688,236	1,390	-	-	-	-	-	7,767,480
Student financial aid	202,044	94,076	-	-	3,555,607	-	-	-	-	3,851,727
Operation and maintenance	1,470,447	530,474	2,257,919	1,554,268	-	-	-	-	-	5,813,108
Depreciation and amortization	-	-	-	-	-	1,453,730	-	-	-	1,453,730
Loan cancellations and write-offs	-	-	-	-	-	-	-	-	351,372	351,372
TOTAL	$ 32,827,379	$ 8,837,295	$ 12,850,428	$ 1,833,971	$ 4,075,006	$ 1,453,730	$ 306,506	$ 4,490,866	$ 351,372	$ 67,026,553

(Concluded)

REQUIRED SUPPLEMENTARY INFORMATION

FAIRMONT STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2026

State Teachers' Retirement System
Last 10 Fiscal Years*

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Fairmont State's proportion of the net pension liability (percentage)	0.007824%	0.007463%	0.005998%	0.005426%	0.008685%	0.013792%	0.014369%	0.019626%	0.021664%	0.024067%
Fairmont State's proportionate share of the net pension liability	$ 101,675	$ 140,824	$ 137,319	$ 139,560	$ 135,727	$ 444,232	$ 427,502	$ 612,774	$ 748,485	$ 989,102
State's proportionate share of the net pension liability	163,298	232,890	280,420	310,932	303,472	965,233	956,671	1,587,733	1,655,218	1,883,975
Total proportionate share of the net pension liability	$ 264,973	$ 373,714	$ 417,739	$ 450,492	$ 439,199	$ 1,409,465	$ 1,384,173	$ 2,200,507	$ 2,403,703	$ 2,873,077
Fairmont State's covered payroll	$ 202,460	$ 192,018	$ 164,464	$ 152,372	$ 250,828	$ 380,750	$ 430,279	$ 576,374	$ 597,892	$ 622,017
Fairmont State's proportionate share of the net pension liability as a percentage of its covered payroll	50.22%	73.34%	83.49%	91.59%	54.11%	116.67%	99.35%	106.32%	125.19%	159.02%
Plan fiduciary net position as a percentage of the total pension liability	89.27%	84.24%	80.42%	77.78%	86.38%	70.89%	72.64%	71.20%	67.85%	61.42%

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

FAIRMONT STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
JUNE 30, 2026

State Teachers' Retirement System
Last 10 Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 31,729	$ 30,369	$ 28,303	$ 24,670	$ 22,856	$ 37,624	$ 57,411	$ 63,581	$ 86,001	$ 89,684
Contributions in relation to the contractually required contribution	(31,729)	(30,369)	(28,303)	(24,670)	(22,856)	(37,624)	(57,411)	(63,581)	(86,001)	(89,684)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Fairmont State's covered payroll	$ 211,528	$ 202,460	$ 192,018	$ 164,464	$ 152,372	$ 250,828	$ 380,750	$ 430,279	$ 576,374	$ 597,892
Contributions as a percentage of covered payroll	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%

FAIRMONT STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
JUNE 30, 2026

Last 10 Fiscal Years*

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Fairmont State's proportion of the net OPEB liability (asset) (percentage)	0.346400180%	0.247911029%	0.362823343%	0.405660040%	0.435404353%	0.413777505%	0.384685313%	0.387761292%	0.369685982%	
Fairmont State's proportionate share of the net OPEB liability (asset)	$ 326,669	$ (103,220)	$ (574,165)	$ 451,496	$ (129,465)	$ 1,827,622	$ 6,382,441	$ 8,319,171	$ 9,090,538	
State's proportionate share of the net OPEB liability (asset)	259,167	(324,203)	(245,072)	154,665	(25,492)	394,010	1,306,132	1,719,350	1,867,207	
Total proportionate share of the net OPEB liability (asset)	$ 585,836	$ (427,423)	$ (819,237)	$ 606,161	$ (154,957)	$ 2,221,632	$ 7,688,573	$ 10,038,521	$ 10,957,745	
Fairmont State's covered-employee payroll	$ 21,936,438	$ 21,293,532	$ 19,959,454	$ 19,705,710	$ 20,061,628	$ 19,723,043	$ 19,895,139	$ 19,811,760	$ 20,782,693	
Fairmont State's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	1.49%	(0.48)%	(2.88)%	2.29%	(0.65)%	9.27%	32.08%	41.99%	43.74%	
Plan fiduciary net position as a percentage of the total OPEB liability	95.76%	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, Fairmont State should present information for those years for which information is available.

FAIRMONT STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
JUNE 30, 2026

Last 10 Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	$ 147,599	$ 234,906	$ 98,053	$ 363,859	$ 477,005	$ 793,996	$ 799,951	$ 826,561	$ 827,995	
Contributions in relation to the statutorily required contribution	(147,599)	(234,906)	(98,053)	(363,859)	(477,005)	(793,996)	(799,951)	(826,561)	(827,995)	
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Fairmont State's covered-employee payroll	$ 25,117,555	$ 21,936,438	$ 21,293,532	$ 19,959,454	$ 19,705,710	$ 20,061,628	$ 19,723,043	$ 19,895,139	$ 19,811,760	
Contributions as a percentage of covered-employee payroll	0.59%	1.07%	0.46%	1.82%	2.42%	3.96%	4.06%	4.15%	4.18%	

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

FAIRMONT STATE UNIVERSITY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2026 AND 2025

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

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
2025	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-2016, General Employees table, headcount weighted, projected generationally with scale MP-2021. Retired: Healthy males – 103% of Pub-2016 General Retiree Male table, headcount weighted, projected generationally with scale MP-2021; Retired healthy females – 108% of Pub-2016 General Retiree Female table, headcount weighted, projected generationally with scale MP-2021; Disabled males – 118% of Pub-2016 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2021; Disabled females – 121% of Pub-2016 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2021; Beneficiary males-105% of Pub-2016 Contingent Survivor Male table, headcount weighted, projected generationally with Scale MP-2021; Beneficiary females-117% of Pub-2016 Contingent Survivor Female table, headcount weighted, projected generationally with Scale MP-2021.	7.25%
2024	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%

FAIRMONT STATE UNIVERSITY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2026 AND 2025

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
2023	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%
2022	2.75%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 5.90%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 6.50%.	7.25%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired: Healthy males – 100% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019; Beneficiary males-101% of Pub-2010 Contingent Survivor Male table, headcount weighted, projected generationally with Scale MP-2019; Beneficiary females-113% of Pub-2010 Contingent Survivor Female table, headcount weighted, projected generationally with Scale MP-2019.	7.25%

FAIRMONT STATE UNIVERSITY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2026 AND 2025

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
2021	2.75%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 5.90%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 6.50%.	7.25%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired: Healthy males – 100% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019.	7.25%
2020	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.16%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.75%.	7.5%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired healthy males – 108% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019.	7.50%
2019	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: Healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; Disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.50%

FAIRMONT STATE UNIVERSITY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2026 AND 2025

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
2018	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.50%
2017	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.50%
2016	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.50%

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

FAIRMONT STATE UNIVERSITY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB
YEARS ENDED JUNE 30, 2026 AND 2025

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
2025	2.50%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	7.40%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rates for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.5% is reached in plan year end 2034.
2024	2.50%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	7.40%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rates for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.5% is reached in plan year end 2033.
2023	2.50%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	7.40%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare and Medicare per capita costs of 7.0% medical and 8.0% drug. The trends increase over four 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.
2022	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% for two years then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.
2021	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2020, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.

FAIRMONT STATE UNIVERSITY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB
YEARS ENDED JUNE 30, 2026 AND 2025

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

Suttle & Stalnaker Certified Public Accountants
A Professional Limited Liability Company

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

Board of Governors
Fairmont State University
Fairmont, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Fairmont State University (Fairmont State), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Fairmont State's financial statements, and have issued our report thereon dated October 15, 2026. The financial statements of the Fairmont State Foundation, Inc. (the Foundation), a discretely presented component unit of Fairmont State, were not audited in accordance with *Government Auditing Standards.* Accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Suttle & Stalnaker, PLLC

Charleston, West Virginia
October 15, 2026