Pierpont Community & Technical College

Financial Statements
Years Ended June 30, 2019 and 2018

and

Independent Auditor's Reports

Suttle & Stalnaker | Certified Public Accountants

A Professional Limited Liability Company

PIERPONT COMMUNITY & TECHNICAL COLLEGE

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Suttle & Stalnaker Certified Public Accountants
A Professional Limited Liability Company

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Pierpont Community & Technical College (Pierpont), a component unit of the West Virginia Council for Community and Technical College Education, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise Pierpont's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Pierpont, as of June 30, 2019 and 2018, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 18, the schedule of proportionate share of the net pension liability, the schedule of pension contributions, the schedule of proportionate share of the net OPEB liability, the schedule of OPEB contributions, and related footnotes on pages 74 through 79, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements. The additional information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements. This additional information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the 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 1, 2019, on our consideration of Pierpont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pierpont's internal control over financial reporting and compliance.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
October 1, 2019

Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended June 30, 2019

About Pierpont Community & Technical College

Pierpont Community & Technical College (Pierpont), headquartered in Fairmont, WV, is a comprehensive community college serving 13 counties in north central West Virginia. Pierpont shares a 120-acre main campus with Fairmont State University (Fairmont State). With an enrollment of approximately 1,800 academic credit students, Pierpont offers more than 40 Associate of Arts, Associate of Applied Science, and Certificate of Applied Science degree programs, Advanced Skill Sets, and Skill Sets throughout our 13-county service region. In addition to the shared campus in Fairmont, Pierpont delivers courses at the North Central Advanced Technology Center (ATC) in Fairmont, the Pierpont Center at Braxton County, the Pierpont Center at Lewis County, and the Pierpont Center at Monongalia County Technical Education Center (MTEC). Through its Center for Workforce Education housed within the ATC, Pierpont provides workforce training and community education opportunities to approximately 2,000 non-credit continuing education students. Through the Robert C. Byrd National Aerospace Education Center in Bridgeport, Pierpont offers programs in aviation maintenance.

The mission of Pierpont is to provide opportunities for learning, training, and further education that enrich the lives of individuals and promote the economic growth of our region and state.

Pierpont Community & Technical College was founded in 1974 as Fairmont State Community & Technical College (FSC&TC), a component of Fairmont State College (now known as Fairmont State University). The State Legislature enacted legislation effective July 1, 2008 that provided for independent accreditation and a separate governing board for Pierpont. This legislation defines a statewide network of independently-accredited community and technical colleges. The Board of Governors of Pierpont and the Board of Governors of Fairmont State jointly agreed to a division of assets and liabilities. The agreement was executed on December 15, 2009 and was effective retroactively to July 1, 2009. Therefore, Pierpont's independent audited financial statements began with fiscal year 2010.

Pierpont is governed by a 12-member Board of Governors consisting of nine lay members, appointed by the Governor, and three constituent members elected by the faculty, classified staff, and student body, respectively. This Board determines, controls, supervises, and manages the financial, business, and educational polices and affairs of the institution.

Overview

This section of the annual financial report focuses on an overview of Pierpont's financial performance during the fiscal year ended June 30, 2019, with comparisons to the previous year.

As the financial statements are reviewed, it is important to understand how the reporting structure changed beginning in fiscal year 2010 with the Separation of Assets and Liabilities Agreement. As the separate entities were created by the Legislature, it was realized that, due to the bond debt responsibilities, shared campus facilities and infrastructure, and shared administrative and technical support, a Separation of Assets and Liabilities Agreement would be required. The agreement was effective as of July 1, 2009, and fiscal year 2019 is the tenth year of operating and reporting based on the agreement. The agreement establishes general principles to apply to the division of assets and liabilities and allocation of revenues and expenditures between Pierpont and Fairmont State. The Agreement also provides specific language in relation to outstanding bond indebtedness, including the responsibilities of both Pierpont and Fairmont State. Financial statement note 16, Separation of Assets and Liabilities Agreement, provides additional information about this Agreement and the defining legislation. The fiscal year 2019 audited financial statements are presented in comparative format and reflect the reporting structure defined in the agreement.

Pierpont's audited financial report includes additional information for Unrestricted, Restricted and Other Funds, and Pierpont's ownership in Board of Governors Support (BOG Support). The BOG Support component reports capital funds that support both academic institutions as a separate reporting component. BOG Support consists primarily of Educational and General (E&G) Capital, Infrastructure, and Bond funds for the repair and replacement of shared buildings and other capital assets. This component accounts for capital assets, depreciation, and debt obligations of the shared campus. These funds are allocated based on the average of the past ten (10) years of credit hour enrollments. The supplemental schedules were developed to show the component parts of Pierpont and may be found in the additional information section of this report.

The Fairmont State Foundation (the Foundation) financial information will not be presented. This presentation is not required to comply with GASB Statement No. 39 due to the fact that the Foundation supports both Pierpont and Fairmont State for fiscal years 2019 and 2018.

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

Financial Highlights

Financial highlights of fiscal year 2019 include changes in enrollment, a decrease in the net other postemployment benefits (OPEB) liability, and changes in net position.

- For fiscal year 2019, Pierpont experienced increases in full-time equivalent (FTE) students and declines in student headcount. The FTE increased from 1,272 for Fall 2017 to 1,288 for Fall 2018, but the headcount decreased from 1,854 for Fall 2017 to 1,828 for Fall 2018.

- Total net position decreased by $1,138,488 or 2.75%. The decrease can be attributed to the following:

- Net Investment in Capital Assets decreased by $901,021.

- Restricted for Scholarships increased by $20,329.

- Restricted for Capital Projects increased by $244,617.

- Unrestricted fund manager funds of Pierpont decreased by $97,472.

- Unrestricted primary operating funds of Pierpont decreased by $437,658 after the decrease in the net OPEB liability of $275,834.

Statement of Net Position

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

Net position is divided into three major categories:

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

2. ***Restricted net position.*** This category includes net position whose use is restricted either due to externally imposed constraints or restrictions imposed by law. It is further divided into two additional components - expendable and nonexpendable. **Expendable restricted net position** includes resources for which Pierpont is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. **Nonexpendable restricted net position** includes endowment and similar type funds for which donors or other outside sources have stipulated, as a condition of the gift instruments, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. Pierpont has no nonexpendable net position.

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

Condensed Schedules of Net Position

	JUNE 30, 2019	2018	2017
Assets			
Current Assets	$ 7,256,502	$ 8,256,040	$ 8,146,898
Noncurrent Assets	41,730,606	42,997,085	44,003,279
Total Assets	48,987,108	51,253,125	52,150,177
Deferred Outflows of Resources	390,501	267,098	28,981
Total	$ 49,377,609	$ 51,520,223	$ 52,179,158
Liabilities			
Current Liabilities	$ 2,413,434	$ 2,946,962	$ 3,011,029
Noncurrent Liabilities	6,014,062	6,693,843	7,646,957
Total Liabilities	8,427,496	9,640,805	10,657,986
Deferred Inflows of Resources	754,007	544,824	2,411
Net Position			
Net Investment in Capital Assets	38,529,785	39,430,806	39,977,524
Restricted for:			
Expendable:			
Scholarships	28,037	7,708	42,363
Capital Projects	2,471,968	2,227,351	1,896,310
Debt Service	743	406	105
Total Restricted	2,500,748	2,235,465	1,938,778
Unrestricted	(834,427)	(331,677)	(397,541)
Total Net Position	40,196,106	41,334,594	41,518,761
Total	$ 49,377,609	$ 51,520,223	$ 52,179,158

- Total current assets decreased by $999,538 or 12.11%, resulting primarily from a decrease in cash and cash equivalents of $1,141,531.

- Total noncurrent assets, comprised primarily of capital assets, including buildings and equipment, decreased by $1,266,479 or 2.95%.

  - The decrease in noncurrent assets is due to a decrease in capital assets in the amount of $1,251,932, primarily related to depreciation expense.

- Total current liabilities decreased by $533,528 or 18.10%, due primarily to a decrease in unearned revenue and deposits of $569,745 and a decrease in the current portion of amounts due to Fairmont State of $64,080. This decrease was offset by an increase in accrued payroll of $72,458 and an increase in the current portion of compensated absences of $70,078.

- Total noncurrent liabilities decreased by $679,781 or 10.16%. The noncurrent portion of the debt obligation due to Fairmont State decreased by $286,248, the noncurrent portion of the debt obligation due to Commission decreased by $68,293, and the noncurrent portion of compensated absences decreased by $24,862. Additionally, the net OPEB liability decreased by $275,834.

- The total assets and deferred outflows of resources of Pierpont exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $40,196,106 (net position). Of this amount, $(834,427) (unrestricted net deficit) may be used to meet the educational and general operations of Pierpont. The unrestricted net deficit was in the Unrestricted, Restricted and Other funds component at June 30, 2019.

- Pierpont's unrestricted net deficit balance of $(834,427) includes fund manager and auxiliary funds of $1,314,095. Also, Pierpont's unrestricted President's control net position decreased by $437,658 to a net deficit of $(2,148,522) at June 30, 2019.

Statement of Revenues, Expenses, and Changes in Net Position

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

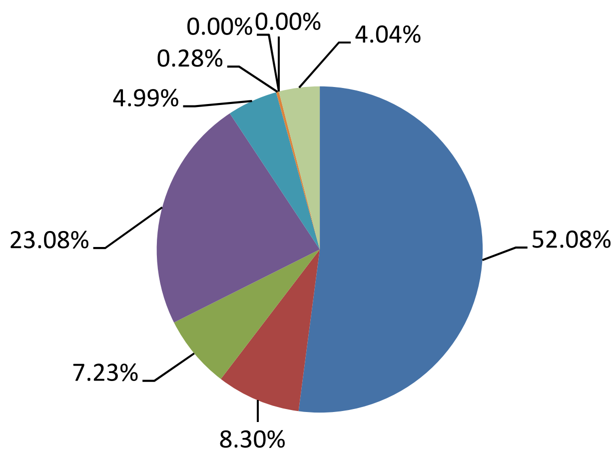
Condensed Schedules of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30:

	2019	2018	2017
Operating Revenue	$ 7,420,699	$ 7,525,286	$ 9,057,026
Operating Expenses	18,898,411	19,063,431	19,897,562
Operating Loss	(11,477,712)	(11,538,145)	(10,840,536)
Total Net Nonoperating Revenues	10,280,236	10,270,689	10,706,524
Decrease in Net Position before Other Revenues, Expenses, Gains or Losses, and Transfer	(1,197,476)	(1,267,456)	(134,012)
Payments Made and Expenses Incurred by the Commission on Behalf of Pierpont	174,391	1,104,883	14,973,617
Payments Made and Expenses Incurred by the Council on Behalf of Pierpont	-	-	26,706
Payments Made and Expenses Incurred by the State on Behalf of Pierpont	199,798	218,389	13,226
Capital Projects Proceeds from the Commission	58,161	-	40,674
(Decrease) Increase in Net Position before Transfer	(765,126)	55,816	14,920,211
Transfer of Net Position to Fairmont State	(373,362)	(381,828)	(329,463)
(Decrease) Increase in Net Position	(1,138,488)	(326,012)	14,590,748
Net Position – Beginning of Year	41,334,594	41,518,761	26,928,013
Net Effect of Change in Accounting Policy	-	141,845	-
Net Position – Beginning of Year (Restated)	41,334,594	41,660,606	26,928,013
Net Position – End of Year	$ 40,196,106	$ 41,334,594	$ 41,518,761

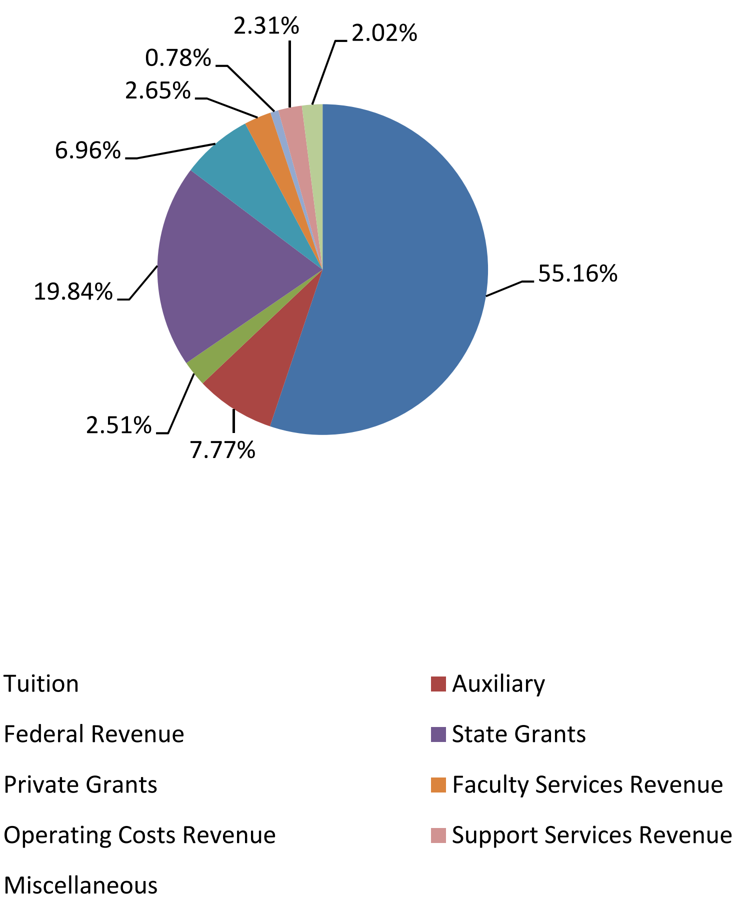
Operating Revenues:

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

2019



2018



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

- Tuition and fees revenue, after adjustment for the scholarship allowance, decreased by $287,059 or 6.91%.

    - Tuition and fees decreased prior to the scholarship allowance by $112,325 or 1.56%. The scholarship allowance increased by $174,734 for a total decrease in tuition and fees of $287,059.

- Federal contracts and grants increased by $347,146 or 183.56%.

- State contracts and grants increased by $219,408 or 14.69%. State contracts and grants include institutional grants from other state agencies. State grants and contracts also include state-funded student financial aid.

- Private contracts and grants decreased by $152,920 or 29.21%.

- Faculty services revenue decreased by $178,147 or 89.42%.

- Operating cost revenue decreased by $58,548 or 100.00%.

- Support services revenue decreased by $173,619 or 100.00%.

- Miscellaneous revenues increased by $147,868 or 97.40%.

- State appropriations increased by $255,207 or 3.65%.

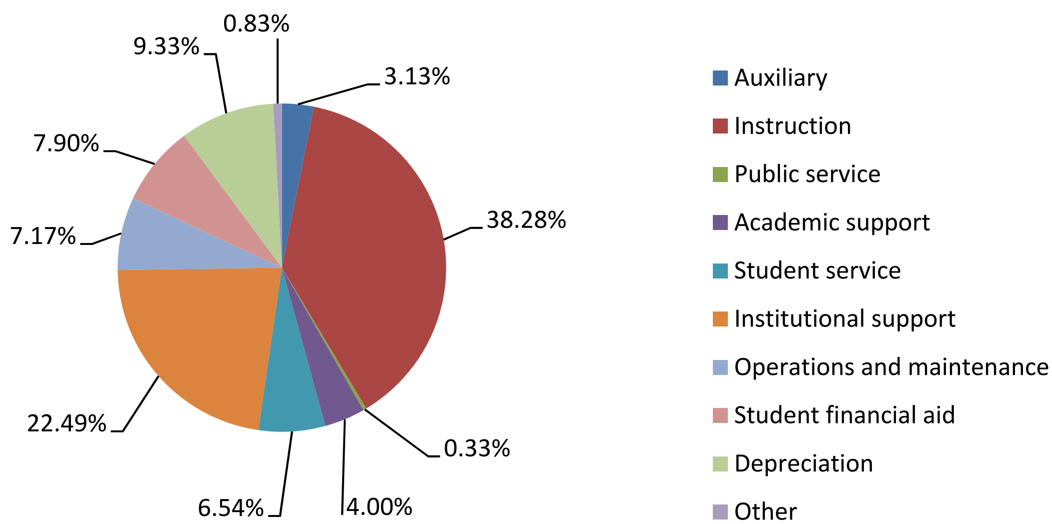
- Pell grants are reported as nonoperating revenues because of specific guidance in the AICPA industry audit guide. Pell grants decreased by $341,095 or 10.55%.

FUNCTIONAL CLASSIFICATION CHART

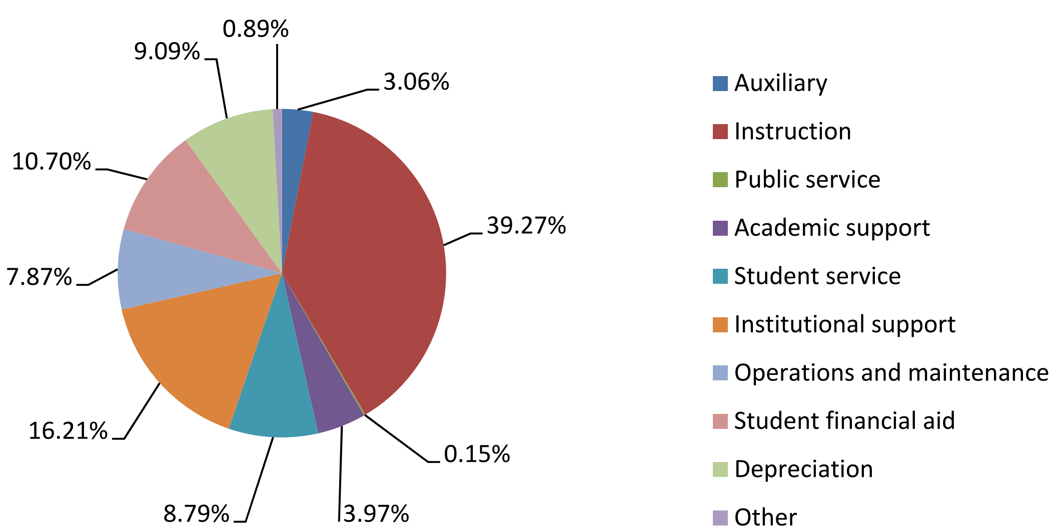
Operating Expenses:

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

2019



2018



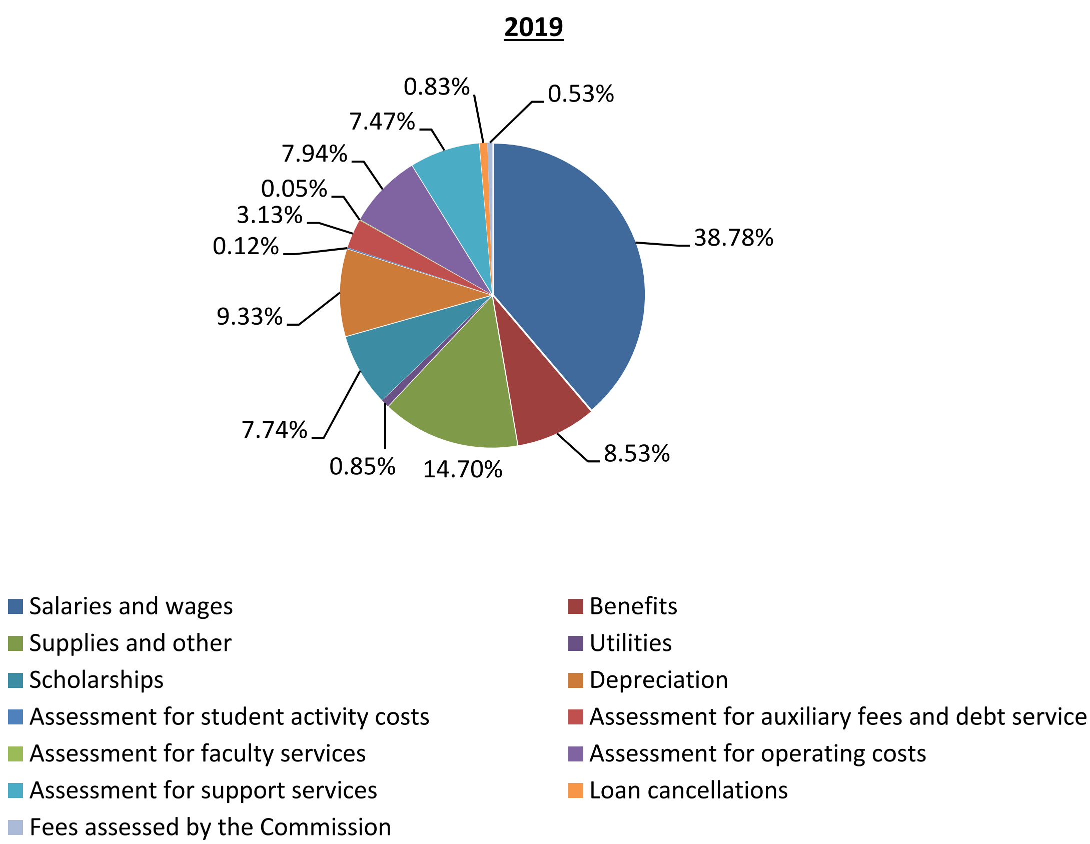
Breakdown of Expense by Functional Classification:

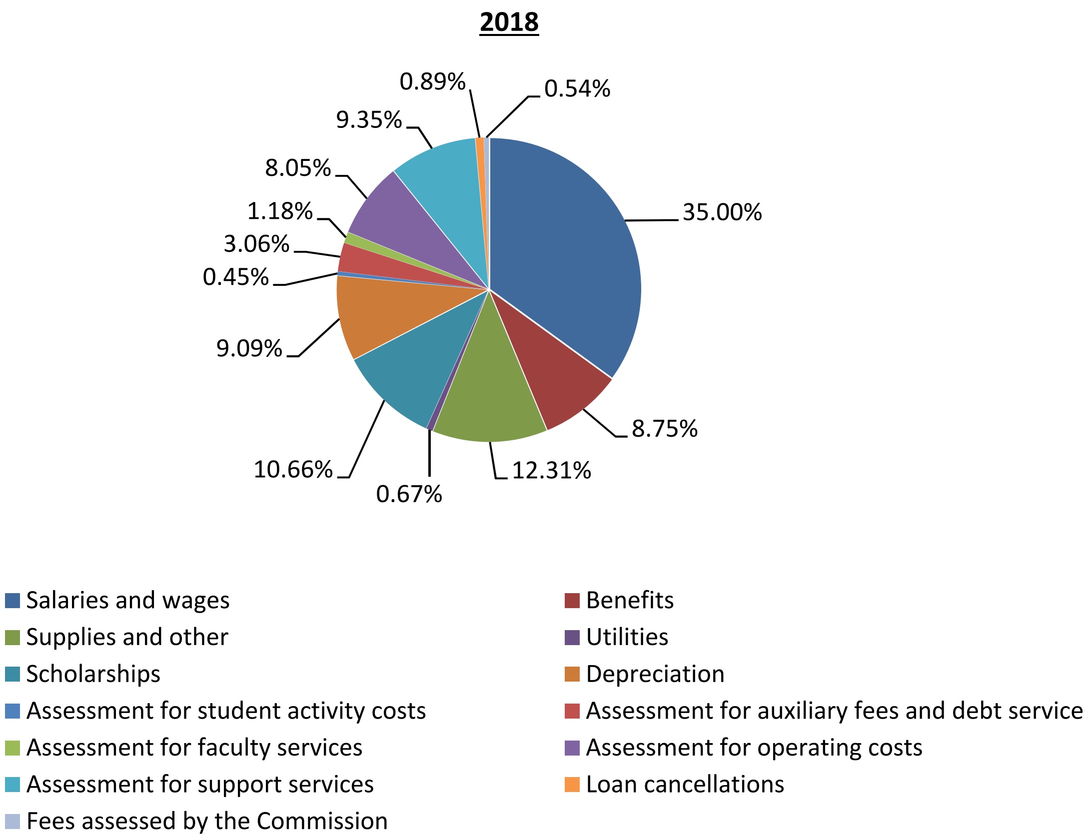
For fiscal year 2019, Pierpont's total operating expenses were $18,898,411. Instruction expenses totaled $7,233,091 or 38.28% of the total operating budget. The following reflects the amounts and percentages for these expenses:

	2019	%	2018	%	2017	%
Auxiliary	$ 591,456	3.13%	$ 582,855	3.06%	$ 576,862	2.90%
Instruction	7,233,091	38.28%	7,486,782	39.27%	7,513,612	37.76%
Research	-	0.00%	-	0.00%	18,616	0.09%
Public service	62,827	0.33%	28,263	0.15%	21,585	0.11%
Academic support	756,753	4.00%	757,380	3.97%	1,297,978	6.52%
Student services	1,236,018	6.54%	1,675,513	8.79%	1,550,527	7.80%
General institutional support	4,249,823	22.49%	3,090,814	16.21%	2,803,555	14.09%
Operation and maintenance	1,355,762	7.17%	1,500,553	7.87%	1,804,900	9.07%
Student financial aid	1,492,999	7.90%	2,039,914	10.70%	2,337,365	11.75%
Depreciation	1,763,753	9.33%	1,732,456	9.09%	1,738,788	8.74%
Other	155,929	0.83%	168,901	0.89%	233,774	1.17%
Total	$18,898,411	100.00%	$19,063,431	100.00%	$19,897,562	100.00%

NATURAL CLASSIFICATION CHARTS

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





Breakdown of Expenses by Natural Classification:

For fiscal year 2019, Pierpont's total operating expenses were $18,898,411. A major portion of the total operating expenses is for direct salaries, wages, and benefits amounting to $8,940,281 or 47.31%. In addition, indirect salaries, wages, and benefits paid to Fairmont State through the chargeback services agreement for assessment for support services totaled $1,412,262 or 7.47% and for assessment for faculty services totaled $9,955 or 0.05%. The combined cost of direct and indirect salaries and wages and benefits was $10,362,498 or 54.83% of Pierpont's total operating expenses. The following reflects the amounts and percentages for these expenses:

	2019	%	2018	%	2017	%
Salaries and wages	$ 7,329,167	38.78%	$ 6,673,640	35.00%	$ 6,661,734	33.48%
Benefits	1,611,114	8.53%	1,668,417	8.75%	1,538,031	7.73%
Supplies and other services	2,777,722	14.70%	2,346,885	12.31%	2,761,022	13.88%
Utilities	161,029	0.85%	127,382	0.67%	114,651	0.57%
Scholarships and fellowships	1,463,055	7.74%	2,032,492	10.66%	2,315,989	11.64%
Depreciation	1,763,753	9.33%	1,732,456	9.09%	1,738,788	8.74%
Assessment for student activity costs	22,362	0.12%	85,660	0.45%	68,676	0.35%
Assessment for auxiliary fees and debt service	591,456	3.13%	582,855	3.06%	576,862	2.90%
Assessment for faculty services	9,955	0.05%	224,387	1.18%	248,234	1.25%
Assessment for operating costs	1,500,375	7.94%	1,534,349	8.05%	1,624,082	8.16%
Assessment for support services	1,412,262	7.47%	1,782,681	9.35%	1,905,764	9.58%
Loan cancellations and write-offs	155,929	0.83%	168,901	0.89%	233,774	1.17%
Fees assessed by the Commission	100,232	0.53%	103,326	0.54%	109,955	0.55%
Total	$ 18,898,411	100.00%	$ 19,063,431	100.00%	$ 19,897,562	100.00%

- Salaries and wages increased by $655,527 or 9.82%.
- Benefits decreased by $57,303 or 3.43%.
- Supplies and other services expense increased by $430,837 or 18.36%.
- Utilities expense increased by $33,647 or 26.41%. The majority of utilities expenses for Pierpont are included in the assessment for operating costs per the chargeback agreement.
- Student financial aid expense decreased by $569,437 or 28.02%. Gross scholarships and fellowships decreased by $394,703.
- Depreciation expense increased by $31,297 and was 9.33% of total operating expenses.

Statement of Cash Flows

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

The Statement of Cash Flows is divided into five parts:

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

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

	2019	2018	2017
Cash Provided By (Used In):			
Operating Activities	$ (10,417,890)	$ (9,451,096)	$ (9,240,034)
Noncapital Financing Activities	10,162,328	10,230,314	10,640,917
Capital Financing Activities	(1,043,006)	(864,124)	(1,193,266)
Investing Activities	157,374	86,619	49,984
Net Change in Cash and Cash Equivalents	(1,141,194)	1,713	257,601
Cash – Beginning of Year	7,775,819	7,774,106	7,516,505
Cash – End of Year	$ 6,634,625	$ 7,775,819	$ 7,774,106

Major sources of funds included in operating activities consist of tuition and fees of $8,017,947, contracts and grants of $2,092,077, and auxiliary enterprise charges of $615,807. Major uses of funds under this category were payments made to and on behalf of employees for salaries and benefits amounting to $8,885,750, payments to suppliers amounting to $2,860,502, and payments for scholarships and fellowships of $5,920,568.

Major sources of cash flow provided by noncapital financing activities consist of State appropriations of $7,244,243 and Federal Pell grant revenues of $2,891,074.

The major source of cash flow provided by capital financing activities was related to E&G capital and debt service support revenue of $628,635. The major uses of cash flow in capital financing activities were for purchases of capital assets and equipment of $726,429 and the assessment for E&G capital and debt service costs of $541,836.

Major noncash transactions included payments made and expenses incurred on behalf of Pierpont by the Commission of $174,391.

Capital Asset and Long-Term Debt Activity

Fairmont State issued significant outstanding debt when the two institutions were still one. It has been agreed that Fairmont State and Pierpont will share the outstanding bond debt proportionately based on the 10-year average of enrollments. The 2002B Series bonds were issued to acquire improvements to infrastructure, and the 2006 Series bonds were issued to improve facilities of the main campus, including the addition of a technology wing, elevator, and HVAC improvements. The 2002B Series bonds were refinanced in fiscal year 2012 by Fairmont State in conjunction with Pierpont.

The refinanced bonds are payable over twenty years and the 2006 bonds are payable over twenty years from the time of issuance. The remaining debt obligation assigned to Pierpont as of June 30, 2019 was $2,566,329. Principal repayment made during the year by Pierpont amounted to $284,204. The current portion of debt payable due in fiscal year 2020 is $246,925, and the long-term portion of bonds payable is $2,319,404.

The 2012 Series bonds do not require a separate audit on the modified cash basis of accounting as previously required. The audited financial statements of Fairmont State include the bond segment reporting, which is used to calculate the debt service coverage ratio. Fairmont State and Pierpont have complied with all debt service coverage ratio requirements for the bonds.

During 2012, the Commission was paid for debt incurred from bonds sold in previous years for the State's colleges and universities. The remaining debt obligation assigned to Pierpont as of June 30, 2019 was $561,067. As of June 30, 2019, the current portion due to the Commission is $59,253, and the long-term portion is $501,814.

The separation of assets and liabilities agreement also documents Pierpont's obligation to continue to collect certain auxiliary fees from students and transfer 100% of these fees to Fairmont State in support of auxiliary operations and bonds indebtedness incurred when the institutions were still one. These original bonds were issued in 2003 and were included in refinancing. This obligation is now part of the Series 2012 bonds. This obligation is discussed in detail in note 16.

Economic Outlook

Beginning July 1, 2018, Pierpont assumed total operational control of the Gaston Caperton Center (the Caperton Center), a shared ownership and operation property with Fairmont State, in downtown Clarksburg, West Virginia, which houses Pierpont's Physical Therapy Assistant Program. Pierpont relocated the Emergency Medical Services Technician Program to the Caperton Center, which provided opportunities for program growth. Pierpont intends to relocate the Veterinary Technology Programs to the Caperton Center as well. Relocation of this program to the Caperton Center should provide opportunities to enhance the learning experience for students and create opportunities for program growth and expansion.

The previously mentioned changes for Academic Year 2019-2020 will position Pierpont to take advantage of newly secured resources and will continue to enable Pierpont to fulfill its mission to provide opportunities for learning, training, and further education that enrich the lives of individuals and promote the economic growth of the service region and state.

For fiscal year 2020, the West Virginia Legislature implemented an increase in State appropriations for all West Virginia Community & Technical Colleges. This increased Pierpont's State appropriations by $575,886 from the amount appropriated in fiscal year 2019. This increase is to provide for across-the-board raises to state employees and increased general operating funds. Pierpont will implement a pay raise after Fall 2019 enrollment information has been finalized. The WV Legislature also implemented the WV Invest Program for students attending community and technical colleges beginning with the Fall 2019 term. This program provides additional funding for tuition and fees to students who meet the criteria. The program has been referred to as the "Free Community & Technical College Bill". It is anticipated that this program will have a dramatic impact on college enrollments as potential students understand the opportunities this funding creates.

Pierpont's unofficial enrollment for the Fall 2019 semester reflects an increase in enrollment of revenue-generating students. If this unofficial enrollment is maintained, this represents two years during which Pierpont has experienced positive enrollment from one fall to the next. Pierpont believes this positive enrollment is the result of actions taken by the Strategic Enrollment Committee, the creation of a new student-friendly class schedule that included a comprehensive restructuring of the delivery times of class offerings, the addition of a new twelve-week term, and the WV Legislature's creation of the WV Invest Program. As Pierpont continues to focus on addressing the needs of students and industry as a part of focusing on its mission, the institution is positioning itself for future stability and growth in the coming years.

STATEMENTS OF NET POSITION
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 6,633,882	$ 7,775,413
Accounts receivable — net	622,620	464,812
Inventories	-	15,815
Total current assets	7,256,502	8,256,040
NONCURRENT ASSETS:		
Cash and cash equivalents	743	406
Other noncurrent assets	72,682	87,566
Capital assets — net	41,657,181	42,909,113
Total noncurrent assets	41,730,606	42,997,085
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows relating to the net pension liability	16,429	19,356
Deferred outflows relating to the net OPEB liability	374,072	247,742
Total deferred outflows of resources	390,501	267,098
TOTAL	$ 49,377,609	$ 51,520,223

(Continued)

STATEMENTS OF NET POSITION
JUNE 30, 2019 AND 2018

	2019	2018
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 115,715	$ 141,097
Due to Commission	394	20,883
Due to Fairmont State — current portion	163,633	227,713
Accrued liabilities — payroll	966,032	893,574
Unearned revenue and deposits	527,922	1,097,667
Compensated absences — current portion	333,560	263,482
Debt obligation due to Commission — current portion	59,253	57,665
Debt obligation due to Fairmont State — current portion	246,925	244,881
Total current liabilities	2,413,434	2,946,962
NONCURRENT LIABILITIES:		
Net other postemployment benefits liability	2,974,842	3,250,676
Due to Fairmont State	16,434	30,266
Compensated absences	149,676	174,538
Debt obligation due to Commission	501,814	570,107
Debt obligation due to Fairmont State	2,319,404	2,605,652
Net pension liability	51,892	62,604
Total noncurrent liabilities	6,014,062	6,693,843
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows relating to the net pension liability	10,824	7,090
Deferred inflows relating to the net OPEB liability	743,183	537,734
Total deferred inflows of resources	754,007	544,824
NET POSITION:		
Net investment in capital assets	38,529,785	39,430,806
Restricted for — expendable:		
Scholarships	28,037	7,708
Capital projects	2,471,968	2,227,351
Debt service	743	406
Total restricted	2,500,748	2,235,465
Unrestricted	(834,427)	(331,677)
Total net position	40,196,106	41,334,594
TOTAL	$ 49,377,609	$ 51,520,223

The Accompanying Notes Are An Integral Part Of These Financial Statements (Concluded)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
OPERATING REVENUES:		
Student tuition and fees — net of scholarship allowance of $3,213,086 and $3,038,352 in 2019 and 2018, respectively	$ 3,864,581	$ 4,151,640
Auxiliary enterprise revenue	615,807	584,523
Contracts and grants:		
Federal	536,269	189,123
State/local	1,712,685	1,493,277
Private	370,587	523,507
Faculty services revenue	21,084	199,231
Operating costs revenue	-	58,548
Support services revenue	-	173,619
Miscellaneous — net	299,686	151,818
Total operating revenues	7,420,699	7,525,286
OPERATING EXPENSES:		
Salaries and wages	7,329,167	6,673,640
Benefits	1,611,114	1,668,417
Supplies and other services	2,777,722	2,346,885
Utilities	161,029	127,382
Student financial aid — scholarships and fellowships	1,463,055	2,032,492
Depreciation	1,763,753	1,732,456
Assessment for student activity costs	22,362	85,660
Assessment for auxiliary fees and debt service	591,456	582,855
Assessment for faculty services	9,955	224,387
Assessment for operating costs	1,500,375	1,534,349
Assessment for support services	1,412,262	1,782,681
Loan cancellations and write-offs	155,929	168,901
Fees assessed by the Commission for operations	100,232	103,326
Total operating expenses	18,898,411	19,063,431
OPERATING LOSS	(11,477,712)	(11,538,145)
NONOPERATING REVENUES (EXPENSES):		
State appropriations	7,244,243	6,989,036
Federal Pell grant revenue	2,891,074	3,232,169
Gifts	11,374	-
E&G capital and debt service support revenue	628,635	645,871
Investment income	157,374	91,369
Assessment for E&G capital and debt service costs	(541,836)	(577,903)
Fees assessed by the Commission for debt service	(35,597)	(34,383)
Fees assessed by Fairmont State for debt service	(75,031)	(75,470)
Net nonoperating revenues	10,280,236	10,270,689
DECREASE IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES, AND TRANSFER	(1,197,476)	(1,267,456)
PAYMENTS MADE AND EXPENSES INCURRED BY THE COMMISSION ON BEHALF OF PIERPONT	174,391	1,104,883
PAYMENTS MADE AND EXPENSES INCURRED BY THE STATE ON BEHALF OF PIERPONT	199,798	218,389
CAPITAL PROJECTS PROCEEDS FROM THE COMMISSION	58,161	-
(DECREASE) INCREASE IN NET POSITION BEFORE TRANSFER	(765,126)	55,816
TRANSFER OF NET POSITION TO FAIRMONT STATE	(373,362)	(381,828)
NET DECREASE IN NET POSITION	(1,138,488)	(326,012)
NET POSITION — Beginning of year	41,334,594	41,518,761
NET EFFECT OF CHANGE IN ACCOUNTING POLICY	-	141,845
NET POSITION — Beginning of year (Restated)	41,334,594	41,660,606
NET POSITION — End of year	$ 40,196,106	$ 41,334,594

The Accompanying Notes Are An Integral Part Of These Financial Statements

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 8,017,947	$ 6,742,911
Contracts and grants	2,092,077	2,296,135
Payments to and on behalf of employees	(8,885,750)	(8,123,331)
Payments to suppliers	(2,860,502)	(2,343,631)
Payments to utilities	(161,029)	(125,745)
Payments for scholarships and fellowships	(5,920,568)	(4,901,025)
Auxiliary enterprise charges	615,807	575,259
Fees assessed by the Commission	(100,232)	(103,326)
Other receipts — net	299,686	151,162
Assessment for support services	(1,412,262)	(1,656,000)
Support services revenue	-	164,506
Assessment for student activity costs	(22,362)	(98,889)
Student activity support revenue	-	7,980
Assessment for auxiliary fees and debt service	(591,456)	(577,606)
Faculty services revenue	21,084	197,001
Assessment for faculty services	(9,955)	(213,127)
Operating support services revenue	-	58,100
Assessment for operating cost	(1,500,375)	(1,501,470)
Net cash used in operating activities	(10,417,890)	(9,451,096)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	7,244,243	6,989,036
Federal Pell grant revenues	2,891,074	3,234,715
Gift receipts	11,374	-
William D. Ford direct lending receipts	4,457,513	5,333,773
William D. Ford direct lending payments	(4,457,513)	(5,333,187)
Transfers to Fairmont State	(29,485)	(39,146)
Transfers from Fairmont State	45,122	45,123
Net cash provided by noncapital financing activities	10,162,328	10,230,314
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Capital bond proceeds from State	58,161	-
E&G capital and debt service support revenue	628,635	645,871
Fees assessed by the Commission	(35,597)	(34,383)
Purchases of capital assets	(726,429)	(513,645)
Assessment for E&G capital and debt service costs	(541,836)	(577,903)
Payments to the Commission on debt obligation	(66,705)	(66,108)
Payments to Fairmont State on debt obligation	(284,204)	(232,687)
Fees assessed by Fairmont State	(75,031)	(85,269)
Net cash used in capital financing activities	(1,043,006)	(864,124)
CASH FLOWS FROM INVESTING ACTIVITY — Investment income	157,374	86,619
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,141,194)	1,713
CASH AND CASH EQUIVALENTS — Beginning of year	7,775,819	7,774,106
CASH AND CASH EQUIVALENTS — End of year	$ 6,634,625	$ 7,775,819

(Continued)

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (11,477,712)	$ (11,538,145)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation expense	1,763,753	1,732,456
Pension expense — special funding situation	11,869	13,423
OPEB expense — special funding situation	187,929	204,966
Net effect of change in accounting policy	-	141,845
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Receivables — net	(223,729)	(124,860)
Inventories	15,815	(344)
Deferred outflows of resources	(123,403)	(238,117)
Accounts payable	(42,978)	215,195
Accrued liabilities — payroll	72,458	60,554
Compensated absences	45,216	10,664
Other postemployment benefits liability	(275,834)	(505,988)
Net pension liability	(10,712)	(15,620)
Deferred inflows of resources	209,183	542,413
Unearned revenue	(569,745)	50,462
NET CASH USED IN OPERATING ACTIVITIES	$ (10,417,890)	$ (9,451,096)
NONCASH TRANSACTIONS:		
Property additions in accounts payable	$ -	$ 19,259
Payments made and expenses incurred by the Commission on behalf of Pierpont	$ 174,391	$ 1,104,883
Transfer to Fairmont State (exclusive of $15,637 and $5,977 of cash in 2019 and 2018, respectively)	$ (373,362)	$ (381,828)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION:		
Cash and cash equivalents classified at current	$ 6,633,882	$ 7,775,413
Cash and cash equivalents classified at noncurrent	743	406
	$ 6,634,625	$ 7,775,819

The Accompanying Notes Are An Integral Part Of These Financial Statements (Concluded)

1. ORGANIZATION

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Restricted net position - nonexpendable - This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal. Pierpont does not have any restricted nonexpendable net position at June 30, 2019 and 2018.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

Capital Assets - Capital assets include plant and equipment, books and materials that are part of a catalogued library, and infrastructure assets. Capital assets are stated at cost at the date of acquisition or construction, or at fair value at the date of donation in the case of gifts. Interest on related borrowings, net of interest earnings on invested proceeds, is capitalized during the period of construction and was $0 and $6,998 for the years ended June 30, 2019 and 2018, respectively. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 20 to 50 years for buildings and infrastructure, 15 years for land improvements, 7 years for library books, and 3 to 10 years for furniture and equipment.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

GASB requires entities to accrue for employees' rights to receive compensation for vacation leave, or payments in lieu of accrued vacation or sick leave, as such benefits are earned and payment becomes probable. Pierpont's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by West Virginia Retiree Health Benefit Trust Fund (RHBT). For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See note 8 for further discussion.

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.

Net Pension Liability - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Teachers' Retirement System (STRS), administered by the West Virginia Consolidated Public Retirement Board (CPRB), and additions to/reductions from the STRS fiduciary net position have been determined on the same basis as they are reported in the STRS financial statements, which can be found at https://www.wvretirement.com/Publications.html#CAFR. The plan schedules of STRS are prepared using the accrual basis of accounting and economic resources measurement focus in accordance with U.S. GAAP as prescribed by GASB. Employer contributions are recognized when due and when the employer has a legal requirement to provide the contributions. Investments are reported at fair value. Detailed information on investment valuation can be found in the STRS financial statements. Management of STRS has made certain estimates and assumptions relating to employer allocation schedules, and actual results could differ (see note 12).

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

Federal Financial Assistance Programs - Pierpont makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest-subsidized and nonsubsidized loans directly to students, through schools like Pierpont. Direct student loan receivables are not included in Pierpont's statements of net position as the loans are repayable directly to the U.S. Department of Education. In 2019 and 2018, Pierpont received and disbursed approximately $4.5 million and $5.3 million, respectively, under the Federal Direct Student Loan Program on behalf of the U.S. Department of Education, which is not included as revenue and expense in the statements of revenues, expenses, and changes in net position.

Pierpont also distributes other student financial assistance funds on behalf of the federal government to students under the Federal Pell Grant, Supplemental Educational Opportunity Grant, and College Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2019 and 2018, Pierpont was awarded approximately $3.1 million and $3.4 million, respectively, under these federal student aid programs. The distribution of these awards was made on their behalf by Fairmont State.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers. Certain aid, such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending, is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowance, which reduces revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a college basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third-party aid.

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Newly Adopted Statements Issued by GASB - GASB has issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for fiscal years beginning after June 15, 2018. The requirements of this Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain asset retirement obligations (AROs), including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. The adoption of GASB Statement No. 83 had no impact on the June 30, 2019 financial statements.

GASB has also issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for fiscal years beginning after June 15, 2018. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows. The adoption of GASB Statement No. 88 had no impact on the June 30, 2019 financial statements.

Recent Statements Issued by GASB - GASB has issued Statement No. 84, *Fiduciary Activities*, effective for fiscal years beginning after December 15, 2018. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. Pierpont has not yet determined the effect that the adoption of GASB Statement No. 84 may have on its financial statements.

GASB has also issued Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. The requirements of this Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. Pierpont has not yet determined the effect that the adoption of GASB Statement No. 87 may have on its financial statements.

GASB has also issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for fiscal years beginning after December 15, 2019. The requirements of this Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. Pierpont has not yet determined the effect that the adoption of GASB Statement No. 89 may have on its financial statements.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB has also issued Statement No. 90, *Majority Equity Interests*, which is effective for fiscal years beginning after December 15, 2018. The requirements of this Statement will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and will improve the relevance of financial statement information for certain component units. This Statement also provides guidance for reporting a component unit if a government acquires a 100% equity interest in that component unit. An equity interest is a financial interest in a legally separate organization evidenced by the ownership of shares of the organization's stock or by otherwise having an explicit, measurable right to the net resources of the organization that is usually based on an investment of financial or capital resources by a government. An equity interest is explicit and measurable if the government has a present or future claim to the net resources of the entity and the method for measuring the government's share of the entity's net resources is determinable. Pierpont has not yet determined the effect that the adoption of GASB Statement No. 90 may have on its financial statements.

GASB has also issued Statement No. 91, *Conduit Debt Obligations*, which is effective for fiscal years beginning after December 15, 2020. The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations. Pierpont has not yet determined the effect that the adoption of GASB Statement No. 91 may have on its financial statements.

3. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents at June 30, 2019 and 2018, is as follows:

	2019		
	Current	Noncurrent	Total
State Treasurer	$ 6,632,682	$ -	$ 6,632,682
Trustee	-	743	743
On hand	1,200	-	1,200
	$ 6,633,882	$ 743	$ 6,634,625

3. CASH AND CASH EQUIVALENTS (CONTINUED)

	2018		
	Current	Noncurrent	Total
State Treasurer	$ 7,193,493	$ -	$ 7,193,493
Trustee	-	406	406
In bank	580,620	-	580,620
On hand	1,300	-	1,300
	$ 7,775,413	$ 406	$ 7,775,819

Cash held by the Treasurer includes no restricted cash at June 30, 2019 and 2018.

The combined carrying amount of cash in the bank at June 30, 2019 and 2018 was $0 and $580,620, respectively, as compared with the combined bank balance of $0 and $646,616, respectively. Any differences are primarily caused by outstanding checks and items in transit. The bank balances were covered by federal depository insurance as noted below or were collateralized by securities held by the State's agent. Regarding federal depository insurance, interest-bearing accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000.

Amounts with the State Treasurer were $6,632,682 and $7,193,493 as of June 30, 2019 and 2018, respectively. Of these amounts, $6,008,605 and $6,564,533 were invested in the WV Money Market Pool and the WV Short Term Bond Pool as of June 30, 2019 and 2018, respectively. The remainder of the cash held with the State Treasurer was not invested as of June 30, 2019 and 2018.

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:

	2019		2018	
External Pool	Carrying Value	S & P Rating	Carrying Value	S & P Rating
WV Money Market Pool	$ 5,869,679	AAAm	$ 6,415,688	AAAm
WV Short Term Bond Pool	$ 138,926	Not Rated	$ 148,845	Not Rated

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

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

	2019		2018	
External Pool	Carrying Value	WAM (Days)	Carrying Value	WAM (Days)
WV Money Market Pool	$ 5,869,679	42	$ 6,415,688	34

3. CASH AND CASH EQUIVALENTS (CONTINUED)

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

	2019		2018	
External Pool	Carrying Value	Effective Duration (Days)	Carrying Value	Effective Duration (Days)
WV Short Term Bond Pool	$ 138,926	723	$ 148,845	372

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

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

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

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

4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2019 and 2018, are as follows:

	2019	2018
Student tuition and fees — net of allowance for doubtful accounts of $2,096,083 and $2,221,647, respectively	$ 465,527	$ 324,048
Due from Council	58,776	61,288
Due from Commission	8,990	21,234
Due from other State agencies	72,326	1,852
Due from Fairmont State	-	26,222
Grants and contracts receivable	3,955	24,490
Other accounts receivable	13,046	5,678
	$ 622,620	$ 464,812

5. CAPITAL ASSETS

A summary of capital assets transactions for Pierpont for the years ended June 30, 2019 and 2018 is as follows:

	2019				
	Beginning Balance	Transfers	Additions	Reductions	Ending Balance
Capital assets not being depreciated:					
Land	$ 376,000	$ -	$ -	$ -	$ 376,000
Construction in progress	57,842	(917)	255,071	(225,220)	86,776
Total capital assets not being depreciated	$ 433,842	$ (917)	$ 255,071	$ (225,220)	$ 462,776
Other capital assets:					
Land improvements	$ 1,111,550	$ (15,488)	$ -	$ -	$ 1,096,062
Infrastructure	5,030,443	(79,774)	46,878	-	4,997,547
Buildings	50,230,013	(484,643)	335,052	-	50,080,422
Equipment	4,408,881	(46,889)	501,210	-	4,863,202
Library books	1,178,928	(1,178,928)	-	-	-
Total other capital assets	61,959,815	(1,805,722)	883,140	-	61,037,233
Less accumulated depreciation for:					
Land improvements	432,065	(6,852)	71,552	-	496,765
Infrastructure	4,134,140	(65,560)	283,235	-	4,351,815
Buildings	11,280,298	(166,589)	962,152	-	12,075,861
Equipment	2,476,194	(4,621)	446,814	-	2,918,387
Library books	1,161,847	(1,161,847)	-	-	-
Total accumulated depreciation	19,484,544	(1,405,469)	1,763,753	-	19,842,828
Other capital assets — net	$ 42,475,271	$ (400,253)	$ (880,613)	$ -	$41,194,405
Capital asset summary:					
Capital assets not being depreciated	$ 433,842	$ (917)	$ 255,071	$ (225,220)	$ 462,776
Other capital assets	61,959,815	(1,805,722)	883,140	-	61,037,233
Total cost of capital assets	62,393,657	(1,806,639)	1,138,211	(225,220)	61,500,009
Less accumulated depreciation	19,484,544	(1,405,469)	1,763,753	-	19,842,828
Capital assets — net	$ 42,909,113	$ (401,170)	$ (625,542)	$ (225,220)	$41,657,181

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

5. CAPITAL ASSETS (CONTINUED)

	2018				
	Beginning Balance	Transfers	Additions	Reductions	Ending Balance
Capital assets not being depreciated:					
Land	$ 376,000	$ -	$ -	$ -	$ 376,000
Construction in progress	396,428	(375)	40,110	(378,321)	57,842
Total capital assets not being depreciated	$ 772,428	$ (375)	$ 40,110	$ (378,321)	$ 433,842
Other capital assets:					
Land improvements	$ 882,214	$ (18,268)	$ 247,604	$ -	$ 1,111,550
Infrastructure	5,136,808	(106,365)	-	-	5,030,443
Buildings	49,735,944	(640,490)	1,134,559	-	50,230,013
Equipment	4,264,257	(7,368)	151,992	-	4,408,881
Library books	1,213,596	(25,129)	2,061	(11,600)	1,178,928
Total other capital assets	61,232,819	(797,620)	1,536,216	(11,600)	61,959,815
Less accumulated depreciation for:					
Land improvements	378,210	(7,831)	61,686	-	432,065
Infrastructure	3,929,974	(81,376)	285,542	-	4,134,140
Buildings	10,534,820	(209,870)	955,348	-	11,280,298
Equipment	2,059,593	(4,739)	421,340	-	2,476,194
Library books	1,189,538	(24,631)	8,540	(11,600)	1,161,847
Total accumulated depreciation	18,092,135	(328,447)	1,732,456	(11,600)	19,484,544
Other capital assets — net	$ 43,140,684	$ (469,173)	$ (196,240)	$ -	$42,475,271
Capital asset summary:					
Capital assets not being depreciated	$ 772,428	$ (375)	$ 40,110	$ (378,321)	$ 433,842
Other capital assets	61,232,819	(797,620)	1,536,216	(11,600)	61,959,815
Total cost of capital assets	62,005,247	(797,995)	1,576,326	(389,921)	62,393,657
Less accumulated depreciation	18,092,135	(328,447)	1,732,456	(11,600)	19,484,544
Capital assets — net	$ 43,913,112	$ (469,548)	$ (156,130)	$ (378,321)	$42,909,113

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

Pierpont has construction commitments of $42,890 as of June 30, 2019.

Title for certain assets recorded above remains with Fairmont State.

6. LONG-TERM LIABILITIES

Long-term obligation activities for the years ended June 30, 2019 and 2018 are as follows:

	2019					
	Beginning Balance	Transfers*	Additions	Reductions	Ending Balance	Current Portion
Net other postemployment benefits liability	$ 3,250,676	$ -	$ 337,766	$ (613,600)	$ 2,974,842	$ -
Due to Fairmont State	257,979	-	149,801	(227,713)	180,067	163,633
Accrued compensated absences	438,020	-	264,027	(218,811)	483,236	333,560
Debt obligation due to the Commission	627,772	(9,040)	-	(57,665)	561,067	59,253
Debt obligation due to Fairmont State	2,850,533	(13,088)	-	(271,116)	2,566,329	246,925
Net pension liability	62,604	-	4,272	(14,984)	51,892	-
Total long-term liabilities	$ 7,487,584	$ (22,128)	$ 755,866	$ (1,403,889)	$ 6,817,433	$ 803,371

*Transfers represent the ownership change from FY18 to FY19

	2018					
	Beginning Balance	Transfers*	Additions	Reductions	Ending Balance	Current Portion
Net other postemployment benefits liability	$ 3,756,664	$ -	$ 302,625	$ (808,613)	$ 3,250,676	$ -
Due to Fairmont State	89,322	-	225,217	(56,560)	257,979	227,713
Accrued compensated absences	427,356	-	151,095	(140,431)	438,020	263,482
Debt obligation due to the Commission	782,899	(13,274)	-	(141,853)	627,772	57,665
Debt obligation due to Fairmont State	3,152,690	(19,384)	-	(282,773)	2,850,533	244,881
Net pension liability	78,224	-	7,032	(22,652)	62,604	-
Total long-term liabilities	$ 8,287,155	$ (32,658)	$ 685,969	$ (1,452,882)	$ 7,487,584	$ 793,741

*Transfers represent the ownership change from FY17 to FY18

7. LEASES

Operating Leases - Pierpont leases office and storage spaces and various equipment. These obligations are accounted for as operating leases.

Future annual minimum lease payments on operating leases for the year ending June 30, 2019 total $7,380.

Total lease expense for the years ended June 30, 2019 and 2018 was $7,290 and $7,258, respectively. Pierpont does not have any noncancelable leases.

Capital Leases - Pierpont currently has no leases classified as capital leases.

8. OTHER POSTEMPLOYMENT BENEFITS

As related to the implementation of GASB 75, following are Pierpont's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, revenues, and the OPEB expense and expenditures for the fiscal years ended June 30, 2019 and 2018:

	2019	2018
Net OPEB liability	$ 2,974,842	$ 3,250,676
Deferred outflows of resources	374,072	247,742
Deferred inflows of resources	743,183	537,734
Revenues	187,929	204,966
OPEB expense	273,149	378,557
Contributions made by Pierpont	249,410	247,742

Plan Description

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

The Plan's fiduciary net position has been determined on the same basis used by the Plan. The RHBT is accounted for as a fiduciary fund, and its financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with GAAP for fiduciary funds as prescribed or permitted by the GASB. The primary sources of revenue are plan members and employer contributions. Members' contributions are recognized in the period in which the contributions are due. Employer contributions and related receivables to the trust are recognized pursuant to a formal commitment from the employer or statutory or contractual requirement, when there is a reasonable expectation of collection. Benefits and refunds are recognized when due and payable.

RHBT is considered a component unit of the State of West Virginia for financial reporting purposes, and, as such, its financial report is also included in the State of West Virginia's Comprehensive Annual Financial Report. RHBT issues publicly available financial statements and required supplementary information for the OPEB plan. Details regarding this plan and a copy of the RHBT financial report may be obtained by contacting PEIA at 601 57th Street SE, Suite 2, Charleston, West Virginia 25304-2345, or by calling (888) 680-7342.

8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

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

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

Contributions

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

Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The paygo rates related to the measurement date of June 30, 2018 and 2017 were:

	Jul 2017-Jun 2018 2018	Jul 2016-Dec 2016 2017	Jan 2017-Jun 2017 2017
Paygo premium	$ 177	$ 196	$ 135

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

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

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

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

8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Pierpont's contributions to the OPEB plan for the years ended June 30, 2019, 2018, and 2017, were $249,410, 247,742, and $271,528, respectively.

Assumptions

The June 30, 2019 OPEB liability for financial reporting purposes was determined by an actuarial valuation as of July 1, 2017 and rolled forward to June 30, 2018. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Actuarial cost method: Entry age normal.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method: Level percentage of payroll, closed.
- Remaining amortization period: 20 years closed as of June 30, 2017.
- Investment rate of return: 7.15%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates: Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 10.00% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims cost beginning in 2022 to account for the Excise Tax.
- Projected salary increases: Dependent upon pension system ranging from 3.0-6.5%, including inflation.
- Inflation rate: 2.75%.
- Mortality rates based on RP-2000 Mortality Tables.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2010 to June 30, 2015. These assumptions will remain in effect for valuation purposes until such time as the RHBT adopts revised assumptions.

Certain assumptions have been changed since the prior measurement date. The assumption changes that most significantly impacted the net OPEB liability are as follows: the inclusion of waived annuitants increased the liability by approximately $17 million; a 15% reduction in the retirement rate assumption decreased the liability by approximately $68 million; a change in certain healthcare-related assumptions decreased the liability by approximately $232 million; and an update to the mortality tables increased the liability by approximately $25 million. Certain other assumption changes were noted but did not materially impact the net OPEB liability.

8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The projections of the net OPEB liability are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of the net OPEB liability does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial estimated liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. However, the preparation and any estimate of future postemployment costs requires consideration of a broad array of complex social and economic events. Future changes in the healthcare reform, changes in reimbursement methodology, the emergence of new and expensive medical procedures and prescription drugs options, changes in the investment rate of return, and other matters increase the level of uncertainty in such estimates. As such, the estimate of postemployment program costs contains considerable uncertainty and variability, and actual experience may vary significantly from the current estimated net OPEB liability.

The long-term expected rate of return of 7.15% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.50% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 3.00% for assets invested with the BTI.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term geometric rates of return for each major asset class included in RHBT's target asset allocation as of June 30, 2018 and 2017, are summarized below.

Asset Class	Target Allocation
Domestic equity	27.5%
International equity	27.5%
Fixed income	15.0%
Real estate	10.0%
Private equity	10.0%
Hedge funds	10.0%

8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Asset Class	Long-term Expected Real Rate of Return
Large cap domestic	17.0%
Non-large cap domestic	22.0%
International qualified	24.6%
International non-qualified	24.3%
International equity	26.2%
Short-term fixed	0.5%
Total return fixed income	6.7%
Core fixed income	0.1%
Hedge fund	5.7%
Private equity	19.6%
Real estate	8.3%
Opportunistic income	4.8%
Cash	0.0%

Discount rate. The discount rate used to measure the total OPEB liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that RHBT contributions will continue to follow the current funding policies. Based on those assumptions and that the OPEB plan is expected to be fully funded by the fiscal year ended June 30, 2036, 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 to changes in the discount rate. The following presents Pierpont's proportionate share of the net OPEB liability as of June 30, 2019 and 2018 calculated using the discount rate of 7.15%, as well as what Pierpont's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate.

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Net OPEB liability 2019	$ 3,496,336	$ 2,974,842	$ 2,540,123
Net OPEB liability 2018	3,785,039	3,250,676	2,806,471

8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate. The following presents Pierpont's proportionate share of the net OPEB liability as of June 30, 2019 and 2018 calculated using the healthcare cost trend rate, as well as what Pierpont's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB liability 2019	$ 2,461,522	$ 2,974,842	$ 3,600,307
Net OPEB liability 2018	2,730,614	3,250,676	3,886,740

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

The June 30, 2019 net OPEB liability was measured as of June 30, 2018, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to the measurement date of June 30, 2018. The June 30, 2018 net OPEB liability was measured as of June 30, 2017, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to the measurement date of June 30, 2017.

At June 30, 2019, Pierpont's proportionate share of the net OPEB liability was $3,589,663. Of this amount, Pierpont recognized $2,974,842 as its proportionate share on the statement of net position. The remainder of $614,821 denotes Pierpont's proportionate share of net OPEB liability attributable to the special funding.

At June 30, 2018, Pierpont's proportionate share of the net OPEB liability was $3,918,369. Of this amount, Pierpont recognized $3,250,676 as its proportionate share on the statement of net position. The remainder of $667,693 denotes Pierpont's proportionate share of net OPEB liability attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to OPEB for each of the fiscal years ended June 30, 2018 and 2017. Employer contributions are recognized when due. At the June 30, 2018 measurement date, Pierpont's proportion was 0.138659143%, an increase of 0.006463531% from its proportion of 0.132195612% calculated as of June 30, 2017. At the June 30, 2017 measurement date, Pierpont's proportion was 0.132195612%, a decrease of 0.024275979% from its proportion of 0.156471591% calculated as of June 30, 2016.

For the year ended June 30, 2019, Pierpont recognized OPEB expense of $273,149. Of this amount, $85,220 was recognized as Pierpont's proportionate share of OPEB expense and $187,929 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. Pierpont also recognized revenue of $187,929 for support provided by the State.

8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

For the year ended June 30, 2018, the Pierpont recognized OPEB expense of $378,557. Of this amount, $173,591 was recognized as the Pierpont's proportionate share of OPEB expense and $204,966 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of $204,966 for support provided by the State.

At June 30, 2019 and 2018, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

June 30, 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 44,004
Changes in proportion and difference between employer contributions and proportionate share of contributions	124,662	347,081
Net difference between projected and actual investment earnings	-	55,064
Changes in assumptions	-	297,034
Contributions after the measurement date	249,410	-
Total	$ 374,072	$ 743,183

June 30, 2018	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 10,885
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	474,966
Net difference between projected and actual investment earnings	-	51,883
Contributions after the measurement date	247,742	-
Total	$ 247,742	$ 537,734

8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Pierpont will recognize the $249,410 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30,	Amortization
2020	$ (188,240)
2021	(188,240)
2022	(188,238)
2023	(53,803)
	$ (618,521)

Payables to the OPEB Plan

Pierpont did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2019 and 2018.

9. STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

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

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

The Municipal Bond Commission has the authority to assess each public institution of higher education for payment of debt service on these system bonds. The tuition and registration fees of the members of the former State University System are generally pledged as collateral for the Commission's bond indebtedness. Student fees collected by the institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. Although the bonds remain as a capital obligation of the Commission, an estimate of the obligation of each institution is reported as a long-term payable by each institution and as a receivable by the Commission. During 2019 and 2018, Pierpont reduced its debt to the Commission against the debt obligation by $66,705 and $155,127, respectively. The amount due to Commission at June 30, 2019 and 2018 is $561,067 and $627,772, respectively.

10. FAIRMONT STATE UNIVERSITY INDEBTEDNESS

Due to HB 3215, which mandated a separation between Fairmont State and Pierpont, an agreement was made with regards to outstanding bond debt that was issued to Fairmont State while the two institutions were still as one. It was agreed that Fairmont State and Pierpont would share the outstanding bond debt proportionately based on a 10-year average of enrollments, due to the fact that the two institutions maintain a shared campus where the shared facilities funded by the bonds are located. On June 12, 2012, Fairmont State, in conjunction with Pierpont, issued Revenue Refunding Bonds, Series 2012A in the principal amount of $20,165,000 and Revenue Refunding Bonds, Series 2012B in the principal amount of $30,160,000. Pierpont Board of Governors signed the bond indenture to evidence its agreement to certain covenants contained in the indenture, which are applicable to Pierpont, and to the pledge of fees imposed by it. Although the bonds remain as a capital obligation of Fairmont State, an estimate of the obligation of Pierpont is reported as a long-term payable to Fairmont State on Pierpont's financial statements and as a receivable on Fairmont State's financial statements. During 2019 and 2018, Pierpont's liability was reduced by $284,204 and $302,157, respectively. The amount due to Fairmont State at June 30, 2019 and 2018 is $2,566,329 and $2,850,533, respectively.

11. NET POSITION

Pierpont's net position at June 30, 2019 and 2018 includes certain designated net position, as follows:

	2019		
	Net Position Before OPEB Liability	OPEB Liability	Total Net Position
Net investment in capital assets	$ 38,529,785	$ -	$ 38,529,785
Restricted for — expendable:			
Scholarships	28,037	-	28,037
Capital projects	2,471,968	-	2,471,968
Debt service	743	-	743
Total restricted	2,500,748	-	2,500,748
Unrestricted:			
Designated for auxiliaries	41,432	-	41,432
Designated for fund managers	1,272,663	-	1,272,663
Undesignated	826,320	2,974,842	(2,148,522)
Total unrestricted	2,140,415	2,974,842	(834,427)
Total net position	$ 43,170,948	$ 2,974,842	$ 40,196,106

11. NET POSITION (CONTINUED)

	2018		
	Net Position Before OPEB Liability	OPEB Liability	Total Net Position
Net investment in capital assets	$ 39,430,806	$ -	$ 39,430,806
Restricted for — expendable:			
Scholarships	7,708	-	7,708
Capital projects	2,227,351	-	2,227,351
Debt service	406	-	406
Total restricted	2,235,465	-	2,235,465
Unrestricted:			
Designated for auxiliaries	9,052	-	9,052
Designated for fund managers	1,370,135	-	1,370,135
Undesignated	1,539,812	3,250,676	(1,710,864)
Total unrestricted	2,918,999	3,250,676	(331,677)
Total net position	$ 44,585,270	$ 3,250,676	$ 41,334,594

12. RETIREMENT PLANS

Substantially all full-time employees of Pierpont participate in either the West Virginia Teachers' Retirement System (STRS) or the Teachers' Insurance and Annuities Association - College Retirement Equities Fund (TIAA-CREF). Previously, upon full-time employment, all employees were required to make an irrevocable selection between the STRS and TIAA-CREF. Effective July 1, 1991, the STRS was closed to new participants. Current participants in the STRS are permitted to make a one-time election to cease their participation in that plan and commence contributions to the West Virginia Teachers' Defined Contribution Plan. Contributions to and participation in the West Virginia Teachers' Defined Contribution Plan by Pierpont employees have not been significant to date.

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

12. RETIREMENT PLANS (CONTINUED)

DEFINED BENEFIT PENSION PLAN

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

As related to the implementation of GASB 68, following are Pierpont's net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, revenues, and the pension expense and expenditures for the fiscal years ended June 30, 2019 and 2018:

STRS	2019	2018
Net pension liability	$ 51,892	$ 62,604
Deferred outflows of resources	16,429	19,356
Deferred inflows of resources	10,824	7,090
Revenues	11,869	13,423
Pension expense	16,072	20,455
Contributions made by Pierpont	8,069	7,656

Plan Description

STRS is a multiple employer defined benefit cost-sharing public employee retirement system providing retirement benefits as well as death and disability benefits. It covers all full-time employees of the 55 county public school systems in the State of West Virginia (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. STRS closed membership to new hires effective July 1, 1991.

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

Benefits Provided

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

12. RETIREMENT PLANS (CONTINUED)

Contributions

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

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

Employer Contributions: Employers make the following contributions:

The State (including institutions of higher education) contributes:

- 15% of gross salary of their State-employed members hired prior to July 1, 1991;
- 15% of School Aid Formula (SAF) covered payroll of county-employed members;
- 7.5% of SAF covered payroll of members of the TDCRS;
- a certain percentage of fire insurance premiums paid by State residents; and
- under WV State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the STRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2019 and 2018, Pierpont's proportionate share attributable to this special funding subsidy was $11,869 and $13,423, respectively.

Pierpont's contributions to STRS for the years ended June 30, 2019, 2018, and 2017, were $8,069, $7,656, and $7,501, respectively.

Assumptions

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2017 and 2016 and rolled forward to June 30, 2018 and 2017, respectively. The following actuarial assumptions were used and applied to all periods included in the measurement:

- Actuarial cost method: Entry age normal cost with level percentage of payroll.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method and period: Level dollar, fixed period over 40 years, from July 1, 1994 through fiscal year 2034.
- Investment rate of return: 7.50%, net of pension plan administrative and investment expenses.
- Projected salary increases: Teachers 3.00-6.00% and non-teachers 3.00-6.50%, based on age.
- Inflation rate: 3.0%.
- Discount rate: 7.5%.
- Mortality rates based on RP-2000 Mortality Tables.
- Withdrawal rates: Teachers 0.8-35% and non-teachers 1.316-24.75%.
- Disability rates: 0.008-0.704%.

12. RETIREMENT PLANS (CONTINUED)

- 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 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, 2010 to June 30, 2015. 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 real rates of return for each major asset class included in STRS' target asset allocation as of June 30, 2018 and 2017, are summarized below.

Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	4.5%	27.5%
International equity	8.6%	27.5%
Fixed income	3.3%	15.0%
Real estate	6.0%	10.0%
Private equity	6.4%	10.0%
Hedge funds	4.0%	10.0%

Discount rate. The discount rate used to measure the total STRS pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that State contributions will continue to follow the current funding policy. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on STRS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents Pierpont's proportionate share of the STRS net pension liability as of June 30, 2019 and 2018 calculated using the discount rate of 7.50%, as well as what Pierpont's STRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability 2019	$ 70,045	$ 51,892	$ 36,373
Net pension liability 2018	82,421	62,604	45,672

12. RETIREMENT PLANS (CONTINUED)

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

The June 30, 2019 STRS net pension liability was measured as of June 30, 2018, and the total pension liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to the measurement date of June 30, 2018. The June 30, 2018 STRS net pension liability was measured as of June 30, 2017, and the total pension liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to the measurement date of June 30, 2017.

At June 30, 2019, Pierpont's proportionate share of the STRS net pension liability was $186,365. Of this amount, Pierpont recognized $51,892 as its proportionate share on the statement of net position. The remainder of $134,473 denotes Pierpont's proportionate share of net pension liability attributable to the special funding.

At June 30, 2018, Pierpont's proportionate share of the STRS net pension liability was $201,043. Of this amount, Pierpont recognized $62,604 as its proportionate share on the statement of net position. The remainder of $138,439 denotes Pierpont's proportionate share of net pension liability attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to STRS for each of the fiscal years ended June 30, 2018 and 2017. Employer contributions are recognized when due. At the June 30, 2018 measurement date, Pierpont's proportion was 0.001662%, a decrease of 0.000150% from its proportion of 0.001812% calculated as of June 30, 2017. At the June 30, 2017 measurement date, Pierpont's proportion was 0.001812%, a decrease of 0.000091% from its proportion of 0.001903% calculated as of June 30, 2016.

For the year ended June 30, 2019, Pierpont recognized STRS pension expense of $16,072. Of this amount, $4,203 was recognized as Pierpont's proportionate share of the STRS expense and $11,869 as the amount of pension expense attributable to special funding from a non-employer contributing entity. Pierpont also recognized revenue of $11,869 for support provided by the State.

For the year ended June 30, 2018, Pierpont recognized STRS pension expense of $20,455. Of this amount, $7,032 was recognized as Pierpont's proportionate share of the STRS expense and $13,423 as the amount of pension expense attributable to special funding from a non-employer contributing entity. Pierpont also recognized revenue of $13,423 for support provided by the State.

12. RETIREMENT PLANS (CONTINUED)

At June 30, 2019 and 2018, deferred outflows of resources and deferred inflows of resources related to the STRS pension are as follows.

June 30, 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 373	$ 1,046
Changes in proportion and differences in pension contributions	6,375	7,076
Net difference between projected and actual investment earnings	-	2,702
Changes in assumptions	1,612	-
Contributions after the measurement date	8,069	-
Total	$ 16,429	$ 10,824

June 30, 2018	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 544	$ 1,115
Changes in proportion and differences in pension contributions	8,804	4,007
Net difference between projected and actual investment earnings	-	1,968
Changes in assumptions	2,352	-
Contributions after the measurement date	7,656	-
Total	$ 19,356	$ 7,090

Pierpont will recognize the $8,069 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the STRS net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in STRS pension expense as follows:

Fiscal Year Ended June 30,	Amortization
2020	$ 1,107
2021	1,072
2022	(1,634)
2023	(2,077)
2024	(932)
	$ (2,464)

12. RETIREMENT PLANS (CONTINUED)

Payables to the Pension Plan

Pierpont did not report any amounts payable for normal contributions to the STRS as of June 30, 2019 and 2018.

DEFINED CONTRIBUTION BENEFIT PLANS

The TIAA-CREF and Educators Money are defined contribution benefit plans in which benefits are based solely upon amounts contributed, plus investment earnings. Employees who elect to participate in these plans are required to make a contribution equal to 6% of total annual compensation for the years ended June 30, 2019, 2018, and 2017. Pierpont matches the employees' 6% contribution. Contributions are immediately and fully vested. In addition, employees may elect to make additional contributions to TIAA-CREF and Educators Money, which are not matched by Pierpont.

Total contributions to the TIAA-CREF for the years ended June 30, 2019, 2018, and 2017, were $702,488, $628,350, and $632,016, respectively, which consisted of equal contributions from Pierpont and covered employees of $351,244, $314,175, and $316,008, respectively.

Total contributions to Educators Money for the years ended June 30, 2019, 2018, and 2017, were $48,482, $45,144, and $46,274, respectively, which consisted of $24,241, $22,572, and $23,137, from both Pierpont and from covered employees, respectively.

Pierpont's total payroll for the year ended June 30, 2019, was $7,333,255, and total covered employees' salaries in the STRS, TIAA-CREF, and Educators Money were $52,687, $5,854,061, and $404,015, respectively.

Pierpont's total payroll for the year ended June 30, 2018, was $6,547,605, and total covered employees' salaries in the STRS, TIAA-CREF, and Educators Money were $51,126, $5,236,247, and $376,197, respectively.

Pierpont's total payroll for the year ended June 30, 2017, was $6,730,490, and total covered employees' salaries in the STRS, TIAA-CREF, and Educators Money were $50,008, $5,266,804, and $385,625, respectively.

13. FAIRMONT STATE FOUNDATION, INC.

The Fairmont State Foundation, Inc. (the Foundation) is a separate nonprofit organization incorporated in the State whose purpose is to benefit the work and services of Fairmont State and Pierpont and their affiliated nonprofit organizations. The Foundation has a board of directors authorized to have 40 members selected by its Board members. At present, there are 26 members. In carrying out its responsibilities, the board of directors of the Foundation employs management, forms policy, and maintains fiscal accountability over funds administered by the Foundation. The economic resources of the Foundation do not entirely benefit Pierpont. Since Pierpont was part of Fairmont State for many years, the Foundation has obtained resources designated for Pierpont's programs and/or students. The Foundation currently supports both Fairmont State and Pierpont, and there is no specific allocation plan at this time. Endowments designated to benefit Pierpont are under the control and management of the Foundation. Accordingly, the financial statements of the Foundation are not included in the accompanying financial statements because it is not entirely or almost entirely for the benefit of Pierpont.

The Foundation's assets totaled \$33,477,946 and \$30,585,984 at June 30, 2019 and 2018, with net assets of \$33,458,532 and \$30,558,811, respectively. Gifts, grants, and bequests to the Foundation totaled \$3,741,595 and \$2,206,785 in fiscal years 2019 and 2018, respectively.

Total funds expended by the Foundation in support of Pierpont activities totaled \$300,892 and \$309,942 during 2019 and 2018, respectively.

14. AFFILIATED ORGANIZATIONS AND OTHER STATE AGENCIES

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

	2019	2018
Due from:		
Division of Rehabilitation Services	$ -	$ 1,852
Department of Commerce	58,161	-
Department of Education	14,165	-
	$ 72,326	$ 1,852
Due to:		
WVNET	$ 4,208	$ 2,040
Department of Health & Human Resources	-	28,635
State Treasurer's Office	5,809	15
	$ 10,017	$ 30,690

15. RELATED-PARTY TRANSACTIONS

Beginning with fiscal year 2020, Pierpont and Fairmont State will enter into an annual Fee-for-Service agreement that establishes the amount Pierpont will pay Fairmont State toward the costs of operation for shared ownership campuses and the other services that Fairmont State will provide to Pierpont. These services are primary facility-related services, including insurance costs, physical plant support areas, custodial services, and utilities for shared use campuses. Beyond the facility-related services, the only service provided by Fairmont State for fiscal year 2020 will include mail service to the Locust Avenue Campus, copier and printing services, and information technology network services to all Pierpont campuses. A separate agreement will be executed to facilitate the transfer of auxiliary, capital, and student activity fee revenues from the institution in which the student is enrolled to the fund from which the operating, capital, and debt service expenditures will be paid. These transfers, except for capital fees, are primarily pledged revenues to bond funds and are required by bond covenants. Currently, certain fee-for-service terms for fiscal year 2020 have been negotiated and agreed upon; however, the actual Fee-for-Service agreement is yet to be finalized and approved by the Boards of Governors of both Pierpont and Fairmont State.

During fiscal years 2019 and 2018, Pierpont and Fairmont State had a chargeback agreement in place for shared services between the institutions. Fiscal year 2019 and 2018 transactions associated with the chargeback agreement are as follows:

	2019	2018
Revenues:		
Faculty services revenue	$ 21,084	$ 199,231
Operating costs revenue	-	58,548
Support services revenue	-	173,619
E&G capital and debt service support revenue	628,635	645,871
Expenses:		
Assessment for student activity costs	22,362	85,660
Assessment for auxiliary fees and debt service	591,456	582,855
Assessment for faculty services	9,955	224,387
Assessment for operating costs	1,500,375	1,534,349
Assessment for support services	1,412,262	1,782,681
Assessment for E&G capital and debt service costs	541,836	577,903

Pierpont does not show any revenue for auxiliary support services due to Fairmont State’s ownership of the auxiliaries.

15. RELATED-PARTY TRANSACTIONS (CONTINUED)

As Pierpont continues to evolve as an independent institution, beginning in fiscal year 2020, it has established an independent instance of Banner, the enterprise resource planning (ERP) software commonly used by higher education institutions for financial reporting, human resources, financial aid, and other tracking and reporting, which has historically been shared with Fairmont State. Related to the launch of its own instance of Banner, effective July 1, 2019, Pierpont has established completely independent student services, financial aid, and business office operations. The contract services referred to as "chargeback" services for teaching, administration, academic support, and student services will cease to exist beginning with fiscal year 2020, as Pierpont employees will provide these services directly. As long as Pierpont continues to share campuses with Fairmont State, there will be a need for physical plant and other services, which will be addressed through a new service agreement. These changes will require some level of modification to the current Separation of Assets and Liabilities Agreement or the replacement of this agreement with a similar document redefining the relationship between Pierpont and Fairmont State.

16. SEPARATION OF ASSETS AND LIABILITIES AGREEMENT

House Bill 3215, effective July 1, 2008, provided for a separate governing board for Pierpont Community & Technical College. This legislation defined a statewide network of independently-accredited community and technical colleges and required the newly established Pierpont Board of Governors and Fairmont State University Board of Governors to jointly agree on a division of assets and liabilities. This agreement was executed on December 15, 2009, and was effective retroactively to July 1, 2009. The legislation requires a separate financial statement audit for Pierpont effective for fiscal year 2010 and all years thereafter.

The Board of Governors of Pierpont Community & Technical College and the Board of Governors of Fairmont State University recognize the historical association between the two institutions and the benefit of collaboration to the students. The preamble to the Separation of Assets and Liabilities Agreement that supports these statements reads as follows:

"The Board of Governors of Fairmont State University (BOG-FSU) and the Board of Governors of Pierpont Community and Technical College (BOG-PCTC) jointly endeavor to separate assets and liabilities in accordance with the provisions of HB3215, 2008. Despite the legal separation of the two institutions, the BOG-FSU and the BOG-PCTC wish to maintain the collaborative and cooperative spirit that has characterized the historical relationship between Pierpont and Fairmont State.

The BOG-FSU and the BOG-PCTC recognize the historical association between the two institutions. The institution that is today Pierpont Community and Technical College grew from and was sponsored by Fairmont State University. Both institutions have been and, for the foreseeable future, will be co-located on a single campus in Fairmont, West Virginia. Both institutions have proportionally coordinated, shared, and paid for instructional services, course schedules, facilities, information systems, admissions processes, auxiliary functions, housing, debt service, development and advancement services, student activities and programs, and all the other resources necessary to deliver a high-quality postsecondary education experience.

16. SEPARATION OF ASSETS AND LIABILITIES AGREEMENT (CONTINUED)

Students have benefited and will continue to benefit from the relationship between Fairmont State University (FSU) and Pierpont Community and Technical College (PCTC). Those benefits include a wider range of instructional programs than would be available through an individual institution's offerings; a lower cost of attendance realized from shared institutional infrastructure and reduced duplication of facilities, personnel, and services; and a more diverse mix of student backgrounds, interests, experiences, abilities, and ambitions.

Although the BOG-FSU and the BOG-PCTC recognize the necessity of separation of assets and liabilities, both pledge themselves to continuing, fostering, and promoting collaborative and cooperative relationships between the two institutions. Such relations respect the historical association that has existed between FSU and PCTC. Such relations are to the benefit and best interest of the students at both institutions. Such relations recognize the proportional participation in institutional operations. Such relations recognize that the two institutions have been, are, and will be co-located on one site. Such relations demonstrate responsible stewardship of public resources by achieving efficiencies and synergies that would otherwise not be possible. Therefore, the Board of Governors of Fairmont State University and the Board of Governors of Pierpont Community and Technical College incorporate into their agreement to separate assets and liabilities this pledge of perpetual cooperation and collaboration."

With both Pierpont and Fairmont State Boards of Governors promoting collaboration, the Separation of Assets and Liabilities Agreement was executed to comply with the guidelines established through West Virginia Legislation as stated in the agreement as follows:

*"**WHEREAS**, West Virginia Code - §18B-2A-7a(e)(2008 supp.) states "For purposes of generating audited financial statements for inclusion in the higher education fund and state single audits, the division of all assets and liabilities shall be effective retroactively to the first day of July, two thousand nine."*

and

***WHEREAS**, West Virginia Code - §18B-2A-7a(2008 supp.) states as follows:*

(g) Each former sponsoring institution and community and technical college shall enter into a comprehensive agreement to address the division of assets and liabilities and the allocation of revenues and expenditures between former sponsoring institutions and newly independent community and technical colleges.

(h) Absent manifest injustice as determined jointly by the Council and Commission, the following general principles apply to the division of assets and liabilities and allocation of revenues and expenditures between former sponsoring institutions and the newly independent community and technical colleges:

(1) For accounting purposes, the institution that assumes responsibility for any asset also shall assume responsibility for any associated liabilities.

16. SEPARATION OF ASSETS AND LIABILITIES AGREEMENT (CONTINUED)

(2) Although one institution may assume responsibility for an asset and associated liabilities for accounting purposes, both institutions shall agree on their respective responsibilities for reducing and ultimately eliminating the liability over time if the asset was originally acquired and/or is being used for the benefit of both institutions.

(A) Any agreement to allocate system and institutional educational and general and auxiliary debt service payments shall be consistent with the provisions of all applicable bond covenants.

(B) Absent a controlling bond covenant or other agreement, debt service payments associated with bond indebtedness presumptively shall be allocated based on the relative full-time equivalent student enrollment of the two institutions either as a whole or on the campus where the asset is located and may be adjusted annually to reflect enrollment changes at the two institutions.

(3) The institutions shall agree to allocate educational and auxiliary capital fees in excess of those needed to cover bonded indebtedness to ensure that assets of both institutions are maintained in proper repair and that the institutions assume responsibility for a reasonable share of the total costs of maintaining the facilities.

(4) The institutions shall develop a plan that ensures the financial stability of auxiliary enterprises, including but not limited to, student housing, student centers, dining services, parking, and athletics through fiscal year two thousand twelve.

(A) If community and technical college students pay a mandatory athletics fee for the benefit of a sponsoring institution, but receive no direct benefit from that fee, the community and technical college may phase out that fee over a five-year period.

(B) If certain community and technical college students were required to live in institution housing consistent with rules or policies in effect on the effective date of this section, the former sponsoring institution may continue to require these students to live in institution housing for at least one year."

The Agreement also provides specific language in relation to outstanding bond indebtedness.

On June 12, 2012, Fairmont State, in conjunction with Pierpont, issued Revenue Refunding Bonds, Series 2012A in the principal amount of $20,165,000 and Revenue Refunding Bonds, Series 2012B in the principal amount of $30,160,000. Pierpont Board of Governors signed the Bond Indenture to evidence its agreement to certain covenants contained in the Indenture, which are applicable to Pierpont and to the pledge of fees imposed by it. The Official Statement for the bonds states, "*Pierpont is obligated to pay a portion of the debt service on the Series 2012 Bonds pursuant to a Separation of Assets and Liabilities Agreement, dated December 15, 2009, by and between the Issuer and Pierpont.*"

16. SEPARATION OF ASSETS AND LIABILITIES AGREEMENT (CONTINUED)

The Official Statement provides information to further explain the Separation of Assets Agreement and the application of it to all existing and future bond covenants.

Therefore, the Agreement pertains to the following current outstanding bond indebtedness:

(A) *Revenue Refunding Bonds 2012, Series A and Revenue Refunding Bonds 2012, Series B* — On June 12, 2012, Fairmont State, in conjunction with Pierpont, issued Revenue Refunding Bonds Series A and Revenue Refunding Bonds Series B (the 2012 Bonds) amounting to $20,165,000 and $30,160,000, respectively. The 2012A Bonds were issued to (1) currently refund in full the outstanding 2002A and 2002B Bonds, and (2) pay the costs of issuance of the Series 2012A Bonds and related costs. The 2012 Bonds were issued to (1) advance refund in full the outstanding 2003A and 2003B Bonds, and (2) pay the costs of issuance of the Series 2012B Bonds and related costs.

(B) Fairmont State Board of Governors Subordinate Facilities Improvement Revenue Bonds, Series 2006 (the Series 2006 Bonds; the Series 2002A Bonds, the Series 2002B Bonds, the Series 2003A Bonds, the Series 2003B Bonds, and the Series 2006 Bonds are hereinafter referred to together as the Bonds), issued in the principal amount of $8,500,000 pursuant to a Bond Authorizing Resolution adopted on May 3, 2006 (as supplemented and amended, the 2006 Resolution; the 2002A Indenture, the 2002B Indenture, the 2003A Indenture, the 2003B Indenture, and the 2006 Resolution, together with the other documents authorizing, securing, or otherwise relating to the Bonds, are hereinafter referred to together as the Bond Documents), and outstanding in the principal amount of $3,671,015 and $4,160,041 as of June 30, 2019 and 2018, respectively.

The Agreement further states the following in regard to bond indebtedness:

*“**WHEREAS**, in addition to the statutory requirements described above, the Bond Documents define Pierpont or University to include any successor thereto and, as such, bind both FSU and PCTC, and both FSU and PCTC have copies of the Bond Documents.*

and

***WHEREAS**, the Bond Documents set forth controlling bond covenants and require pledged revenues, and the intent of this document is to adhere to all existing and future bond covenants.”*

The Boards of Governors of Pierpont and Fairmont State agreed to the following terms for Separation of Assets and Liabilities to comply with the above stated West Virginia State Code and bond covenants:

“Education and General Equipment Assets:

1. *Equipment assets regardless of whether they are charged back, whether they be presently owned or purchased in the future by either the FSU or the PCTC will be owned by the institution that the equipment was intended for and reflected on the appropriate institution’s equipment schedule.*

16. SEPARATION OF ASSETS AND LIABILITIES AGREEMENT (CONTINUED)

Education and General Buildings and Infrastructure:

1. *All capital and infrastructure fees assessed to both FSU and PCTC students for the purpose of paying E&G building and infrastructure bonds, and provide for repair and renovation of same, continue to be collected under the terms outlined in the bond covenants.*

2. *All E&G Capital Fee Revenue and Infrastructure Capital Fee Revenue in excess of bond payments will be used for repair and renovation projects. When sufficient E&G and Infrastructure Capital excess revenues are available to bond for additional new capital project improvements, the E&G, and Infrastructure Capital Fees will be utilized and/or retained for that specific purpose. Both the FSU and the PCTC assume a shared responsibility proportionate to the full-time equivalent (FTE) enrollment of each institution for the total cost of maintaining the facilities.*

3. *Joint ownership of the E&G and Infrastructure Capital Assets and Liabilities shall be reflected on each Institution's Financial Statements at the end of each year. The percentage of ownership of assets and liabilities will be assigned and based on the average fall term census date credit hour enrollments (FTE) over the most recent ten (10) years.*

4. *All land assets will be owned by FSU and land deeds will stay in the name of FSU Board of Governors.*

5. *Should either institution, after paying off all E&G and Auxiliary bond debt, upon proper acknowledgement of its ongoing obligations under existing bond covenants, decide to build and move its own campus, that institution agrees to sell its ownership rights to the E&G building assets to the other institution at an agreed upon price.*

6. *All new capital projects that are provided to FSU and PCTC through state appropriations, bonding and/or student capital fee initiatives, that add to the joint ownership of assets and liabilities on a shared campus, will be assigned proportionately based on the average fall term census date credit hour enrollments (FTE) over the most recent ten (10) years. Any capital project designated to only FSU or only to PCTC and not located on a shared campus will be added to the assets and liabilities of the institution to which the capital project is specified.*

Auxiliary Enterprises:

1. *Assets and related liabilities of the Auxiliary Enterprises (Athletics, Bookstore, Conference Center, Convenience Store, Copy Center, Facilities [Parking & Security], Housing, and Recreation Center) are owned by FSU and all students of both FSU and PCTC who attend class on the main campus and/or pay user fees will have access to these facilities and activities.*

2. *All auxiliary-related student fees approved by the FSU BOG and the PCTC BOG and the Higher Education Policy Commission and the Community and Technical College Council, for the operation, debt service, and repair and maintenance of auxiliary enterprise facilities will be dedicated and provided to those specific Auxiliary Funds for appropriate indicated purposes. All Auxiliary net revenues annually are designated to support future costs of the auxiliary enterprise fund(s) and are managed by FSU for the benefit of each auxiliary enterprise.*

16. SEPARATION OF ASSETS AND LIABILITIES AGREEMENT (CONTINUED)

3. *Auxiliary Enterprise Bond Covenant obligations of FSU and PCTC will be met by continuing to honor the requirements stipulated in those covenants, and both FSU and PCTC students will be required to pay the fees stipulated in all Bond Document covenants.*

4. *FSU is responsible for managing the operation of the Auxiliary Enterprises, and maintaining the Auxiliary facilities in good repair.*

5. *All capital projects for the Auxiliary Enterprises will be approved by the FSU BOG.*

6. *Scholarship dollars provided from the non-athletic auxiliary enterprise funds will be allocated proportionately to FSU and PCTC students based on the percentage (%) of student fee contributions made to these funds from the respective FSU and PCTC students."*

The Agreement further specifies the methodology for the assignment of bond debt as follows:

"The Bond Debt assigned to each institution's balance sheet for E&G facilities is allocated based on the average of the past ten (10) years of credit hour enrollments. This average allocated 65.66% of the debt to FSU and 34.34% to the PCTC as of July 1, 2009. The assignment of debt for the Auxiliary facilities will be with the FSU since the FSU will own the assets. However, the PCTC students will continue to pay all Auxiliary fees based on the requirements of those bonds. The allocation of Bond Debt by this Agreement does not affect the obligation of both FSU and PCTC to the bondholders to pay the principal of and interest on the Bonds as the same come due."

As of June 30, 2019, the average allocated 31.65% of the debt to Pierpont and 68.35% of the debt to Fairmont State. As of June 30, 2018, the average allocated 32.16% of the debt to Pierpont and 67.84% of the debt to Fairmont State.

The Series 2012 A and Series 2012 B Continuing Disclosure Agreement provides for disclosure of Annual Financial Information to the Trustee and bond rating agencies. This information includes the Audited Financial Statements of Fairmont State and the Audited Financial Statements of Pierpont. The fees imposed by Pierpont do not secure the 2015A Bonds issued by Fairmont State.

The financial statements have been prepared to comply with the Separation of Assets and Liabilities Agreement.

17. CONTINGENCIES

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

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

18. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

For the years ended June 30, 2019 and 2018, the following tables represent operating expenses within both natural and functional classifications:

2019

Function	Salaries and Wages	Benefits	Supplies and Others	Utilities	Scholarships	Depreciation	Assessment for Student Activity Costs	Assessment for Auxiliary Fees and Debt Service	Assessment for Faculty Services	Assessment for Operating Costs	Assessment for Support Services	Loan Cancellations	Fees Assessed by the Commission	Function Total
Auxiliary enterprises	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 591,456	$ -	$ -	$ -	$ -	$ -	$ 591,456
Instruction	4,908,795	949,540	1,263,339	94,824	6,638	-	-	-	9,955	-	-	-	-	7,233,091
Public service	36,869	-	20,486	12	5,460	-	-	-	-	-	-	-	-	62,827
Academic support	113,742	163,479	111,855	-	7,475	-	-	-	-	187,201	173,001	-	-	756,753
Student services	748,186	78,914	239,207	-	4,000	-	22,362	-	-	11,648	131,701	-	-	1,236,018
General institutional support	1,464,522	402,898	1,062,930	66,193	10,091	-	-	-	-	477,083	665,874	-	100,232	4,249,823
Operation and maintenance	-	9,728	79,905	-	-	-	-	-	-	824,443	441,686	-	-	1,355,762
Student financial aid	57,053	6,555	-	-	1,429,391	-	-	-	-	-	-	-	-	1,492,999
Depreciation	-	-	-	-	-	1,763,753	-	-	-	-	-	-	-	1,763,753
Loan cancellations and write-offs	-	-	-	-	-	-	-	-	-	-	-	155,929	-	155,929
TOTAL	$ 7,329,167	$ 1,611,114	$ 2,777,722	$ 161,029	$ 1,463,055	$ 1,763,753	$ 22,362	$ 591,456	$ 9,955	$ 1,500,375	$ 1,412,262	$ 155,929	$ 100,232	$ 18,898,411

2018

Function	Salaries and Wages	Benefits	Supplies and Others	Utilities	Scholarships	Depreciation	Assessment for Student Activity Costs	Assessment for Auxiliary Fees and Debt Service	Assessment for Faculty Services	Assessment for Operating Costs	Assessment for Support Services	Loan Cancellations	Fees Assessed by the Commission	Function Total
Auxiliary enterprises	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 582,855	$ -	$ -	$ -	$ -	$ -	$ 582,855
Instruction	4,736,374	1,084,678	1,269,588	121,501	47,827	-	-	-	224,387	743	1,684	-	-	7,486,782
Public service	3,867	19,269	2,691	-	2,436	-	-	-	-	-	-	-	-	28,263
Academic support	81,714	28,557	85,290	-	5,000	-	-	-	-	242,656	314,163	-	-	757,380
Student services	659,231	192,478	242,812	-	-	-	85,660	-	-	105,356	389,976	-	-	1,675,513
General institutional support	1,136,328	336,876	623,443	5,881	-	-	-	-	-	268,170	616,790	-	103,326	3,090,814
Operation and maintenance	-	-	123,061	-	-	-	-	-	-	917,424	460,068	-	-	1,500,553
Student financial aid	56,126	6,559	-	-	1,977,229	-	-	-	-	-	-	-	-	2,039,914
Depreciation	-	-	-	-	-	1,732,456	-	-	-	-	-	-	-	1,732,456
Loan cancellations and write-offs	-	-	-	-	-	-	-	-	-	-	-	168,901	-	168,901
TOTAL	$ 6,673,640	$ 1,668,417	$ 2,346,885	$ 127,382	$ 2,032,492	$ 1,732,456	$ 85,660	$ 582,855	$ 224,387	$ 1,534,349	$ 1,782,681	$ 168,901	$ 103,326	$ 19,063,431

ADDITIONAL INFORMATION

PIERPONT COMMUNITY & TECHNICAL COLLEGE

SCHEDULE OF NET POSITION INFORMATION
YEAR ENDED JUNE 30, 2019

All Funds	Board of Governors Support Fund	Unrestricted, Restricted and Other Funds	Internal Fund Eliminations	Total Institution
ASSETS AND DEFERRED OUTFLOWS				
CURRENT ASSETS:				
Cash and cash equivalents	$ 2,011,225	$ 4,622,657	$ -	$ 6,633,882
Accounts receivable — net	62,075	560,545	-	622,620
Inventories	-	-	-	-
Total current assets	2,073,300	5,183,202	-	7,256,502
NONCURRENT ASSETS:				
Cash and cash equivalents	743	-	-	743
Other noncurrent assets	-	72,682	-	72,682
Capital assets — net	20,627,256	21,029,925	-	41,657,181
Total noncurrent assets	20,627,999	21,102,607	-	41,730,606
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows relating to the net pension liability	-	16,429	-	16,429
Deferred outflows relating to the net OPEB liability	-	374,072	-	374,072
Total deferred outflows of resources	-	390,501	-	390,501
TOTAL	$ 22,701,299	$ 26,676,310	$ -	$ 49,377,609
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION				
CURRENT LIABILITIES:				
Accounts payable	$ 848	$ 114,867	$ -	$ 115,715
Due to Commission	-	394	-	394
Due to Fairmont State — current portion	7,806	155,827	-	163,633
Accrued liabilities — payroll	-	966,032	-	966,032
Unearned revenue and deposits	324	527,598	-	527,922
Compensated absences — current portion	-	333,560	-	333,560
Debt obligation due to Commission — current portion	59,253	-	-	59,253
Debt obligation due to Fairmont State — current portion	246,925	-	-	246,925
Total current liabilities	315,156	2,098,278	-	2,413,434
NONCURRENT LIABILITIES:				
Net other postemployment benefits liability	-	2,974,842	-	2,974,842
Due to Fairmont State	-	16,434	-	16,434
Compensated absences	-	149,676	-	149,676
Debt obligation due to Commission	501,814	-	-	501,814
Debt obligation due to Fairmont State	2,319,404	-	-	2,319,404
Net pension liability	-	51,892	-	51,892
Total noncurrent liabilities	2,821,218	3,192,844	-	6,014,062
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows relating to the net pension liability	-	10,824	-	10,824
Deferred inflows relating to the net OPEB liability	-	743,183	-	743,183
Total deferred inflows of resources	-	754,007	-	754,007
NET POSITION:				
Net investment in capital assets	17,499,860	21,029,925	-	38,529,785
Restricted for — expendable:				
Scholarships	-	28,037	-	28,037
Capital projects	2,064,322	407,646	-	2,471,968
Debt service	743	-	-	743
Total restricted	2,065,065	435,683	-	2,500,748
Unrestricted E&G Plant and President's Control	-	(2,148,522)	-	(2,148,522)
Unrestricted Auxiliary and Fund Manager Funds	-	1,314,095	-	1,314,095
Total unrestricted	-	(834,427)	-	(834,427)
Total net position	19,564,925	20,631,181	-	40,196,106
TOTAL	$ 22,701,299	$ 26,676,310	$ -	$ 49,377,609

See note to schedules.

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION INFORMATION
YEAR ENDED JUNE 30, 2019

All Funds	Board of Governors Support Fund	Unrestricted, Restricted and Other Funds	Internal Fund Eliminations	Total Institution
OPERATING REVENUES:				
Student tuition and fees — net	$ -	$ 3,864,581	$ -	$ 3,864,581
Auxiliary enterprise revenue	-	615,807	-	615,807
Contracts and grants:				
Federal	-	536,269	-	536,269
State/local	-	1,712,685	-	1,712,685
Private	-	370,587	-	370,587
Faculty services revenue	-	21,084	-	21,084
Operating costs revenue	-	-	-	-
Support services revenue	-	-	-	-
Miscellaneous — net	-	299,686	-	299,686
Total operating revenues	-	7,420,699	-	7,420,699
OPERATING EXPENSES:				
Salaries and wages	-	7,329,167	-	7,329,167
Benefits	-	1,611,114	-	1,611,114
Supplies and other services	64,090	2,713,632	-	2,777,722
Utilities	-	161,029	-	161,029
Student financial aid — scholarships and fellowships	-	1,463,055	-	1,463,055
Depreciation	938,054	825,699	-	1,763,753
Assessment for student activity costs	-	22,362	-	22,362
Assessment for auxiliary fees and debt service	-	591,456	-	591,456
Assessment for faculty services	-	9,955	-	9,955
Assessment for operating costs	-	1,500,375	-	1,500,375
Assessment for support services	-	1,412,262	-	1,412,262
Loan cancellations and write-offs	-	155,929	-	155,929
Fees assessed by the Commission for operations	-	100,232	-	100,232
Total operating expenses	1,002,144	17,896,267	-	18,898,411
OPERATING LOSS	(1,002,144)	(10,475,568)	-	(11,477,712)
NONOPERATING REVENUES (EXPENSES):				
State appropriations	-	7,244,243	-	7,244,243
Federal Pell grant revenue	-	2,891,074	-	2,891,074
Gifts	-	11,374	-	11,374
E&G capital and debt service support revenue	879,536	-	(250,901)	628,635
Investment income	42,902	114,472	-	157,374
Assessment for E&G capital and debt service costs	-	(792,737)	250,901	(541,836)
Fees assessed by the Commission for debt service	(35,039)	(558)	-	(35,597)
Fees assessed by Fairmont State for debt service	(75,031)	-	-	(75,031)
Net nonoperating revenues	812,368	9,467,868	-	10,280,236
DECREASE IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES, AND TRANSFER	(189,776)	(1,007,700)	-	(1,197,476)
PAYMENTS MADE AND EXPENSES INCURRED BY THE COMMISSION ON BEHALF OF PIERPONT	-	174,391	-	174,391
PAYMENTS MADE AND EXPENSES INCURRED BY THE STATE ON BEHALF OF PIERPONT	-	199,798	-	199,798
CAPITAL PROJECTS PROCEEDS FROM THE COMMISSION	58,161	-	-	58,161
DECREASE IN NET POSITION BEFORE TRANSFER	(131,615)	(633,511)	-	(765,126)
TRANSFER OF NET POSITION TO FAIRMONT STATE	(373,362)	-	-	(373,362)
NET DECREASE IN NET POSITION	(504,977)	(633,511)	-	(1,138,488)
NET POSITION — Beginning of year	20,069,902	21,264,692	-	41,334,594
NET POSITION — End of year	$ 19,564,925	$ 20,631,181	$ -	$ 40,196,106

See note to schedules.

SCHEDULE OF CASH FLOW INFORMATION
YEAR ENDED JUNE 30, 2019

	Board of Governors Support Fund	Unrestricted, Restricted and Other Funds	Internal Fund Eliminations	Total Institution
CASH FLOWS FROM OPERATING ACTIVITIES:				
Student tuition and fees	$ -	$ 8,017,947	$ -	$ 8,017,947
Contracts and grants	-	2,092,077	-	2,092,077
Payments to and on behalf of employees	-	(8,885,750)	-	(8,885,750)
Payments to suppliers	(147,430)	(2,713,072)	-	(2,860,502)
Payments to utilities	-	(161,029)	-	(161,029)
Payments for scholarships and fellowships	-	(5,920,568)	-	(5,920,568)
Auxiliary enterprise charges	-	615,807	-	615,807
Fees assessed by the Commission	-	(100,232)	-	(100,232)
Other receipts — net	-	299,686	-	299,686
Assessment for support services	-	(1,412,262)	-	(1,412,262)
Support services revenue	-	-	-	-
Assessment for student activity costs	-	(22,362)	-	(22,362)
Student activity support revenue	-	-	-	-
Assessment for auxiliary fees and debt service	-	(591,456)	-	(591,456)
Faculty services revenue	-	21,084	-	21,084
Assessment for faculty services	-	(9,955)	-	(9,955)
Operating support services revenue	-	-	-	-
Assessment for operating cost	-	(1,500,375)	-	(1,500,375)
Net cash used in operating activities	(147,430)	(10,270,460)	-	(10,417,890)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
State appropriations	-	7,244,243	-	7,244,243
Federal Pell grant revenues	-	2,891,074	-	2,891,074
Gift receipts	-	11,374	-	11,374
William D. Ford direct lending receipts	-	4,457,513	-	4,457,513
William D. Ford direct lending payments	-	(4,457,513)	-	(4,457,513)
Transfer to Fairmont State	(29,485)	-	-	(29,485)
Transfers from Fairmont State	45,122	-	-	45,122
Net cash provided by noncapital financing activities	15,637	10,146,691	-	10,162,328
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Capital bond proceeds from State	58,161	-	-	58,161
E&G capital and debt service support revenue	879,536	-	(250,901)	628,635
Fees assessed by the Commission	(35,039)	(558)	-	(35,597)
Purchases of capital assets	(235,118)	(491,311)	-	(726,429)
Assessment for E&G capital and debt service costs	-	(792,737)	250,901	(541,836)
Payments to the Commission on debt obligation	(66,705)	-	-	(66,705)
Payments to Fairmont State on debt obligation	(284,204)	-	-	(284,204)
Fees assessed by Fairmont State	(75,031)	-	-	(75,031)
Net cash provided by (used in) capital financing activities	241,600	(1,284,606)	-	(1,043,006)
CASH FLOW FROM INVESTING ACTIVITY — Investment income	42,902	114,472	-	157,374
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	152,709	(1,293,903)	-	(1,141,194)
CASH AND CASH EQUIVALENTS — Beginning of year	1,859,259	5,916,560	-	7,775,819
CASH AND CASH EQUIVALENTS — End of year	$ 2,011,968	$ 4,622,657	$ -	$ 6,634,625

(Continued)

SCHEDULE OF CASH FLOW INFORMATION
YEAR ENDED JUNE 30, 2019

	Board of Governors Support Fund	Unrestricted, Restricted and Other Funds	Internal Fund Eliminations	Total Institution
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:				
Operating loss	$ (1,002,144)	$ (10,475,568)	$ -	$ (11,477,712)
Adjustments to reconcile net operating loss to net cash used in operating activities:				
Depreciation expense	938,054	825,699	-	1,763,753
Pension expense — special funding situation	-	11,869	-	11,869
OPEB expense — special funding situation	-	187,929	-	187,929
Net effect of change in accounting policy	-	-	-	-
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Receivables — net	(55,728)	(168,001)	-	(223,729)
Inventories	-	15,815	-	15,815
Deferred outflows of resources	-	(123,403)	-	(123,403)
Accounts payable	(27,723)	(15,255)	-	(42,978)
Accrued liabilities — payroll	-	72,458	-	72,458
Compensated absences	-	45,216	-	45,216
Other postemployment benefits liability	-	(275,834)	-	(275,834)
Net pension liability	-	(10,712)	-	(10,712)
Deferred inflows of resources	-	209,183	-	209,183
Unearned revenue	111	(569,856)	-	(569,745)
NET CASH USED IN OPERATING ACTIVITIES	$ (147,430)	$ (10,270,460)	$ -	$ (10,417,890)
NONCASH TRANSACTIONS:				
Property additions in accounts payable	$ -	$ -	$ -	$ -
Payments made and expenses incurred by the Commission on behalf of Pierpont	$ -	$ 174,391	$ -	$ 174,391
Transfer to Fairmont State (exclusive of $15,637 of cash)	$ (373,362)	$ -	$ -	$ (373,362)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:				
Cash and cash equivalents classified as current				$ 6,633,882
Cash and cash equivalents classified as noncurrent				743
				$ 6,634,625

See note to schedules.

(Concluded)

PIERPONT COMMUNITY & TECHNICAL COLLEGE

SCHEDULE OF NATURAL VS. FUNCTIONAL CLASSIFICATIONS INFORMATION
YEAR ENDED JUNE 30, 2019

INTERNAL FUND: BOG SUPPORT

Function	Salaries and Wages	Benefits	Supplies and Others	Utilities	Scholarships	Depreciation	Loan Cancellations	Fees Assessed by Commission	Function Total
Auxiliary enterprises	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Instruction	-	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-	-
Student services	-	-	-	-	-	-	-	-	-
General institutional support	-	-	-	-	-	-	-	-	-
Operation and maintenance	-	-	64,090	-	-	-	-	-	64,090
Student financial aid	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	938,054	-	-	938,054
Loan cancellations and write-offs	-	-	-	-	-	-	-	-	-
TOTAL	$ -	$ -	$ 64,090	$ -	$ -	$ 938,054	$ -	$ -	$ 1,002,144

See note to schedules.

(Continued)

PIERPONT COMMUNITY & TECHNICAL COLLEGE

SCHEDULE OF NATURAL VS. FUNCTIONAL CLASSIFICATIONS INFORMATION
YEAR ENDED JUNE 30, 2019

INTERNAL FUND: PIERPONT COMMUNITY AND TECHNICAL COLLEGE

Function	Salaries and Wages	Benefits	Supplies and Others	Utilities	Scholarships	Depreciation	Assessment for Student Activity Costs	Assessment for Auxiliary Fees and Debt Service	Assessment for Faculty Services	Assessment for Operating Costs	Assessment for Support Services	Loan Cancellations	Fees Assessed by the Commission	Function Total
Auxiliary enterprises	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 591,456	$ -	$ -	$ -	$ -	$ -	$ 591,456
Instruction	4,908,795	949,540	1,263,339	94,824	6,638	-	-	-	9,955	-	-	-	-	7,233,091
Public service	36,869	-	20,486	12	5,460	-	-	-	-	-	-	-	-	62,827
Academic support	113,742	163,479	111,855	-	7,475	-	-	-	-	187,201	173,001	-	-	756,753
Student services	748,186	78,914	239,207	-	4,000	-	22,362	-	-	11,648	131,701	-	-	1,236,018
General institutional support	1,464,522	402,898	1,062,930	66,193	10,091	-	-	-	-	477,083	665,874	-	100,232	4,249,823
Operation and maintenance	-	9,728	15,815	-	-	-	-	-	-	824,443	441,686	-	-	1,291,672
Student financial aid	57,053	6,555	-	-	1,429,391	-	-	-	-	-	-	-	-	1,492,999
Depreciation	-	-	-	-	-	825,699	-	-	-	-	-	-	-	825,699
Loan cancellations and write-offs	-	-	-	-	-	-	-	-	-	-	-	155,929	-	155,929
TOTAL	$ 7,329,167	$ 1,611,114	$ 2,713,632	$ 161,029	$ 1,463,055	$ 825,699	$ 22,362	$ 591,456	$ 9,955	$ 1,500,375	$ 1,412,262	$ 155,929	$ 100,232	$ 17,896,267

See note to schedules.

(Concluded)

PIERPONT COMMUNITY & TECHNICAL COLLEGE

NOTE TO SCHEDULES
YEAR ENDED JUNE 30, 2019

1. INTERNAL FUND FINANCIAL DATA

The additional information schedules are included to comply with the requirements of the Council to provide financial information for all internal funds of Pierpont. This presentation provides financial information for Pierpont and BOG Support. The BOG Support fund comprises Pierpont's ownership based on the Separation of Assets and Liabilities Agreement, which was 31.65% as of June 30, 2019. The BOG Support fund consists of capital funds for all E&G shared bonding and plant repairs and replacements, plant and other capitalized assets, and grants in support of capital projects.

Financial Schedules - The financial schedules for Pierpont and BOG Support are driven by rollup of funds to fund type. Separate fund types for each internal fund established in each net position category (unrestricted, restricted, etc.). This setup has allowed Fairmont State and Pierpont to produce separate financial statements (statements of net position, statements of revenues, expenses, and changes in net position, and natural versus functional classification reports) from a shared financial accounting system. The BOG Support information in the supplemental schedules was produced as a by-product of the financial reporting system maintained by Fairmont State. Pierpont has established an independent financial system and the Pierpont financial information was reported from the newly established database.

The following represents additional footnotes outlining faculty teaching services shared between Pierpont and Fairmont State, services that are charged to both Pierpont and Fairmont State, and student fee distributions. These representations are based on the approved chargeback agreement between Pierpont and Fairmont State and legislative actions:

a. *Revenues* — State appropriations are allocated by the Legislature each year. Appropriations increased by 3.65% for the two-year college.

   Student fee revenues are directly credited to the appropriate two- and four-year college funds based on the students' program major. Student enrollment in each college drives the fee revenue dollars available to each internal fund as follows:

   1. Required auxiliary, capital, and student activity fee revenues are recorded as revenues to the institution in which the student is enrolled. Under the contract agreement, all (100%) of these revenues will be transferred as an expense to the capital, auxiliary, and student activity funds from which the operating, capital, and debt service expenditures are paid (primarily Fairmont State funds). Most of these fees are pledged on revenue bonds and must be transferred to maintain compliance with bond covenants.

   2. User fees collected from students of either institution are deposited directly to the appropriate auxiliary revenue account and are not recorded as revenues by separate institutions. Examples of this type of revenue are parking, books, meals, and rent.

   3. Grant revenues are deposited in the institution's fund to which the grant was awarded.

4. Student payments made via lockbox, web, etc., are deposited to the four-year clearing fund and are moved daily to the appropriate operating state fund for each institution.

5. Interest income is allocated by the Commission to both institutions based on current allocation methods.

b. Expenses —

Direct expenditures:

1. Direct expenditures will be assigned directly to either Fairmont State or Pierpont.

2. Full- and part-time faculty personnel services and fringe benefit expenditures are paid from the institution where the personnel are employed.

Chargeback expenditures:

1. Teaching service expenses are charged back from one institution to the other based on the number of credit hours taught. This chargeback process includes instructional salary and benefit costs. The calculation includes the faculty member's salary and benefit costs, courses taught, the students being taught, and the number of student credit hours being taught. The teaching chargeback services calculations are performed once each semester. The teaching chargeback calculation results in a value allocated for each institution for the credit hours taught to both Pierpont and Fairmont State students.

2. Support service chargebacks are for salary and benefit costs from one institution to the other and/or services provided from the administrative, student service, and physical plant support areas of Fairmont State to Pierpont and vice versa. The salary and benefit chargeback services from each institution to the other for support services are based on the agreed-upon percentage in the chargeback agreement.

   Support service chargebacks for adjunct and/or supplemental pay contracts:

   Chargebacks at 100% of cost occur when one institution's employee is hired to teach or work part-time by the other institution. This action of chargeback allows the employee to maintain one payroll account and ensures that one W-2 is issued to this employee.

   Support services salary and benefit chargebacks are performed each pay cycle and are supported with detailed reports showing employee costs being charged by Pierpont to Fairmont State and vice versa.

3. Operating (nonlabor) expenses for all support offices are charged back based on state code requirements. The organization manager of those offices has budget authority to expend against these budgets during the fiscal year. All unspent budgets at the end of each fiscal year are not carried forward to future fiscal years. Therefore, unspent budget increases the fund balance of both institutions. These fund balances are under the direct control of the respective Presidents of each institution.

4. Support staff actual liability costs:

   The liability costs incurred annually from employee benefits provided to support staff, such as retiree health premiums, are allocated to the institutions based on the agreed-upon percentage in the chargeback agreement.

5. Support staff accrued liabilities:

   Accrued liabilities (net OPEB liability, annual leave, etc.) required to be recorded in the financial statements annually for all support staff are allocated to the institutions based on the agreed-upon percentage in the chargeback agreement.

6. PEIA retiree payable in the current year:

   Compensated absences — As of June 30, 2019, PEIA retiree costs and liabilities are distributed to the component units based on funding source. However, the chargeback agreement for fiscal year 2019 between the institutions reads as follows: Payout of PEIA retiree costs incurred during the year will be allocated to the institutions based on the percentage defined in the chargeback agreement. For fiscal year 2019, the percentages are 30.56% for the two-year institution and 69.44% for the four-year institution.

REQUIRED SUPPLEMENTARY INFORMATION

PIERPONT COMMUNITY & TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2019

State Teachers' Retirement System
Last 10 Fiscal Years*

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Pierpont's proportion of the net pension liability (asset) (percentage)	0.001662%	0.001812%	0.001903%	0.001644%	0.001606%					
Pierpont's proportionate share of the net pension liability (asset)	$ 51,892	$ 62,604	$ 78,224	$ 56,969	$ 55,395					
State's proportionate share of the net pension liability (asset)	134,473	138,439	148,997	130,012	125,169					
Total proportionate share of the net pension liability (asset)	$ 186,365	$ 201,043	$ 227,221	$ 186,981	$ 180,564					
Pierpont's covered payroll	$ 51,126	$ 50,008	$ 49,195	$ 49,845	$ 49,311					
Pierpont's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	101.50%	125.19%	159.01%	114.29%	112.34%					
Plan fiduciary net position as a percentage of the total pension liability	71.20%	67.85%	61.42%	66.25%	65.95%					

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year (measurement date).
This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Pierpont should present information for those years for which information is available.

PIERPONT COMMUNITY & TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
JUNE 30, 2019

State Teachers' Retirement System

Last 10 Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	$ 8,069	$ 7,656	$ 7,501	$ 7,379	$ 7,477					
Contributions in relation to the contractually required contribution	(8,069)	(7,656)	(7,501)	(7,379)	(7,477)					
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -					
Pierpont's covered payroll	$ 52,687	$ 51,126	$ 50,008	$ 49,195	$ 49,845					
Contributions as a percentage of covered payroll	15.31%	14.97%	15.00%	15.00%	15.00%					

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

PIERPONT COMMUNITY & TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
JUNE 30, 2019

Last 10 Fiscal Years*

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Pierpont's proportion of the net OPEB liability (asset) (percentage)	0.138659143%	0.132195612%								
Pierpont's proportionate share of the net OPEB liability (asset)	$ 2,974,842	$ 3,250,676								
State's proportionate share of the net OPEB liability (asset)	614,821	667,693								
Total proportionate share of the net OPEB liability (asset)	$ 3,589,663	$ 3,918,369								
Pierpont's covered-employee payroll	$ 4,830,737	$ 4,600,880								
Pierpont's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	61.58%	70.65%								
Plan fiduciary net position as a percentage of the total OPEB liability	30.98%	25.10%								

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year (measurement date).
This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Pierpont should present information for those years for which information is available.

PIERPONT COMMUNITY & TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
JUNE 30, 2019

Last 10 Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Statutorily required contribution	$ 249,410	$ 247,742								
Contributions in relation to the statutorily required contribution	(249,410)	(247,742)								
Contribution deficiency (excess)	$ -	$ -								
Pierpont's covered-employee payroll	$ 5,235,890	$ 4,830,737								
Contributions as a percentage of covered-employee payroll	4.76%	5.13%								

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

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2019 AND 2018

Changes in Assumptions

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

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Inflation	3.0%	3.0%	3.0%	1.9%	2.2%
Salary Increases	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.75 to 5.25%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.40 to 6.50%.	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.75 to 5.25%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.40 to 6.50%.
Investment Rate of Return	7.5%, net of pension plan investment expense, including inflation.	7.5%, net of pension plan investment expense, including inflation.	7.5%, net of pension plan investment expense, including inflation.	7.5%, net of pension plan investment expense, including inflation.	7.5%, net of pension plan investment expense, including inflation.
Mortality	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	Active: RP2000, non-annuitant monthly mortality table. Retired: RP2000 healthy annuitant, scale AA; Disabled: RP2000 disabled annuitant mortality table, scale AA.	Active: RP2000, non-annuitant monthly mortality table; Retired: RP2000 healthy annuitant, scale AA; Disabled: RP2000 disabled annuitant mortality table, scale AA.
Discount Rate	7.5%	7.5%	7.5%	7.5%	7.5%

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

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB
YEARS ENDED JUNE 30, 2019 AND 2018

Certain assumptions have been changed since the prior measurement date. The assumption changes that most significantly impacted the net OPEB liability are as follows: the inclusion of waived annuitants increased the liability by approximately $17 million; a 15% reduction in the retirement rate assumption decreased the liability by approximately $68 million; a change in certain healthcare-related assumptions decreased the liability by approximately $232 million; and an update to the mortality tables increased the liability by approximately $25 million. Certain other assumption changes were noted but did not materially impact the net OPEB liability. Additional information, if necessary, can be obtained from the RHBT audited Financial Statements, Required Supplementary Information, and Other Financial Information for the years ended June 30, 2018 and 2017.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Pierpont Community & Technical College (Pierpont), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Pierpont's financial statements, and have issued our report thereon dated October 1, 2019.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Suttle & Stalnaker, PLLC

Charleston, West Virginia
October 1, 2019