COLLABORATORS | COACHES | ADVOCATES | MENTORS
FRIENDS | VOLUNTEERS | REGULARS | DINERS | VISITORS
CPAs | CONSULTANTS | WEALTH ADVISORS | *NEIGHBORS*
COLLABORATORS | COACHES | ADVOCATES | MENTORS |
CONNOISSEURS | CUSTOMERS | TEACHERS |
| VOLUNTEERS |

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2026

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WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
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INDEPENDENT AUDITORS' REPORT

West Virginia Higher Education Policy Commission
Charleston, West Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the West Virginia Higher Education Policy Commission (the Commission) (a component unit of the West Virginia Higher Education Fund) as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Commission as of June 30, 2026, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of West Virginia Regional Technology Park Corporation (the Corporation), which represent 29%, (2205)%, and 3%, respectively, of the assets, net position, and revenues plus subsidies of the Commission as of June 30, 2026. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Corporation, are based solely on the report of such other auditors.

Basis for Opinion

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

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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Commission'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 Commission'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, the schedule of proportionate share of TRS net pension liability, schedule of employer contributions, schedule of proportionate share of net OPEB liability, and schedule of employer contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's financial statements. The combining schedule of net position and combining schedule of revenues, expenses, and changes in net position (the Supplementary Information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the combining schedule of net position and combining schedule of revenues, expenses, and changes in net position 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 14, 2026 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance. That report does not include consideration of the internal controls over financial reporting for the West Virginia Regional Technology Park Corporation, which was audited by other auditors.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
October 14, 2026

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis is required supplementary information and has been prepared in accordance with the requirements of Governmental Accounting Standards Board (GASB) Standards.

The following discussion and analysis of the West Virginia Higher Education Policy Commission's (the Commission) financial statements provides an overview of its financial activities for the years ended June 30, 2026 and 2025, with a primary focus on the current year. Comparative data from the prior year are provided for discussion and analysis purposes. There are three financial statements presented: the statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows.

Statement of Net Position

The Statement of Net Position presents the Commission's assets, liabilities, deferred inflows and outflows of resources, and net position as of June 30, 2026 and 2025. Net position is reported as net investment in capital assets, restricted, and unrestricted. The Commission's unrestricted net position deficit is primarily attributable to bond proceeds from the 2004, 2007, 2010, 2012, and two 2017 bond issuances that were transferred to institutions for capital projects without the Commission receiving related capital assets.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position reports the results of operations during the fiscal year and the change in net position from the prior year. Operating revenues primarily consist of institution assessments, service revenues, and grant revenues. Operating expenses consist primarily of personnel costs and expenses incurred to carry out the Commission's programs and services.

Statement of Cash Flows

The Statement of Cash Flows provides information about the Commission's cash receipts and cash disbursements during the fiscal year and summarizes cash flows from operating, noncapital financing, capital and related financing, and investing activities.

FINANCIAL SUMMARY

Condensed Statements of Net Position
(in thousands of dollars)

	2026	2025
ASSETS		
Current Assets	$ 150,632	$ 109,636
Other Noncurrent Assets	38,182	41,785
Capital Assets, Net	59,939	60,825
Total Assets	248,753	212,246
DEFERRED OUTFLOWS OF RESOURCES	8,533	9,502
Total Assets and Deferred Outflows of Resources	$ 257,286	$ 221,748
LIABILITIES		
Current Liabilities	$ 49,681	$ 51,047
Noncurrent Liabilities	201,437	224,375
Total Liabilities	251,118	275,422
DEFERRED INFLOWS OF RESOURCES	8,669	5,851
NET POSITION		
Invested in Capital Assets	49,827	52,768
Restricted - Expendable	113,172	71,773
Restricted - Nonexpendable		
Unrestricted	(165,500)	(184,066)
Total Net Position	(2,501)	(59,525)
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 257,286	$ 221,748

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

(in thousands of dollars)

	2026	2025
OPERATING REVENUES		
Grants and Contracts	$ 5,302	$ 7,184
Other Operating Revenues	194,035	129,471
Total Operating Revenues	199,337	136,655
OPERATING EXPENSES		
Salaries, Wages, and Benefits	13,478	13,417
Supplies and Other Expenses	188,178	191,594
Depreciation and Amortization	4,550	4,853
Total Operating Expenses	206,206	209,864
OPERATING LOSS	(6,869)	(73,209)
NONCAPITAL SUBSIDIES		
Other Noncapital Subsidies	8,321	41,759
OTHER NONOPERATING REVENUES (EXPENSES)	55,572	3,589
INCREASE (DECREASE) IN NET POSITION	57,024	(27,861)
Net Position - Beginning of Year	(59,525)	(31,664)
NET POSITION - END OF YEAR	$ (2,501)	$ (59,525)

Certain prior year amounts have been reclassified to conform to the current year presentation for comparative purposes.

DETAILED ANALYSES

Statement of Net Position

Major items of note in the statement of net position include:

- In FY2026, the Commission experienced a notable increase in total assets and deferred outflows, which increased from approximately $221.7 million to $257.3 million, primarily due to an increase in cash and cash equivalents, as well as a substantial increase in appropriations due from primary government for deferred maintenance projects at the State's public higher education institutions.

- As of June 30, 2026, the Commission's financial statements reflect a receivable from the higher education institutions (an internal obligation) related to principal payments owed by the Commission on system-wide debt obligations that were issued on behalf of the University and College Systems before the 2004 issuance. Prior to fiscal year 2002, the system debt had been reflected solely as an obligation of the Commission and the requirement of the institutions to contribute funds to repay this debt was disclosed in a footnote. The internal assignment of this liability was shown as a transfer in the statement of revenue, expenses, and changes in net position during fiscal year 2002. On the statement of net position as of June 30, 2026, a receivable has been recorded for Institutional obligations totaling $14.1 million out of the total amount due from Institutions of $18.3 million as compared to $29.9 million in debt including outstanding University System Bonds of $12.8 million plus future interest payable of $17.1 million, but not including bond premiums. The Commission debt for bonds issued in fiscal year 2005 (2004 Series B Bonds), fiscal year 2009 (2009 Series A Bonds), and fiscal year 2011 (2010 Series A, B, and C Bonds) and fiscal year 2012 (Series A and B Bonds) is not allocated to the Institutions as the funding will be forthcoming from excess Lottery Commission proceeds.

- Current accounts receivable decreased by approximately $3.5 million in FY2026. This decrease is primarily attributable to the timing of deferred maintenance project completion and the corresponding reimbursements at the institutions.

- As of June 30, 2026, total current assets of $150.6 million exceeded total current liabilities of $49.7 million. As of June 30, 2025, total current assets of $109.6 million exceeded total current liabilities of $51 million. The fluctuation in current assets from FY 2025 to FY 2026 is attributable to a $37.6 million increase in Appropriations Due from Primary Government for the purposes of deferred maintenance projects at institutions. By the nature of the Commission, significant funds flow through the operations reported in these financial statements with further distribution to the West Virginia public institutions in subsequent years based on the decisions of the Commission.

    - Current cash balances at June 30, 2026 were $73.5 million compared to cash balances as of June 30, 2025 of $66.6 million.

    - Current receivables from the Institutions totaled approximately $6.7 million as of June 30, 2026, and $6.5 million as of June 30, 2025. These receivables primarily represent the Institutions' current obligations for principal payments to be paid on the University and College system-wide bond obligations.

Statement of Net Position (Continued)

Current liabilities total $49.7 million and $51.0 million as of June 30, 2026 and 2025, respectively. Accounts payable decreased $277,699 and the current portion of bonds payable increased $848,436. In addition, the amounts due to institutions and affiliates decreased by $1.53 million due to grant activity at the institutions for deferred maintenance projects. The current portion of notes payable increased $70,109.

During the 2023 Regular Legislative Session, the West Virginia Legislature enacted House Bill 2024, which was signed into law by the Governor. This legislation included an appropriation to the Governor's Civil Contingent Fund to support deferred maintenance needs at the State's public higher education institutions. The Commission acts as a pass-through entity for these grants and began receiving phased funding under this initiative in FY 2024. When funds are received by the Commission, they are immediately disbursed to institutions based on approved project proposals. The timing of this activity affects the amounts due to institutions and affiliates. As of June 30, 2026, a total of $170 million in deferred maintenance grant projects have been approved, with $120 million in funding received and distributed to institutions.

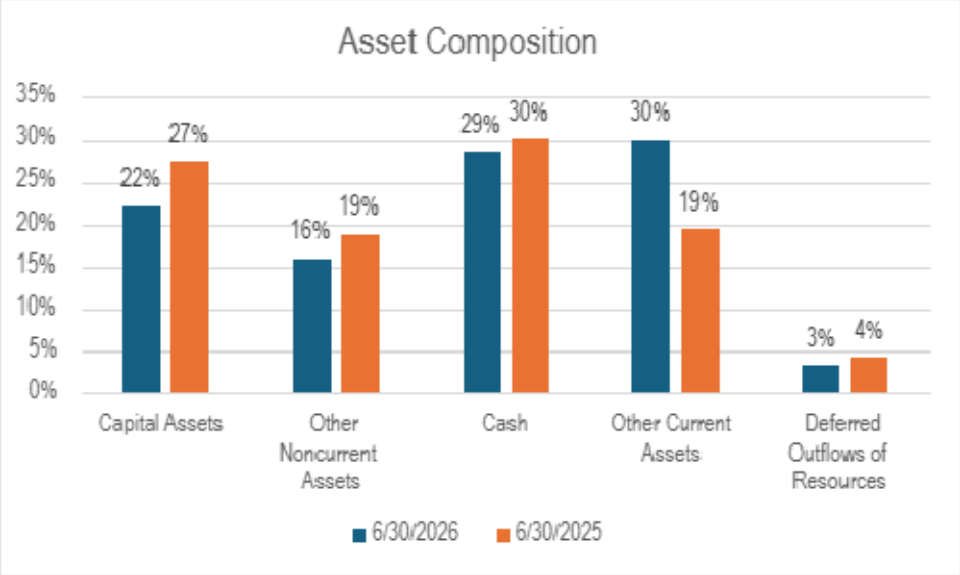
- As of June 30, 2026 and 2025, noncurrent assets totaled $98.1 million and $102.6 million.
    - Except for capital assets, the most significant portion of noncurrent assets are the receivables from the Institutions that are primarily related to the University and College system-wide bonds. These obligations totaled $9.9 million as of June 30, 2026 compared to $16.6 million at June 30, 2025. The other amounts due from Institutions reflect the advances made to certain Institutions.
    - Noncurrent cash totaled $14.6 million as of June 30, 2026, compared to $14.2 million as of June 30, 2025. This increase occurred due to timing and increased earnings.
- The primary noncurrent liability represents the actual system-wide bonds outstanding, as further described in Note 9 to the financial statements. At June 30, 2026 and 2025 noncurrent bonds payable totaled $175.5 million and $195.3 million, respectively, plus future interest payable on bonds of $17.1 million as of June 30, 2026 and $20.6 million as of June 30, 2025. The future interest includes payments, which commenced in FY 2014 and are classified as a current liability. In FY 2026 and FY 2025, the related current liability is $8.5 million, and $8.7 million, respectively.
- The Commission's net Other Postemployment Benefit (OPEB) position changed from an asset to a liability of $103,612 at June 30, 2026. The decline primarily reflects an increase in the State's collective net OPEB liability allocated to participating employers under the cost-sharing plan, partially offset by a reduction in the Commission's allocation percentage. The Commission participates in a cost-sharing, multiple-employer defined benefit OPEB plan administered by the West Virginia Public Employees Insurance Agency (PEIA) and the West Virginia Retiree Health Benefit Trust Fund (RHBT), and its reported share is determined based on employer and non-employer contributions to the plan.

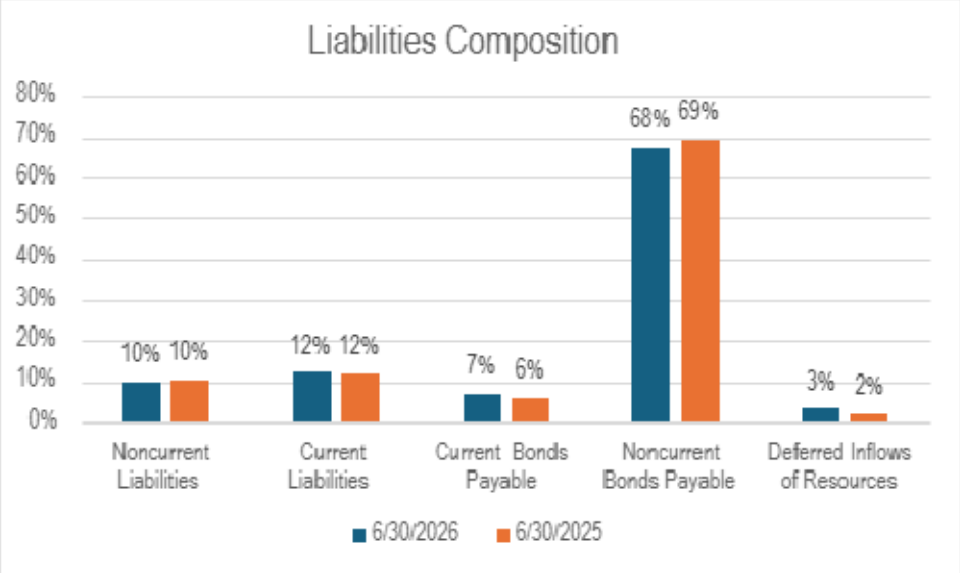
Statement of Net Position (Continued)

- Total net position of the Commission was a deficit of $2.5 million and $59.5 million, as of June 30, 2026 and 2025, respectively. Additional state appropriations in FY 2026 contributed to the improved net position over FY 2025.

    - Net investment in capital assets of $49.8 million is primarily the capital assets of the West Virginia Regional Technology Park.

      The unrestricted net deficit of $165.5 million is primarily because of bonds outstanding where the funds were provided to the institutions for capital additions, but the repayments will be made from excess Lottery funds, if available.



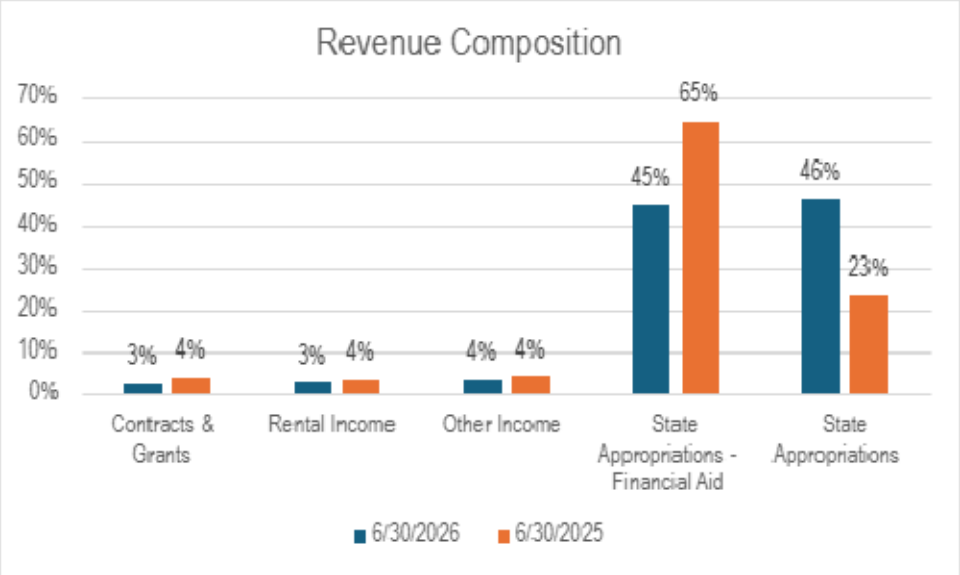


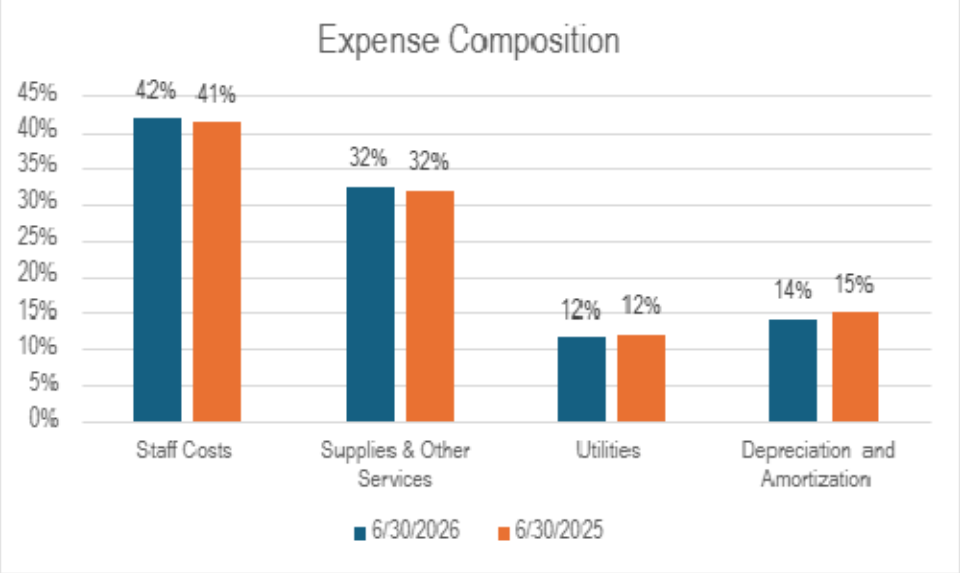
Statement of Revenues, Expenses, and Changes in Net Position

Major items of note in the statements of revenue, expenses, and change in net position include:

- Operating revenues of the Commission totaled $199.3 million in FY 2026 compared to $136.7 million in FY 2025.
    - Federal, state, and local grants totaled $5.3 million in FY 2026 compared to $7.2 million in FY 2025.
    - Rental income was $6.7 million and $6.5 million in FY 2026 and FY 2025, respectively, and is received from 32 tenants occupying space within the West Virginia Regional Technology Park. The majority of lease and service revenue comes from four major tenants.
- Operating expenses totaled $124.5 million in FY 2026 and $197.6 million in FY 2025. During FY 2026, salaries, benefits, supplies, and utilities remained relatively consistent from the prior year. In FY 2025, additional funding was awarded and subsequently expended as part of the nursing expansion program and emergency funding allotted for the Higher Education Grant Program. This was less apparent in FY 2026, contributing to a decrease of $72.7 million in the Student Financial Aid, Scholarships, and Fellowships expense line item.
- Net nonoperating revenues totaled $55.6 million in fiscal year 2026, compared with $23.6 million in fiscal year 2025. The increase was primarily attributable to a $39.0 million transfer for deferred maintenance funding recognized in fiscal year 2026. Fiscal year 2026 also included a $2.5 million loss related to the Allied Health Wing building. By comparison, fiscal year 2025 included a $5.0 million gain on the transfer of the Center for Nursing.
- Total state appropriations increased to $187.8 million in fiscal year 2026 from $137.0 million in fiscal year 2025. The year-over-year change primarily reflects the timing and amount of supplemental or one-time appropriations received in each fiscal year. Fiscal year 2026 included a $72.0 million appropriation for Medical Schools, while fiscal year 2025 included appropriations of $7.0 million for Nursing Expansion and $5.0 million for EMS training.
- Interest on indebtedness declined from $12.3 million in FY 2025 to $11.2 million in FY 2026.

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





SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

During fiscal year 2026, the Commission completed the transfer of the Allied Health Wing located in Beaver, WV to New River Community and Technical College. The facility was originally constructed with funding awarded to the Commission by the Federal Health Resources and Services Administration and had been recorded as a capital asset of the Commission. Because the facility is located on the campus of, and is maintained and managed by, New River Community and Technical College, ownership was transferred to that institution effective July 31, 2025, following final approval of the property transfer. The transfer occurred between State entities for no consideration. Accordingly, the Commission disposed of the related capital asset and recognized a loss on disposal of $2,412,057. See Note 5 to the financial statements for additional information regarding capital assets.

In October 2025, S&P Global Ratings affirmed the Commission's revenue debt rating of A+ with a stable outlook. The rating affirmation reflected, among other factors, the continued support provided by State Lottery revenue, the pledge of educational and general capital fees, and State support for higher education.

The Commission did not issue new debt during FY2026. The Commission made all required debt service payments and repaid principal of $17.2 million in FY 2026 and $17.2 million in FY 2025, respectively, related to the bonds outstanding. See Note 9 to the financial statements for further detail of long-term debt.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

West Virginia's public higher education system continues to operate in the context of a long-term population decline and an aging demographic profile. The state's population fell from approximately 1.79 million in 2020 to 1.77 million in 2025. West Virginia has one of the oldest populations in the nation, with 23% of residents aged 65 or older. The state also has a relatively low educational attainment rate, with only about 24% of adults holding a bachelor's degree or higher. These demographic trends reduce the number of traditional college-age students available to enroll and place increasing importance on attracting, retaining, and upskilling adult learners.

The effects of these demographic challenges are evident in higher education enrollment trends. Enrollment at West Virginia's public colleges and universities declined from approximately 85,000 students in 2016 to just under 73,000 students in 2026, driven by declining numbers of high school graduates, lower college-going rates, and out-migration of young adults. In response, state leaders have increasingly focused on workforce-aligned educational opportunities and adult learner engagement. The Commission's "West Virginia's Climb" initiative seeks to increase postsecondary attainment so that 60% of working-age residents hold a certificate, credential, or degree by 2030, addressing workforce needs while supporting economic development.

To improve college affordability and workforce participation, West Virginia has expanded several state-funded financial aid programs. The PROMISE Scholarship remains the state's flagship merit-based award, helping academically qualified students attend in-state institutions. The Higher Education Grant Program provides need-based assistance to eligible students with financial need. WV Invests offers last-dollar funding for certificates and associate degrees in high-demand fields at public community and technical colleges. More recently, West Virginia Climb provides tuition assistance for adults seeking short-term credential programs that support workforce advancement. Together, these programs are intended to reduce financial barriers, increase postsecondary participation, encourage residents to remain in West Virginia, and support the state's long-term educational attainment and workforce goals. The vast majority of the funding that is reported in the financial statements of the Commission is ultimately assigned to the public higher education institutions in the state for capital projects, grants, scholarships, and special projects. This funding is critical to the success of the higher education system in meeting the state's post-secondary goals.

State appropriations to the Commission and public higher education institutions have continued to trend upward over the past five years. While some increases in appropriations are credited to statewide salary increases and increases to employee and employer costs for public health insurance, some are a result of the higher education funding formula and other supplemental appropriations. In FY 2026, funding of $39 million was transferred to the Commission for the purpose of deferred maintenance and capital projects at public higher education institutions. The state's medical schools also received a supplemental appropriation totaling $72 million that same fiscal year. The higher education funding formula model considers inflationary factors, such as the Higher Education Price Index (HEPI), as well as individual institutions' performance in relation to various metrics. In FY 2027, the higher education funding formula was fully funded for the first time since its inception.

For historical context, the Commission entered into an agreement on February 25, 2011 with the Union Carbide Corporation (UCC), a wholly owned subsidiary of The Dow Chemical Company (Dow) for the donation of property known as Union Carbide Corporation's Technology Park. This property consisted of 258 acres, several major buildings, and infrastructure. On December 15, 2011, the deed for the property was transferred to the Commission. The Commission has since opened the Technology Park to other businesses to enhance economic development opportunities. BridgeValley Community and Technical College, formerly known as Kanawha Valley Community and Technical College, relocated their campus to the site with the renovation of one of the existing buildings and completion of the Advanced Technology Center. The net value of the capital gifts of equipment and buildings was $21 million, which was recognized in FY 2012.

At the present time, the Commission itself maintains a strong financial condition. Although the net position of the Commission is reported as a deficit of $2.5 million, this is an improvement from the $59.5 million deficit in FY2025. $31.5 million of future interest payable on the 2000 Series A Bonds (repayment on these bonds began during FY 2014) and the $73.7 million of debt on the 2012 Series A and B Bonds will be paid by Lottery Commission excess proceeds, if available. In addition, $49.4 million of debt on 2017 Series Community and Technical College Capital Improvement Revenue Refunding Bonds will be paid by the Lottery Commission excess proceeds, if available, and $50.3 million of debt on the 2010 Series A and B Facilities Bonds will also be paid by the Lottery Commission excess proceeds, if available. In the event that excess Lottery Commission proceeds are not available, the Institutions will be responsible for providing the moneys for repayment of the debt except on the 2017 Community and Technical College Capital Improvement Revenue Refunding Bonds Series A.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2026

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS	
Cash and Cash Equivalents	$ 73,469,421
Appropriations Due from Primary Government	47,903,074
Accounts Receivable, Net	19,159,639
Leased Asset Receivable	1,281,944
Interest Receivable	1,087,622
Prepaid Expense	1,067,004
Receivable from Institution - Current Portion	6,663,564
Total Current Assets	150,632,268
NONCURRENT ASSETS	
Cash and Cash Equivalents	14,556,971
Accounts Receivable	7,692,681
Leased Asset Receivable	6,028,239
Receivable from Institutions	9,904,327
Capital Assets, Net	59,939,192
Total Noncurrent Assets	98,121,410
Total Assets	248,753,678
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Loss on Refunding	8,118,750
Deferred Outflows Related to OPEB	355,205
Deferred Outflows Related to Pensions	58,604
Total Deferred Outflows of Resources	8,532,559
Total Assets and Deferred Outflows of Resources	$ 257,286,237

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2026

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

CURRENT LIABILITIES	
Accounts Payable	$ 1,121,877
Amounts Due to Institutions and Affiliates	18,347,533
Accrued Liabilities	676,805
Unearned Revenue - Services	29,850
Compensated Absences - Current Portion	826,503
Interest Payable	8,510,384
Lease Liability - Current Portion	4,572
Notes Payable - Current Portion	887,806
SBITA Liability - Current Portion	1,170,247
Bonds Payable - Current Portion	18,105,564
Total Current Liabilities	49,681,141
NONCURRENT LIABILITIES	
Compensated Absences	527,276
Future Interest Payable	17,124,197
Net Pension Liability	128,510
Net OPEB Liability	103,612
Lease Liability	4,540
Notes Payable	6,369,138
SBITA Liability	1,675,812
Bonds Payable	175,503,677
Total Noncurrent Liabilities	201,436,762
Total Liabilities	251,117,903
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to OPEB	183,711
Deferred Inflows Related to Pensions	60,409
Deferred Inflows Related to Leases	8,425,051
Total Deferred Inflows of Resources	8,669,171
Total Liabilities and Deferred Inflows of Resources	259,787,074
NET POSITION	
Net Investment in Capital Assets	49,827,075
Restricted - Expendable	113,172,109
Unrestricted	(165,500,021)
Total Net Position	(2,500,837)
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 257,286,237

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2026

OPERATING REVENUES	
State Appropriations	$ 179,470,670
Contracts and Grants:	
Federal	4,951,241
State	303,909
Private	46,500
Rental Income	6,690,017
Sales and Services of Educational Activities	7,698,615
Miscellaneous - Net	176,070
Total Operating Revenues	199,337,022
OPERATING EXPENSES	
Salaries and Wages	10,512,421
Benefits	2,965,492
Supplies and Other Services	10,455,414
Utilities	3,718,632
Student Financial Aid, Scholarships, and Fellowships	92,335,392
Other Payments to Institutions	81,668,534
Depreciation and Amortization	4,550,097
Total Operating Expenses	206,205,982
OPERATING LOSS	(6,868,960)
NONCAPITAL SUBSIDIES	
State Appropriations	8,321,339
OPERATING INCOME AND NONCAPITAL SUBSIDIES	1,452,379
OTHER NONOPERATING REVENUES (EXPENSES)	
Loss on Sale of Capital Assets and Inventory	(2,412,057)
Investment Income	2,596,585
Payments Made on Behalf of the Commission	146,632
Institutional Debt Service Payments from Institutions:	
Interest	6,063,485
Other	479,369
Financing-related Revenues	19,997,500
Interest	(11,206,343)
Capital Grants, Appropriations, and Gifts	93,090,826
Capital Payments Made on Behalf of the Fund	(53,656,649)
Other Nonoperating Revenues - Net	472,540
Total Other Nonoperating Revenues (Expenses)	55,571,888
INCREASE IN NET POSITION	57,024,267
Net Position - Beginning of Year	(59,525,104)
NET POSITION - END OF YEAR	$ (2,500,837)

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2026

CASH FLOWS FROM OPERATING ACTIVITIES	
Institutional Collections	$ 1,486,800
Contracts and Grants	7,482,353
Payments to and on Behalf of Employees	(13,412,696)
Payments to Suppliers	(10,686,208)
Payments to Utilities	(3,654,349)
Payments for Scholarships and Fellowships	(92,335,392)
Rental Income Receipts	6,573,245
Sales and Service of Educational Activities	6,064,179
Other	176,472
Net Cash Used by Operating Activities	(98,305,596)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Appropriations	169,716,095
Payments to Institutions	(82,726,348)
Net Cash Provided by Noncapital Financing Activities	86,989,747
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Institutional Receipts for Debt Service	12,359,982
Purchases of Capital Assets	(1,224,242)
Principal Paid on Bonds, Leases, and Subscriptions	(20,741,603)
Interest Paid on Bonds, Leases, and Subscriptions	(13,592,787)
Principal Paid on Notes	(802,016)
Interest Paid on Notes	(183,371)
Capital Grants, Appropriations, and Gifts Received	93,090,826
Capital Payments and Transfers to Institutions and Outside Entities	(53,656,649)
Capital Loan Repayments from Institutions	728,000
Deposits to Noncurrent Cash and Cash Equivalents	(19,607,371)
Withdrawals from Noncurrent Cash and Cash Equivalents	19,218,322
Net Cash Provided by Capital Financing Activities	15,589,091
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipts from Investment Income	2,601,489
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,874,731
Cash and Cash Equivalents - Beginning of Year	66,594,690
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 73,469,421

See accompanying Notes to Financial Statements.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2026

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$	(6,868,960)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation and Amortization Expense		4,550,097
Loss on Disposal of Capital Asset and Inventory		2,412,057
State Appropriations for Financial Aid		(97,802,136)
Changes in Assets and Liabilities:		
Accounts Receivables - Net		(227,669)
Prepaid Expenses		(29,203)
Lease Receivable		(2,915,924)
Accounts Payable		135,930
Accrued Liabilities		(48,145)
Other Postemployment Benefit Related Amounts		15,209
Defined Benefit Pension Related Amounts		(124,928)
Compensated Absences		26,931
Unearned Revenue		(228,007)
Deferred Inflows		2,799,152
Net Cash Used by Operating Activities	$	(98,305,596)
SIGNIFICANT NONCASH TRANSACTIONS		
Assets Acquired Through Lease and Subscription Arrangements	$	2,818,124

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

On March 19, 2000, the West Virginia Legislature enacted Senate Bill No. 653 (S.B. 653), which restructured public higher education in West Virginia.

S.B. 653 also created the West Virginia Higher Education Policy Commission (governing board) which is responsible for developing, gaining consensus around, and overseeing the implementation and development of a higher education public policy agenda except for those institutions covered by Senate Bill No. 448. The West Virginia Higher Education Policy Commission (entity) (the Commission) consists of two divisions. The first division encompasses the administrative functions and the second division accounts for the West Virginia Network for Educational Telecommuting (WVNET). Oversight of WVNET lies with the administrative division. WVNET was originally created in 1975 to provide central computing facilities and wide-area network communications services as a resource for the public colleges and universities in the state of West Virginia (the State).

On March 12, 2011, the West Virginia Legislature enacted Senate Bill 484, which allowed for the creation of a management organization for the oversight of day-to-day operations at the WV Regional Technology Park Corp. which was created by the gift of the former Union Carbide Corporation Tech Center to the Commission. The WV Regional Technology Park Corp. (the Corporation or WVRTC) was incorporated under the laws of the state as a nonprofit, nonstock corporation on April 13, 2011. The Commission transferred the right to manage the assets for the purpose that the Corporation was created. The assets have been recorded in the Corporation to facilitate operations. The Commission maintains title and is the owner to the land, buildings, and improvements that comprise the Corporation. The Corporation is included in the financial statements as a blended component unit.

Each Institutional Governing Board (all institutions, the Commission, and the West Virginia Council for Community and Technical College Education (the Council) comprise the West Virginia Higher Education Fund, (the Fund) has certain powers and duties, including, but not limited to, the power to determine, control, supervise, and manage the financial, business, and educational policies and affairs of the institution(s) under its jurisdiction; the duty to develop a master plan for the institution; the power to prescribe the specific functions and institution's budget request; the duty to review, at least every five years, all academic programs offered at the institution; and the power to fix tuition and other fees for the different classes or categories of students enrolled at the institution(s).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity

The Commission is a statutory entity and component unit of the West Virginia Higher Education Fund and represents separate funds of the state that are not included in the state's general fund. The Commission is a separate entity, which along with all state institutions of higher education and the Council, forms the West Virginia Higher Education Fund of the State. The West Virginia 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 the Commission, including the Corporation, which is a statutory entity and a blended component unit of the Commission. The basic criteria for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from the Commission's ability to significantly influence operations and accountability for fiscal matters of the Corporation.

Financial Statement Presentation

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

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

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

The West Virginia Legislature, as a regulatory body outside the reporting entity, has restricted the use of certain funds by Article 10, *Fees and Other Money Collected at State Institutions of Higher Education*, of the West Virginia State Code (the Code). House Bill No. 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 related institutions. These restrictions are subject to change by future actions of the West Virginia Legislature. The Commission does not have any such Code-restricted net position at June 30, 2026.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (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. There was no nonexpendable net position as of June 30, 2026.

Unrestricted Net Position – Unrestricted net position represents liabilities in excess of resources derived from student tuition and fees, state appropriations, and sales and services of educational activities. The deficit will be funded by future amounts to be received from the Lottery Commission if such excess funds are available, or are to be billed to institutions in future years.

Basis of Accounting

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

Cash and Cash Equivalents

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (Continued)

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

Appropriations Due from Primary Government

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

Allowance for Doubtful Accounts

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

Noncurrent Cash and Cash Equivalents

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 for the Commission or any of its institutions, and (3) restricted nonexpendable net position, are classified as noncurrent assets in the accompanying statements of net position. As of June 30, 2026 and 2025, there was no restricted nonexpendable net position or cash and cash equivalents.

Capital Assets

Capital assets include buildings, software, intangibles, and furniture and equipment. Capital assets are stated at cost at the date of acquisition or construction, or acquisition value at the date of donation in the case of gifts. Depreciation or amortization is computed using the straight-line method over the estimated useful lives of the assets, generally 3 to 7 years for software and intangibles; 3 to 10 years for furniture and equipment; 15 years for land improvements, and 30 years for buildings. The Commission uses a capitalization policy of $5,000.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease and Subscription-Based Information Technology Arrangements (SBITA) Assets

Lease assets include equipment as well as certain operating and office facilities for various terms under long-term, noncancelable lease agreements. SBITA assets include various software used for educational and administrative purposes for various terms under long-term, noncancelable agreements. Leases and SBITAs are initially measured as the sum of the present value of payments expected to be made during the term, payments associated with the contract made to the vendor at the commencement of the contractual term, when applicable, and capitalizable implementation costs, less any vendor incentives received from the vendor at the commencement of the contractual term. Amortization is computed using the straight-line method over the term of the agreement. The Commission uses a capitalization policy of $5,000.

Unearned Revenue

Cash received for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenue.

Compensated Absences and Other Postemployment Benefits

GASB provides standards for the measurement, recognition, and display of other postemployment benefits (OPEB) expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for OPEB for the state. Effective July 1, 2007, the Commission was required to participate in this multiemployer, cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the state. Details regarding this plan and the stand-alone financial statements can be obtained by contacting West Virginia Public Employees Insurance Agency (PEIA), State Capitol Complex, Building 5, Room 1001, 1900 Kanawha Boulevard, East, Charleston, West Virginia 25305-0710 or http://www.wvpeia.com.

GASB requires recognition of a liability for leave that accumulates and is attributable to services already rendered and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The Commission's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination. Full-time employees also earn one and one-half sick leave days for each month of service and are entitled to extend their health or life insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. Generally, two days of accrued sick leave extends health insurance for one month of single coverage and three days extend health insurance for one month of family coverage. For employees hired after 1988 or who were hired before 1988 but did not choose such coverage until after 1988 but before July 1, 2001, the employee shares in the cost of the extended benefit coverage to the extent of 50% of the premium required for the extended coverage. Employees hired July 1, 2001, or later will no longer receive sick leave credit toward insurance premiums when they retire. Additionally, all retirees have the option to purchase continued coverage regardless of their eligibility for premium credits. This liability is now provided for under the multiemployer, cost-sharing plan approved by the state and is measured using the employee's pay rate as of the date of the financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences and Other Postemployment Benefits (Continued)

The estimated expense and expense incurred for the vacation leave or OPEB benefits are recorded as a component of benefits expense on the statements of revenues, expenses, and changes in net position (see Note 10).

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Teachers' Retirement System (TRS), administered by the West Virginia Consolidated Public Retirement Board (CPRB), and additions to/reductions from the TRS fiduciary net position have been determined on the same basis as they are reported in the TRS financial statements, which can be found at https://www.wvretirement.com/Publications.html. The plan schedules of TRS are prepared using the accrual basis of accounting and economic resources measurement focus in accordance with GAAP as prescribed by GASB.

Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Investments are reported at fair value. Detailed information on investment valuation can be found in the TRS financial statements. Management of TRS has made certain estimates and assumptions relating to employer allocation schedules, and actual results could differ (see Note 11).

Future Interest Payable

Interest on capital accretion bonds is recognized over the life of the related bonds on the interest method.

Bonds

Bond premiums or discounts are amortized over the life of the related bonds.

Deferred Outflows of Resources

Consumption of net assets by the Commission that is applicable to a future fiscal year is reported as a deferred outflow of resources on the statement of net position. As of June 30, 2026, the Commission had a deferred loss on refunding of $8,118,750 and deferred outflows of resources related to pensions of $58,604 (see Note 11). As of June 30, 2026, the Commission had deferred outflows of resources related to OPEB of $355,205 (see Note 10).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

Acquisition of net assets by the Commission that is applicable to a future fiscal year is reported as a deferred inflow of resources on the statement of net position. As of June 30, 2026, the deferred inflows related to pensions were $60,409 (see Note 11). As of June 30, 2026, the Commission had deferred inflows of resources related to OPEB of $183,711 (see Note 10). As of June 30, 2026, the commission had deferred inflows of resources related to leases of $8,425,051 (see Note 12).

Risk Management

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

BRIM engages an independent actuary to assist in the determination of its premiums so as to minimize the likelihood of premium adjustments to the Commission or other participants in BRIM's insurance programs. As a result, management does not expect significant differences between premiums the Commission is currently charged by BRIM. In addition, through its participation in the PEIA and third-party insurers, the Commission has obtained health, life, prescription drug coverage, and coverage for job-related injuries for its employees. In exchange for payment of premiums to PEIA and the third-party insurer, the Commission has transferred its risks related to health, life, prescription drug coverage, and job-related injuries.

Classification of Revenues and Expenses

The Commission has classified its revenues and expenses according to the following criteria:

Operating revenues and expenses are revenues and expenses other than nonoperating revenues and expenses. Operating revenues may also include revenues or expense that would otherwise be classified as nonoperating if those transactions constitute the Commission's principal ongoing operations. The Commission's operating revenues include (1) fees from higher education institutions; (2) most federal, state, local, and nongovernmental grants, and contracts; (3) federal appropriations for land grant institutions, and (4) revenue from leasing.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Revenues and Expenses (Continued)

Noncapital subsidies are defined as resources received from, or provided to, another party for which the Commission does not provide goods and services to the other party and that directly or indirectly keep the Commission's current or future fees lower than they would otherwise be as well as all other transfers.

Other nonoperating revenues and expenses include revenues and expenses related to financing, resources from the disposal of capital assets and inventory, investment income and expenses and capital appropriations, grants, and gifts.

Use of Restricted Net Position

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

Institutional Collections

Institutional collections represent revenues earned from colleges and universities throughout the state for the use of central site (WVNET) computing services.

Government Grants and Contracts

Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to audit. The Commission 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.

Interest on Indebtedness

The Commission accounts for interest on debt as an expense of the period in which it is incurred.

Student Financial Aid and Other Payments to Institutions

The Commission records financial aid and other payments to institutions as an expense of the period in which it is disbursed to the institutions.

Income Taxes

The Commission is exempt from income taxes under Section 115 of the Internal Revenue Code (IRC) as a governmental entity. It is also recognized by the Internal Revenue Service (IRS) as an organization described in Section 501(c)(3) of the IRC.

Cash Flows

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources 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.

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

The GASB issued Statement No. 103, *Financial Reporting Model Improvements*, which is effective for fiscal years beginning after June 15, 2025. This statement updates the Management's Discussion and Analysis (MD&A), requires a prescribed condensed financial summary, revises the classification of operating and nonoperating revenues and expenses in proprietary funds, and establishes a single reporting category for unusual or infrequent items. The Statement also modifies presentation requirements for major component units and budgetary comparison information. The adoption of GASB 103 resulted in changes to the presentation of the financial statements but did not materially affect beginning net position.

During 2026, the Commission also implemented GASB Statement No. 104, *Disclosure of Certain Capital Assets*. GASB 104 requires separate disclosure of certain capital asset categories, including lease assets, subscription-based IT arrangement (SBITA) assets, intangible right-to-use assets related to public-private partnerships, and assets held for sale. Adoption of GASB 104 affected the presentation and disclosure of capital asset information in the notes but did not have a material impact on recognition or measurement of capital assets.

Recent Statements Issued by the Governmental Accounting Standards Board (GASB)

The GASB issued Statement No. 105, *Subsequent Events*, in December 2025. The Statement provides guidance regarding the identification and reporting of recognized and nonrecognized subsequent events, including related disclosure requirements. GASB Statement No. 105 is effective for fiscal years beginning after June 15, 2026. The Commission has not yet determined the effect that adoption of this Statement may have on its financial statements.

NOTE 3 CASH AND CASH EQUIVALENTS

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

	Current	Noncurrent	Total
State Treasurer	$ 64,775,775	$ 5,965,134	$ 70,740,909
Municipal Bond Commission	2,016,990	-	2,016,990
Bank	6,676,656	-	6,676,656
Trustee	-	8,591,837	8,591,837
Total	$ 73,469,421	$ 14,556,971	$ 88,026,392

Cash held by the State Treasurer includes $5,965,134 at June 30, 2026 of restricted cash for sponsored projects, loans, and other purposes.

Cash on deposit with trustee represents funds reserved for debt payments on the University Refunding Revenue Bonds, Series 2010 (the 2010 Bonds) and project expenditures, and debt payments on the University Revenue Bonds, Series 2012 (the 2012 Bonds) (see Note 9).

The combined carrying amount of cash in bank at June 30, 2026 was $6,676,656. The bank balances were covered by federal depository insurance as noted below or collateralized by securities held by the state's agent. Regarding federal depository insurance, interest-bearing accounts are insured by the Federal Deposit Insurance Corporation up to $250,000.

Amounts with the State Treasurer as of June 30, 2026 are comprised of $16,852,686 held by the State Treasury Fund and not invested, and three investment pools, the WV Money Market Pool, the WV Government Money Market Pool, and the WV Short Term Bond Pool.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The following table provides information on the Standard & Poor's rating of the investment pools as of June 30, 2026:

External Pool	Carrying Value (in Thousands)	S & P Rating
WV Money Market Pool	$ 53,495,803	AAAm
WV Government Money Market Pool	1,157,023	AAAm
WV Short-Term Bond Pool	1,252,387	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.

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

Interest Rate Risk

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

External Pool	Carrying Value (in Thousands)	WAM (Days)
WV Money Market Pool	$ 53,495,803	46
WV Government Money Market Pool	1,157,023	45

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

External Pool	Carrying Value (in Thousands)	Effective Duration (Days)
WV Short-Term Bond Pool	$ 1,252,387	664

Cash in Bank with Trustee

Credit Risk

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

Investment Type	Amount
Money Market Fund	$ 8,591,837

Custodial Credit Risk

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Commission's investment policy limits investment maturities from potential fair value losses due to increasing interest rates. No more than 5% of the money market fund's total market value may be invested in the obligations of a single issuer, with the exception of the U.S. government and its agencies. The Commission does not have a formal interest rate risk policy.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable was as follows at June 30, 2026:

Student Loan Receivables - Net of Allowance for Doubtful Accounts of $6,446,357	$ 9,453,816
Grants and Contracts Receivable	147,367
Due from Higher Education Institutions	484,825
Rent Receivable - Net of Allowance for Doubtful Accounts of $344,080 and $102,592	1,099,795
Employee Conversion Pay Receivable	18,589
Due from State and State Agencies	15,647,928
Total	$ 26,852,320

NOTE 5 CAPITAL ASSETS

A summary of capital asset activity for the year ended June 30, 2026 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital Assets Not Being Depreciated:				
Land	$ 15,100,000	$ 65,989	$ -	$ 15,165,989
Construction in Progress	948,499	999,856	(1,465,883)	482,472
Total Capital Assets Not Being Depreciated	16,048,499	1,065,845	(1,465,883)	15,648,461
Capital Assets Being Depreciated:				
Buildings and Building Improvements	55,700,820	750,082	(3,620,762)	52,830,140
Infrastructure	6,280,014	635,564		6,915,578
Intangible	356,264	-	-	356,264
Equipment	16,527,110	301,948	(1,306,883)	15,522,175
Lease Assets:				
Equipment	17,493	-	-	17,493
SBITA	6,269,856	2,818,124	(2,975,382)	6,112,598
Subtotal	85,151,557	4,505,718	(7,903,027)	81,754,248
Less: Accumulated Depreciation and Amortization for:				
Buildings and Building Improvements	15,082,479	1,894,843	(1,237,988)	15,739,334
Infrastructure	3,369,660	411,696	-	3,781,356
Intangible	356,264	-	-	356,264
Equipment	15,279,238	511,613	(1,301,386)	14,489,465
Lease Assets:				
Equipment	4,738	4,373	-	9,111
SBITA	4,357,852	1,705,518	(2,975,383)	3,087,987
Subtotal	38,450,231	4,528,043	(5,514,757)	37,463,517
Total Capital Assets Being Depreciated, Net	46,701,326	(22,325)	(2,388,270)	44,290,731
Total Capital Assets, Net	$ 62,749,825	$ 1,043,520	$ (3,854,153)	$ 59,939,192

NOTE 5 CAPITAL ASSETS (CONTINUED)

Title to certain real property at the institutions is held by the Commission by virtue of legislative assignment from prior system-wide governing boards. Title can be transferred from the Commission to the Institutional Governing Boards upon mutual agreement. Regardless of title, all real property at the institution is recorded in the institution's financial statements.

The Commission 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 that are held for exhibition. These collections are neither disposed of for financial gain nor encumbered in any means.

At June 30, 2026, the Commission had outstanding contractual commitments of approximately $76,176 for property, plant, and equipment expenditures.

NOTE 6 LONG-TERM LIABILITIES

A summary of long-term obligation activity is as follows for the year ended June 30, 2026:

	Beginning Balance	Additions	Reductions	Ending Balance		Current Portion
Bonds Payable	$ 212,510,480	$ -	$ (18,901,239)	$ 193,609,241		$ 18,105,564
Notes Payable - Direct Placement	8,089,132	-	(832,188)	7,256,944		887,806
Other Long-Term Liabilities:						
Accrued Compensated Absences	1,326,850	26,929	-	1,353,779		826,503
Future Interest Payable	25,930,170	-	(3,316,537)	22,613,633	*	5,489,436
Other Postemployment Benefit Liability	-	103,612	-	103,612		-
Net Pension Liability	198,792	-	(70,282)	128,510		-
SBITA Liability	1,879,029	2,802,268	(1,835,238)	2,846,059		1,170,247
Lease Obligation	13,316	922	(5,126)	9,112		4,572
Total Long-Term Liabilities	$ 249,947,769	$ 2,933,731	$ (24,960,610)	$ 227,920,890		$ 26,484,128

The change in accrued compensated absences in presented net, in accordance with GASB 101.

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

NOTE 7 SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The Commission has operating and higher education consortium SBITA arrangements purchased from external vendors. The subscription terms of these contracts vary and range from FY 2023 through FY 2027. Most payments are annual. The Commission determined the net present value of the SBITAs based on an estimated incremental borrowing rate of 7.125% for year ended June 30, 2026.

See Note 5 for balances and changes in subscription assets at June 30, 2026.

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

Year Ending June 30,	Principal	Interest	Total
2027	$ 1,170,247	$ 88,118	$ 1,258,365
2028	631,756	51,298	683,054
2029	494,017	29,781	523,798
2030	504,161	7,624	511,785
2031	45,878	(1)	45,877
Total	$ 2,846,059	$ 176,820	$ 3,022,879

NOTE 8 NOTE PAYABLE

On October 20, 2020, the Corporation executed a note payable to the West Virginia Infrastructure and Jobs Development Council in the amount of $2,217,128. The loan was to finance construction and building improvements related to Building 2000 that the Corporation had paid for using operational funds in prior years. The note payable bears interest at 0% per annum and is collateralized by lease rental revenues. Payments are due monthly beginning November 1, 2023, in installments of $18,476. The outstanding balance at June 30, 2026 was $1,699,798. The note matures in October 2033.

On May 7, 2021, the Corporation executed a construction loan agreement to Summit Community Bank to fund construction and permanent financing in the amount of $7,500,000. The note payable bears a variable interest rate at 3.25% per annum and is subject to repricing May 27, 2027, and every five years thereafter. The note payable is collateralized by lease rental revenues. Interest only payments are due for 12 consecutive payments beginning June 27, 2021. Payments of principal and interest are due monthly beginning June 27, 2022, in installments of $52,877. As of June 30, 2026, the balance on the note was $5,202,980. The note matures in May 2037.

NOTE 8 NOTE PAYABLE (CONTINUED)

On May 7, 2025, the Commission executed a loan agreement with Bank of America to fund Nutanix AHV Hypervisor virtual machine environment in the amount of $565,177. The note payable bears a variable interest rate at 3.5217% per annum and was entered into via the state of West Virginia's Financing Program. The note payable is collateralized by the physical equipment obtained. Payments of principal and interest are due monthly in installments of $16,557. As of June 30, 2026, the balance on the note was $354,166. The note matures in June 2027.

A summary of the annual aggregate payments for years subsequent to June 30, 2026, is as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 887,806	$ 173,773	$ 1,061,579
2028	870,055	151,721	1,021,776
2029	723,771	132,439	856,210
2030	740,567	115,644	856,211
2031	757,924	98,286	856,210
2032 - 2036	3,276,821	211,829	3,488,650
Total	$ 7,256,944	$ 883,692	$ 8,140,636

NOTE 9 BONDS PAYABLE

The state chartered the former University System of West Virginia and the former state College System of West Virginia with the responsibility to construct or renovate, finance, and maintain various academic and other facilities of the state's higher education institutions. Financing for these facilities was provided through revenue bonds issued by the former state Board of Regents, the former College and University System Boards, the Interim Governing Board, or the Commission. All bonds payables are administered by the Commission, as successor to the various former governing boards.

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

NOTE 9 BONDS PAYABLE (CONTINUED)

Bonds payable consisted of the following at June 30, 2026:

	Maximum Interest Rate	Original Range of Annual Principal Installment Due	Principal Amount Outstanding
College Capital Improvement Revenue Refunding Bonds 2017 CTC	5.00 %	$30,000 to $4,760,000	$ 49,450,000
2017 Series Revenue Refunding Bonds Higher Education Facilities	5.00	$1,205,000 to $3,885,000	1,205,000
2012 Series A Revenue Refunding Bonds, Due through 2034	5.00	$1,425,000 to $42,100,000	64,415,000
2012 Series B Revenue Bonds, Due through 2034	5.00	$200,000 to $2,400,000	2,485,000
2010 Series B Revenue Bonds, Due through 2040	7.65	$10,800,000 to $39,465,000	50,265,000
Series 2000A University System Bonds, Due through 2031	6.26	$0 to $3,263,864	5,794,892
Series 1998 University System Bonds, Due through 2028	5.25	$1,065,000 to $3,625,000	7,070,000
Subtotal			180,684,892
Add: Bond Premium			12,924,349
Total			$ 193,609,241

A summary of the annual aggregate payments for years subsequent to June 30, 2026, is as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 18,105,564	$ 15,037,604	$ 33,143,168
2028	17,594,168	14,211,743	31,805,911
2029	14,522,600	13,398,395	27,920,995
2030	15,113,648	12,733,102	27,846,750
2031	15,663,912	12,103,936	27,767,848
2032 - 2036	63,130,000	20,362,829	83,492,829
2037 - 2040	36,555,000	5,663,108	42,218,108
Total	$ 180,684,892	$ 93,510,717	$ 274,195,609

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

The proceeds of the 2017 Series Community and Technical College Capital Improvement Revenue Refunding Bonds were used, in part, to advance refund outstanding principal amount of the 2009 Series A Community and Technical College Improvement Revenue Bonds. This refunding reduced the Commission's total debt service payments by approximately $34,000, resulting in a net economic gain of approximately $7,184,000.

NOTE 9 BONDS PAYABLE (CONTINUED)

The proceeds of the 2017 Series Revenue Refunding Bonds Higher Education Facilities were used, in part, to currently refund outstanding principal amount of the 2007 Series A Revenue Refunding Bonds, and advance refund certain maturities of the outstanding principal amount of the 2010 Series A Revenue Bonds. This refunding reduced the Commission's total debt service payments by approximately $2,776,000 resulting in a net economic gain of approximately $2,517,000.

The 2017 advance refundings created irrevocable trust funds, the securities, and earnings therein are considered sufficient to fully service the bonds until they are called or mature. For financial reporting purposes, the bonds are considered defeased, and the liability for those bonds has been removed from the statement of net position. At June 30, 2026, the amount of defeased bonds outstanding was $46,925,000 related to the 2009 Series A Bonds.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS

Employees of the Commission are enrolled in the West Virginia Other Postemployment Benefit Plan (the OPEB plan) which is administered by the West Virginia Public Employees Insurance Agency (PEIA) and the West Virginia Retiree Health Benefit Trust Fund (the RHBT).

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

Net OPEB Liability (Asset)	$	104
Deferred Outflows of Resources		346
Deferred Inflows of Resources		184
Revenues		(118)
OPEB Expense		146
Contributions Made by Commission		9

Plan Description

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Description (Continued)

Active employees who retire are eligible for PEIA health and life benefits, provided they meet the minimum eligibility requirements of the applicable state retirement system and if their last employer immediately prior to retirement is a participating employer under the Consolidated Public Retirement Board (CPRB) and, as of July 1, 2008, forward, is a participating employer with PEIA. Active employees who, as of July 1, 2008, have 10 years or more of credited service in the CPRB and whose employer at the time of their retirement does participate with CPRB, but does not participate with PEIA will be eligible for PEIA retiree coverage provided: they otherwise meet all criteria under this heading and their employer agrees, in writing, upon a form prescribed by PEIA, that the employer will pay to PEIA the nonparticipating retiree premium on behalf of the retiree or retirees, or that the retiree agrees to pay the entire unsubsidized premium themselves. Employees who participate in non-State retirement systems but that are CPRB system affiliated, contracted, or approved (such as TIAA-CREF and Empower Retirement), or are approved, in writing, by the PEIA Director must, in the case of education employees, meet the minimum eligibility requirements of the State Teachers Retirement System (STRS), and in all other cases meet the minimum eligibility requirements of the Public Employees Retirement System to be eligible for PEIA benefits as a retiree.

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

Benefits Provided

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

Contributions

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

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Contributions (Continued)

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

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

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

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

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

Basis of Allocation

OPEB amounts have been allocated to each contributing employer based on their proportionate share of employer contributions to the RHBT for the fiscal year ended June 30, 2024. Effective July 1, 2017, certain employers that met the plan's opt out criteria and chose not to participate in the plan coverage were no longer required to make contributions to the plan. The amounts previously allocated to such employers for the net OPEB liability and related deferred inflows and deferred outflows are reallocated to the remaining employers participating in the cost sharing plan. The plan reallocates these balances to the remaining active employers based on their proportionate share of contributions made in the period of reallocation.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions

The net OPEB liability as of June 30, 2026 for financial reporting purposes was determined by an actuarial valuation as of June 30, 2024, rolled forward to June 30, 2025. The following actuarial assumptions were used and applied in the measurement:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method and Period	Level Percentage of Payroll Closed, Over 20 Years
Investment Rate of Return	7.40%, Net of OPEB Plan Investment Expense, Including Inflation.
Rates	Based on 2015-2020 OPEB Experience Study and Dependent on Plan Participation and Attained Age, and Range from 2.75% to 5.18%, Including Inflation
Trend Rate	For Pre-Medicare Per Capita Costs of 5.0% Medical and 8% Drug. The Trends then Decrease Linearly for Five Years Until Ultimate Trend Rate of 4.5% is Reached in Plan Year End 2034.
Wage Inflation Rate	2.75%
Discount Rate	7.40%
Mortality Rates	Postretirement, Pub-2010 General Healthy Retiree Mortality Tables (100% Males, 108% Females) Projected MP-2021. Preretirement, Pub-2010 General Healthy Retiree Mortality Tables (100% Males, 100% Females) Projected With MP-2021.

The long-term investment 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 West Virginia Investment Management Board (IMB) and an expected short-term rate of return of 2.75% for assets invested with the WV Board of Treasury Investments (BTI).

Long-term pre-funding assets are invested with the WVIMB. Short-term assets used to pay current year benefits and expenses are 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 percentages. Best estimates of the long-term geometric rates for each major asset class are summarized below.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Equity	7.4 %	45.0 %
Fixed Income	3.9	15.0
Private Credit and Income	7.4	6.0
Private Equity	10.0	12.0
Real Estate	7.7	12.0
Hedge Funds	4.5	10.0

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, through June 30, 2020.

Discount Rate

A single discount rate of 7.40% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.40%. 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.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the Commission's proportionate share of the net OPEB liability (asset) as of June 30, 2026, calculated using the discount rate of 7.40%, as of June 30, 2026 and 2025, as well as what the Commission's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.40%) or 1-percentage-point higher (8.40%) than the current rate (in thousands):

	1% Decrease in Discount Rate 6.40%	Current Discount Rate 7.40%	1% Increase in Discount Rate 8.40%
Net OPEB Liability (Asset)	$ 396	$ 104	$ (146)

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Net OPEB Liability (Asset) to Changes in Healthcare Cost Trend Rates

The following presents the Commission's proportionate share of the net OPEB liability (asset) as of June 30, 2026 calculated using the current health care cost trend rates, as well as what the Commission's net OPEB liability (asset) would be if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates (dollars in thousands):

	1% Decrease Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase Healthcare Cost Trend Rate
Net OPEB Liability (Asset)	$ (263)	$ 104	$ 539

OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liabilities at 2026 were measured as of June 30, 2025.

At June 30, 2026, the amount recognized as the Commission's proportionate share of the net OPEB liability (asset) was $103,612. At June 30, 2026, the nonemployer contributing entity's (state of West Virginia) portion of the collective net OPEB liability (asset) is $(41,129), and the total net OPEB liability (asset) attributable to the Commission is $62,483.

The allocation percentage assigned to each contributing employer is based on the employer's proportionate share of employer contributions to the RHBT for the fiscal years ended June 30, 2025. Employer contributions are recognized when due. At June 30, 2026, the Commission's proportion was .113303%, a decrease of .022540% from its proportion of 0.135843% calculated as of June 30, 2025.

For the year ended June 30, 2026, the Commission recognized OPEB credit of $(35,126). Of this amount, $83,032 was recognized as the Commission's proportionate share of the OPEB (credit), and $(118,158) as the amount of OPEB (credit) attributed to special funding. The Commission also recognized revenue of $118,158 for support provided by the state.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	$ 9,216	$ 10,365
Net Difference Between Projected and Actual Investment Earnings	-	75,705
Contributions After the Measurement Date	9,619	-
Net Difference Between Actual and Expected Experience	94,298	76,289
Changes in Assumptions	242,072	21,352
Total	$ 355,205	$ 183,711

The Commission will recognize the $9,619 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability in the year ended June 30, 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 (dollars in thousands):

Year Ending June 30,	Amount
2027	$ 123,266
2028	60,948
2029	(4,362)
2030	(17,976)
Total	$ 161,876

NOTE 11 RETIREMENT PLANS

Substantially all full-time employees of the Commission, other than those employed by the Corporation as no plan has yet been established for them, participate in either the TRS or the Teachers' Insurance and Annuities Association – College Retirement Equities Fund (TIAA-CREF). Previously, upon full-time employment, all employees were required to make an irrevocable selection between the TRS and TIAA-CREF. Effective July 1, 1991, the TRS was closed to new participants. Current participants in the TRS are permitted to make a one-time election to cease their participation in that plan and commence contributions to the West Virginia Teachers' Defined Contribution Plan. Contributions to and participation in the West Virginia Teachers' Defined Contribution Plan by the Commission's employees have not been significant to date.

NOTE 11 RETIREMENT PLANS (CONTINUED)

Defined Contribution Benefit Plans

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

Total contributions to the TIAA-CREF for the year ended June 30, 2026, were $1,228,900 which consisted of $614,450 from the Commission, and $614,450 from covered employees.

The Commission's total payroll for the year ended June 30, 2026, was $11,662,367. Total covered employees' salaries in the TIAA-CREF were $11,423,242 for the year ended June 30, 2026.

Defined Benefit Plan

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

Following is the Commission's pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, revenues, and the pension expense and expenditures for the fiscal year ended June 30, 2026:

Net Pension Liability	$	128,510
Deferred Outflows of Resources		58,604
Deferred Inflows of Resources		(60,409)
Revenues		4,292
Pension Expense		60,421
Contributions Made by Commission		27,131

NOTE 11 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

TRS

Plan Description

TRS is a multiemployer defined benefit cost-sharing public employee retirement system providing retirement benefits as well as death and disability benefits. It covers all full-time employees of the 55 county public school systems in the state and certain personnel of the 13 state-supported institutions of higher education, State Department of Education and the Higher Education Policy Commission hired prior to July 1, 1991. Employees of the state-supported institutions of higher education and the Higher Education Policy Commission hired after June 30, 1991, are required to participate in the Higher Education Retirement System. TRS closed membership to new hires effective July 1, 1991. TRS is considered a component unit of the state for financial reporting purposes, and, as such, its financial report is also included in the state's Annual Comprehensive Financial Report. TRS issues a publicly available Annual Comprehensive Financial Report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained from the TRS website at https://www.wvretirement.com/Publications.html.

Benefits Provided

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

Contributions

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

NOTE 11 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

TRS (Continued)

Contributions (Continued)

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

Employer Contributions – Employers make the following contributions:

The state (including institutions of higher education) contributes:

1. 15% of gross salary of their state-employed members hired prior to July 1, 1991;
2. 15% of School Aid Formula (SAF) covered payroll of county-employed members;
3. 7.5% of SAF-covered payroll of members of the TDCRS;
4. a certain percentage of fire insurance premiums paid by state residents, and
5. under West Virginia State Code Section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the state Actuary as being needed to eliminate the TRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2025 and 2024, respectively, the Commission's proportionate share attributable to this special funding subsidy was $206,400 and $328,740.

The Commission's contributions to TRS for the year ended June 30, 2026 were $27,131.

Assumptions

The total pension liability for financial reporting purposes was determined by an actuarial valuation as of July 1, 2024 and rolled forward to the measurement date of June 30, 2025. The following actuarial assumptions were used and applied to all periods included in the measurement:

NOTE 11 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

TRS (Continued)

Assumptions (Continued)

Actuarial Cost Method	Entry Age Normal Cost With Level Percentage of Payroll
Asset Valuation Method	Investments are Reported at Fair Value
Amortization Method and Period	Level Dollar, Fixed Period Through Fiscal Year 2034
Investment Rate of Return	7.25%, Net of Investment Expenses
Projected Salary Increases	Teachers 2.75%-5.90% and Nonteachers 2.75%-6.50%, Based on Age
Inflation Rate	2.75%
Discount Rate	7.25%
Mortality Rates	Based on MP-2021 Mortality Tables
Withdrawal Rates	Teachers 1.90%-31.5% and Nonteachers 2.50%-18%
Disability Rates	0.000%-0.507%
Retirement Age	An Age-Related Assumption is Used for Participants Not Yet Receiving Payments
Retirement Rates	15%-100%
Ad Hoc Cost-of-Living	Increases in Pensions are Periodically Granted by the State Legislature. However, the Retirement System Makes No Automatic Provision for Such Increases.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2019, to June 30, 2024. These assumptions will remain in effect for valuation purposes until such time as the CPRB adopts revised assumptions.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term geometric rates of return for each major asset class included in TRS' target asset allocation as of June 30, 2026, is summarized below:

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

NOTE 11 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

TRS (Continued)

Discount Rate

The discount rate used to measure the total TRS pension liability was 7.25% for June 30, 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, TRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on TRS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Commission's proportionate share of the TRS net pension liability as of June 30, 2026, calculated using the discount rate of 7.25%, as well as what the Commission's TRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate (dollars in thousands).

	1% Decrease in Discount Rate 6.25%	Current Discount Rate 7.25%	1% Increase in Discount Rate 8.25%
Net Pension Liability (Asset)	$ 256,876	$ 128,510	$ 19,720

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

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

At June 30, 2026, the Commission's proportionate share of the TRS net pension liability was $334,910. Of this amount, the Commission recognized $128,510 as its proportionate share on the statement of net position. The remainder of $206,400 denotes the Commission's proportionate share of net pension liability attributable to the special funding.

The allocation percentage assigned to each participating employer and nonemployer contributing entity is based on their proportionate share of employer and nonemployer contributions to TRS for the fiscal year ended June 30, 2025. Employer contributions are recognized when due. At June 30, 2025, the Commission's proportion was .009889%, a decrease of .000646% from its proportion of 0.010535% calculated as of June 30, 2024.

NOTE 11 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

TRS (Continued)

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

For the year ended June 30, 2026, the Commission recognized TRS pension expense (offset) of $(33,290). Of this amount, $(31,739) was recognized as the Commission's proportionate share of the TRS expense (offset), $(1,551) as the amount of pension expense (offset) from a nonemployer contributing entity not attributable to a special funding situation. The Commission also recognized revenue of $5,843 for support provided by the state.

At June 30, 2026, deferred outflows of resources and deferred inflows of resources related to the TRS pension are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	$ 9,045	$ 25,409
Contributions After the Measurement Date	27,131	-
Net Difference Between Actual and Expected Experience	22,160	27,892
Changes in Assumptions	268	7,108
Total	$ 58,604	$ 60,409

The Commission will recognize the $27,131 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the TRS net pension liability in the year ended June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in TRS pension expense as follows.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in TRS pension expense as follows:

Year Ending June 30,	Amount
2027	$ 10,158
2028	(15,114)
2029	(14,833)
2030	(9,146)
2031	-
Total	$ (28,935)

NOTE 11 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

TRS (Continued)

Payables to the Pension Plan

The Commission did not report any amounts payable for normal contributions to the TRS as of June 30, 2026 and 2025.

NOTE 12 LEASES

During the fiscal year ended June 30, 2026, the Corporation, as lessor, leased its facilities under 31 separate lease and facilities services agreements. These agreements contain lease terms with termination dates ranging through fiscal year 2039. Rent and utilities fees income for the fiscal year ended June 30, 2026, was $6,690,017. Rental rates, terms, cancellations, and other provisions vary based on the agreement, but generally lease payments are at a monthly fixed rate. A portion of the monthly rate is allocated to rent and in some instances a portion is allocated to nonlease components such as services fees or utilities. Some agreements also include a payment component based upon actual utility usage by the tenant. The Corporation has determined the net present value of lease receipts based on their own estimated borrowing rate at lease inception of 3.25% during the year ended June 30, 2026, which would approximate their recovery of costs associated with borrowing for park improvements.

The following is a schedule by years of minimum future rental revenues of the Tech Park:

Year Ending June 30,	Principal	Interest	Total
2027	$ 1,281,944	$ 237,208	$ 1,519,152
2028	872,785	190,474	1,063,259
2029	778,644	159,944	938,588
2030	591,625	136,164	727,789
2031	512,057	117,667	629,724
2032-2036	2,905,613	314,167	3,219,780
2037-2040	367,515	19,613	387,128
Total	$ 7,310,183	$ 1,175,237	$ 8,485,420

The Commission leases equipment under long-term, noncancelable lease agreements. Future annual minimum scheduled lease payments on operating leases of the Commission for years subsequent to June 30, 2026, are as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 4,572	$ 555	$ 5,127
2028	4,540	160	4,700
2029	-	-	-
2030	-	-	-
Total	$ 9,112	$ 715	$ 9,827

NOTE 12 LEASES (CONTINUED)

Total rent expense for the year ended June 30, 2026 was $317,316. The Commission has no noncancelable leases.

The primary operations of WVNET are conducted at property located on Chestnut Ridge Road in Morgantown. This property is owned by other units of the West Virginia Higher Education Fund and WVNET is not charged any rent for the use of the property. WVNET is responsible for all physical plant services, utilities, renovations, insurance, and other operating costs for this property. These operating costs are recorded in the Commission's statement of revenues, expenses, and changes in net position.

Right-to-use leased assets acquired through outstanding leases are shown below, by underlying asset class.

	Amount
Equipment	$ 17,493
Less: Accumulated Depreciation	(9,111)
Total Leased Assets	$ 8,382

NOTE 13 CONTINGENCIES

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

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

The IRC of 1986 establishes rules and regulations for arbitrage rebates. There are no arbitrage rebate liabilities that have been recorded in the financial statements as of June 30, 2026.

NOTE 13 CONTINGENCIES (CONTINUED)

WVNET and the Corporation occupy buildings that are known to contain asbestos. Neither WVNET nor the Corporation are required by federal, state, or local law to remove the asbestos from the building. WVNET and the Corporation are required by Federal Environmental, Health, and Safety Regulations to manage the presence of asbestos in the building in a safe condition. WVNET and the Corporation address their responsibility to manage the presence of asbestos in the building on a case-by-case basis. Significant problems of dangerous asbestos conditions are abated as the condition becomes known. WVNET and the Corporation also address the presence of asbestos as building renovation or demolition projects are undertaken and through asbestos operation and maintenance programs directed at containing, managing, or operation with the asbestos in a safe condition.

NOTE 14 REIMBURSED EXPENDITURES

The Commission, through WVNET, acts as a purchasing agent for the public higher education institutions of the state and other state agencies to obtain bulk-pricing discounts for maintenance and equipment purchases. In addition, the Commission, through WVNET, provides purchasing services regarding computer equipment purchases. In fiscal year 2026, approximately $4,011,095 was reimbursed by the schools and other state agencies to WVNET. The Commission treats these items as reimbursed expenditures so as not to distort total revenues and expenditures.

NOTE 15 NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

For the year ended June 30, 2026, the following table represents operating expenses within both natural and functional classifications:

	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Student Financial Aid	Depreciation and Amortization	Total
General Institutional Support	$ 9,078,864	$ 2,447,955	$ 8,624,383	$ -	$ -	$ -	$ 20,151,202
Administration, Operations, and Maintenance of Plant	-	-	-	126,679	-	-	126,679
Student Financial Aid, Scholarships and Fellowships	-	-	-	-	92,335,392	-	92,335,392
Administration of Leasing Activity	1,433,557	517,537	1,831,031	3,591,953	-	-	7,374,078
Depreciation and Amortization	-	-	-	-	-	4,550,097	4,550,097
Total	$ 10,512,421	$ 2,965,492	$ 10,455,414	$ 3,718,632	$ 92,335,392	$ 4,550,097	$ 124,537,448

NOTE 16 CONDENSED COMPONENT UNIT INFORMATION

Condensed combining information for the Commission and WVRTC, the Commission's blended component unit, for the year ended June 30, 2026 is as follows:

Condensed Combining Statements of Net Position

	Commission	Corporation	Eliminations	Combined
ASSETS				
Current Assets	$ 141,323,660	$ 9,308,608	$ -	$ 150,632,268
Noncurrent Assets	32,153,979	6,028,239	-	38,182,218
Capital Assets, Net	3,925,634	56,013,558	-	59,939,192
Total Assets	177,403,273	71,350,405	-	248,753,678
DEFERRED OUTFLOWS OF RESOURCES	8,532,559	-	-	8,532,559
LIABILITIES				
Current Liabilities	48,197,325	1,483,816	-	49,681,141
Long-Term Liabilities	195,150,768	6,285,994	-	201,436,762
Total Liabilities	243,348,093	7,769,810	-	251,117,903
DEFERRED INFLOWS OF RESOURCES	244,120	8,425,051	-	8,669,171
NET POSITION				
Net Investment in Capital Assets	(169,858,695)	49,002,699	170,683,071	49,827,075
Restricted - Expendable	113,172,109	-	-	113,172,109
Unrestricted	(969,795)	6,152,845	(170,683,071)	(165,500,021)
Total Net Position	$ (57,656,381)	$ 55,155,544	$ -	$ (2,500,837)

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

	Commission	Corporation	Eliminations	Combined
OPERATING REVENUES				
State Appropriations - Financial Aid	$ 179,470,670	$ -	$ -	$ 179,470,670
Contracts and Grants	5,301,650	-	-	5,301,650
Rental Income	-	6,690,017	-	6,690,017
Sales and Services of Educational Activities	7,698,615	-	-	7,698,615
Other Operating Revenues	174,196	1,874	-	176,070
Total Operating Revenues	192,645,131	6,691,891	-	199,337,022
OPERATING EXPENSES				
Operations	194,281,807	7,374,078	-	201,655,885
Depreciation and Amortization	2,102,394	2,447,703	-	4,550,097
Total Operating Expenses	196,384,201	9,821,781	-	206,205,982
OPERATING INCOME (LOSS)	(3,739,070)	(3,129,890)	-	(6,868,960)
NONCAPITAL SUBSIDIES				
State Appropriations	7,798,300	-	-	7,798,300
Payments and Transfers to Institutions and Outside Entities	(1,760,254)	-	1,760,254	-
Total Noncapital Subsidies	6,038,046	-	1,760,254	7,798,300
NONOPERATING REVENUES (EXPENSES)				
Other Nonoperating Revenues	55,602,427	(30,539)	-	55,571,888
INCREASE (DECREASE) IN NET POSITION	57,901,403	(877,136)	-	57,024,267
Net Position - Beginning of Year	(115,557,784)	56,032,680	-	(59,525,104)
NET POSITION - END OF YEAR	$ (57,656,381)	$ 55,155,544	$ -	$ (2,500,837)

NOTE 16 CONDENSED COMPONENT UNIT INFORMATION (CONTINUED)

Condensed Combining Statement of Cash Flows

	Commission	Corporation	Eliminations	Combined
NET CASH PROVIDED (USED) BY:				
Operating Activities	$ (97,209,258)	$ 663,916	$ (1,760,254)	$ (98,305,596)
Noncapital Financing Activities	85,229,493	-	1,760,254	86,989,747
Capital Financing Activities	17,554,205	(1,965,114)	-	15,589,091
Investing Activities	2,448,657	152,832	-	2,601,489
INCREASE (DECREASE) IN CURRENT CASH AND CASH EQUIVALENTS	8,023,097	(1,148,366)	-	6,874,731
Current Cash and Cash Equivalents - Beginning of Year	58,769,667	7,825,023	-	66,594,690
CURRENT CASH AND CASH EQUIVALENTS - END OF YEAR	$ 66,792,764	$ 6,676,657	$ -	$ 73,469,421

REQUIRED SUPPLEMENTARY INFORMATION

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
SCHEDULE OF PROPORTIONATE SHARE OF TRS NET PENSION LIABILITY
LAST TEN FISCAL YEARS
(UNAUDITED)

Measurement Date - June 30,	Commission's Proportionate Share as a Percentage of Net Pension Liability	Commission's Proportionate Share	State's Proportionate Share	Total Proportionate Share	Commission's Covered Payroll	Commission's Proportionate Share as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2016	0.015540 %	$ 638,666	$ 1,216,489	$ 1,855,155	$ 420,900	1.517381801000 %	61.42 %
2017	0.014018	484,318	1,071,027	1,555,345	427,197	1.133711145000	67.85
2018	0.013136	410,140	1,062,694	1,472,834	414,810	0.988741834000	71.20
2019	0.014360	427,354	1,165,327	1,592,681	435,591	1.304895100000	72.64
2020	0.016241	523,113	1,139,161	1,662,274	336,839	1.553006036000	70.89
2021	0.011389	177,985	(397,908)	(219,923)	283,701	0.573054833000	86.38
2022	0.010103	259,855	397,205	657,060	304,414	0.853626969000	77.78
2023	0.011102	254,170	566,303	820,473	264,377	0.961392981530	80.42
2024	0.010535	198,792	328,740	527,532	255,745	0.777306157000	84.24
2025	0.009889	128,510	206,400	334,910	239,125	0.537417668583	89.27

See accompanying Note to Required Supplementary Information – TRS.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
SCHEDULE OF TRS EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Measurement Date - June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actuarial Contribution as a Percentage of Covered Payroll
2016	$ 60,246	$ 59,269	$ 977	$ 420,900	14.31 %
2017	58,031	59,824	(1,793)	427,197	13.58
2018	58,298	62,226	(3,928)	414,810	14.05
2019	62,226	61,744	482	435,591	14.29
2020	67,191	44,755	22,436	336,839	19.95
2021	47,530	42,555	4,975	283,701	16.75
2022	48,800	45,662	3,138	304,414	16.03
2023	50,237	39,657	10,580	264,377	19.00
2024	47,054	38,362	8,692	255,745	18.40
2025	44,205	27,131	17,074	239,125	18.49

See accompanying Note to Required Supplementary Information – TRS.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – TRS
JUNE 30, 2026

NOTE 1 TRENDS IN THE AMOUNTS REPORTED

There are no factors that affect trends in the amounts reported, such as change in benefit terms or assumptions. Information, if necessary, can be obtained from the CPRB Annual Comprehensive Financial Report.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
LAST NINE FISCAL YEARS*
(UNAUDITED)

Measurement Date - June 30,	Commission's Proportionate Share as a Percentage of Net OPEB Liability	Commission's Proportionate Share	State's Proportionate Share	Total Proportionate Share	Commission's Covered Payroll	Commission's Proportionate Share as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
2017	0.125587 %	$ 2,849,608	$ 585,312	$ 3,434,920	$ 10,511,110	27 %	25.10 %
2018	0.130661	2,544,578	567,888	3,112,466	8,294,347	31	28.45
2019	0.125753	2,086,405	401,023	2,487,428	8,300,063	25	36.02
2020	0.121118	534,965	115,534	650,499	8,078,598	7	43.53
2021	0.125214	(37,390)	(7,362)	(44,752)	8,125,937	-	101.81
2022	0.130124	142,756	54,612	197,368	8,212,244	2	93.59
2023	0.137765	(206,214)	(88,018)	(294,232)	8,317,330	(2)	109.66
2024	0.135843	(41,128)	(129,183)	(170,311)	8,620,692	-	102.19
2025	0.113303	103,612	(41,129)	62,483	9,976,125	1	95.76

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying Note to Required Supplementary Information.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST NINE FISCAL YEARS*
(UNAUDITED)

Measurement Date - June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actuarial Contribution as a Percentage of Covered Payroll
2017	$ 245,958	$ 245,958	$ -	$ 10,511,110	2.34 %
2018	242,367	260,968	(18,601)	8,294,347	2.92
2019	243,341	246,164	(2,823)	8,300,063	2.93
2020	234,106	230,598	3,508	8,078,598	2.90
2021	229,302	139,888	89,414	8,125,937	2.82
2022	184,601	111,840	72,761	8,212,244	2.25
2023	130,681	786	129,895	8,317,330	1.57
2024	39,070	31,841	7,229	8,620,692	0.45
2025	74,507	10,670	63,837	9,976,125	0.75

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying Note to Required Supplementary Information.

NOTE 1 TRENDS IN THE AMOUNTS REPORTED

There are no factors that affect trends in the amounts reported, such as change in benefit terms or assumptions. With only nine years reported in the required supplementary information, there is no additional information to include in notes. Information, if necessary, can be obtained from the RHBT financial statements.

SUPPLEMENTARY INFORMATION

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2026

	Administrative Division	WVNET Division	WVRTP Corporation	Eliminations	Combined
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
CURRENT ASSETS					
Cash and Cash Equivalents	$ 52,445,880	$ 14,346,885	$ 6,676,656	$ -	$ 73,469,421
Appropriations Due from Primary Government	47,903,074	-	-	-	47,903,074
Accounts Receivable - Net	17,554,889	504,955	1,099,795	-	19,159,639
Lease Asset Receivable	-	-	1,281,944	-	1,281,944
Interest Receivable	1,036,555	35,850	15,217	-	1,087,622
Prepaid Expense	-	832,008	234,996	-	1,067,004
Receivable from Institutions - Current Portion	6,663,564	-	-	-	6,663,564
Total Current Assets	125,603,962	15,719,698	9,308,608	-	150,632,268
NONCURRENT ASSETS					
Cash and Cash Equivalents	14,556,971	-	-	-	14,556,971
Accounts Receivable Noncurrent	7,692,681	-	-	-	7,692,681
Lease Asset Receivable	-	-	6,028,239	-	6,028,239
Receivable from Institutions	9,904,327	-	-	-	9,904,327
Capital Assets, Net	726,332	3,199,302	56,013,558	-	59,939,192
Total Noncurrent Assets	32,880,311	3,199,302	62,041,797	-	98,121,410
Total Assets	158,484,273	18,919,000	71,350,405	-	248,753,678
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Loss on Refunding	8,118,750	-	-	-	8,118,750
Deferred Outflows Related to OPEB	181,937	173,268	-	-	355,205
Deferred Outflows Related to Pensions	58,604	-	-	-	58,604
Total Deferred Outflows of Resources	8,359,291	173,268	-	-	8,532,559
Total Assets and Deferred Outflows of Resources	$ 166,843,564	$ 19,092,268	$ 71,350,405	$ -	$ 257,286,237

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
COMBINING SCHEDULE OF NET POSITION (CONTINUED)
JUNE 30, 2026

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION (DEFICIT)	Administrative Division	WVNET Division	WVRTP Corporation	Eliminations	Combined
CURRENT LIABILITIES					
Accounts Payable	$ 139,759	$ 390,400	$ 591,718	$ -	$ 1,121,877
Amounts Due to Institutions and Affiliates	18,347,533	-	-	-	18,347,533
Accrued Liabilities	329,925	179,647	167,233	-	676,805
Unearned Revenue - Services	-	29,850	-	-	29,850
Compensated Absences - Current Portion	587,497	239,006	-	-	826,503
Interest Payable	8,510,384	-	-	-	8,510,384
Lease Liability- Current Portion	4,572	-	-	-	4,572
Notes Payable - Current Portion	-	191,241	696,565	-	887,806
SBITA Liability - Current Portion	192,671	949,276	28,300	-	1,170,247
Bonds Payable - Current Portion	18,105,564	-	-	-	18,105,564
Total Current Liabilities	46,217,905	1,979,420	1,483,816	-	49,681,141
NONCURRENT LIABILITIES					
Compensated Absences	477,835	49,441	-	-	527,276
Future Interest Payable	17,124,197	-	-	-	17,124,197
Net Pension Liability	128,510	-	-	-	128,510
OPEB Liabilities	52,743	50,869	-	-	103,612
Lease Liability	4,540	-	-	-	4,540
Notes Payable	-	162,925	6,206,213	-	6,369,138
SBITA Liability	348,227	1,247,804	79,781	-	1,675,812
Bonds Payable	175,503,677	-	-	-	175,503,677
Total Noncurrent Liabilities	193,639,729	1,511,039	6,285,994	-	201,436,762
Total Liabilities	239,857,634	3,490,459	7,769,810	-	251,117,903
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Related to OPEB	98,605	85,106	-	-	183,711
Deferred Inflows Related to Pensions	53,779	6,630	-	-	60,409
Deferred Inflows Related to Leases	-	-	8,425,051	-	8,425,051
Total Deferred Outflows of Resources	152,384	91,736	8,425,051	-	8,669,171
Total Liabilities and Deferred Inflows of Resources	240,010,018	3,582,195	16,194,861	-	259,787,074
NET POSITION					
Net Investment in Capital Assets	(170,757,199)	898,504	49,002,699	170,683,071 (A)	49,827,075
Restricted - Expendable	110,877,845	2,294,264	-	-	113,172,109
Unrestricted	(13,287,100)	12,317,305	6,152,845	(170,683,071) (A)	(165,500,021)
Total Net Position	(73,166,454)	15,510,073	55,155,544	-	(2,500,837)
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 166,843,564	$ 19,092,268	$ 71,350,405	$ -	$ 257,286,237

(A) To reclass negative net assets invested in capital assets net of related debt to unrestricted net position.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2026

	Administrative Division	WVNET Division	WVRTP Corporation	Eliminations	Combined
OPERATING REVENUES					
State Appropriations	$ 179,470,670	$ -	$ -	$ -	$ 179,470,670
Contracts and Grants:					
Federal	4,951,241	-	-	-	4,951,241
State	303,909	-	-	-	303,909
Private	46,500	-	-	-	46,500
Rental Income	-	-	6,690,017	-	6,690,017
Sales and Services of Educational Activities	-	7,698,615	-	-	7,698,615
Other Operating Revenues	174,196	-	1,874	-	176,070
Total Operating Revenues	184,946,516	7,698,615	6,691,891	-	199,337,022
OPERATING EXPENSES					
Salaries and Wages	5,696,577	3,382,287	1,433,557	-	10,512,421
Benefits	1,486,329	961,626	517,537	-	2,965,492
Supplies and Other Services	7,085,086	1,539,297	1,831,031	-	10,455,414
Utilities	-	126,679	3,591,953	-	3,718,632
Student Financial Aid, Scholarships, and Fellowships	92,335,392	-	-	-	92,335,392
Other Payments to Institutions	81,668,534	-	-	-	81,668,534
Depreciation and Amortization	415,189	1,687,205	2,447,703	-	4,550,097
Total Operating Expenses	188,687,107	7,697,094	9,821,781	-	206,205,982
OPERATING INCOME (LOSS)	(3,740,591)	1,521	(3,129,890)	-	(6,868,960)
NONCAPITAL SUBSIDIES					
State Appropriations	5,820,359	1,977,941	2,283,293	(1,760,254) (B)	8,321,339
Payments and Transfers to Institutions and Outside Entities	(1,760,254)	-	-	1,760,254 (B)	-
Total Noncapital Subsidies	4,060,105	1,977,941	2,283,293	-	8,321,339
OPERATING INCOME (LOSS) AND NONCAPITAL SUBSIDIES	319,514	1,979,462	(846,597)	-	1,452,379
OTHER NONOPERATING REVENUES (EXPENSES)					
Loss on Sale of Capital Assets and Inventory	(2,412,057)	-	-	-	(2,412,057)
Investment Income	2,122,279	321,474	152,832	-	2,596,585
Payments Made on Behalf of the Commission	64,439	82,193	-	-	146,632
Payments from Institutions:					
Interest	6,063,485	-	-	-	6,063,485
Other	479,369	-	-	-	479,369
Financing-related revenues	19,997,500	-	-	-	19,997,500
Interest Expense	(10,934,107)	(88,865)	(183,371)	-	(11,206,343)
Capital Grants, Appropriations, and Gifts	93,090,826	-	-	-	93,090,826
Capital Payments made on Behalf of the Fund	(53,656,649)	-	-	-	(53,656,649)
Other Nonoperating Revenues - Net	472,540	-	-	-	472,540
Total Other Nonoperating Revenues (Expenses)	55,287,625	314,802	(30,539)	-	55,571,888
INCREASE (DECREASE) IN NET POSITION	55,607,139	2,294,264	(877,136)	-	57,024,267
Net Position - Beginning of Year	(128,773,593)	13,215,809	56,032,680	-	(59,525,104)
NET POSITION - END OF YEAR	$ (73,166,454)	$ 15,510,073	$ 55,155,544	$ -	$ (2,500,837)

(B) To eliminate inter-entity revenue/expense

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

West Virginia Higher Education Policy Commission
Charleston, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the West Virginia Higher Education Policy Commission (the Commission) as of and for the year ended June 30, 2026, and the related notes to the financial statements and have issued our report thereon dated October 14, 2026. Our report includes a reference to other auditors who audited the financial statements of the West Virginia Regional Technology Park Corporation, as described in our report on the Commission's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by the auditors of the West Virginia Regional Technology Park Corporation.

Report on Internal Control over Financial Reporting

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

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

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

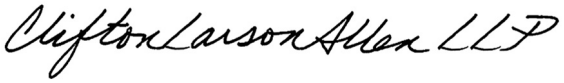
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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission'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.



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
October 14, 2026



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