Pierpont Community & Technical College

Financial Statements
Years Ended June 30, 2021 and 2020

and

Independent Auditor's Reports

Suttle & Stalnaker
Certified Public Accountants
A Professional Limited Liability Company

PIERPONT COMMUNITY & TECHNICAL COLLEGE

TABLE OF CONTENTS

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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, 2021 and 2020, 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.

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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.

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, 2021 and 2020, 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 6 through 20, the schedule of proportionate share of the net pension liability, the schedule of pension contributions, the schedule of proportionate share of the net OPEB liability, the schedule of OPEB contributions, and related footnotes on pages 76 through 83, 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 September 30, 2021, 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
September 30, 2021

Management's Discussion and Analysis (Unaudited)

Fiscal Year Ended June 30, 2021

About Pierpont Community & Technical College

Pierpont Community & Technical College (Pierpont), headquartered in Fairmont, West Virginia, is a comprehensive community college serving 13 counties in north central West Virginia. Pierpont's main campus is located in the I-79 Technology Park at the Pierpont North Central Advanced Technology Center (ATC). With an enrollment of approximately 1,600 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 ATC in Fairmont, Pierpont delivers courses at the Gaston Caperton Center in Clarksburg, 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 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 accessible, responsive, comprehensive education that works.

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 defined 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. In April 2021, Pierpont and Fairmont State executed a Final Separation Agreement completely separating the two institutions as of June 30, 2021. While the full and final separation from Fairmont State allows Pierpont to operate for the first time as a completely independent institution, the financial statement impact is significant. The decrease in net position relating to the final separation was $14,119,411 in the Board of Governors Support Fund and $13,753,262 in Unrestricted, Restricted, and Other Funds, for a total net loss on final separation from Fairmont State of $27,872,673. The details of the impact of the Final Separation Agreement on Pierpont's financial statements can be found in financial statement note 17 and is discussed in the following MD&A information.

Pierpont is governed by a Board of Governors consisting of up to nine lay members, appointed by the Governor, and three constituent members elected by the faculty, classified staff, and student body, respectively. This Board determines, controls, supervises, and manages the financial, business, and educational 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, 2021, 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. 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. Pierpont entered into a Final Separation Agreement with Fairmont State in fiscal year 2021 and, while the reporting structure of the financial statements is the same, the Final Separation Agreement significantly impacted the financial statements.

Pierpont's audited financial report includes additional information for Unrestricted, Restricted, and Other Funds, and Pierpont's ownership in the Board of Governors Support (BOG Support) Fund. The BOG Support component reports capital funds that support both Pierpont and Fairmont State 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. Historically, these funds were allocated based on the average of the past ten (10) years of credit hour enrollments. However, the 2021 financial statements reflect the ownership after the final separation. The supplemental schedules were developed to show the component parts of Pierpont and may be found in the additional information section of this report. This additional information is critical to understanding the impact of the Final Separation Agreement on Pierpont's assets, liabilities, and net position at June 30, 2021.

The Fairmont State Foundation, Inc.'s (the Foundation) financial information will not be presented. This presentation is not required to comply with GASB Statement No. 61 due to the fact that the Foundation supported both Pierpont and Fairmont State. For the year ended June 30, 2021, the Foundation held funds for the benefit of the Pierpont Foundation, Inc. with amounts to be transferred to the Pierpont Foundation, Inc. during fiscal year 2022.

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 2021 include decreases in enrollment, a decrease in the net other postemployment benefits (OPEB) liability, and changes in net position due primarily to the outcome of the Final Separation Agreement.

- For fiscal year 2021, Pierpont experienced decreases in full-time equivalent (FTE) students and student headcount. The FTE decreased from 1,351 for Fall 2019 to 1,199 for Fall 2020 and the headcount decreased from 1,906 for Fall 2019 to 1,614 for Fall 2020.

- The OPEB liability decreased by $1,877,433 or 82.26%. The decrease is attributed to estimated changes in the liability to various participants in the West Virginia Other Postemployment Benefit (OPEB) Plan.

- Total net position decreased by $24,961,165 or 61.88%. The decrease can be attributed to the following:

    - Net investment in capital assets decreased by $11,682,087.

    - Restricted for capital projects decreased by $810,103.

    - Unrestricted fund manager funds of Pierpont increased by $542,830.

    - Unrestricted primary operating funds of Pierpont decreased by $12,972,433 after the loss on final separation from Fairmont State recorded in the Unrestricted, Restricted, and Other Funds of $13,753,262 and a decrease in the net OPEB liability of $1,877,433.

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,	
	2021	2020	2019
Assets			
Current Assets	$ 10,515,928	$ 8,226,124	$ 7,256,502
Noncurrent Assets	27,800,418	40,893,294	41,730,606
Total Assets	38,316,346	49,119,418	48,987,108
Deferred Outflows of Resources	1,746,754	286,422	390,501
Total	$ 40,063,100	$ 49,405,840	$ 49,377,609
Liabilities			
Current Liabilities	$ 6,721,665	$ 3,053,454	$ 2,413,434
Noncurrent Liabilities	16,782,489	4,953,392	6,014,062
Total Liabilities	23,504,154	8,006,846	8,427,496
Deferred Inflows of Resources	1,181,906	1,060,789	754,007
Net Position			
Net Investment in Capital Assets	26,370,501	38,052,588	38,529,785
Restricted for:			
Expendable:			
Scholarships	-	-	28,037
Capital Projects	1,436,875	2,246,978	2,471,968
Debt Service	-	16,060	743
Total Restricted	1,436,875	2,263,038	2,500,748
Unrestricted (Deficit)	(12,430,336)	22,579	(834,427)
Total Net Position	15,377,040	40,338,205	40,196,106
Total	$ 40,063,100	$ 49,405,840	$ 49,377,609

- Total current assets increased by $2,289,804 or 27.84%, resulting primarily from an increase in accounts receivable $2,495,945. Pierpont had an additional receivable of $2,500,000 from the West Virginia Council for Community and Technical College Education to reflect the special appropriation of State funds by the West Virginia Legislature for fiscal year 2022 per the Final Separation Agreement.

- Total noncurrent assets, comprised primarily of capital assets, including buildings and equipment, decreased by $13,092,876 or 32.02%.

    - The decrease in noncurrent assets is due to a decrease in net capital assets in the amount of $13,085,985, primarily due to the separation from Fairmont State. The BOG Support Fund net capital assets decreased by $14,479,440 or 73.70%. Pierpont's Unrestricted, Restricted, and Other Funds net capital assets increased by $1,393,455, primarily due to the transfer of land surrounding the Gaston Caperton Center from Fairmont State in the amount of $1,932,295 under the Final Separation Agreement.

- Total current liabilities increased by $3,668,211 or 120.13%, primarily because the $2,500,000 in accounts receivable relating to the special state appropriation noted above is also reflected as unearned revenue at June 30, 2021 since the funds are for fiscal year 2022. The other significant increase is due to an additional amount due to Fairmont State under the Final Separation Agreement. The current portion due to Fairmont State in fiscal year 2022 is $1,300,000. Pierpont also assumed 100% of the outstanding debt obligation due to the Commission in the BOG Support Fund, resulting in an increase in the current portion of $147,209 or 241.11%. Fairmont State assumed the remaining debt obligations in the BOG Support Fund, resulting in a decrease in the current portion of the debt obligation due to Fairmont State of $248,124.

- Total noncurrent liabilities increased by $11,829,097 or 238.81%. The noncurrent portion of the debt obligation due to the Commission increased by $747,168 since Pierpont assumed 100% of the BOG Support Fund debt owed to the Commission under the Final Separation Agreement. As stated above, Fairmont State assumed the remaining debt obligations in the BOG Support Fund, resulting in the debt obligation due to Fairmont State decreasing $2,046,141 from the prior year. However, the noncurrent portion of amounts due to Fairmont State increased significantly due to an additional amount required to be paid by Pierpont to Fairmont State under the Final Separation Agreement. The noncurrent portion of this obligation is $15,000,000. These increases were offset by a decrease in the net OPEB liability of $1,877,433.

- 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 $15,377,040 (net position). Of this amount, $(12,430,336) (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, 2021 and was a result of the loss on final separation from Fairmont State.

- Pierpont's unrestricted net deficit balance of $(12,430,336) includes fund manager and auxiliary funds of $1,573,990. Pierpont's unrestricted President's control net position decreased by $12,972,433 to a net deficit of $(14,004,326) at June 30, 2021.

Statement of Revenues, Expenses, and Changes in Net Position

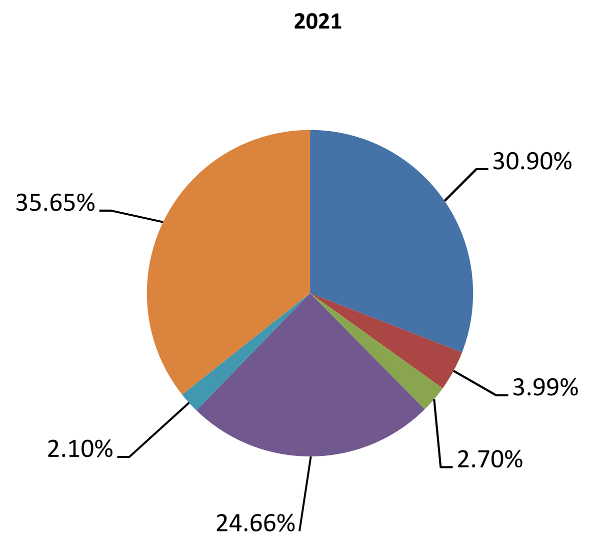
The Statement of Revenues, Expenses, and Changes in Net Position presents the operating results of Pierpont for the fiscal year. The purpose of the statement is to present Pierpont's revenues (operating and nonoperating), expenses (operating and nonoperating), and any other revenues, expenses, gains, 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.

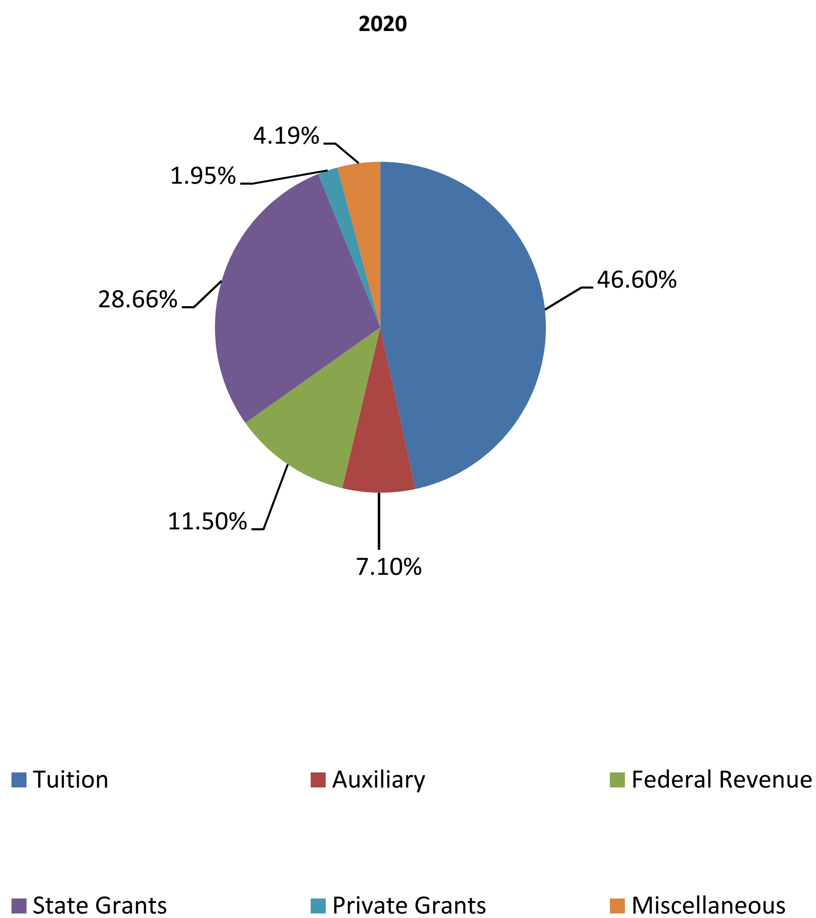
Condensed Schedules of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30:

	2021	2020	2019
Operating Revenues	$ 10,161,685	$ 7,730,824	$ 7,420,699
Operating Expenses	19,319,616	18,494,441	18,898,411
Operating Loss	(9,157,931)	(10,763,617)	(11,477,712)
Total Net Nonoperating Revenues	11,889,396	10,945,800	10,280,236
Increase (Decrease) in Net Position before Other Revenues, Expenses, Gains or Losses, and Transfer	2,731,465	182,183	(1,197,476)
Payments Made and Expenses Incurred by the Commission on Behalf of Pierpont	4,978	40,872	174,391
Payments Made and Expenses Incurred by the State on Behalf of Pierpont	51,912	154,502	199,798
Capital Bond Proceeds from the State	123,153	7,046	58,161
Loss on Final Separation from Fairmont State	(27,872,673)	-	-
(Decrease) Increase in Net Position before Transfer	(24,961,165)	384,603	(765,126)
Transfer of Net Position to Fairmont State	-	(242,504)	(373,362)
(Decrease) Increase in Net Position	(24,961,165)	142,099	(1,138,488)
Net Position – Beginning of Year	40,338,205	40,196,106	41,334,594
Net Position – End of Year	$ 15,377,040	$ 40,338,205	$ 40,196,106

Operating Revenues:

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





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

- Tuition and fee revenue, after adjustment for the scholarship allowance, decreased by $462,288 or 12.83%.

    - Tuition and fees decreased prior to the scholarship allowance by $701,302 or 9.75%. The scholarship allowance decreased by $239,074 for a total decrease in net tuition and fees of $462,228.

- Auxiliary enterprise revenue decreased by $143,263 or 26.10%.

- Federal contracts and grants decreased by $615,178 or 69.18%.

- State contracts and grants increased by $290,225 or 13.10%. 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 increased by $62,801 or 41.58%.

- Miscellaneous income increased by $3,298,504 or 1,018.22%. The vast majority of the increase in miscellaneous income was due to a change in the estimated allocation of the net OPEB liability between Pierpont and Fairmont State.

- State appropriations remained the same at $7,820,129.

- Pell grants are reported as nonoperating revenues because of specific guidance in the AICPA industry audit guide. Pell grants decreased by $333,693 or 12.02%.

- Pierpont recognized revenue of $1,998,181 related to the Federal Higher Education Emergency Relief Funds (HEERF) program in response to the Coronavirus (COVID-19) pandemic. This is an increase from the prior year of $1,699,781 or 569.63%.

- E&G capital and debt service support revenue decreased by $32,912 or 8.61%.

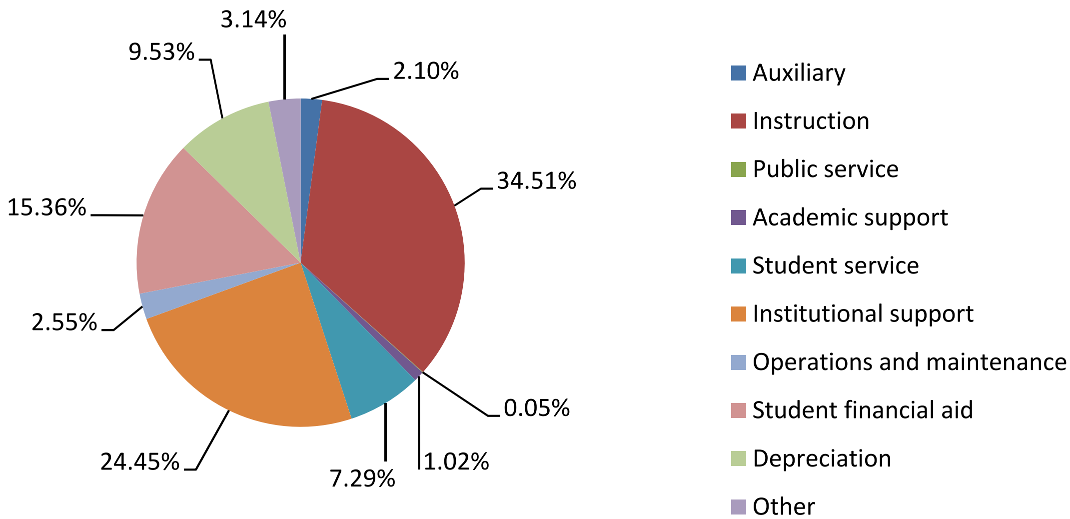
- Investment income decreased by $74,691 or 84.15%.

FUNCTIONAL CLASSIFICATION CHART

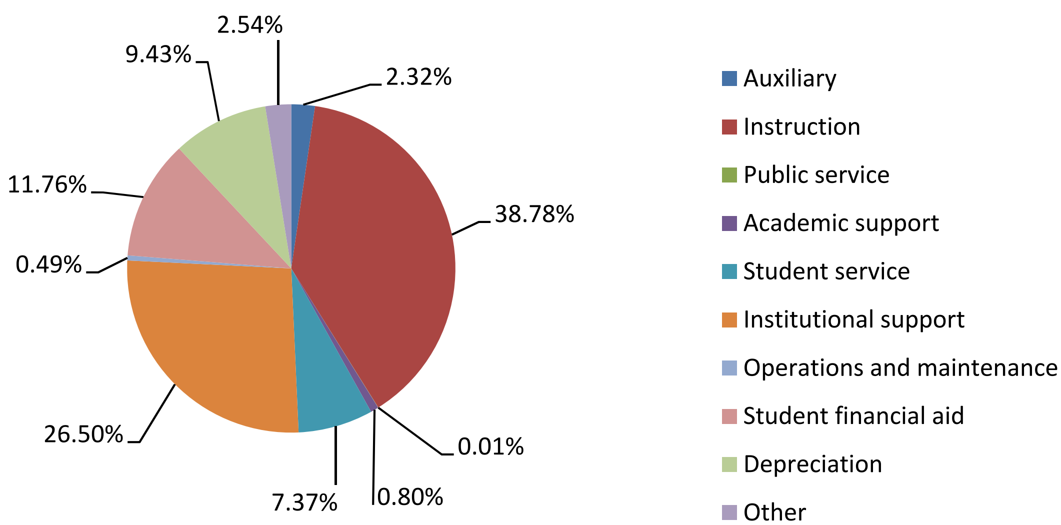
Operating Expenses:

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

2021



2020



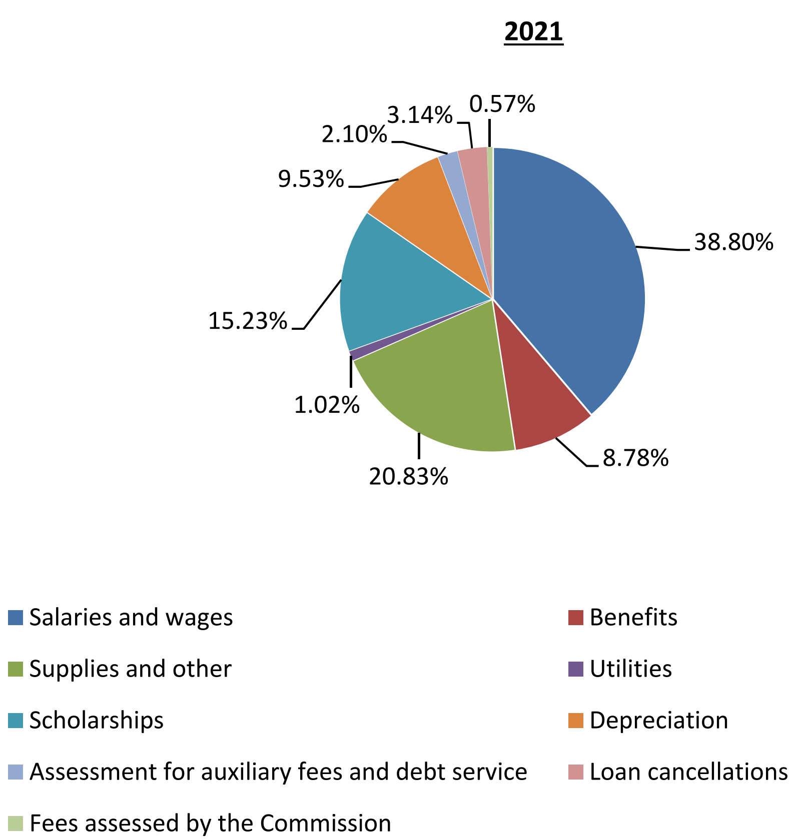
Breakdown of Expense by Functional Classification:

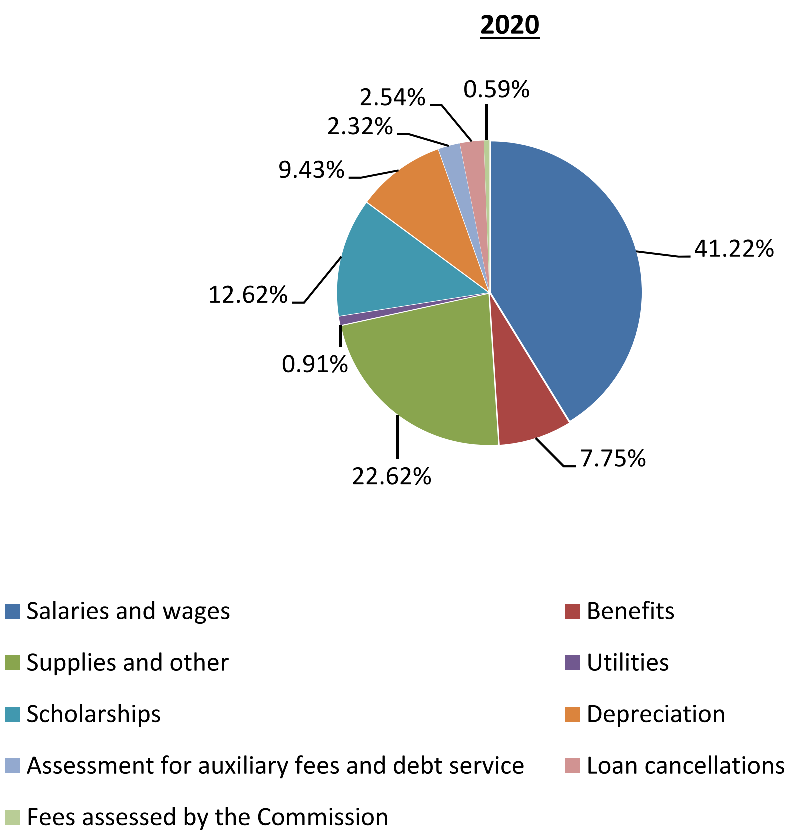
For fiscal year 2021, Pierpont's total operating expenses were $19,319,616. Instruction expenses totaled $6,669,055 or 34.51% of the total operating budget. The following reflects the amounts and percentages for these expenses:

	2021	%	2020	%	2019	%
Auxiliary	$ 405,549	2.10%	$ 429,868	2.32%	$ 591,456	3.13%
Instruction	6,669,055	34.51%	7,174,559	38.78%	7,233,091	38.28%
Public service	8,819	0.05%	1,094	0.01%	62,827	0.33%
Academic support	196,725	1.02%	148,069	0.80%	756,753	4.00%
Student services	1,407,481	7.29%	1,362,929	7.37%	1,236,018	6.54%
General institutional support	4,725,260	24.45%	4,900,107	26.50%	4,249,823	22.49%
Operation and maintenance	491,959	2.55%	91,033	0.49%	1,355,762	7.17%
Student financial aid	2,967,385	15.36%	2,174,123	11.76%	1,492,999	7.90%
Depreciation	1,841,189	9.53%	1,743,526	9.43%	1,763,753	9.33%
Loan cancellations and write-offs	606,194	3.14%	469,133	2.54%	155,929	0.83%
Total	$19,319,616	100.00%	$18,494,441	100.00%	$18,898,411	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 2021, Pierpont's total operating expenses were $19,319,616. A major portion of the total operating expenses is for direct salaries, wages, and benefits amounting to $9,193,420 or 47.58%. The following reflects the amounts and percentages for these expenses:

	2021	%	2020	%	2019	%
Salaries and wages	$ 7,496,221	38.80%	$ 7,622,463	41.22%	$ 7,329,167	38.78%
Benefits	1,697,199	8.78%	1,434,117	7.75%	1,611,114	8.53%
Supplies and other services	4,024,528	20.83%	4,183,997	22.62%	2,777,722	14.70%
Utilities	196,573	1.02%	169,148	0.91%	161,029	0.85%
Scholarships and fellowships	2,941,857	15.23%	2,333,699	12.62%	1,463,055	7.74%
Depreciation	1,841,189	9.53%	1,743,526	9.43%	1,763,753	9.33%
Assessment for student activity costs	-	0.00%	-	0.00%	22,362	0.12%
Assessment for auxiliary fees and debt service	405,549	2.10%	429,868	2.32%	591,456	3.13%
Assessment for faculty services	-	0.00%	-	0.00%	9,955	0.05%
Assessment for operating costs	-	0.00%	-	0.00%	1,500,375	7.94%
Assessment for support services	-	0.00%	-	0.00%	1,412,262	7.47%
Loan cancellations and write-offs	606,194	3.14%	469,133	2.54%	155,929	0.83%
Fees assessed by the Commission	110,306	0.57%	108,490	0.59%	100,232	0.53%
Total	$ 19,319,616	100.00%	$ 18,494,441	100.00%	$ 18,898,411	100.00%

- Salaries and wages decreased by $126,242 or 1.66%.

- Benefits increased by $263,082 or 18.34%.

- Supplies and other services expense decreased by $159,469 or 3.81%.

- Student financial aid expense increased by $608,158 or 26.06%. Gross scholarships and fellowships increased by $369,084. The majority of the increase is due to Pierpont awarding additional emergency grants from the Federal HEERF program to students in response to needs from the COVID-19 pandemic.

- Depreciation expense increased by $97,663 and was 9.53% of total operating expenses.

- Assessment for auxiliary fees and debt service decreased by $24,319 or 5.66%.

- Loan cancellations and write-offs increased by $137,061 or 29.22% due to an increase in bad debt expense. Students were allowed to carry higher outstanding balances on their accounts and still register for classes due to the COVID-19 pandemic.

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:

	2021	2020	2019
Cash Provided By (Used In):			
Operating Activities	$ (10,442,062)	$ (8,467,507)	$ (10,417,890)
Noncapital Financing Activities	11,107,925	10,919,254	10,162,328
Capital Financing Activities	(886,503)	(1,527,138)	(1,043,006)
Investing Activities	14,068	88,759	157,374
Net Change in Cash and Cash Equivalents	(206,572)	1,013,368	(1,141,194)
Cash – Beginning of Year	7,647,993	6,634,625	7,775,819
Cash – End of Year	$ 7,441,421	$ 7,647,993	$ 6,634,625

Major sources of funds included in operating activities consist of tuition and fees of $5,874,804 , contracts and grants of $2,905,657, and auxiliary enterprise charges of $405,562. Major uses of funds under this category were payments made to and on behalf of employees for salaries and benefits amounting to $9,146,131, payments to suppliers amounting to $4,044,696, and payments for scholarships and fellowships of $6,103,456.

Major sources of cash flow provided by noncapital financing activities consist of State appropriations of $7,820,129, Federal Pell grant receipts of $2,441,308, and Federal HEERF receipts of $1,998,181. The major use of funds under this category was transfers of cash to Fairmont State of $1,171,693 as a result of the final separation.

The major source of cash flow provided by capital financing activities was related to E&G capital and debt service support revenue of $349,177. The major uses of cash flow in capital financing activities were for purchases of capital assets and equipment of $710,567 and the assessment for E&G capital and debt service costs of $319,081.

The major noncash transaction was the loss on final separation from Fairmont State of $26,700,980, exclusive of $1,171,693 in cash noted above.

Capital Asset and Long-Term Debt Activity

Fairmont State issued significant outstanding debt when the two institutions were still one. It had been agreed that Fairmont State and Pierpont would 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 shared 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.

Under the Final Separation Agreement, Fairmont State assumed the debt obligation for the 2012 and 2006 bond debt. The remaining debt obligation to Fairmont State prior to the Final Separation Agreement was $2,048,116. As of June 30, 2021, Pierpont has no debt obligation to Fairmont State related specifically to these bonds.

During 2021, the Commission was paid for debt incurred from bonds sold in previous years for the State's colleges and universities. Under the Final Separation Agreement, Pierpont assumed the entire debt obligation to the Commission that was previously shared between Pierpont and Fairmont State. The remaining debt obligation assigned to Pierpont as of June 30, 2021 is $1,390,325. As of June 30, 2021, the current portion due to the Commission is $208,264, and the noncurrent portion is $1,182,061. Pierpont's remaining debt obligation to the Commission immediately prior to the June 30, 2021 full separation was $434,894. This was an increase in debt obligation due to Commission of $955,431.

The separation of assets and liabilities agreement also documents Pierpont's obligation 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. The separation of assets and liabilities agreement ended as of June 30, 2021 with the signing of the Final Separation Agreement. Under the Final Separation Agreement, Pierpont has a new amount due to Fairmont State of $16,300,000. As of June 30, 2021, the current portion is $1,300,000 to be paid in two equal installments no later than October 1, 2021 and March 1, 2022. The noncurrent portion is $15,000,000 with yearly payments of $1,500,000 beginning July 1, 2022 through the fiscal year ending June 30, 2032. These payments are also due in two equal installments due no later than October 1st and March 1st of each fiscal year.

Under the Final Separation Agreement, Pierpont received transfers of property from Fairmont State, including the Gaston Caperton Center in Clarksburg, the real property and any improvements located adjacent to the Gaston Caperton Center, and the Braxton County Center located in Braxton County High School. Total capital assets of $5,483,775 and $17,031,710 were assumed by Pierpont and transferred to Fairmont State, respectively, as a result of the Final Separation Agreement.

Economic Outlook

In April 2021, Pierpont and Fairmont State executed a Final Separation Agreement that completely separates the two institutions at the conclusion of the current fiscal year. As part of this separation, Pierpont obtained complete ownership of the Gaston Caperton Center in downtown Clarksburg, West Virginia, which Pierpont has independently operated for the last few years. Pierpont also obtained independent ownership of the Braxton County Center at Braxton County High School. Naturally, with two institutions sharing property and operations for so many years, there are some lingering issues that will be addressed in fiscal year 2022. This includes Pierpont relocating three academic programs, Veterinary Technology Assistant, Early Childhood, and Culinary Arts, from Fairmont State's Locust Avenue Campus and finalizing the future home for the Airframe and Powerplant Program currently at the Benedum Industrial Park. However, outside of these four academic programs, Pierpont has completely relocated all academic programs and administrative offices to Pierpont's independently owned facilities.

This total separation of the institutions set the stage for Pierpont's independent future, which is very exciting. In preparation for this independent future, Pierpont is purchasing a 3,200 square foot facility adjacent to the Gaston Caperton Center that will be remodeled and expanded to accommodate the Veterinary Technology Assistant Program. This will result in the program having state of the art facilities and prepares it for future growth that has previously been inhibited by the facilities in which they were housed on the Locust Avenue Campus. Likewise, Pierpont is finalizing plans for new facilities and partnerships for the three other academic programs that need new homes due to Pierpont becoming totally independent. Pierpont leadership is planning for and believes that growth will come with this new independence and will be realized initially by the academic programs being relocated into new facilities.

Although Pierpont, along with all other higher education institutions, has been dealing with the impact of the advent and continuation of COVID-19, Pierpont is being proactive in taking steps to control spending in upcoming years and is prepared to make necessary adjustments based on changes brought about during this unprecedented time of uncertainty. Even though COVID-19 continues to make the future seem more uncertain, Pierpont is excited about the opportunities total independence presents and continues to focus on its mission in addressing the needs of students and industry within its service region.

STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 7,441,421	$ 7,647,562
Accounts receivable — net	3,074,507	578,562
Total current assets	10,515,928	8,226,124
NONCURRENT ASSETS:		
Cash and cash equivalents	-	431
Other noncurrent assets	39,592	46,052
Capital assets — net	27,760,826	40,846,811
Total noncurrent assets	27,800,418	40,893,294
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows relating to the net pension liability	29,293	18,305
Deferred outflows relating to the net OPEB liability	1,717,461	268,117
Total deferred outflows of resources	1,746,754	286,422
TOTAL	$ 40,063,100	$ 49,405,840

(Continued)

STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

	2021	2020
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 200,916	$ 279,503
Accrued liabilities — payroll	1,053,470	1,091,652
Retainages payable	-	4,010
Unearned revenue and deposits	3,683,938	1,088,452
Compensated absences — current portion	275,077	280,658
Due to Fairmont State — current portion	1,300,000	-
Debt obligation due to Commission — current portion	208,264	61,055
Debt obligation due to Fairmont State — current portion	-	248,124
Total current liabilities	6,721,665	3,053,454
NONCURRENT LIABILITIES:		
Net other postemployment benefits liability	404,855	2,282,288
Compensated absences	136,501	134,643
Due to Fairmont State	15,000,000	-
Debt obligation due to Commission	1,182,061	434,893
Debt obligation due to Fairmont State	-	2,046,141
Net pension liability	59,072	55,427
Total noncurrent liabilities	16,782,489	4,953,392
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows relating to the net pension liability	5,563	8,410
Deferred inflows relating to the net OPEB liability	1,176,343	1,052,379
Total deferred inflows of resources	1,181,906	1,060,789
NET POSITION:		
Net investment in capital assets	26,370,501	38,052,588
Restricted for — expendable:		
Capital projects	1,436,875	2,246,978
Debt service	-	16,060
Total restricted	1,436,875	2,263,038
Unrestricted (deficit)	(12,430,336)	22,579
Total net position	15,377,040	40,338,205
TOTAL	$ 40,063,100	$ 49,405,840

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, 2021 AND 2020

	2021	2020
OPERATING REVENUES:		
Student tuition and fees — net of scholarship allowance of $3,351,915 and $3,590,989 in 2021 and 2020, respectively	$ 3,140,165	$ 3,602,393
Auxiliary enterprise revenue	405,562	548,825
Contracts and grants:		
Federal	274,062	889,240
State/local	2,505,609	2,215,384
Private	213,836	151,035
Miscellaneous — net	3,622,451	323,947
Total operating revenues	10,161,685	7,730,824
OPERATING EXPENSES:		
Salaries and wages	7,496,221	7,622,463
Benefits	1,697,199	1,434,117
Supplies and other services	4,024,528	4,183,997
Utilities	196,573	169,148
Student financial aid — scholarships and fellowships	2,941,857	2,333,699
Depreciation	1,841,189	1,743,526
Assessment for auxiliary fees and debt service	405,549	429,868
Loan cancellations and write-offs	606,194	469,133
Fees assessed by the Commission for operations	110,306	108,490
Total operating expenses	19,319,616	18,494,441
OPERATING LOSS	(9,157,931)	(10,763,617)
NONOPERATING REVENUES (EXPENSES):		
State appropriations	7,820,129	7,820,129
Federal Pell grant revenue	2,441,308	2,775,001
Federal HEERF revenue	1,998,181	298,400
Gifts	20,000	9,409
E&G capital and debt service support revenue	349,177	382,089
Investment income	14,068	88,759
(Loss) gain on disposal of fixed assets	(348,519)	-
Assessment for E&G capital and debt service costs	(319,081)	(334,516)
Fees assessed by the Commission for debt service	(23,126)	(26,214)
Fees assessed by Fairmont State for debt service	(62,741)	(67,257)
Net nonoperating revenues	11,889,396	10,945,800
INCREASE (DECREASE) IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES, AND TRANSFER	2,731,465	182,183
PAYMENTS MADE AND EXPENSES INCURRED BY THE COMMISSION ON BEHALF OF PIERPONT	4,978	40,872
PAYMENTS MADE AND EXPENSES INCURRED BY THE STATE ON BEHALF OF PIERPONT	51,912	154,502
CAPITAL BOND PROCEEDS FROM THE STATE	123,153	7,046
LOSS ON FINAL SEPARATION FROM FAIRMONT STATE	(27,872,673)	-
(DECREASE) INCREASE IN NET POSITION BEFORE TRANSFER	(24,961,165)	384,603
TRANSFER OF NET POSITION TO FAIRMONT STATE	-	(242,504)
NET (DECREASE) INCREASE IN NET POSITION	(24,961,165)	142,099
NET POSITION — Beginning of year	40,338,205	40,196,106
NET POSITION — End of year	$ 15,377,040	$ 40,338,205

The Accompanying Notes Are An Integral Part Of These Financial Statements

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 5,874,804	$ 7,361,990
Contracts and grants	2,905,657	3,719,147
Payments to and on behalf of employees	(9,146,131)	(9,235,672)
Payments to suppliers	(4,044,696)	(4,002,921)
Payments to utilities	(196,573)	(169,148)
Payments for scholarships and fellowships	(6,103,456)	(6,475,317)
Auxiliary enterprise charges	405,562	548,825
Fees assessed by the Commission	(110,306)	(108,490)
Other receipts — net	378,626	323,947
Assessment for auxiliary fees and debt service	(405,549)	(429,868)
Net cash used in operating activities	(10,442,062)	(8,467,507)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	7,820,129	7,820,129
Federal Pell grant revenues	2,441,308	2,775,001
Federal HEERF revenues	1,998,181	298,400
Gift receipts	20,000	9,409
William D. Ford direct lending receipts	3,161,599	4,141,618
William D. Ford direct lending payments	(3,161,599)	(4,141,618)
Transfers to Fairmont State	(1,171,693)	(23,521)
Transfers from Fairmont State	-	39,836
Net cash provided by noncapital financing activities	11,107,925	10,919,254
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Capital bond proceeds from the State	123,153	7,046
E&G capital and debt service support revenue	349,177	382,089
Fees assessed by the Commission	(23,126)	(26,214)
Purchases of capital assets	(710,567)	(1,151,103)
Proceeds from sale of capital assets	63,885	-
Assessment for E&G capital and debt service costs	(319,081)	(334,516)
Payments to the Commission on debt obligation	(61,054)	(65,119)
Payments to Fairmont State on debt obligation	(246,149)	(272,064)
Fees assessed by Fairmont State	(62,741)	(67,257)
Net cash used in capital financing activities	(886,503)	(1,527,138)
CASH FLOWS FROM INVESTING ACTIVITY — Investment income	14,068	88,759
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(206,572)	1,013,368
CASH AND CASH EQUIVALENTS — Beginning of year	7,647,993	6,634,625
CASH AND CASH EQUIVALENTS — End of year	$ 7,441,421	$ 7,647,993

(Continued)

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (9,157,931)	$ (10,763,617)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation expense	1,841,189	1,743,526
Pension expense — special funding situation	13,463	16,135
OPEB expense — special funding situation	38,449	138,367
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable — net	(2,489,518)	(69,457)
Deferred outflows of resources	(1,460,332)	104,079
Accounts payable	(34,636)	123,472
Accrued liabilities — payroll	(38,182)	125,620
Retainages payable	6,344	4,010
Unearned revenue and deposits	2,595,486	560,530
Compensated absences	(3,723)	(67,935)
Other postemployment benefits liability	(1,877,433)	(692,554)
Net pension liability	3,645	3,535
Deferred inflows of resources	121,117	306,782
NET CASH USED IN OPERATING ACTIVITIES	$ (10,442,062)	$ (8,467,507)
NONCASH TRANSACTIONS:		
Property additions in retainages payable	$ -	$ 4,010
Payments made and expenses incurred by the Commission on behalf of Pierpont	$ 4,978	$ 40,872
Loss on final separation from Fairmont State (exclusive of $1,171,693 and $0 of cash in 2021 and 2020, respectively)	$ (26,700,980)	$ -
Transfer to Fairmont State (exclusive of $0 and $16,315 of cash in 2021 and 2020, respectively)	$ -	$ (242,504)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION:		
Cash and cash equivalents classified at current	$ 7,441,421	$ 7,647,562
Cash and cash equivalents classified at noncurrent	-	431
	$ 7,441,421	$ 7,647,993

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, 2021 and 2020.

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

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

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

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, West Virginia 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/reductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the West Virginia Retiree Health Benefit Trust Fund (RHBT). For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See note 8 for further discussion.

The estimated expense and actual expense incurred for 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 for further discussion.

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

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 gifts and payments made on behalf of Pierpont.

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

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 2021 and 2020, Pierpont received and disbursed approximately $3.2 million and $4.1 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 2021 and 2020, Pierpont was awarded approximately $2.7 million and $2.9 million, respectively, under these federal student aid programs.

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 - Pierpont implemented GASB Statement No. 84, *Fiduciary Activities*, effective for fiscal years beginning after December 15, 2019. This Statement (1) establishes specific criteria for identifying activities that should be reported as fiduciary activities; (2) clarifies whether and how business-type activities should report their fiduciary activities; (3) establishes a custodial fund classification to replace agency funds to eliminate confusion with agencies of the government; (4) provides for the recognition of liabilities only when the government is compelled to disburse the resources; and (5) requires a statement of changes in net position for all fiduciary fund classifications. The adoption of GASB Statement No. 84 did not have a significant impact on the June 30, 2021 financial statements.

Pierpont also implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for fiscal years beginning after December 15, 2020. This Statement requires that interest cost incurred before the end of the construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of the construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The adoption of GASB Statement No. 89 did not have a significant impact on the June 30, 2021 financial statements.

Pierpont also implemented GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. This Statement removes LIBOR as an appropriate benchmark to coincide with its cessation at the end of calendar year 2021. The new guidance also addresses accounting and financial reporting implications that result from a change or replacement of any interbank offered rate (IBOR) in both hedging derivative instruments and leases. The standard also identifies appropriate benchmark interest rates for hedging derivatives. The adoption of GASB Statement No. 93 did not have a significant impact on the June 30, 2021 financial statements.

Recent Statements Issued by GASB - GASB has issued Statement No. 87, *Leases*, which is effective for fiscal years beginning after June 15, 2021. This Statement requires lessees and lessors to report leases under a single model. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources for each lease. This Statement also requires additional 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB has also issued Statement No. 91, *Conduit Debt Obligations*, which is effective for fiscal years beginning after December 15, 2021. The requirements of this Statement eliminate 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 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 or inconsistency. This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. Pierpont has not yet determined the effect that the adoption of GASB Statement No. 91 may have on its financial statements.

GASB has also issued Statement No. 92, *Omnibus 2020*, which is effective for fiscal years beginning after June 15, 2021. The requirements of this Statement address a variety of items, including specific provisions regarding the following topics: (1) GASB Statement No. 87 Implementation; (2) intra-entity transfers of assets; (3) postemployment benefits; (4) government acquisitions; (5) risk financing and insurance related activities of public entity risk pools; (6) fair value measurements and derivative instruments. Pierpont has not yet determined the effect that the adoption of GASB Statement No. 92 may have on its financial statements.

GASB has also issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is effective for fiscal years beginning after June 15, 2022. The requirements of this Statement establish the definitions of Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions, but are outside of the scope of Lease or Service Concession Arrangement Guidance. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will require governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. Pierpont has not yet determined the effect that the adoption of GASB Statement No. 94 may have on its financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB has also issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, which is effective for fiscal years beginning after June 15, 2022. The requirements of this Statement establish a definition for SBITA, which is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Generally, this Statement will require a government to recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The Statement also establishes guidance for the treatment of costs related to SBITA activities other than subscription payments. Those activities are: Preliminary Project Stage, Initial Implementation Stage, and Operation and Additional Implementation Stage. This Statement also requires a government to disclose essential information about the arrangement such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability. Pierpont has not yet determined the effect that the adoption of GASB Statement No. 96 may have on its financial statements.

GASB has also issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.*, parts of which were effective immediately, while other provisions are effective for reporting periods beginning after June 15, 2021. The provisions that were immediately effective required that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan that the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform and (2) limits the applicability of the financial burden criterion in GASB Statement No. 84 to defined benefit pension plans and defined OPEB plans administered through trusts. This Statement also requires that an IRC Section 457 Plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and clarifies that arrangements under IRC Section 457 should be assessed as a potential fiduciary activity under GASB Statement No. 84. As part of the supersession of GASB Statement No. 32, this Statement also requires that investments of all Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances. The portion of GASB Statement No. 97 that was effective immediately did not have a significant material impact on the financial statements. Pierpont has not yet determined the effect that the adoption of the remaining portions of GASB Statement No. 97 may have on its financial statements.

Reclassification of Prior Year Statements - Certain items previously reported have been reclassified to conform to the current year's classification. The reclassifications had no effect on the change in net position or total net position.

3. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents at June 30, 2021 and 2020, is as follows:

	2021		
	Current	Noncurrent	Total
State Treasurer	$ 7,296,386	$ -	$ 7,296,386
In bank	144,335	-	144,335
On hand	700	-	700
	$ 7,441,421	$ -	$ 7,441,421

	2020		
	Current	Noncurrent	Total
State Treasurer	$ 7,574,465	$ -	$ 7,574,465
Trustee	-	431	431
In bank	71,897	-	71,897
On hand	1,200	-	1,200
	$ 7,647,562	$ 431	$ 7,647,993

Cash held by the Treasurer includes no restricted cash at June 30, 2021 and 2020.

The combined carrying amount of cash in the bank at June 30, 2021 and 2020 was $144,335 and $71,897, respectively, as compared with the combined bank balance of $1,022,255 and $319,495, respectively. Any differences are primarily caused by outstanding checks and items in transit. The Federal Deposit Insurance Corporation (FDIC) coverage is $250,000 for interest and non-interest bearing deposits. From time to time, Pierpont may carry deposit balances in individual financial institutions exceeding this limit.

Amounts with the State Treasurer were $7,296,386 and $7,574,465 as of June 30, 2021 and 2020, respectively. Of these amounts, $5,946,817 and $6,835,704 were invested in the WV Money Market Pool and the WV Short Term Bond Pool as of June 30, 2021 and 2020, respectively. The remainder of the cash held with the State Treasurer was not invested as of June 30, 2021 and 2020.

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:

	2021		2020	
External Pool	Carrying Value	S & P Rating	Carrying Value	S & P Rating
WV Money Market Pool	$ 5,803,843	AAAm	$ 6,673,648	AAAm
WV Short Term Bond Pool	142,974	Not Rated	162,056	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.

3. CASH AND CASH EQUIVALENTS (CONTINUED)

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

	2021		2020	
External Pool	Carrying Value	WAM (Days)	Carrying Value	WAM (Days)
WV Money Market Pool	$ 5,803,843	52	$ 6,673,648	44

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

	2021		2020	
External Pool	Carrying Value	Effective Duration (Days)	Carrying Value	Effective Duration (Days)
WV Short Term Bond Pool	$ 142,974	638	$ 162,056	620

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, 2021 and 2020, are as follows:

	2021	2020
Student tuition and fees — net of allowance for doubtful accounts of $3,780,238 and $3,174,041, respectively	$ 199,181	$ 378,415
Due from Council	2,671,836	60,368
Due from Commission	122	9,227
Due from other State agencies	-	63,499
Grants and contracts receivable	180,035	33,641
Other accounts receivable	23,333	33,412
	$ 3,074,507	$ 578,562

5. CAPITAL ASSETS

A summary of capital assets transactions for Pierpont for the years ended June 30, 2021 and 2020 is as follows:

	2021				
	Beginning Balance	Transfers	Additions	Reductions	Ending Balance
Capital assets not being depreciated:					
Land	$ 376,000	$ 1,932,295	$ -	$ -	$ 2,308,295
Construction in progress	219,252	(292,181)	420,558	(256,551)	91,078
Total capital assets not being depreciated	$ 595,252	$ 1,640,114	$ 420,558	$ (256,551)	$ 2,399,373
Other capital assets:					
Land improvements	$ 1,084,826	$ (693,467)	$ 7,223	$ (111,624)	$ 286,958
Infrastructure	4,939,124	(5,019,505)	80,381	-	-
Buildings	49,974,285	(21,055,551)	252,181	(717,719)	28,453,196
Equipment	5,625,668	(351,712)	206,753	(194,795)	5,285,914
Computer software	11,995	-	5,000	-	16,995
Total other capital assets	61,635,898	(27,120,235)	551,538	(1,024,138)	34,043,063
Less accumulated depreciation for:					
Land improvements	561,883	(354,345)	66,786	(95,299)	179,025
Infrastructure	4,581,636	(4,758,365)	176,729	-	-
Buildings	12,907,182	(8,519,659)	1,167,980	(324,151)	5,231,352
Equipment	3,331,306	(299,816)	424,029	(192,283)	3,263,236
Computer software	2,332	-	5,665	-	7,997
Total accumulated depreciation	21,384,339	(13,932,185)	1,841,189	(611,733)	8,681,610
Other capital assets — net	$40,251,559	$(13,188,050)	$ (1,289,651)	$ (412,405)	$25,361,453
Capital asset summary:					
Capital assets not being depreciated	$ 595,252	$ 1,640,114	$ 420,558	$ (256,551)	$ 2,399,373
Other capital assets	61,635,898	(27,120,235)	551,538	(1,024,138)	34,043,063
Total cost of capital assets	62,231,150	(25,480,121)	972,096	(1,280,689)	36,442,436
Less accumulated depreciation	21,384,339	(13,932,185)	1,841,189	(611,733)	8,681,610
Capital assets — net	$40,846,811	$ (11,547,936)	$ (869,093)	$ (668,956)	$27,760,826

5. CAPITAL ASSETS (CONTINUED)

	2020				
	Beginning Balance	Transfers	Additions	Reductions	Ending Balance
Capital assets not being depreciated:					
Land	$ 376,000	$ -	$ -	$ -	$ 376,000
Construction in progress	86,776	(807)	183,749	(50,466)	219,252
Total capital assets not being depreciated	$ 462,776	$ (807)	$ 183,749	$ (50,466)	$ 595,252
Other capital assets:					
Land improvements	$ 1,096,062	$ (11,236)	$ -	$ -	$ 1,084,826
Infrastructure	4,997,547	(58,423)	-	-	4,939,124
Buildings	50,080,422	(353,687)	247,550	-	49,974,285
Equipment	4,863,202	(4,198)	781,467	(14,803)	5,625,668
Computer software	-	-	11,995	-	11,995
Total other capital assets	61,037,233	(427,544)	1,041,012	(14,803)	61,635,898
Less accumulated depreciation for:					
Land improvements	496,765	(5,702)	70,820	-	561,883
Infrastructure	4,351,815	(50,875)	280,696	-	4,581,636
Buildings	12,075,861	(127,507)	958,828	-	12,907,182
Equipment	2,918,387	(3,128)	430,850	(14,803)	3,331,306
Computer software	-	-	2,332	-	2,332
Total accumulated depreciation	19,842,828	(187,212)	1,743,526	(14,803)	21,384,339
Other capital assets — net	$ 41,194,405	$ (240,332)	$ (702,514)	$ -	$40,251,559
Capital asset summary:					
Capital assets not being depreciated	$ 462,776	$ (807)	$ 183,749	$ (50,466)	$ 595,252
Other capital assets	61,037,233	(427,544)	1,041,012	(14,803)	61,635,898
Total cost of capital assets	61,500,009	(428,351)	1,224,761	(65,269)	62,231,150
Less accumulated depreciation	19,842,828	(187,212)	1,743,526	(14,803)	21,384,339
Capital assets — net	$ 41,657,181	$ (241,139)	$ (518,765)	$ (50,466)	$40,846,811

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 no construction commitments as of June 30, 2021.

At June 30, 2020, title for certain assets recorded above remained with Fairmont State. At June 30, 2021, Pierpont holds title for all assets recorded above.

6. LONG-TERM LIABILITIES

Long-term obligation activities for the years ended June 30, 2021 and 2020 are as follows:

	2021					
	Beginning Balance	Transfers*	Additions	Reductions	Ending Balance	Current Portion
Net other postemployment benefits liability	$ 2,282,288	$ -	$ 1,995,099	$ (3,872,532)	$ 404,855	$ -
Compensated absences	415,301	-	331,407	(335,130)	411,578	275,077
Due to Fairmont State	-	-	16,300,000	-	16,300,000	1,300,000
Debt obligation due to Commission	495,948	955,431	-	(61,054)	1,390,325	208,264
Debt obligation due to Fairmont State	2,294,265	(2,048,116)	-	(246,149)	-	-
Net pension liability	55,427	-	16,130	(12,485)	59,072	-
Total long-term liabilities	$ 5,543,229	$ (1,092,685)	$ 18,642,636	$ (4,527,350)	$ 18,565,830	$ 1,783,341

*Transfers represent the ownership change from FY20 to FY21.

	2020					
	Beginning Balance	Transfers*	Additions	Reductions	Ending Balance	Current Portion
Net other postemployment benefits liability	$ 2,974,842	$ -	$ 140,779	$ (833,333)	$ 2,282,288	$ -
Compensated absences	483,236	-	335,891	(403,826)	415,301	280,658
Due to Fairmont State	180,067	-	23,202	(203,269)	-	-
Debt obligation due to Commission	561,067	(5,866)	-	(59,253)	495,948	61,055
Debt obligation due to Fairmont State	2,566,329	(8,489)	-	(263,575)	2,294,265	248,124
Net pension liability	51,892	-	13,876	(10,341)	55,427	-
Total long-term liabilities	$ 6,817,433	$ (14,355)	$ 513,748	$ (1,773,597)	$ 5,543,229	$ 589,837

*Transfers represent the ownership change from FY19 to FY20.

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 years subsequent to June 30, 2021, are as follows:

Years Ending June 30,	
2022	$ 34,089
2023	33,369
2024	8,655
Total	$ 76,113

7. LEASES (CONTINUED)

Total lease expense for the years ended June 30, 2021 and 2020 was $45,615 and $36,229, 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, 2021 and 2020:

	2021	2020
Net OPEB liability	$ 404,855	$ 2,282,288
Deferred outflows of resources	1,717,461	268,117
Deferred inflows of resources	1,176,343	1,052,379
Revenues	38,449	138,367
OPEB expense	242,955	(9,598)
Contributions made by Pierpont	163,494	177,168

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.

8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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.

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, 2020 and 2019 were:

	2020	2019
Paygo premium	$ 168	$ 183

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.

8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

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

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

Pierpont's contributions to the OPEB plan for the years ended June 30, 2021, 2020, and 2019, were $163,494, $177,168, and $249,410, respectively.

Assumptions

The June 30, 2021 OPEB liability for financial reporting purposes was determined by an actuarial valuation as of June 30, 2020, which is the measurement date. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Inflation rate: 2.25%.
- Salary increase: Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation.
- Investment rate of return: 6.65%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates: Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, 6.50% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022. 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
- Actuarial cost method: Entry age normal cost method.
- Amortization method: Level percentage of payroll over a 20-year closed period beginning June 30, 2017.
- Wage inflation: 2.75%.
- Retirement age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2020 actuarial valuation.
- Aging factors: Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
- Expenses: Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.
- Mortality post retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females.
- Mortality pre-retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019.

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

8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Certain assumptions have been changed since the prior actuarial valuation as of June 30, 2018 and a measurement date of June 30, 2020. The net effect of the assumption changes was approximately $1,147 million.

- General/price inflation – Decrease price inflation rate from 2.75% to 2.25%.
- Discount rate – Decrease discount rate from 7.15% to 6.65%.
- Wage inflation – Decrease wage inflation rate from 4.00% to 2.75%.
- OPEB retirement – Develop explicit retirement rates for members who are eligible to retire with healthcare benefits and elect healthcare coverage.
- Waived annuitant termination – Develop explicit waived termination rates for members who are eligible to retire with healthcare benefits but waive healthcare coverage.
- SAL conversion – Develop explicit SAL conversion rates for members who are eligible to convert sick and annual leave (SAL) balances at retirement and convert SAL balances into OPEB benefits.
- Lapse/re-entry – Develop net lapse/re-entry rates for members who either lapse coverage after electing healthcare coverage or elect healthcare coverage after waiving coverage.
- Other demographic assumptions – Develop termination, disability, and mortality rates based on experience specific to OPEB covered group.
- Salary increase – Develop salary increase assumptions based on experience specific to the OPEB covered group.

The long-term expected rate of return of 6.65% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.00% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 2.50% 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 rates of return 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 rates of return by the target asset allocation percentage. Target asset allocations, capital market assumptions (CMA), and forecast returns were provided by the plan's investment advisors, including the West Virginia Investment Management Board (WV-IMB). The projected nominal return for the WV Money Market Pool held with the BTI was estimated based on the WV-IMB assumed inflation of 2.0% plus a 25 basis point spread.

The target allocation and estimates of annualized long-term expected returns assuming a 10-year horizon are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Return
Global equity	55.0%	6.8%
Core plus fixed income	15.0%	4.1%
Core real estate	10.0%	6.1%
Hedge fund	10.0%	4.4%
Private equity	10.0%	8.8%

8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Single discount rate. A single discount rate of 6.65% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 6.65% and a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date to the extent benefits are effectively financed on a pay-as-you-go basis. The long-term municipal bond rate used to develop the single discount rate was 3.13% as of the beginning of the year and 2.45% as of the end of the year. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the pre-funding and investment policies. Future pre-funding assumptions include a $30 million annual contribution from the State through 2037. Based on those assumptions, and that the Plan is expected to be fully funded by fiscal year ended June 30, 2025, 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. Discount rates are subject to change between measurement dates.

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, 2021 calculated using the discount rate of 6.65%, 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 (5.65%) or one percentage point higher (7.65%) than the current rate.

	1% Decrease (5.65%)	Current Discount Rate (6.65%)	1% Increase (7.65%)
Net OPEB liability 2021	$ 577,377	$ 404,855	$ 260,431

The following presents Pierpont's proportionate share of the net OPEB liability as of June 30, 2020 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 2020	$ 2,723,845	$ 2,282,288	$ 1,912,782

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, 2021 and 2020 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 2021	$ 243,605	$ 404,855	$ 599,612
Net OPEB liability 2020	1,840,337	2,282,288	2,818,599

8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

The June 30, 2021 net OPEB liability was measured as of June 30, 2020, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2020, which is the measurement date. The June 30, 2020 net OPEB liability was measured as of June 30, 2019, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to the measurement date of June 30, 2019.

At June 30, 2021, Pierpont's proportionate share of the net OPEB liability was $494,375. Of this amount, Pierpont recognized $404,855 as its proportionate share on the statement of net position. The remainder of $89,520 denotes Pierpont's proportionate share of net OPEB liability attributable to the special funding.

At June 30, 2020, Pierpont's proportionate share of the net OPEB liability was $2,749,346. Of this amount, Pierpont recognized $2,282,288 as its proportionate share on the statement of net position. The remainder of $467,058 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, 2020 and 2019. Employer contributions are recognized when due. At the June 30, 2020 measurement date, Pierpont's proportion was 0.091660029%, a decrease of 0.045899178% from its proportion of 0.137559207% calculated as of June 30, 2019. At the June 30, 2019 measurement date, Pierpont's proportion was 0.137559207%, a decrease of 0.001099936% from its proportion of 0.138659143% calculated as of June 30, 2018.

For the year ended June 30, 2021, Pierpont recognized OPEB expense of $242,955. Of this amount, $204,506 was recognized as Pierpont's proportionate share of OPEB expense and $38,449 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. Pierpont also recognized revenue of $38,449 for support provided by the State.

For the year ended June 30, 2020, Pierpont recognized OPEB expense of $(9,598). Of this amount, $(147,965) was recognized as Pierpont's proportionate share of OPEB expense and $138,367 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. Pierpont also recognized revenue of $138,367 for support provided by the State.

8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

At June 30, 2021 and 2020, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual non-investment experience	$ -	$ 262,500
Changes in proportion and difference between employer contributions and proportionate share of contributions	1,523,236	-
Net difference between projected and actual investment earnings	30,731	-
Changes in assumptions	-	913,843
Contributions after the measurement date	163,494	-
Total	$ 1,717,461	$ 1,176,343

June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual non-investment experience	$ -	$ 266,180
Changes in proportion and difference between employer contributions and proportionate share of contributions	90,386	237,308
Net difference between projected and actual investment earnings	-	24,621
Changes in assumptions	-	462,867
Reallocation of opt-out employer change in proportionate share	563	61,403
Contributions after the measurement date	177,168	-
Total	$ 268,117	$ 1,052,379

8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Pierpont will recognize the $163,494 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, 2022. 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
2022	$ (38,906)
2023	95,528
2024	310,579
2025	10,423
	$ 377,624

Payables to the OPEB Plan

Pierpont did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2021 and 2020.

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 2021 and 2020, Pierpont reduced its debt to the Commission against the debt obligation by $61,054 and $65,119, respectively. Per the Final Separation Agreement between Fairmont State and Pierpont, Pierpont assumed the remaining portion of the total debt obligation to the Commission that was previously shared with Fairmont State. This resulted in an increase to Pierpont's liability at June 30, 2021 of $955,431. The amount due to Commission at June 30, 2021 and 2020 is $1,390,325 and $495,948, 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 was 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 2021 and 2020, payments to Fairmont State on this debt obligation were $246,149 and $272,064, respectively. At June 30, 2020, the amount owed to Fairmont State was $2,294,265. Under the Final Separation Agreement, this debt obligation was replaced with a new liability due to Fairmont State totaling $16,300,000. See note 17 for additional information.

11. NET POSITION

Pierpont's net position at June 30, 2021 and 2020 includes certain designated net position, as follows:

	2021		
	Net Position Before OPEB Liability	OPEB Liability	Total Net Position
Net investment in capital assets	$ 26,370,501	$ -	$ 26,370,501
Restricted for — expendable:			
Capital projects	1,436,875	-	1,436,875
Total restricted	1,436,875	-	1,436,875
Unrestricted:			
Designated for auxiliaries	17,640	-	17,640
Designated for fund managers	1,556,350	-	1,556,350
Undesignated	(13,599,471)	404,855	(14,004,326)
Total unrestricted (deficit)	(12,025,481)	404,855	(12,430,336)
Total net position	$ 15,781,895	$ 404,855	$ 15,377,040

11. NET POSITION (CONTINUED)

	2020		
	Net Position Before OPEB Liability	OPEB Liability	Total Net Position
Net investment in capital assets	$ 38,052,588	$ -	$ 38,052,588
Restricted for — expendable:			
Capital projects	2,246,978	-	2,246,978
Debt service	16,060	-	16,060
Total restricted	2,263,038	-	2,263,038
Unrestricted:			
Designated for auxiliaries	40,952	-	40,952
Designated for fund managers	1,013,520	-	1,013,520
Undesignated	1,250,395	2,282,288	(1,031,893)
Total unrestricted	2,304,867	2,282,288	22,579
Total net position	$ 42,620,493	$ 2,282,288	$ 40,338,205

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, 2021 and 2020:

STRS	2021	2020
Net pension liability	$ 59,072	$ 55,427
Deferred outflows of resources	29,293	18,305
Deferred inflows of resources	5,563	8,410
Revenues	13,463	16,135
Pension expense	22,087	23,880
Contributions made by Pierpont	17,897	7,587

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. However, effective July 1, 2005, all new employees hired for the first time are required to participate in STRS.

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.

12. RETIREMENT PLANS (CONTINUED)

Benefits Provided

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

Contributions

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

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

Employer Contributions: Employers make the following contributions:

The State (including institutions of higher education) contributes:

- 15% of gross salary of their State-employed members hired prior to July 1, 1991;
- 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, 2021 and 2020, Pierpont's proportionate share attributable to this special funding subsidy was $13,463 and $16,135, respectively.

Pierpont's contributions to STRS for the years ended June 30, 2021, 2020, and 2019, were $17,897, $7,587, and $8,069, respectively.

12. RETIREMENT PLANS (CONTINUED)

Assumptions

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2019 and 2018 and rolled forward to June 30, 2020 and 2019, 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 through fiscal year 2034.
- Investment rate of return: 7.50%, net of pension plan administrative and investment expenses.
- Projected salary increases: Teachers 3.00-6.16% and non-teachers 3.00-6.75%, based on age.
- Inflation rate: 3.00%.
- Discount rate: 7.50%.
- Mortality rates based on Pub-2010 Mortality Tables.
- Withdrawal rates: State 7.00-35.00% and nonstate 2.33-18.00%.
- Disability rates: 0.004-0.563%.
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Retirement rates: 15-100%.
- Ad hoc cost-of-living increases in pensions are periodically granted by the 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, 2014 to June 30, 2019. 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, 2020 and 2019, are summarized below.

June 30, 2020		
Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	5.5%	27.5%
International equity	7.0%	27.5%
Fixed income	2.2%	15.0%
Real estate	6.6%	10.0%
Private equity	8.5%	10.0%
Hedge funds	4.0%	10.0%

12. RETIREMENT PLANS (CONTINUED)

June 30, 2019		
Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	5.8%	27.5%
International equity	7.7%	27.5%
Fixed income	3.3%	15.0%
Real estate	6.1%	10.0%
Private equity	8.8%	10.0%
Hedge funds	4.4%	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 employer 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, 2021 and 2020 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 2021	$ 79,801	$ 59,072	$ 41,409
Net pension liability 2020	75,653	55,427	38,126

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

The June 30, 2021 STRS net pension liability was measured as of June 30, 2020, and the total pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to the measurement date of June 30, 2020. The June 30, 2020 STRS net pension liability was measured as of June 30, 2019, and the total pension liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to the measurement date of June 30, 2019.

At June 30, 2021, Pierpont's proportionate share of the STRS net pension liability was $187,414. Of this amount, Pierpont recognized $59,072 as its proportionate share on the statement of net position. The remainder of $128,342 denotes Pierpont's proportionate share of net pension liability attributable to the special funding.

12. RETIREMENT PLANS (CONTINUED)

At June 30, 2020, Pierpont's proportionate share of the STRS net pension liability was $189,213. Of this amount, Pierpont recognized $55,427 as its proportionate share on the statement of net position. The remainder of $133,786 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, 2020 and 2019. Employer contributions are recognized when due. At the June 30, 2020 measurement date, Pierpont's proportion was 0.001834%, a decrease of 0.000029% from its proportion of 0.001863% calculated as of June 30, 2019. At the June 30, 2019 measurement date, Pierpont's proportion was 0.001863%, an increase of 0.000201% from its proportion of 0.001662% calculated as of June 30, 2018.

For the year ended June 30, 2021, Pierpont recognized STRS pension expense of $22,087. Of this amount, $8,624 was recognized as Pierpont's proportionate share of the STRS expense and $13,463 as the amount of pension expense attributable to special funding from a non-employer contributing entity. Pierpont also recognized revenue of $13,463 for support provided by the State.

For the year ended June 30, 2020, Pierpont recognized STRS pension expense of $23,880. Of this amount, $7,745 was recognized as Pierpont's proportionate share of the STRS expense and $16,135 as the amount of pension expense attributable to special funding from a non-employer contributing entity. Pierpont also recognized revenue of $16,135 for support provided by the State.

At June 30, 2021 and 2020, deferred outflows of resources and deferred inflows of resources related to the STRS pension are as follows.

June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,357	$ 1,297
Changes in proportion and differences in pension contributions	5,628	4,266
Net difference between projected and actual investment earnings	3,579	-
Changes in assumptions	832	-
Contributions after the measurement date	17,897	-
Total	$ 29,293	$ 5,563

12. RETIREMENT PLANS (CONTINUED)

June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 277	$ 1,894
Changes in proportion and differences in pension contributions	9,244	5,009
Net difference between projected and actual investment earnings	-	1,507
Changes in assumptions	1,197	-
Contributions after the measurement date	7,587	-
Total	$ 18,305	$ 8,410

Pierpont will recognize the $17,897 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, 2022. 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
2022	$ 1,353
2023	910
2024	2,054
2025	1,516
	$ 5,833

Payables to the Pension Plan

Pierpont did not report any amounts payable for normal contributions to the STRS as of June 30, 2021 and 2020.

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, 2021, 2020, and 2019. 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, 2021, 2020, and 2019, were $753,404, $619,796, and $702,488, respectively, which consisted of equal contributions from Pierpont and covered employees of $376,702, $309,898, and $351,244, respectively.

12. RETIREMENT PLANS (CONTINUED)

Total contributions to Educators Money for the years ended June 30, 2021, 2020, and 2019, were $38,974, $21,440, and $48,482, respectively, which consisted of $19,487, $10,720, and $24,241, from both Pierpont and from covered employees, respectively.

Pierpont's total payroll for the year ended June 30, 2021, was $7,496,221, and total covered employees' salaries in the STRS, TIAA-CREF, and Educators Money were $119,311, $6,278,367, and $324,781, respectively.

Pierpont's total payroll for the year ended June 30, 2020 was $7,622,463, and total covered employees' salaries in the STRS, TIAA-CREF, and Educators Money were $50,578, $5,164,970, and $178,660, respectively.

Pierpont's total payroll for the year ended June 30, 2019, was $7,329,167, and total covered employees' salaries in the STRS, TIAA-CREF, and Educators Money were $52,687, $5,854,061, and $404,015, 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. 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. For the year ended June 30, 2020, the Foundation supported both Fairmont State and Pierpont. Endowments designated to benefit Pierpont are under the control and management of the Foundation. For the year ended June 30, 2021, the Foundation held $1,283,260 for the benefit of the Pierpont Foundation, Inc. The Pierpont Foundation, Inc. has requested the transfer of these funds on or before October 31, 2021. 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.

Total funds expended by the Foundation in support of Pierpont activities totaled $119,704 and $161,046 during 2021 and 2020, 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, 2021 and 2020 are as follows:

	2021	2020
Due from:		
Department of Commerce	$ -	$ 7,046
Department of Health and Human Resources	-	56,203
Marshall University	-	250
	$ -	$ 63,499
Due to:		
WVNET	$ -	$ 24,003
State Treasurer's Office	999	1,137
WV Attorney General	62	-
Department of Administration	18	-
PEIA	403	-
Department of Health and Human Resources	10,037	-
	$ 11,519	$ 25,140

15. RELATED-PARTY TRANSACTIONS

During fiscal years 2021 and 2020, Pierpont and Fairmont State entered into a fee for service agreement that establishes the amount Pierpont will pay Fairmont State toward the costs of operation for shared ownership campuses. These costs are primarily facility-related, including insurance costs, physical plant support areas, custodial services, and utilities for shared use campuses. Beyond the facility-related services, the only services provided by Fairmont State were mail services and limited network services to the Locust Avenue Campus. In addition to the fee for service agreement, Pierpont will transfer to Fairmont State auxiliary and capital fee revenues collected from students with programs based on campuses shared with Fairmont State and the programs subject to the 2014 Arbitration Settlement. These transfers, except for capital fees, are primarily pledged revenues to bond funds and are required by bond covenants. For fiscal year 2022, Pierpont will pay Fairmont State $650,000 under the fee for service agreement in accordance with the Final Separation Agreement. Pierpont's Culinary Arts, Veterinary Technology Assistant, and Early Childhood programs will remain on Fairmont State's Locust Avenue campus through June 30, 2022. Additionally, Pierpont's Aviation programs are located at Fairmont State's National Aerospace Education Center in Bridgeport. The 2022 fee for service payment is to cover facility-related costs. After fiscal year 2022, Pierpont will no longer share any campus locations with Fairmont State, and no future fee for service agreements will be needed.

15. RELATED-PARTY TRANSACTIONS (CONTINUED)

Fiscal year 2021 and 2020 transfers of auxiliary and capital fee revenues are as follows:

	2021	2020
Revenues:		
E&G capital and debt service support revenue	$ 349,177	$ 382,089
Expenses:		
Assessment for auxiliary fees and debt service	405,549	429,868
Assessment for E&G capital and debt service costs	319,081	334,516

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

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 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.

16. SEPARATION OF ASSETS AND LIABILITIES AGREEMENT (CONTINUED)

(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.

(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.

16. SEPARATION OF ASSETS AND LIABILITIES AGREEMENT (CONTINUED)

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.*"

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 $2,667,177 and $3,173,444 as of June 30, 2021 and 2020, 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."*

16. SEPARATION OF ASSETS AND LIABILITIES AGREEMENT (CONTINUED)

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.*

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.*

16. SEPARATION OF ASSETS AND LIABILITIES AGREEMENT (CONTINUED)

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.*

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, 2020, the average allocated 31.28% of the debt to Pierpont and 68.72% of the debt to Fairmont State. As of June 30, 2021, Pierpont had entered into a Final Separation Agreement with Fairmont State, establishing Pierpont's future obligations to Fairmont State for a portion of the debt service on the 2012 Bond Indebtedness. Fairmont State accepted full legal and sole financial responsibility for the Series 2006 Bonds. See note 17 for additional information.

16. SEPARATION OF ASSETS AND LIABILITIES AGREEMENT (CONTINUED)

The Series 2012A and Series 2012B 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.

17. FINAL SEPARATION AGREEMENT

On March 24, 2021, Pierpont entered into a Memorandum of Understanding with Fairmont State for full and final separation. The agreement was facilitated by the West Virginia Legislature. The Final Separation Agreement was executed on April 1, 2021, detailing the final separation, including the division of assets and providing for payment of outstanding indebtedness. The Final Separation Agreement supersedes the Separation of Assets and Liabilities Agreement described in note 16.

Under the Final Separation Agreement, Pierpont received transfers of property from Fairmont State, including the Gaston Caperton Center in Clarksburg, the real property and any improvements located adjacent to the Gaston Caperton Center, and the Braxton County Center located in Braxton County High School. As of June 30, 2021, the assets retained by Pierpont from the BOG Support fund had a net book value of $5,168,044. Fairmont State retained full ownership of all other assets that were previously jointly owned.

Pierpont assumed the debt obligation to the Commission outstanding at June 30, 2021 in the amount of $1,390,325. This increased Pierpont's indebtedness to the Commission by $955,431. In addition to the principal amount on the financial statements, Pierpont assumed responsibility for interest in the amount of $217,761 to be paid over the remaining debt period. Fairmont State accepted full legal and sole financial responsibility for the Series 2006 Bonds outstanding at June 30, 2021 of $2,667,177, which resulted in a decrease in Pierpont's indebtedness to Fairmont State of $2,048,116.

Fairmont State shall be responsible for submitting debt service payments on the Series 2012 Bonds and paying the costs of operating, maintaining, and repairing the facilities refinanced with the Series 2012 Bonds. In addition to the full and final separation of BOG Support assets and liabilities, it was determined that Pierpont shall pay Fairmont State a total of $16,300,000 through 2032 for a portion of the debt service on the 2012 Bonded Indebtedness. Pierpont shall pay Fairmont State $1,300,000 in fiscal year 2022. For fiscal years 2023 through 2032, Pierpont shall pay Fairmont State $1,500,000 per year. The amount due to Fairmont State of $16,300,000 is included in the loss on final separation from Fairmont State and as a liability of Pierpont's Unrestricted, Restricted, and Other Funds.

Pierpont will receive a special appropriation of State funds through the West Virginia Legislature for fiscal year 2022 in the amount of $2,500,000. This special appropriation is to be received by the Council and remitted to Pierpont.

17. FINAL SEPARATION AGREEMENT (CONTINUED)

As a result of the Final Separation Agreement, Pierpont recognized a loss on final separation from Fairmont State of $27,872,673. The following table summarizes the components of the loss on final separation:

Capital assets assumed by Pierpont	$ 5,483,775
Liabilities assumed by Pierpont	(17,255,431)
Liabilities transferred to Fairmont State	2,102,419
Cash and other assets transferred to Fairmont State	(1,171,726)
Capital assets transferred to Fairmont State	(17,031,710)
Total loss on final separation from Fairmont State	$ (27,872,673)

18. 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.

The nation and Pierpont's primary market area continue to be affected by the consequences from the COVID-19 pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies of many states, including the geographical area in which Pierpont operates. It is unknown how long these conditions will last and what the complete financial effect will be to Pierpont. Additionally, it is reasonably possible that estimates made in the financial statements may be adversely impacted in the near-term as a result of these conditions.

19. SUBSEQUENT EVENTS

On July 7, 2021, Pierpont purchased a 3,200 square foot facility adjacent to the Gaston Caperton Center that will be remodeled and expanded to accommodate the Veterinary Technology Assistant Program. The total cost of the property was $385,026. As of June 30, 2021, Pierpont had signed a real estate purchase contact and submitted the earnest money deposit of $38,500. At the closing on July 7, 2021, Pierpont paid the remaining balance of $346,526. On September 21, 2021, Pierpont's Board of Governors approved plans for the remodel and expansion of the newly acquired building. The Council engaged Pickering Associates to perform the planning and design work needed to facilitate the relocation of the Veterinary Technology Assistant Program. The total cost estimate of the remodeling and expansion of the building is $1,950,000, with $1,100,000 committed by the Council and up to $850,000 committed from Pierpont's capital funds. This will result in the Veterinary Technology Assistant Program having state of the art facilities and will prepare it for future growth.

20. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

For the years ended June 30, 2021 and 2020, the following tables represent operating expenses within both natural and functional classifications:

2021

Function	Salaries and Wages	Benefits	Supplies and Others	Utilities	Scholarships	Depreciation	Assessment for Auxiliary Fees and Debt Service	Loan Cancellations	Fees Assessed by the Commission	Function Total
Auxiliary enterprises	$ -	$ -	$ -	$ -	$ -	$ -	$ 405,549	$ -	$ -	$ 405,549
Instruction	4,518,392	1,044,969	950,001	130,693	25,000	-	-	-	-	6,669,055
Public service	8,000	819	-	-	-	-	-	-	-	8,819
Academic support	98,528	21,752	76,445	-	-	-	-	-	-	196,725
Student services	1,010,135	240,614	156,732	-	-	-	-	-	-	1,407,481
General institutional support	1,667,236	372,847	2,511,991	62,880	-	-	-	-	110,306	4,725,260
Operation and maintenance	146,402	16,198	329,359	-	-	-	-	-	-	491,959
Student financial aid	47,528	-	-	3,000	2,916,857	-	-	-	-	2,967,385
Depreciation	-	-	-	-	-	1,841,189	-	-	-	1,841,189
Loan cancellations and write-offs	-	-	-	-	-	-	-	606,194	-	606,194
TOTAL	$ 7,496,221	$ 1,697,199	$ 4,024,528	$ 196,573	$ 2,941,857	$ 1,841,189	$ 405,549	$ 606,194	$ 110,306	$ 19,319,616

2020

Function	Salaries and Wages	Benefits	Supplies and Others	Utilities	Scholarships	Depreciation	Assessment for Auxiliary Fees and Debt Service	Loan Cancellations	Fees Assessed by the Commission	Function Total
Auxiliary enterprises	$ -	$ -	$ -	$ -	$ -	$ -	$ 429,868	$ -	$ -	$ 429,868
Instruction	5,068,646	986,178	1,036,980	67,453	15,302	-	-	-	-	7,174,559
Public service	1,094	-	-	-	-	-	-	-	-	1,094
Academic support	79,466	-	60,103	-	8,500	-	-	-	-	148,069
Student services	904,332	249,027	194,618	5,452	9,500	-	-	-	-	1,362,929
General institutional support	1,527,650	198,789	2,777,944	95,453	191,781	-	-	-	108,490	4,900,107
Operation and maintenance	-	-	91,033	-	-	-	-	-	-	91,033
Student financial aid	41,275	123	23,319	790	2,108,616	-	-	-	-	2,174,123
Depreciation	-	-	-	-	-	1,743,526	-	-	-	1,743,526
Loan cancellations and write-offs	-	-	-	-	-	-	-	469,133	-	469,133
TOTAL	$ 7,622,463	$ 1,434,117	$ 4,183,997	$ 169,148	$ 2,333,699	$ 1,743,526	$ 429,868	$ 469,133	$ 108,490	$ 18,494,441

ADDITIONAL INFORMATION

PIERPONT COMMUNITY & TECHNICAL COLLEGE

SCHEDULE OF NET POSITION INFORMATION
YEAR ENDED JUNE 30, 2021

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	$ -	$ 7,441,421	$ -	$ 7,441,421
Accounts receivable — net	-	3,074,507	-	3,074,507
Total current assets	-	10,515,928	-	10,515,928
NONCURRENT ASSETS:				
Cash and cash equivalents	-	-	-	-
Other noncurrent assets	-	39,592	-	39,592
Capital assets — net	5,168,044	22,592,782	-	27,760,826
Total noncurrent assets	5,168,044	22,632,374	-	27,800,418
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows relating to the net pension liability	-	29,293	-	29,293
Deferred outflows relating to the net OPEB liability	-	1,717,461	-	1,717,461
Total deferred outflows of resources	-	1,746,754	-	1,746,754
TOTAL	$ 5,168,044	$ 34,895,056	$ -	$ 40,063,100
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION				
CURRENT LIABILITIES:				
Accounts payable	$ -	$ 200,916	$ -	$ 200,916
Accrued liabilities — payroll	-	1,053,470	-	1,053,470
Retainages payable	-	-	-	-
Unearned revenue and deposits	-	3,683,938	-	3,683,938
Compensated absences — current portion	-	275,077	-	275,077
Due to Fairmont State — current portion	-	1,300,000	-	1,300,000
Debt obligation due to Commission — current portion	208,264	-	-	208,264
Debt obligation due to Fairmont State — current portion	-	-	-	-
Total current liabilities	208,264	6,513,401	-	6,721,665
NONCURRENT LIABILITIES:				
Net other postemployment benefits liability	-	404,855	-	404,855
Compensated absences	-	136,501	-	136,501
Due to Fairmont State	-	15,000,000	-	15,000,000
Debt obligation due to Commission	1,182,061	-	-	1,182,061
Debt obligation due to Fairmont State	-	-	-	-
Net pension liability	-	59,072	-	59,072
Total noncurrent liabilities	1,182,061	15,600,428	-	16,782,489
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows relating to the net pension liability	-	5,563	-	5,563
Deferred inflows relating to the net OPEB liability	-	1,176,343	-	1,176,343
Total deferred inflows of resources	-	1,181,906	-	1,181,906
NET POSITION:				
Net investment in capital assets	3,777,719	22,592,782	-	26,370,501
Restricted for — expendable:				
Capital projects	-	1,436,875	-	1,436,875
Debt service	-	-	-	-
Total restricted	-	1,436,875	-	1,436,875
Unrestricted E&G Plant and President's Control	-	(14,004,326)	-	(14,004,326)
Unrestricted Auxiliary and Fund Manager Funds	-	1,573,990	-	1,573,990
Total unrestricted (deficit)	-	(12,430,336)	-	(12,430,336)
Total net position	3,777,719	11,599,321	-	15,377,040
TOTAL	$ 5,168,044	$ 34,895,056	$ -	$ 40,063,100

See note to schedules.

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION INFORMATION
YEAR ENDED JUNE 30, 2021

All Funds	Board of Governors Support Fund	Unrestricted, Restricted, and Other Funds	Internal Fund Eliminations	Total Institution
OPERATING REVENUES:				
Student tuition and fees — net	$ -	$ 3,140,165	$ -	$ 3,140,165
Auxiliary enterprise revenue	-	405,562	-	405,562
Contracts and grants:				
Federal	-	274,062	-	274,062
State/local	-	2,505,609	-	2,505,609
Private	-	213,836	-	213,836
Miscellaneous — net	1,605	3,620,846	-	3,622,451
Total operating revenues	1,605	10,160,080	-	10,161,685
OPERATING EXPENSES:				
Salaries and wages	-	7,496,221	-	7,496,221
Benefits	-	1,697,199	-	1,697,199
Supplies and other services	83,507	3,941,021	-	4,024,528
Utilities	-	196,573	-	196,573
Student financial aid — scholarships and fellowships	-	2,941,857	-	2,941,857
Depreciation	1,009,874	831,315	-	1,841,189
Assessment for auxiliary fees and debt service	-	405,549	-	405,549
Loan cancellations and write-offs	-	606,194	-	606,194
Fees assessed by the Commission for operations	6,825	103,481	-	110,306
Total operating expenses	1,100,206	18,219,410	-	19,319,616
OPERATING LOSS	(1,098,601)	(8,059,330)	-	(9,157,931)
NONOPERATING REVENUES (EXPENSES):				
State appropriations	-	7,820,129	-	7,820,129
Federal Pell grant revenue	-	2,441,308	-	2,441,308
Federal HEERF revenue	-	1,998,181	-	1,998,181
Gifts	-	20,000	-	20,000
E&G capital and debt service support revenue	494,417	-	(145,240)	349,177
Investment income	5,328	8,740	-	14,068
(Loss) gain on disposal of fixed assets	(406,119)	57,600	-	(348,519)
Assessment for E&G capital and debt service costs	-	(464,321)	145,240	(319,081)
Fees assessed by the Commission for debt service	(21,995)	(1,131)	-	(23,126)
Fees assessed by Fairmont State for debt service	(62,741)	-	-	(62,741)
Net nonoperating revenues	8,890	11,880,506	-	11,889,396
INCREASE (DECREASE) IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES, AND TRANSFER	(1,089,711)	3,821,176	-	2,731,465
PAYMENTS MADE AND EXPENSES INCURRED BY THE COMMISSION ON BEHALF OF PIERPONT	4,978	-	-	4,978
PAYMENTS MADE AND EXPENSES INCURRED BY THE STATE ON BEHALF OF PIERPONT	-	51,912	-	51,912
CAPITAL BOND PROCEEDS FROM THE STATE	123,153	-	-	123,153
LOSS ON FINAL SEPARATION FROM FAIRMONT STATE	(14,119,411)	(13,753,262)	-	(27,872,673)
(DECREASE) INCREASE IN NET POSITION BEFORE TRANSFER	(15,080,991)	(9,880,174)	-	(24,961,165)
TRANSFER OF NET POSITION TO FAIRMONT STATE	-	-	-	-
NET (DECREASE) INCREASE IN NET POSITION	(15,080,991)	(9,880,174)	-	(24,961,165)
NET POSITION — Beginning of year	18,858,710	21,479,495	-	40,338,205
NET POSITION — End of year	$ 3,777,719	$ 11,599,321	$ -	$ 15,377,040

See note to schedules.

SCHEDULE OF CASH FLOW INFORMATION
YEAR ENDED JUNE 30, 2021

	Board of Governors Support Fund	Unrestricted, Restricted, and Other Funds	Internal Fund Eliminations	Total Institution
CASH FLOWS FROM OPERATING ACTIVITIES:				
Student tuition and fees	$ -	$ 5,874,804	$ -	$ 5,874,804
Contracts and grants	-	2,905,657	-	2,905,657
Payments to and on behalf of employees	-	(9,146,131)	-	(9,146,131)
Payments to suppliers	(35,634)	(4,009,062)	-	(4,044,696)
Payments to utilities	-	(196,573)	-	(196,573)
Payments for scholarships and fellowships	-	(6,103,456)	-	(6,103,456)
Auxiliary enterprise charges	-	405,562	-	405,562
Fees assessed by the Commission	(6,825)	(103,481)	-	(110,306)
Other receipts — net	1,605	377,021	-	378,626
Assessment for auxiliary fees and debt service	-	(405,549)	-	(405,549)
Net cash used in operating activities	(40,854)	(10,401,208)	-	(10,442,062)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
State appropriations	-	7,820,129	-	7,820,129
Federal Pell grant revenues	-	2,441,308	-	2,441,308
Federal HEERF revenues	-	1,998,181	-	1,998,181
Gift receipts	-	20,000	-	20,000
William D. Ford direct lending receipts	-	3,161,599	-	3,161,599
William D. Ford direct lending payments	-	(3,161,599)	-	(3,161,599)
Transfers from Board of Governors Support Fund	(614,443)	614,443	-	-
Transfers to Fairmont State	(1,171,693)	-	-	(1,171,693)
Transfers from Fairmont State	-	-	-	-
Net cash (used in) provided by noncapital financing activities	(1,786,136)	12,894,061	-	11,107,925
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Capital bond proceeds from the State	123,153	-	-	123,153
E&G capital and debt service support revenue	494,417	-	(145,240)	349,177
Fees assessed by the Commission	(21,995)	(1,131)	-	(23,126)
Purchases of capital assets	(415,580)	(294,987)	-	(710,567)
Proceeds from sale of capital assets	3,773	60,112	-	63,885
Assessment for E&G capital and debt service costs	-	(464,321)	145,240	(319,081)
Payments to the Commission on debt obligation	(61,054)	-	-	(61,054)
Payments to Fairmont State on debt obligation	(246,149)	-	-	(246,149)
Fees assessed by Fairmont State	(62,741)	-	-	(62,741)
Net cash used in capital financing activities	(186,176)	(700,327)	-	(886,503)
CASH FLOW FROM INVESTING ACTIVITY — Investment income	5,328	8,740	-	14,068
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,007,838)	1,801,266	-	(206,572)
CASH AND CASH EQUIVALENTS — Beginning of year	2,007,838	5,640,155	-	7,647,993
CASH AND CASH EQUIVALENTS — End of year	$ -	$ 7,441,421	$ -	$ 7,441,421

(Continued)

SCHEDULE OF CASH FLOW INFORMATION
YEAR ENDED JUNE 30, 2021

	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	$ (1,098,601)	$ (8,059,330)	$ -	$ (9,157,931)
Adjustments to reconcile net operating loss to net cash				
used in operating activities:				
Depreciation expense	1,009,874	831,315	-	1,841,189
Pension expense — special funding situation	-	13,463	-	13,463
OPEB expense — special funding situation	-	38,449	-	38,449
Changes in assets, deferred outflows of resources,				
liabilities, and deferred inflows of resources:				
Accounts receivable — net	8,124	(2,497,642)	-	(2,489,518)
Deferred outflows of resources	-	(1,460,332)	-	(1,460,332)
Accounts payable	33,405	(68,041)	-	(34,636)
Accrued liabilities — payroll	-	(38,182)	-	(38,182)
Retainages payable	6,344	-	-	6,344
Unearned revenue and deposits	-	2,595,486	-	2,595,486
Compensated absences	-	(3,723)	-	(3,723)
Other postemployment benefits liability	-	(1,877,433)	-	(1,877,433)
Net pension liability	-	3,645	-	3,645
Deferred inflows of resources	-	121,117	-	121,117
NET CASH USED IN OPERATING ACTIVITIES	$ (40,854)	$ (10,401,208)	$ -	$ (10,442,062)
NONCASH TRANSACTIONS:				
Property additions in retainages payable	$ -	$ -	$ -	$ -
Payments made and expenses incurred by the Commission on behalf of Pierpont	$ 4,978	$ -	$ -	$ 4,978
Loss on final separation from Fairmont State (exclusive of $1,171,693 of cash)	$ (12,333,275)	$ (14,367,705)	$ -	$ (26,700,980)
Transfer to Fairmont State (exclusive of $0 of cash)	$ -	$ -	$ -	$ -
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:				
Cash and cash equivalents classified as current				$ 7,441,421
Cash and cash equivalents classified as noncurrent				-
				$ 7,441,421

See note to schedules.

(Concluded)

PIERPONT COMMUNITY & TECHNICAL COLLEGE

SCHEDULE OF NATURAL VS. FUNCTIONAL CLASSIFICATIONS INFORMATION
YEAR ENDED JUNE 30, 2021

INTERNAL FUND: BOG SUPPORT

Function	Salaries and Wages	Benefits	Supplies and Others	Utilities	Scholarships	Depreciation	Loan Cancellations	Fees Assessed by the Commission	Function Total
Auxiliary enterprises	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Instruction	-	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-	-
Student services	-	-	-	-	-	-	-	-	-
General institutional support	-	-	-	-	-	-	-	6,825	6,825
Operation and maintenance	-	-	83,507	-	-	-	-	-	83,507
Student financial aid	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	1,009,874	-	-	1,009,874
Loan cancellations and write-offs	-	-	-	-	-	-	-	-	-
TOTAL	$ -	$ -	$ 83,507	$ -	$ -	$ 1,009,874	$ -	$ 6,825	$ 1,100,206

See note to schedules.

(Continued)

PIERPONT COMMUNITY & TECHNICAL COLLEGE

SCHEDULE OF NATURAL VS. FUNCTIONAL CLASSIFICATIONS INFORMATION
YEAR ENDED JUNE 30, 2021

INTERNAL FUND: UNRESTRICTED, RESTRICTED, AND OTHER FUNDS

Function	Salaries and Wages	Benefits	Supplies and Others	Utilities	Scholarships	Depreciation	Assessment for Auxiliary Fees and Debt Service	Loan Cancellations	Fees Assessed by the Commission	Function Total
Auxiliary enterprises	$ -	$ -	$ -	$ -	$ -	$ -	$ 405,549	$ -	$ -	$ 405,549
Instruction	4,518,392	1,044,969	950,001	130,693	25,000	-	-	-	-	6,669,055
Public service	8,000	819	-	-	-	-	-	-	-	8,819
Academic support	98,528	21,752	76,445	-	-	-	-	-	-	196,725
Student services	1,010,135	240,614	156,732	-	-	-	-	-	-	1,407,481
General institutional support	1,667,236	372,847	2,511,991	62,880	-	-	-	-	103,481	4,718,435
Operation and maintenance	146,402	16,198	245,852	-	-	-	-	-	-	408,452
Student financial aid	47,528	-	-	3,000	2,916,857		-	-	-	2,967,385
Depreciation	-	-	-	-	-	831,315	-	-	-	831,315
Loan cancellations and write-offs	-	-	-	-	-	-	-	606,194	-	606,194
TOTAL	$ 7,496,221	$ 1,697,199	$ 3,941,021	$ 196,573	$ 2,941,857	$ 831,315	$ 405,549	$ 606,194	$ 103,481	$ 18,219,410

See note to schedules.

(Concluded)

PIERPONT COMMUNITY & TECHNICAL COLLEGE

NOTE TO SCHEDULES
YEAR ENDED JUNE 30, 2021

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 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. In prior years, the BOG Support fund comprised Pierpont's ownership based on the Separation of Assets and Liabilities Agreement, which was 31.28% as of June 30, 2020. On April 1, 2021, Pierpont signed a Final Separation Agreement with Fairmont State. The BOG Support fund as of June 30, 2021 provides the financial outcome of the final separation in regard to assets and liabilities transferred to and from Pierpont. The details of the final separation are also included in note 17 of the financial statements.

Financial Schedules - The BOG Support information in the supplemental schedules was produced from the financial reporting system maintained by Fairmont State. Pierpont has an independent financial reporting system, and the Unrestricted, Restricted, and Other Funds financial information was produced from Pierpont's financial database.

The following represents additional footnotes regarding auxiliary and capital fees.

a. *Revenues* — Pierpont has established independent finance operations, and all revenues are managed through Pierpont's independent database. Auxiliary and capital fee collections subject to agreements with Fairmont State are transferred by Pierpont to Fairmont State. Most of these transferred fees are pledged on revenue bonds and must be transferred to maintain compliance with bond covenants. Housing and meal plan collections are paid to Fairmont State based on student occupancy and participation.

b. *Expenses* — During fiscal year 2021, Pierpont and Fairmont State had a fee for service agreement. The costs incurred under the fee for service agreement are included in supplies and other services on the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

PIERPONT COMMUNITY & TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2021

State Teachers' Retirement System
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Pierpont's proportion of the net pension liability (asset) (percentage)	0.001834%	0.001863%	0.001662%	0.001812%	0.001903%	0.001644%	0.001606%			
Pierpont's proportionate share of the net pension liability (asset)	$ 59,072	$ 55,427	$ 51,892	$ 62,604	$ 78,224	$ 56,969	$ 55,395			
State's proportionate share of the net pension liability (asset)	128,342	133,786	134,473	138,439	148,997	130,012	125,169			
Total proportionate share of the net pension liability (asset)	$ 187,414	$ 189,213	$ 186,365	$ 201,043	$ 227,221	$ 186,981	$180,564			
Pierpont's covered payroll	$ 50,578	$ 52,687	$ 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	116.79%	105.20%	101.50%	125.19%	159.01%	114.29%	112.34%			
Plan fiduciary net position as a percentage of the total pension liability	70.89%	72.64%	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, 2021

State Teachers' Retirement System

Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 17,897	$ 7,587	$ 8,069	$ 7,656	$ 7,501	$ 7,379	$ 7,477			
Contributions in relation to the contractually required contribution	(17,897)	(7,587)	(8,069)	(7,656)	(7,501)	(7,379)	(7,477)			
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -			
Pierpont's covered payroll	$ 119,311	$ 50,578	$ 52,687	$ 51,126	$ 50,008	$ 49,195	$ 49,845			
Contributions as a percentage of covered payroll	15.00%	15.00%	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 available.

PIERPONT COMMUNITY & TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
JUNE 30, 2021

Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Pierpont's proportion of the net OPEB liability (asset) (percentage)	0.091660029%	0.137559207%	0.138659143%	0.132195612%						
Pierpont's proportionate share of the net OPEB liability (asset)	$ 404,855	$ 2,282,288	$ 2,974,842	$ 3,250,676						
State's proportionate share of the net OPEB liability (asset)	89,520	467,058	614,821	667,693						
Total proportionate share of the net OPEB liability (asset)	$ 494,375	$ 2,749,346	$ 3,589,663	$ 3,918,369						
Pierpont's covered-employee payroll	$ 5,189,805	$ 5,235,890	$ 4,830,737	$ 4,600,880						
Pierpont's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	7.80%	43.59%	61.58%	70.65%						
Plan fiduciary net position as a percentage of the total OPEB liability	73.49%	39.69%	30.98%	25.10%						

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

PIERPONT COMMUNITY & TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
JUNE 30, 2021

Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily required contribution	$ 163,494	$ 177,168	$ 249,410	$ 247,742						
Contributions in relation to the statutorily required contribution	(163,494)	(177,168)	(249,410)	(247,742)						
Contribution deficiency (excess)	$ -	$ -	$ -	$ -						
Pierpont's covered-employee payroll	$ 5,338,250	$ 5,189,805	$ 5,235,890	$ 4,830,737						
Contributions as a percentage of covered-employee payroll	3.06%	3.41%	4.76%	5.13%						

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

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

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

PIERPONT COMMUNITY & TECHNICAL COLLEGE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2021 AND 2020

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

PIERPONT COMMUNITY & TECHNICAL COLLEGE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2021 AND 2020

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
2014	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.75 to 5.25%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.40 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant monthly mortality table; Retired: RP2000 healthy annuitant, scale AA; Disabled: RP2000 disabled annuitant mortality table, scale AA.	7.5%

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

Actuarial Changes Other Postemployment Benefits Plan

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

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

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, 2021, and the related notes to the financial statements, which collectively comprise Pierpont's financial statements, and have issued our report thereon dated September 30, 2021.

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
September 30, 2021