



West Virginia's Education Savings Solution



## **West Virginia College Prepaid Tuition and Savings Program**

A Component Unit of the State of West Virginia

The Office of State Treasurer John D. Perdue

### **Comprehensive Annual Financial Report**

Fiscal Year Ended June 30, 2018

Cover photograph  
Alison Adkins Photography

**State of West Virginia**  
**Office of the State Treasurer**  
**West Virginia College Prepaid Tuition and**  
**Savings Program**

*A Component Unit of the State of West Virginia*

**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2018**



**John D. Perdue**  
State Treasurer

**Tazuer Smith**  
Deputy Treasurer  
West Virginia College Prepaid Tuition and Savings Program

**Gregory Curry**  
Financial Director  
West Virginia College Prepaid Tuition and Savings Program

**Prepared by the Office of the Financial Director**

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The mission of the Prepaid College Plan is to offer a simple, convenient, safe and efficient college savings program that will:

- Make a college education more accessible and affordable to more West Virginians
- Encourage more families to save ahead for the costs of college
- Promote attendance at West Virginia's public and private institutions of higher learning
- Establish college attendance as the norm for more of West Virginia's youth
- Express the quality, user-friendliness, professionalism and innovation inherent in the Treasurer's Office.

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## State of West Virginia

OFFICE OF THE STATE TREASURER

CHARLESTON, WV 25305

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JOHN D. PERDUE  
STATE TREASURER

JOSH STOWERS  
ASSISTANT STATE TREASURER

The Honorable Members of the Legislature  
The Members of the Board of Trustees of the  
West Virginia College Prepaid Tuition and Savings Program  
The Prepaid Tuition Plan Contract Holders  
The Savings Plan Participants  
Citizens of West Virginia:

I am pleased to provide you with the Comprehensive Annual Financial Report (the "CAFR") of the West Virginia College Prepaid Tuition and Savings Program for the year ended June 30, 2018. The financial statements contained herein have been audited by an independent certified public accounting firm.

The CAFR exemplifies the Office of the State Treasurer's commitment to financial accountability and adheres to nationally recognized standards. The Program is committed to providing a safe and secure means for making college costs affordable. The CAFR is designed to provide the reader with clear, concise and complete financial data.

This report is made possible through the efforts of many people throughout the Treasurer's Office dedicated to providing reliable and credible financial information in conformity with accounting principles generally accepted in the United States. Their commitment and dedication to national reporting standards have resulted in the Program's achievement of a high level of financial accountability.

Sincerely,

A handwritten signature in blue ink that reads "John D. Perdue". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

John D. Perdue

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# **West Virginia College Prepaid Tuition and Savings Program**

## **Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2018**

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# Introductory Section

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Letter of Transmittal

Certificate of Achievement  
for Excellence in Financial  
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Organizational Chart

Principal Officials

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October 3, 2018

Honorable John D. Perdue, State Treasurer  
Office of the State Treasurer

Honorable Members of the West Virginia Legislature

Board of Trustees  
West Virginia College Prepaid Tuition and Savings Program

Contract Holders of the Prepaid Tuition Plan

Participants in the Savings Plan

Citizens of West Virginia

Ladies and Gentlemen:

The Comprehensive Annual Financial Report (“CAFR”) of the West Virginia College Prepaid Tuition and Savings Program (the “Program”) for the year ended June 30, 2018, is hereby respectfully submitted. This report was prepared by the Office of the Financial Director of the Program. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with management of the Program. We believe the information, as presented, is accurate in all material respects, and that it is presented in a manner designed to fairly set forth the financial position of the enterprise funds and fiduciary fund of the Program and the respective changes in financial position and cash flows where applicable. All disclosures necessary to enable the reader to gain an understanding of the Program’s financial activities have been included.

Management is responsible for establishing and maintaining internal control designed to ensure that the assets of the Program are protected from loss, theft or misuse and that the preparation of the financial statements is in conformity with accounting principles generally accepted in the United States of America. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived from it, and (2) the valuation

of costs and benefits requires estimates and judgments by management. Management of the Program has established a comprehensive internal control framework that is designed to provide a reasonable basis for making representations concerning the finances of the Program. Because the cost of internal control should not outweigh its benefits, the Program's comprehensive framework of internal control has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Program's MD&A can be found immediately following the report of the independent auditors in the financial section of this report.

### ***Actuarial Soundness Review***

The Program's Prepaid Tuition Plan is required by Chapter 18, Article 30 of the West Virginia Code to have an annual actuarial soundness review performed by a qualified actuary. The firm Sherman Actuarial Services performed the review as of June 30, 2018. The report is available for public distribution and may be obtained from the Program.

### ***Audit***

The Program is required by Chapter 18, Article 30 of the West Virginia Code to have an annual audit by an independent certified public accounting firm. The firm of Brown, Edwards & Company, L.L.P. performed the financial statement audit as of and for the fiscal year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America. The auditors' report on the Program's financial statements is included in the financial section of this report.

### **Profile of the Program**

The Program operates under the West Virginia State Code Chapter 18, Article 30, West Virginia College Prepaid Tuition and Savings Program Act. This Act was formerly known as the West Virginia Prepaid Tuition Trust Act until amended by the West Virginia Legislature on April 12, 2001. The State Treasurer under the direction of the nine-member West Virginia College Prepaid Tuition and Savings Program Board of Trustees (the "Board") administers the Program.

The purpose of the Program is to offer a Prepaid Tuition Trust Fund (the "Prepaid Tuition Plan") that provides individuals and organizations the opportunity to prepay tomorrow's college tuition and mandatory fees at West Virginia public and private colleges and universities, and to offer a Savings Plan Trust Fund (the "Savings Plan") that provides a means of saving to pay for the variety of costs of attending college.

The Program began operating its Prepaid Tuition Plan in July 1997 with the initial enrollment period commencing on October 1, 1998 and ending January 31, 1999. Approximately 9,730 Prepaid Tuition Plan contracts have been sold. The Savings Plan opened in March 2002. More than 190,000 Savings Plan accounts have been opened since inception through June 30, 2018.

As discussed in Note 12 in the Notes to Financial Statements, the West Virginia Legislature closed the Prepaid Tuition Plan to new enrollment effective March 8, 2003. Under State Code §18-30-6 (g), the Prepaid Tuition Plan will continue in existence, and closing the plan to new contracts shall not affect any contracts in effect on March 8, 2003. No Prepaid Tuition Plan contracts were sold in the year ended June 30, 2018. Also discussed in Note 12, the Board voted in fiscal year 2015 to close the Prepaid Tuition Plan on June 30, 2022. All funds remaining in the Prepaid Tuition Plan will be distributed to holders of accounts that are still open at that time.

The Program's Board selected Hartford Life Insurance Company ("Hartford Life") to provide records administration, cash management, and customer service for both plans, and investment management services for the Savings Plan. Both plans are known collectively as SMART529™ The College Savings Solution. The Program is an Internal Revenue Service Section 529 Qualified State Tuition Program. A more detailed description of the Program can be found in Note 1 in the Notes to Financial Statements in the financial section of this CAFR.

Revenues of the Prepaid Tuition Plan are recognized primarily from the present value of prepaid tuition contracts and from investment earnings. Expenses of the Prepaid Tuition Plan are for tuition contract benefits and for general and administrative operating activities. Additions to the Savings Plan come primarily from participant contributions and investment earnings; deductions are primarily the result of participant withdrawals and administrative expenses. The source of revenue for operating the overall Program comes from fees charged to Program participants.

As detailed in Note 2 in the Notes to Financial Statements, the Office of the State Treasurer includes appropriation requests for the Program in the State Treasurer's budgetary schedule that is submitted to the Budget Director of the West Virginia Department of Revenue each year. The schedule is subject to annual budget review and approval by the West Virginia State Legislature.

Budgetary control is maintained through legislative appropriation and the Executive Branch quarterly allotment process. Agencies submit budgetary requests to the State Department of Administration, which compiles the Executive Budget on behalf of the Governor, who submits it to the Legislature. After approval of the budget, the Department of Administration maintains control over the spending patterns of the state at the activity level and by use of the quarterly allotments. Annual appropriations are released for spending in quarterly installments or allotments. The State Auditor exercises control over spending at the annual appropriation level. All appropriations, except funds that are re-appropriated, expire 31 days after fiscal year end. All re-appropriated funds are available, in the aggregate, on the first day of the fiscal year. The State's fiscal year is July 1 through June 30.

## **Financial Condition & Other Information**

According to The College Board, published tuition and fees continue to rise for the 2018-19 academic year, and the rate of increase continues to exceed inflation. The College Board, which administers the Scholastic Aptitude Test (SAT) college entrance exam, is a national nonprofit membership association composed of more than 6,000 schools, colleges, universities, and other educational organizations. Between the academic years of 2017-18 and 2018-19, average published tuition and fees increased by 2.5% for in-state students in the public four-year sector. The increase is less than the 2.9% increase in the Consumer Price Index between July 1, 2017 and June 30, 2018. The Prepaid Tuition Plan's weighted average benefit value for West Virginia public college and university tuition and fees for state residents increased 4.9% from academic year 2017-18 to 2018-19. By comparison, the previous weighted average benefit value increased 5.5% from academic year 2016-17 to 2017-18. In addition to the 2.5% increase nationwide for four-year public schools, in-state tuition at public two-year schools increased nationwide 2.8% from academic year 2017-18 to 2018-19. Total costs including tuition, fees, room and board increased 2.8% nationwide from academic year 2017-18 to 2018-19 for in-state students attending four-year public institutions, and 2.3% for in-state students attending two-year public institutions.

In the fall of 2017, approximately 54.5% of West Virginia high school students who graduated from a state high school the prior spring continued their education at an institution of higher education. This was a slight decrease from the rate of 55.0% in the fall of 2016.

The weighted average tuition for West Virginia public college and university tuition and fees for state residents is \$3,685 per semester for the 2018-19 academic year, up from \$3,511 for the prior academic year. The actuarially determined tuition contract benefits liability is based on the weighted average tuition, current tuition value, estimated tuition growth, and the expected rate of return on investments. Current tuition value, which is the benefit paid to beneficiaries attending in-state private or out-of-state institutions, is \$4,004 per semester for the 2018-19 academic year, up from \$3,829 for the prior year. Tuition is assumed to grow 8.5% for the 2019-20 academic year and each year thereafter. An annual rate of return of 3.1% is assumed on Prepaid Tuition Plan investments for fiscal year 2019. Declining rates are assumed for each year thereafter through 2022 when the rate is assumed to be 2.7%. If any of those assumptions vary significantly from actual results, the liability will change accordingly as well as the net position deficiency. For example, if tuition growth for the next year is more than the assumed 8.5%, the tuition contract benefits liability will increase beyond actuarial expectations and the net position deficiency will increase accordingly. If the rate of return on investments is less than the assumed 4.8%, the liability will increase beyond actuarial expectations as well as the net position deficiency. In the same manner, if the tuition growth assumption exceeds actual growth or if the rate of return assumption is less than actual returns, the tuition contract benefits liability will decrease below actuarial expectations as well as the net position deficiency. See the MD&A in the financial section of this report for a more detailed discussion about actuarial assumptions.

The investment policy for the period July 1, 2017 through March 31, 2018 was an allocation of 60% to fixed income securities, 22% to U.S. equities and 18% to international equities. The investment policy for the period April 1, 2018 through June 30, 2018 was 100% fixed income

securities. The Prepaid Tuition Plan's investment portfolio had a total gain of 4.7% for the fiscal year ended June 30, 2018, a gain of 12.0% for the prior year and a gain of 2.1% for the year ended June 30, 2016.

The Prepaid Tuition Plan has a net position deficiency – also referred to as an actuarial deficit or unfunded liability - of \$7,700,752 as of June 30, 2018. The deficiency was created over time by investment performance, tuition rate growth, various actuarial assumption adjustments and certain economic events. The deficit improved significantly in fiscal year 2018 because a lesser than projected growth in tuition at state public schools for academic year 2018-19 created an actuarial gain. As discussed in Note 12 in the Notes to the Financial Statements in the Financial Section of this report, steps have been taken to ensure financial stability, which includes closure of the plan to new enrollment and a pledge of funds from the State to support payment of benefits. Management believes the Prepaid Tuition Plan will have sufficient resources to meet its obligations as they become due.

The West Virginia Legislature established the Prepaid Tuition Escrow Account to be funded from the state's Unclaimed Property Trust Fund. The Escrow Account provides funding to support the deficit in the Prepaid Tuition Trust Fund, and the annual transfer is triggered by the actuarial unfunded liability at the end of the fiscal year. The Escrow Account is discussed further in Note 12 in the Notes to Financial Statements in the Financial Section of this report.

Most of the Savings Plan's various investment options showed positive rates of return for the fiscal year, with a high of 27.5%. Contributions to the Savings Plan were 6.1% more this fiscal year than last year. Net investment gain this year in the Savings Plan was \$181.4 million.

In January 2018, end-of-year individual account statements summarizing activity through December 31, 2017, were mailed to all Prepaid Tuition Plan and Savings Plan account owners.

An offering statement, reflecting changes made to the Age-Based and Static Portfolios, was issued for The Hartford SMART529 on September 15, 2017.

Supplements for the Savings Plan were issued throughout fiscal year 2018.

### ***Cash Management***

The West Virginia Investment Management Board, Hartford Life, and the Office of the State Treasurer manage the Prepaid Tuition Plan's cash and cash equivalents. Hartford Life and the Office of the State Treasurer manage the Savings Plan cash and cash equivalents.

### ***Certificate of Achievement for Excellence in Financial Reporting***

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Program for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the nineteenth consecutive year that the Program has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both



generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

### ***Acknowledgments***

The Program's success would not be possible without the support and leadership of the State Treasurer, the Legislature and the Program's Board of Trustees. Their commitment and dedication to providing an affordable higher education has provided the Program with a blueprint for success. The Program's staff, Hartford Life, and the staff of the Office of the State Treasurer provided diligent and dedicated service in building the Program and establishing it as the national model of achievement that it is today. The preparation of this report was accomplished only through the many hours and long days of work generously given by Program staff and the many hardworking individuals at Hartford Life who are essential for the success of this program.

Respectfully, I hereby submit the Comprehensive Annual Financial Report of the West Virginia College Prepaid Tuition and Savings Program for the year ended June 30, 2018.

Sincerely,



Gregory Curry  
Financial Director  
West Virginia College Prepaid Tuition and Savings Program



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**West Virginia College  
Prepaid Tuition and Savings  
Program**

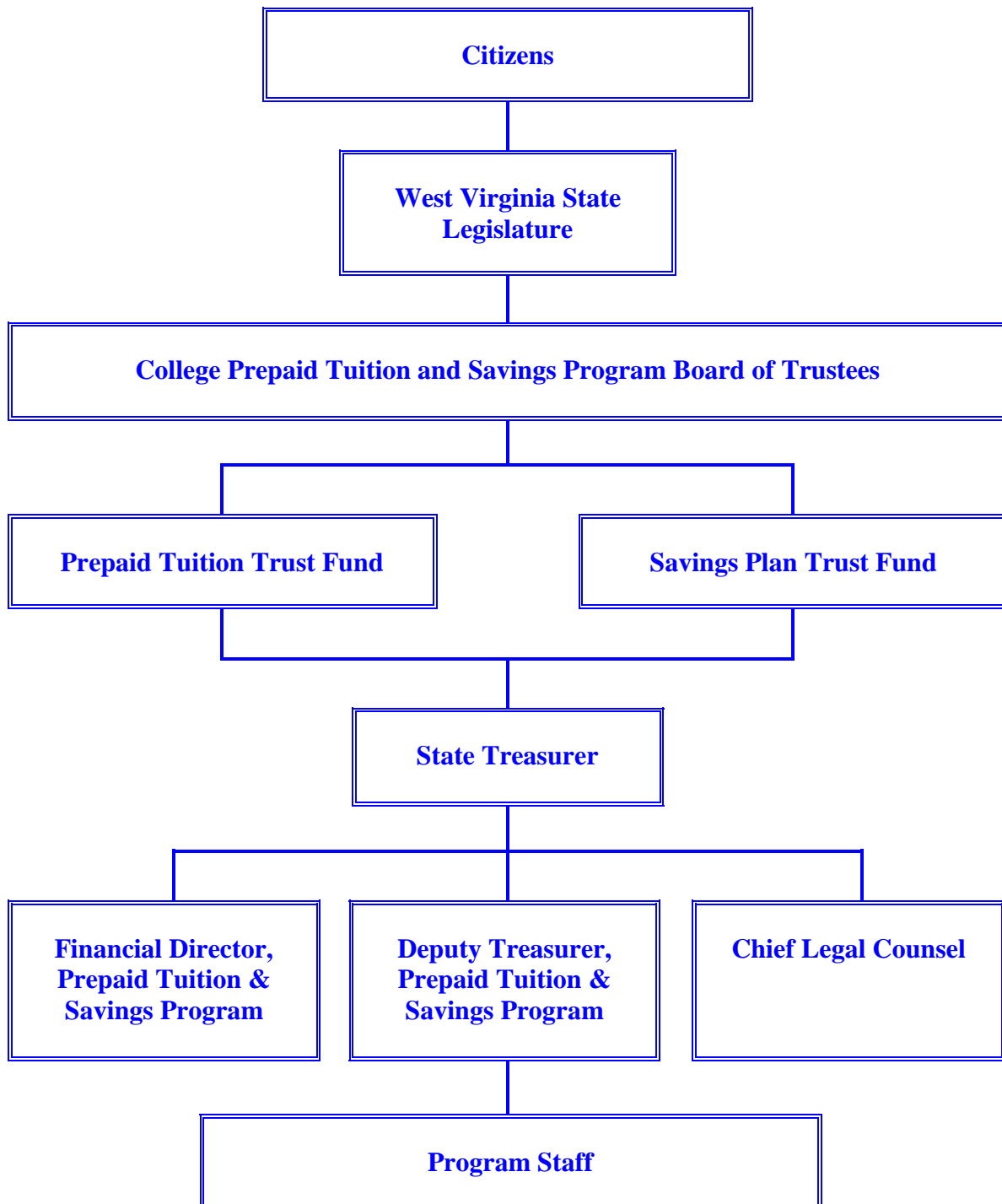
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morrill*

Executive Director/CEC

**West Virginia College Prepaid Tuition and Savings Program  
Organizational Chart  
As of June 30, 2018**



# **West Virginia College Prepaid Tuition and Savings Program**

## **Principal Official**

**John D. Perdue, State Treasurer**

As authorized by §18-30 of the West Virginia Code, the State Treasurer administers all of the programs of the eight member Board of Trustees.

## **Board of Trustees**

### **Ex Officio Members**

**John D. Perdue, Chairman**

*WV State Treasurer*

**Dr. Keith Cotroneo**

*Representing the West Virginia Higher Education Policy Commission – Community & Technical Colleges*

**Brian Weingart**

*Representing the West Virginia Higher Education Policy Commission – Colleges & Universities*

### **Appointed Members**

**Terri Underhill Rader**

*Representing the interests of private institutions of higher education*

**Robert Galloway**

*Representing private citizens*

**Phyllis Arnold**

*Representing private citizens*

**Chuck Smith**

*Representing the general public*

**Vacant**

*Representing the general public*

## **Executive Staff**

**Tazuer Smith, Deputy Treasurer**

West Virginia College Prepaid Tuition and Savings Program

**Lindsay Marchio, Program Legal Counsel**

Office of the State Treasurer

**Gregory O. Curry, Financial Director**

West Virginia College Prepaid Tuition and Savings Program

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## Financial Section

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Independent Auditor's  
Report

Management's  
Discussion and Analysis

Basic Financial  
Statements

Supplemental Information

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## INDEPENDENT AUDITOR'S REPORT

To the West Virginia College Prepaid  
Tuition and Savings Program  
Charleston, West Virginia

We have audited the accompanying financial statements of each major fund of the business-type activities and the fiduciary fund of the West Virginia College Prepaid Tuition and Savings Program (the Program) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements as listed in the table of contents. We did not audit the financial statements of the West Virginia College Prepaid Tuition and Savings Program Savings Plan Trust Fund (the Savings Plan Trust Fund), which represents 100% of the statement of fiduciary net position and the statement of changes in fiduciary net position.

### 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 an opinion on these financial statements based on our audit. We did not audit the financial statements of the Savings Plan Trust Fund, which represents 100% of the statement of fiduciary net position and the statement of changes in fiduciary net position. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Savings Plan Trust Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the business-type activities and the fiduciary fund of the Program, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

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*Your Success is Our Focus*

300 Chase Tower, 707 Virginia Street, East • Charleston, WV 25301 • 304-343-4188 • Fax: 304-344-5035 • [www.BEcpas.com](http://www.BEcpas.com)

**Emphasis-of-Matter**

As discussed in Note 12 to the financial statements, the Board of the Program voted to close the Prepaid Tuition Plan portion of the Program on June 30, 2022. Management's plans concerning this matter are also discussed in Note 12. Our opinion is not modified with respect to this matter.

**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 23 through 31, the Schedule of the Program's Proportionate Share of the Net OPEB Liability, Schedule of the Program's Contributions to the OPEB Plan, Schedule of the Program's Proportionate Share of the Net Pension Liability, and Schedule of the Program's Contributions to the West Virginia Public Employees Retirement System on pages 75 through 82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Program's basic financial statements. The introductory section, the supplemental information included in the financial section, and the statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information on pages 84 through 122 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information on pages 84 through 122, which in so far as it relates to the Savings Plan Trust Fund, is based on the report of other auditors, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

  
CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia  
October 3, 2018

## West Virginia College Prepaid Tuition and Savings Program

### Management's Discussion and Analysis (Unaudited)

June 30, 2018

As management of the West Virginia College Prepaid Tuition and Savings Program (the "Program"), we offer readers of the financial statements of the Program this discussion and analysis of the Program's financial performance for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented in this section in conjunction with the Program's financial statements, including notes to the financial statements, which follow this section.

#### **Financial Highlights**

Total net position of the Program's two enterprise funds increased \$1,609,658 for the fiscal year ended June 30, 2018 as a result of operational activities during the year. The actuarially funded ratio of the Prepaid Tuition Trust Fund, which is the primary enterprise fund for investing assets and paying benefits, was 84.9%. The actuarially funded ratio represents the ability of assets to fund liabilities and is calculated by dividing assets by liabilities. The ratio was 85.3% for the fiscal year ended June 30, 2017. The improved net position of the Prepaid Tuition Trust Fund in the current year was driven by a lower rate of tuition growth than projected for the academic year 2018-19. Net position at June 30, 2018 also was affected by a restatement of beginning net position resulting from the adoption of a new Governmental Accounting Standards Board statement relating to other postemployment benefits. The restatement increased beginning net position by \$95,285.

The investment portfolio of the Program's enterprise funds had a 4.7% gain for the fiscal year, which followed on the heels of a 12.0% gain for the prior year and a 2.1% gain for the fiscal year ended June 30, 2016.

Net position of the Program's fiduciary fund increased \$131,609,352 for the fiscal year ended June 30, 2018. The increase was driven by a \$14,839,963 increase in the fair value of investments and \$171,585,430 in dividends, capital gains and net realized gains. Net position of the fiduciary fund represents funds held in trust for individual investors, and, as such, is not available to support operations of the enterprise funds.

#### **Overview of the Financial Statements**

This report presents the operating results and financial status of the Program, which is composed of two enterprise funds and a fiduciary fund. The enterprise funds are the Prepaid Tuition Trust

Fund (the “Prepaid Tuition Plan”) and the College Prepaid Tuition and Savings Program Administrative Account (the “Administrative Account”). The enterprise funds’ financial statements are reported using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for governmental entities. The Program’s Savings Plan Trust Fund (the “Savings Plan”), is a fiduciary fund (private-purpose trust fund) and also is reported using the accrual basis of accounting in accordance with GAAP.

The State of West Virginia reports the combined Prepaid Tuition Plan and Administrative Account as enterprise funds of the Program and the Savings Plan as a fiduciary fund (private-purpose trust fund) of the Program in its Comprehensive Annual Financial Report (“CAFR”). Enterprise fund reporting is used to report the functions of a governmental entity with business-type activities in which a fee is charged to external users for goods or services. Fiduciary fund reporting is used to account for resources held for the benefit of parties outside the governmental entity, and those resources are not available to support operations of that entity.

The Statement of Net (Deficit) Position presents information on the enterprise funds’ assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the total of assets and deferred outflows of resources and the total of liabilities and deferred inflows of resources reported as either net position or net deficit. This statement is categorized into current and non-current assets and liabilities. For purposes of the financial statements, current assets and liabilities are those assets and liabilities with immediate liquidity or which are collectible or becoming due within 12 months of the statement’s date. The plan’s net (deficit) position also represents the actuarially funded level of the plan, and, over time, increases or decreases in net (deficit) position may serve as a useful indicator of whether the plan’s funded level or financial position is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net (Deficit) Position reflects the operating and non-operating revenues and expenses of the enterprise funds for the operating year. Operating revenues primarily consist of tuition contracts with major sources of operating expenses being tuition contract benefits and expenses and general and administrative expenses. Nonoperating revenues primarily consist of investment earnings/losses and state subsidies for other postemployment benefits (“OPEB”).

The Statement of Cash Flows is presented on the direct method of reporting, which reflects the enterprise funds’ cash flows from operating, noncapital financing, and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash and cash equivalents for the year.

The Statement of Fiduciary Net Position presents information on the fiduciary fund's assets and liabilities, with the difference between the two reported as net position held in trust for individuals or organizations.

The Statement of Changes in Fiduciary Net Position reports the additions and deductions to the fiduciary fund for the year. Additions are composed of contributions by investors in the Savings Plan and net investment earnings. Deductions represent redemptions by investors and operating expenses of the fund.

### **Financial Analysis of the Prepaid Tuition Plan and Administrative Account**

**Net (deficit) position.** The following are combined, condensed Statements of Net (Deficit) Position of the enterprise funds, which are the Prepaid Tuition Plan and the Administrative Account, as of June 30, 2018 and 2017.

	<u>2018</u>	<u>2017</u>
Current assets	\$ 3,983,862	\$ 6,032,852
Noncurrent assets	<u>42,265,328</u>	<u>49,061,804</u>
Total assets	<u>46,249,190</u>	<u>55,094,656</u>
 Deferred outflows of resources	 <u>68,194</u>	 <u>133,510</u>
 Current liabilities	 15,686,598	 16,159,094
Noncurrent liabilities	<u>35,938,777</u>	<u>46,159,847</u>
Total liabilities	<u>51,625,375</u>	<u>62,318,941</u>
 Deferred inflows of resources	 <u>125,670</u>	 <u>47,829</u>
 Net position (deficit):		
Restricted	2,267,091	1,872,089
Unrestricted	<u>(7,700,752)</u>	<u>(9,010,693)</u>
Total net deficit	<u>\$ (5,433,661)</u>	<u>\$ (7,138,604)</u>

The net deficit decreased 22.9%, or \$1,609,658 from operations in fiscal year 2018. Also, beginning net position increased \$95,285 as a result of a restatement resulting from adoption of a Governmental Accounting Standards Board statement relating to other postemployment benefits. See Note 7 to these financial statements. Net position is the excess of total assets and deferred outflows of resources over total liabilities and deferred inflows of resources, and a net deficit occurs when liabilities and deferred inflows of resources exceed assets and deferred outflows of resources. The actuarially funded status (assets and deferred outflows of resources divided by

liabilities and deferred inflows of resources) of the Prepaid Tuition Plan at June 30, 2018 and 2017, was 84.9% and 85.3%, respectively. The actuarially funded status represents the Prepaid Tuition Plan's ability to fund payment of its liabilities as of the date on which the value of the assets and liabilities are measured. Actuarial funding ratios above 100.0% provide financial support during down times in the economy and lower earnings levels from the Prepaid Tuition Plan's investment portfolio, and during brief periods of unexpectedly high increases in tuition costs. As the funding ratio decreases, the funding soundness level decreases, and as the funding ratio increases, the funding soundness level increases.

Current assets represent cash and cash equivalents and short-term receivables. Noncurrent assets represent investments and long-term receivables. See Note 3 for a discussion of investments being reported as noncurrent assets. Deferred outflows of resources relate to OPEB and pension amounts described in Notes 8 and 9, respectively, during the current fiscal year. Current liabilities represent short-term payables for administrative expenses and contract benefits. Noncurrent liabilities represent long-term payables for administrative expenses and contract benefits. Deferred inflows of resources relate to OPEB and pension amounts described in Notes 8 and 9, respectively, during the current fiscal year.

The decrease in the net deficit was primarily the result of an actuarial gain on actual increases in average tuition and fees that were less than assumed. Weighted average tuition and fees was assumed to increase 8.5% for the 2018-19 academic year, but it increased only 4.9%, resulting in an actuarial gain.

**Changes in net (deficit) position.** The following are combined condensed Statements of Revenues, Expenses and Changes in Net (Deficit) Position of the enterprise funds for the years ended June 30, 2018 and 2017.

	Year Ended June 30,	
	2018	2017
<b>Revenues</b>		
Operating revenues:		
Tuition contracts ( <i>See Note 5</i> )	\$ 98,102	\$ 114,440
Savings Plan administrative fee	1,487,774	1,367,252
	<u>1,585,876</u>	<u>1,481,692</u>
Nonoperating revenues:		
Investment gain	2,238,779	5,588,217
Other	6,973	-
	<u>2,245,752</u>	<u>5,588,217</u>
Total revenues	<u>3,831,628</u>	<u>7,069,909</u>
<b>Expenses</b>		
Operating expenses:		
Tuition contract benefits and expenses ( <i>See Note 5</i> )	964,262	1,547,998
General and administrative expenses	1,257,708	1,117,150
Total expenses	<u>2,221,970</u>	<u>2,665,148</u>
Change in net position	1,609,658	4,404,761
Net deficit at beginning of year	(7,138,604)	(11,543,365)
Effect of adopting GASB 75 in Fiscal Year 2018	95,285	-
Net deficit at beginning of year, restated	<u>(7,043,319)</u>	<u>(11,543,365)</u>
Net deficit at end of year	<u>\$ (5,433,661)</u>	<u>\$ (7,138,604)</u>

Operating revenues for the Prepaid Tuition Plan reflect the accretion on discounted future contract payments receivable and include an administrative fee received from the administrators of the Savings Plan and deposited into the Program's Administrative Account. As discussed in Note 12 to these financial statements, during fiscal year 2003 the West Virginia Legislature closed the Prepaid Tuition Plan to new enrollment. Because of the closure, no new prepaid tuition contracts were sold during fiscal years 2018 and 2017. Nonoperating revenues represent investment earnings and state OPEB subsidies. Investment gains for fiscal year 2018 were \$2,238,779 and the rate of return was 4.7%. For fiscal year 2017, the rate of return was 12.0%, resulting in an investment gain of \$5,588,217 for that year. The Prepaid Tuition Plan's finances are structured such that investment earnings are an integral component of total revenues, and when the investment portfolio's performance is less than expected, net position can decrease significantly. Operating expenses represent prepaid tuition contract benefits and expenses and general and administrative expenses. Prepaid tuition contract benefits and expenses were \$964,262 and \$1,547,998 for 2018 and 2017, respectively. Prepaid tuition contract benefits and expenses are affected by actuarial factors such as the assumed rate of return and tuition growth, which are discussed in the Economic Factors section later in this discussion and analysis as well as in Note



5 to these financial statements. As noted on the previous page, higher than expected investment returns and actuarial gains on tuition increases decreased the net deficit.

### **Financial Analysis of the Savings Plan**

**Net position.** The following are condensed Statements of Fiduciary Net Position of the Savings Plan as of June 30, 2018 and 2017.

	<u>2018</u>	<u>2017</u>
Assets	\$ 2,595,751,978	\$ 2,463,375,790
Liabilities	<u>2,603,038</u>	<u>1,836,202</u>
Net position	<u><u>\$ 2,593,148,940</u></u>	<u><u>\$ 2,461,539,588</u></u>

Net position increased 5.3% or \$131,609,352 during the current fiscal year. Net position is the excess of total assets over total liabilities. The increase was driven by a net investment gain of \$181,425,322. The net investment gain was primarily the result of a \$14,839,963 unrealized net increase in the fair value of investments and a \$171,585,430 total realized net increase from dividends, capital gains and gains from sales of investments. Investment expenses were \$5,000,071.

Investments make up 99.9% of total assets, and the remaining assets includes receivables for units and securities sold, and dividends receivable. Approximately 80.0% of liabilities consists of payables for securities purchased and units redeemed, and the remaining amount represents accrued fees.

**Changes in net position.** The following are condensed Statements of Changes in Fiduciary Net Position of the Savings Plan for the years ended June 30, 2018 and 2017.

	Year Ended June 30,	
	2018	2017
<b>Additions</b>		
Contributions	\$ 206,198,859	\$ 194,259,103
Net investment gain (loss)	181,425,322	259,349,366
Total additions	387,624,181	453,608,469
<b>Deductions</b>		
Redemptions	250,658,220	218,642,040
Administrative expenses	5,356,609	5,967,570
Total deductions	256,014,829	224,609,610
Increase in net position	131,609,352	228,998,859
Net position at beginning of year	2,461,539,588	2,232,540,729
Net position at end of year	\$ 2,593,148,940	\$ 2,461,539,588

Contributions for the current fiscal year were up, increasing 6.1% from those of the prior year. Redemptions, however, outpaced contributions and increased 14.6% from the prior year. Overall investment performance was strong for the current fiscal year. Most of the various investment portfolios and funds that make up the Savings Plan had positive rates of return, ranging to a high of 27.5%, but some of the portfolios and funds had negative rates of return, ranging to a low of (1.2)%.

Administrative expenses for the Savings Plan represent charges related to investment management expenses; sales, marketing and distribution expenses; and other administration expenses.

### **Economic Factors**

**Prepaid Tuition Plan.** The actuarial valuation of tuition contracts receivable and accrued contract benefits liability as of June 30, 2018 is based on various actuarial assumptions. A key assumption is average tuition inflation of 8.5% for school years 2019-20 through 2021-22, corresponding to the closure of the Prepaid Tuition Plan June 30, 2022.

The actual weighted average tuition for in-state, full-time students increased 4.9 % from school years 2017-18 to 2018-19, and increased 5.5% from school years 2016-17 to 2017-18. Another key assumption is a 3.1% rate of return on Prepaid Tuition Plan investments for the upcoming fiscal year 2019, and declining returns each year to 2022 when the assumption is 2.7%. The plan's actual rate of return on its investments was 4.7% for fiscal year 2018 and 12.0% for 2017.

Long-term variances in the assumptions can affect the Prepaid Tuition Plan's financial position. Program management, together with actuarial and investing consultants and the Program's Board of Trustees (the "Board"), review the assumptions annually. Prepaid Tuition Plan management and its advisors believe that the key assumptions, while subject to sudden and unexpected changes in the future, were reasonable for the fiscal years ended June 30, 2018 and 2017.

As discussed in Note 12 to these financial statements, during fiscal year 2003 the West Virginia Legislature closed the Prepaid Tuition Plan to new enrollment. No new contracts were sold in fiscal years 2018 and 2017. The Prepaid Tuition Plan will continue in existence to service existing contracts and no current contracts will be affected by the closure.

Also during fiscal year 2003, as discussed in Note 12 to these financial statements, the Legislature created the Prepaid Tuition Trust Escrow Account to guarantee payment of Prepaid Tuition Plan contracts. The Escrow Account will receive transfers of up to \$1,000,000 from the State Unclaimed Property Trust Fund each year there is an actuarially determined unfunded liability of the Prepaid Tuition Plan. If the Prepaid Tuition Plan is unable to pay current tuition benefits, funds may be withdrawn from the Escrow Account to meet those payments. At June 30, 2018, there was \$22,302,446 in the Escrow Account, which consisted of \$20,254,008 in total transfers from the Unclaimed Property Trust Fund and net investment gains of \$2,048,438. There was a \$1,000,000 transfer in fiscal year 2018 because of the actuarial unfunded liability at the end of fiscal year 2017. Because there is an actuarially determined unfunded liability of \$7,700,752 in the Prepaid Tuition Plan at June 30, 2018, \$1,000,000 is expected to be transferred from the Unclaimed Property Trust Fund to the Escrow Account on or before December 15, 2018, in accordance with the provisions enacted by the Legislature. While the Board controls the Escrow Account, funds in the Escrow Account are not assets of either the Prepaid Tuition Plan or the Program and accordingly are not included in the basic financial statements included herein. The Escrow Account is reported in the general fund of the State's financial statements as unrestricted cash.

Also discussed in Note 12 to these financial statements, the board voted in fiscal year 2015 to close the Prepaid Tuition Plan on June 30, 2022. All funds remaining at that time will be distributed either to account holders or to the West Virginia Unclaimed Property Division where account holders can claim their rightful funds at any time. All funds remaining in the Prepaid Tuition Escrow Account will be transferred to the state.

**Savings Plan.** As an investment fund, the Savings Plan is subject to the same risks and consequent gains and losses as all publicly and privately offered investment funds. The Savings Plan is directly affected by all factors that affect the economic and investment arenas. Program management continuously monitors activity in the stock market as well as consulting regularly with its various investment advisors and analysts.

### **Requests for Information**

This financial report is designed to provide a general overview of the Program's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Director's Office, West Virginia College Prepaid Tuition and Savings Program, 1900 Kanawha Boulevard East, Charleston, WV 25305.

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Enterprise Funds of the  
West Virginia College Prepaid Tuition and Savings Program  
Statement of Net (Deficit) Position

June 30, 2018

	Prepaid Tuition Trust Fund	College Prepaid Tuition and Savings Program Administrative Account	Total Enterprise Funds
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 1,111,711	\$ 2,720,384	\$ 3,832,095
Tuition contracts receivable	27,316	-	27,316
Other receivables	-	124,451	124,451
Total current assets	<u>1,139,027</u>	<u>2,844,835</u>	<u>3,983,862</u>
Noncurrent assets:			
Tuition contracts receivable	9,207	-	9,207
Investments	42,256,121	-	42,256,121
Total noncurrent assets	<u>42,265,328</u>	<u>-</u>	<u>42,265,328</u>
Total assets	<u>43,404,355</u>	<u>2,844,835</u>	<u>46,249,190</u>
<b>Deferred outflows of resources</b>			
Deferred outflows related to pensions	-	54,260	54,260
Deferred outflows related to other postemployment benefits	-	13,934	13,934
Total deferred outflows of resources	<u>-</u>	<u>68,194</u>	<u>68,194</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	-	102,676	102,676
Accrued contract benefits liability	15,466,959	-	15,466,959
Accrued contract expense liability	-	66,306	66,306
Compensated absences	-	50,657	50,657
Total current liabilities	<u>15,466,959</u>	<u>219,639</u>	<u>15,686,598</u>
Noncurrent liabilities:			
Accrued contract benefits liability	35,638,148	-	35,638,148
Accrued contract expense liability	-	93,008	93,008
Net pension liability	-	97,026	97,026
Net other postemployment benefits liability	-	110,595	110,595
Total noncurrent liabilities	<u>35,638,148</u>	<u>300,629</u>	<u>35,938,777</u>
Total liabilities	<u>51,105,107</u>	<u>520,268</u>	<u>51,625,375</u>
<b>Deferred inflows of resources</b>			
Deferred inflows related to pensions	-	80,599	80,599
Deferred inflows related to other postemployment benefits	-	45,071	45,071
Total deferred inflows of resources	<u>-</u>	<u>125,670</u>	<u>125,670</u>
<b>Net (deficit) position</b>			
Restricted for payment of general and administrative expenses	-	2,267,091	2,267,091
Unrestricted	<u>(7,700,752)</u>	<u>-</u>	<u>(7,700,752)</u>
Total net (deficit) position	<u>\$ (7,700,752)</u>	<u>\$ 2,267,091</u>	<u>\$ (5,433,661)</u>

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

Enterprise Funds of the  
West Virginia College Prepaid Tuition and Savings Program  
Statement of Revenues, Expenses and Changes in Net (Deficit) Position

For the Year Ended June 30, 2018

	Prepaid Tuition Trust Fund	College Prepaid Tuition and Savings Program Administrative Account	Total Enterprise Funds
<b>Operating revenues</b>			
Tuition contracts <i>(See Note 5)</i>	\$ 35,424	\$ 62,678	\$ 98,102
Savings Plan administrative fee	-	1,487,774	1,487,774
Total operating revenues	<u>35,424</u>	<u>1,550,452</u>	<u>1,585,876</u>
<b>Operating expenses</b>			
Tuition contract benefits <i>(See Note 5)</i>	964,262	-	964,262
General and administrative expenses	-	1,257,708	1,257,708
Total operating expenses	<u>964,262</u>	<u>1,257,708</u>	<u>2,221,970</u>
Operating (loss) gain	<u>(928,838)</u>	<u>292,744</u>	<u>(636,094)</u>
<b>Nonoperating revenues</b>			
Investment gain	2,238,779	-	2,238,779
Other	-	6,973	6,973
Total nonoperating revenues	<u>2,238,779</u>	<u>6,973</u>	<u>2,245,752</u>
Change in net position	1,309,941	299,717	1,609,658
Net (deficit) position at beginning of year, restated for Administrative Account <i>(See Note 7)</i>	<u>(9,010,693)</u>	<u>1,967,374</u>	<u>(7,043,319)</u>
Net (deficit) position at end of year	<u>\$ (7,700,752)</u>	<u>\$ 2,267,091</u>	<u>\$ (5,433,661)</u>

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



Enterprise Funds of the  
West Virginia College Prepaid Tuition and Savings Program

Statement of Cash Flows

For the Year Ended June 30, 2018

	Prepaid Tuition Trust Fund	College Prepaid Tuition and Savings Program Administrative Account	Total Enterprise Funds
<b>Cash flows from operating activities</b>			
Cash received from contract purchasers	\$ 88,892	\$ -	\$ 88,892
Cash received from Savings Plan administrator	-	1,481,623	1,481,623
Tuition benefit payments	(11,341,380)	-	(11,341,380)
Payments to employees	-	(677,657)	(677,657)
Payments to suppliers	-	(588,406)	(588,406)
Net cash (used in) provided by operating activities	(11,252,488)	215,560	(11,036,928)
<b>Cash flows from investing activities</b>			
Investment earnings	789,162	-	789,162
Purchase of investments	(781,544)	-	(781,544)
Proceeds from sale of investments	9,000,000	-	9,000,000
Net cash provided by investing activities	9,007,618	-	9,007,618
Net (decrease) increase in cash and cash equivalents	(2,244,870)	215,560	(2,029,310)
Cash and cash equivalents at beginning of year	3,356,581	2,504,824	5,861,405
Cash and cash equivalents at end of year	\$ 1,111,711	\$ 2,720,384	\$ 3,832,095

(Continued on next page)

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

Enterprise Funds of the  
West Virginia College Prepaid Tuition and Savings Program

Statement of Cash Flows (Continued)

For the Year Ended June 30, 2018

	Prepaid Tuition Trust Fund	College Prepaid Tuition and Savings Program Administrative Account	Total Enterprise Funds
<b>Reconciliation of operating (loss) gain to net cash (used in) provided by operating activities</b>			
Operating (loss) gain	\$ (928,838)	\$ 292,744	\$ (636,094)
Adjustments to reconcile operating (loss) gain to net cash (used in) provided by operating activities:			
Pension expense	-	18,634	18,634
Other postemployment benefits expense	-	13,282	13,282
Changes in assets, liabilities and deferred items:			
Tuition contracts receivable	53,468	-	53,468
Other receivables	-	(6,151)	(6,151)
Accounts payable	-	20,409	20,409
Accrued contract benefits liability	(10,377,118)	-	(10,377,118)
Accrued contract expense liability	-	(62,678)	(62,678)
Compensated absences	-	(3,471)	(3,471)
Deferred outflows of resources	-	(57,209)	(57,209)
Net cash (used in) provided by operating activities	<u>\$ (11,252,488)</u>	<u>\$ 215,560</u>	<u>\$ (11,036,928)</u>
<b>Noncash activities</b>			
Unrealized gain in investments	\$ 1,449,617	\$ -	\$ 1,449,617
Noncash State of West Virginia special funding contribution for other postemployment benefits	\$ -	\$ 6,973	\$ 6,973

(Concluded)

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

Fiduciary Fund of the  
West Virginia College Prepaid Tuition and Savings Program

Savings Plan Trust Fund

Statement of Fiduciary Net Position

June 30, 2018

**Assets**

Investments	\$ 2,593,386,397
Receivables for units and securities sold	2,094,015
Dividends receivable	<u>271,566</u>
Total assets	<u>2,595,751,978</u>

**Liabilities**

Payables for units redeemed and securities purchased	2,083,841
Accrued fees	<u>519,197</u>
Total liabilities	<u>2,603,038</u>

**Net Position**

Held in trust for individuals and organizations	<u>2,593,148,940</u>
Total net position	<u>\$ 2,593,148,940</u>

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

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Fiduciary Fund of the  
West Virginia College Prepaid Tuition and Savings Program

Savings Plan Trust Fund

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2018

**Additions**

Contributions:

Account holders	\$ 206,198,859
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Total contributions	<u>206,198,859</u>
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Investment earnings:

Net increase in fair value of investments	14,839,963
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Dividends, capital gains and net realized gains	<u>171,585,430</u>
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Total investment earnings	186,425,393
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Investment expense	<u>5,000,071</u>
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Net investment earnings	<u>181,425,322</u>
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<b>Total additions</b>	<u>387,624,181</u>
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**Deductions**

Redemptions:

Payments in accordance with trust agreements	<u>250,658,220</u>
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Total redemptions	250,658,220
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Administrative expense	<u>5,356,609</u>
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<b>Total deductions</b>	<u>256,014,829</u>
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Change in net position held in trust for individuals and organizations	131,609,352
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Net position at beginning of year	<u>2,461,539,588</u>
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<b>Net position at end of year</b>	<u><u>\$ 2,593,148,940</u></u>
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*The accompanying notes are an integral part of these financial statements.*

## West Virginia College Prepaid Tuition and Savings Program

### Notes to Financial Statements

June 30, 2018

#### **1. Organization and Operations**

The West Virginia College Prepaid Tuition and Savings Program (the “Program”) operates under the West Virginia State Code Chapter 18, Article 30, West Virginia College Prepaid Tuition and Savings Act (the “Act”). The Act was adopted by the West Virginia State Legislature in 1997. The Act was amended April 12, 2001, to continue the Prepaid Tuition Trust Fund (the “Prepaid Tuition Plan”), which operates as a plan, not a trust fund, and to enhance and complement the Prepaid Tuition Plan by authorizing the creation of the Savings Plan Trust Fund (the “Savings Plan”).

The Program is administered by the Office of the State Treasurer on behalf of the Program’s nine-member Board of Trustees (the “Board”). The purpose of the Program is to provide individuals and organizations the opportunity to prepay future college tuition and mandatory fees at West Virginia public and private colleges and universities and to offer a comprehensive state-sponsored college savings plan. Collectively, the Prepaid Tuition Plan and the Savings Plan are marketed as SMART529™ The College Savings Solution. The Board selected Hartford Life Insurance Company (“Hartford Life”) to provide records administration, cash management, and customer service for both the Prepaid Tuition Plan and the Savings Plan. Hartford Life also provides investment management services for the Savings Plan.

All funds paid into or invested through the Program in the Prepaid Tuition Plan and the Savings Plan will be available for use at any post-secondary program or two- or four-year college or university in the country, with refund and transfer options available. West Virginia state income tax deductions are available to state residents for contributions to the Program. Since the Program is an Internal Revenue Service Section 529 Qualified Tuition Program, earnings on the funds are federally tax deferred until used for college. Additionally, benefits of the Prepaid Tuition and Savings plans are exempt from federal income tax for qualified payouts. Effective January 1, 2018 qualified withdrawals for federal tax purposes have been expanded to include up to \$10,000 in tuition per year, per student in connection with enrollment in kindergarten through grade 12.

The accompanying financial statements include business-type activities of the Program reported as enterprise funds, and a private-purpose trust fund reported as a fiduciary fund.

#### **Enterprise Funds: Prepaid Tuition Plan and Administrative Account**

Operations of the Prepaid Tuition Plan began in July 1997 with the initial enrollment period commencing on October 1, 1998, and ending January 31, 1999. The Prepaid Tuition Plan has sold approximately 9,730 prepaid tuition contracts since inception. As mentioned earlier in this note, the Prepaid Tuition Plan is administered by the Office of the State Treasurer under the direction of

the Program's Board. Hartford Life provides records administration, cash management, and customer service for the Prepaid Tuition Plan, and provides investment management services for the Savings Plan.

Effective March 8, 2003, the West Virginia Legislature closed the Prepaid Tuition Plan to new contracts until the Legislature authorizes the Prepaid Tuition Plan to reopen. According to State Code (§18-30-6 (g)), closing the Prepaid Tuition Plan to new contracts shall not mean that the Prepaid Tuition Plan is closed and shall not affect any contracts in effect on March 8, 2003. All contract holders will continue to pay any amounts due, including monthly installments, penalties and fees, and the Prepaid Tuition Plan will continue to pay all benefits due. No contracts were sold in fiscal year 2018.

During fiscal year 2015, the board voted to close the Prepaid Tuition Plan on June 30, 2022. Any funds not distributed to account holders or beneficiaries who cannot be located at that time will be transferred to the West Virginia Unclaimed Property Division where the rightful owner can claim the funds at any time. The unclaimed funds will cease to be the responsibility of the Program.

Contract payments of all Prepaid Tuition Plan participants are combined into a single investment fund in order to maximize benefits. The fund is invested in a professionally managed portfolio of fixed income investments through the West Virginia Investment Management Board (the "IMB"). Under State Code, the investments must be made with the care, skill, and prudence and diligence under the circumstances prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Prepaid Tuition Plan investments shall be diversified to the extent permitted by law so as to minimize the risk of a large loss. Monies from the investment fund are used to pay Prepaid Tuition Plan benefits and expenses.

When the beneficiary is accepted to an eligible college or university, the contract becomes redeemable.

Benefits can be transferred to any fully accredited private or out-of-state college or university within the United States in an amount based on the weighted average cost of tuition and fees then charged by West Virginia public colleges and universities. However, there is no guarantee that the tuition benefit available will cover the actual cost of tuition and fees charged by the private or out-of-state institution.

Under current policy, the beneficiary has up to three years in addition to the years purchased to use his or her Prepaid Tuition Plan benefit. For example, if a beneficiary has a plan for four years of benefits, he or she has seven years to exercise the benefits once the account matures. If the plan is for two years of benefits, they must be exercised within five years once the account matures. The other options available are: 1) at any time four years or more after the beneficiary's expected college entrance date, the purchaser may request a refund of the contract benefit value, less a termination fee and an earnings penalty required by federal law; 2) at any time, the purchaser may cancel the contract and receive a refund of the contract value, less administrative fees and any benefits already paid; or 3) the purchaser may transfer the prepaid contract cancellation value at

the time of transfer to the Program's Savings Plan in accordance with state and federal regulations. Any funds not claimed before the exercise period ends will be transferred to the West Virginia Unclaimed Property Division where the rightful owner can claim the funds at any time.

If the beneficiary is awarded a scholarship for tuition and fees, the benefit value of the contract will be paid in accordance with state and federal regulations.

The College Prepaid Tuition and Savings Program Administrative Account (the "Administrative Account") was created by State Code to implement, operate and maintain the Prepaid Tuition and Savings Plans and the overall Program. Sources of funds for the Administrative Account come from fees charged to participants in both the Prepaid Tuition Plan and Savings Plan and from appropriations from the State, which is the primary government. Expenses of the Administrative Account cover administrative operations of the overall Program such as wages and benefits, consulting services, and office supplies.

The accompanying financial statements report the financial position, results of operations, and cash flows for the fiscal year ended June 30, 2018, of the Program's enterprise funds, which includes the Prepaid Tuition Plan and the Administrative Account. The Program's enterprise funds are enterprise funds of the primary government of the State of West Virginia.

### **Fiduciary Fund: Savings Plan**

Beginning March 1, 2002, the Savings Plan has been available in conjunction with the Program's Prepaid Tuition Plan. Investment options have been developed in partnership with Hartford Life. As mentioned earlier in this note, the Savings Plan is administered by the Office of the State Treasurer under the direction of the Program's Board. Hartford Life provides records administration, cash management, investment management and customer service for the Savings Plan.

The Savings Plan currently is composed of 57 different investment portfolios and individual funds. These financial statements report on the total of all portfolios and individual funds.

The Savings Plan is a fiduciary fund (private-purpose trust fund) of the primary government of the State of West Virginia.

## **2. Significant Accounting Policies – Enterprise Funds**

### **Basis of Accounting**

As enterprise funds, the financial statements of the Prepaid Tuition Plan and Administrative Account are presented on the flow of economic resources measurement focus and accrual basis accounting in conformity with accounting principles generally accepted in the United States of America. Under this method of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Enterprise funds are used to account for operations that are financed and operated in a manner similar to

private business enterprises where the intent is that the costs of providing services to the general public and others on a continuing basis be financed or recovered primarily through user charges.

The enterprise funds distinguish operating revenues and expenses from nonoperating. Operating revenues and expenses generally result from providing services in connection with the enterprise funds' principal ongoing operations. The principal operating revenues and expenses relate to tuition contract revenues, tuition contract benefits and expenses, and general and administrative expenses. Net investment earnings and State subsidized OPEB payments are reported as nonoperating revenues.

It is the Program's policy to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

As a private-purpose trust fund, which is a type of fiduciary fund, assets of the Savings Plan are held in a trustee capacity for individuals and entities invested in the plan, and those assets cannot be used to support the Program. Because the Savings Plan assets are not available to support the Program's operations, the Savings Plan is discussed separately in Note 13 to these financial statements. Assets of the Program's enterprise funds (the "Prepaid Tuition Plan" and the "Administrative Account") are available to support the Program's operations.

Certain estimates and assumptions are required by management in the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The significant estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred outflows/inflows of resources at the statement of net position date and revenues and expenses for the years then ended are those required in the estimation of tuition contracts receivable, accrued contract benefits liability, accrued contract expense liability, net pension liability, deferred outflows and inflows related to pensions, tuition contract revenues, and tuition contract benefits expenses. Actual results in the near-term could differ from the estimates used to prepare these financial statements.

### **Budgetary Information**

The Office of the State Treasurer submits a detailed budgetary schedule of administrative expenses to the Budget Director of the West Virginia Department of Revenue prior to the beginning of each fiscal year. The budgetary schedule is prepared on the cash basis of accounting. Appropriation requests for the Program are included in the Treasurer's schedule. The budgetary schedule is subject to the annual budget review and approval process of the West Virginia State Legislature. In accordance with GAAP, budgetary financial schedules or statements are not required to be presented in the Program's basic financial statements.

### **Cash and Cash Equivalents**

Cash equivalents are short-term investments with maturities when acquired of 90 days or less. Cash and cash equivalents of the enterprise funds principally consist of interest-earning deposits in certain investment pools maintained by the IMB. Such funds are available to the Program with



overnight notice. Earnings from these investments are distributed to investment pool participants based on their pro rata participation in the pools.

### **Investments**

Investments are funds invested with the IMB. The invested funds are used to pay contract benefits liabilities as they become due. The intent of the investment allocation is to invest funds in the longest terms possible. The current maturity dates of such investments require that the investments be reported as noncurrent assets. However, investments will be liquidated, as needed, to cover current liabilities.

### **Revenue Recognition**

The Plan recognizes revenue for tuition contracts in the year the contracts are entered into with the purchaser, with future contract payments being recognized at their present value. The Plan uses its expected return on investments as the discount rate in calculating such present value. A rate of 3.1% is assumed for the upcoming fiscal year 2019. Declining rates are then assumed for each year through 2022 when the rate is assumed to be 2.7%. Contracts receivable are reduced by the annual amounts of contract payments received, and the remaining contracts receivable is recorded at present value. Changes in the present value of the remaining contracts receivable are recognized in revenue in the year of the change. The Administrative Account records Savings Plan administrative fee revenue from Hartford Life in the period that administrative services are provided.

### **Tuition Contracts Receivable**

Tuition contracts receivable of the Prepaid Tuition Plan at the statement of net (deficit) position date represents Program management's best estimate of the present value of future contract payments using the discount rates discussed above.

### **Accrued Contract Benefits Liability**

Accrued contract benefits liability of the Prepaid Tuition Plan is recorded at the actuarial present value of future tuition obligations. The valuation method reflects the present value of estimated tuition benefits that will be paid in future years and is adjusted for the effects of projected tuition and fee increases and termination of contracts.

### **Compensated Absences**

Employees fully vest in all earned but unused annual leave to maximum amounts ranging from 240 to 320 hours depending on years of service, and the Program accrues for obligations that may arise in connection with compensated absences for vacation at the current rate of employee pay. In accordance with personnel policies of the State, employees vest in any remaining unused sick leave only upon retirement, at which time any unused sick and annual leave time either can be converted into employer-paid premiums for post-retirement health care coverage through the West

Virginia Public Employees Insurance Agency (the “PEIA”), or can be converted into a greater retirement benefit under the State of West Virginia Public Employees Retirement System (the “PERS”).

### **Net Other Postemployment Benefits Liability (OPEB), Net Pension Liability, Deferred Outflows of Resources, and Deferred Inflows of Resources**

#### *Net OPEB Liability*

The Program recognizes other postretirement benefits that may arise in connection with unused sick leave that may be converted to employer-paid premiums for post-retirement health care coverage, and for the employer portion of all post-retirement health care coverage regardless of whether the retiree has unused sick leave. Net OPEB liability represents the Program’s proportionate share of the net OPEB liability of the West Virginia Retiree Health Benefit Trust Fund (the “RHBT”) as of the measurement date of June 30, 2017.

#### *Net Pension Liability*

Net pension liability represents the Program’s proportionate share of the net pension liability of PERS as of the measurement date of June 30, 2017.

#### *Deferred Outflows of Resources and Deferred Inflows of Resources*

Deferred outflows of resources and deferred inflows of resources represent the effects of changes and differences in the Program’s proportionate share of the State’s total net OPEB and net pension liabilities. The Program’s contributions to the State OPEB and pension plans subsequent to the measurement dates are reported as deferred outflows of resources.

#### *Measurement of OPEB and Pension Liabilities and Deferred Outflows of Resources and Deferred Inflows of Resources*

For purposes of measuring the net OPEB and net pension liabilities, deferred outflows of resources and deferred inflows of resources related to OPEB and pensions, and OPEB and pension expense, information about the fiduciary net positions of RHBT and the PERS and additions to/deductions from the RHBT’s and the PERS’s fiduciary net positions have been determined on the same basis as they are reported by the RHBT and the PERS. For this purpose, benefit payments (including refunds of employee contributions to the PERS) are recognized when due and payable in accordance with the benefit terms. The RHBT and PERS investments are reported at fair value, except for certain pooled investments, money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at amortized cost.

### **Restricted Assets and Net (Deficit) Position**

Restricted assets are subject to constraints imposed by creditors or by law. The Act restricts the Prepaid Tuition Plan’s assets to be used specifically for the Prepaid Tuition Plan’s obligations; however, the Prepaid Tuition Plan has a deficiency in net position as of June 30, 2018.

Accordingly, such deficiency is included in the unrestricted net (deficit) position. Assets of the Administrative Account are restricted for the purposes of implementing, operating and maintaining the Program.

### **Federal Income Taxes**

The Program has been designed to comply with the requirements for treatment as a qualified tuition program under Section 529 of the Internal Revenue Code. Therefore, no federal income tax provision is required.

### **Effect of New Accounting Pronouncement**

The GASB has issued Statement No. 84, *Fiduciary Activities*, which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The provisions of this statement are effective for periods beginning after December 15, 2018. Program management has not determined the effect, if any, this statement will have on its financial statements.

### **3. Investments and Cash and Cash Equivalents**

The Program invests its enterprise funds in investment pools maintained by the IMB. The funds are invested in fixed income securities subject to market fluctuations. Investments are reported by the IMB at fair value, which is the same as the value of the pool shares, and are accounted for by the Program accordingly, with changes in the fair value included in investment earnings. The earnings from these pooled investments are distributed to investment pool participants based on their pro rata participation in the pools.

The Program has adopted an investment policy for the Prepaid Tuition Plan that mandates that investments shall be diversified so as to minimize the risk of large losses. Under the investment policy, a long-term focus on investment results as well as prudent diversification across public security markets will be the primary risk control mechanisms. A prudently allocated investment program possesses a significant level of diversification, which results in risk reduction. Diversification is considered in regard to asset classes, geography/country, industry, and maturity. In order to preserve risk control, the Program has adopted a formal review schedule in which investment performance is reviewed at least quarterly, broad asset allocation and within-class asset allocation are reviewed every three years, and the Program's investment policy is reviewed every year.

The investment policy for the period July 1, 2017 through March 31, 2018 was an allocation of 60% to fixed income securities, 22% to U.S. equities and 18% to international equities. The investment policy for the period April 1, 2018 through June 30, 2018 was 100% fixed income securities. At June 30, 2018, the Program's enterprise funds were invested in the following pools at the IMB:

IMB Investment Pools	Fair Value of Program's Enterprise Fund Investments	Percent of Total Program's Enterprise Fund Investments
Core Fixed Income	\$ 20,740,894	49%
Total Return Fixed Income	20,512,243	49%
Short-Term Fixed Income	1,002,984	2%
Total	\$ 42,256,121	100%

### ***Investments Measured at Fair Value***

GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. The Program categorizes fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America in accordance with GASB Statement No. 72. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1 inputs – Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 inputs – Inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs – Unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The following table summarizes the ratio of recurring fair value measurements of the investment securities in the IMB pools in which the Program's enterprise fund holds shares as of June 30, 2018:

IMB Investment Pools	Fair Value Measurement as Percent of the Program's Enterprise Fund Total			
	Level 1	Level 2	Level 3	Total
Core Fixed Income	1.6%	98.4%	0.0%	100.0%
Total Return Fixed Income - Assets	2.2%	97.8%	0.0%	100.0%
Total Return Fixed Income Liabilities	(48.4)%	(51.6)%	0.0%	(100.0)%
Short-Term Fixed Income	0.0%	100.0%	0.0%	100.0%

The following represents a calculation of the net change in the carrying value of investments during the year ended June 30, 2018:

Carrying value at end of year	\$ 42,256,121
Less cost of investments purchased during year	(781,544)
Plus cost of investments redeemed during year	9,000,000
Less carrying value at beginning of year	(49,024,960)
Change in carrying value of investments during year	<u>\$ 1,449,617</u>

### ***Investment and Deposit Risk Disclosures***

Although the Program's investment policy does not specifically address custodial credit risk, credit risk, concentration of credit risk, interest rate risk, and foreign currency risk, the various investment pools at the IMB can be exposed to these investment risks.

#### **Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Neither the IMB nor its investment pools have been rated for credit risk by any organization. The credit risks of the IMB investment pools in which the Program invests its enterprise funds are described as follows.

**Short-Term Fixed Income Pool** – The IMB limits the exposure to credit risk in the Short-Term Fixed Income Pool by requiring all corporate bonds to be rated AA or higher. Commercial paper must be rated A-1 by Standard & Poor's and P-1 by Moody's. Additionally, the pool must have at least 15% of its assets in United States Treasury issues. The IMB reviews available ratings from Standard & Poor's, Moody's and Fitch, and reports the rating indicative of the greatest degree of risk. All of the Pool's investments had the highest credit ratings as of June 30, 2018.

**Core Fixed Income Pool** – The Core Fixed Income Pool is exposed to credit risk from its fixed income investments, money market mutual fund investment, and certain investments made with cash collateral for securities loaned. The IMB limits the exposure to credit risk in the Core Fixed Income Pool by maintaining at least an average rating of investment grade as defined by a nationally recognized statistical rating organization. The IMB reviews available ratings from Standard & Poor's, Moody's, and Fitch, and reports the rating indicative of the greatest degree of risk. The money market mutual fund has the highest credit rating. The following table provides credit ratings for the pool's investments as of June 30, 2018:

Rating	Percent of IMB Pool Assets
AAAm	1.6%
AAA	4.8
AA	54.3
A	11.5
BBB	15.1
BB	1.0
B	0.2
CCC	0.1
C	0.0
D	0.0
Withdrawn	0.0
Not Rated	4.6
Securities lending collateral:	
AAA	1.8
AA	0.2
A	0.2
BBB	0.3
Not Applicable	4.3
	<u>100.0%</u>

Credit risk from securities lending collateral investments are limited by requiring minimum ratings on debt instruments. Long-term debt instruments must be rated A or better by Moody's or Standard & Poor's at the time of purchase. Short-term debt instruments must be rated P-1 by Moody's or A-1 by Standard & Poor's at the time of purchase. The IMB reviews available ratings from Standard & Poor's and Moody's and reports the rating indicative of the greatest degree of risk.

Total Return Fixed Income Pool – The Total Return Fixed Income Pool is exposed to credit risk from its fixed income investments, money market mutual fund investment, and certain investments made with cash collateral for securities loaned. The IMB limits the exposure to credit risk in the Total Return Fixed Income Pool by maintaining at least an average rating of investment grade as defined by a nationally recognized statistical rating organizations. The IMB reviews available ratings from Standard and Poor's, Moody's, and Fitch, and reports the rating indicative of the greatest degree of risk. The money market mutual fund has the highest credit rating. The following table provides credit ratings for the pool's investments as of June 30, 2018.

Rating	Percent of IMB Pool Assets
AAAm	1.3%
AAA	0.9
AA	35.8
A	4.2
BBB	23.6
BB	12.6
B	11.9
CCC	0.5
CC	0.1
C	0.0
D	0.2
Withdrawn	0.0
Not Rated	1.6
Not Applicable	1.1
Securities lending collateral:	
AAA	1.6
AA	0.2
A	0.2
BBB	0.3
Not Applicable	3.9
	<u>100.0%</u>

Credit risk from securities lending collateral investments are limited by requiring minimum ratings on debt instruments. Long-term debt instruments must be rated A or better by Moody's or Standard & Poor's at the time of purchase. Short-term debt instruments must be rated P-1 by Moody's or A-1 by Standard & Poor's at the time of purchase. The IMB reviews available ratings from Standard & Poor's and Moody's and reports the rating indicative of the greatest degree of risk.

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The interest rate risks of the IMB investment pools in which the Program invests its enterprise funds are described as follows.

Short-Term Fixed Income Pool – The weighted average maturity (“WAM”) of the investments in the Short-Term Fixed Income Pool is not to exceed 60 days. The maturity of floating rate notes is assumed to be the next interest rate reset date. The following table provides the WAM for the different asset types in the Pool as of June 30, 2018:

Security Type	WAM (Days)	Percent of IMB Pool Assets
Commercial paper	26	10.2%
Repurchase agreements	2	18.3
U.S. government agency bonds	46	48.9
U.S. Treasury bonds	79	22.6
Total investments	43	100.0%

Core Fixed Income Pool – The Core Fixed Income Pool is exposed to interest rate risk from its fixed income investments, money market mutual fund investment, and investments made with cash collateral for securities loaned. As of June 30, 2018, the money market mutual fund has a WAM of 39 days. The WAM for securities lending collateral investments is not to exceed 90 days. As of June 30, 2018, the WAM for securities lending collateral was 2 days. The IMB monitors interest rate risk of the pool by evaluating the effective duration of the investments in the pool. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a one percent change in interest rates. The effective duration calculation considers the most likely timing of variable cash flows, which is particularly useful for measuring interest rate risk of callable bonds, commercial and residential mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations. The following table provides the weighted average effective duration for the pool's investments as of June 30, 2018:

Security Type	Effective Duration (Years)	Percent of IMB Pool Assets
Corporate asset backed issues	2.0	12.2%
Corporate CMO	3.2	3.7
Corporate CMO interest-only	(6.5)	0.0
Corporate CMO principal-only	3.3	0.0
Foreign asset backed issues	3.6	0.3
Foreign corporate bonds	5.4	5.7
Foreign government bonds	8.2	0.5
Money market mutual fund	N/A	1.6
Municipal bonds	12.9	0.8
Securities lending collateral	N/A	6.9
U.S. corporate bonds	6.5	18.3
U.S. government agency bonds	2.2	1.7

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Security Type	Effective Duration (Years)	Percent of IMB Pool Assets
U.S. government agency CMO	4.3	9.3
U.S. government agency CMO interest-only	15.8	0.2
U.S. government agency CMO principal-only	6.7	0.5
U.S. government agency MBS	4.3	15.7
U.S. Treasury bonds	8.8	22.6
U.S. Treasury inflation protected security	2.2	0.0
		<u>100.0%</u>

Total Return Fixed Income Pool – The Total Return Fixed Income Pool is exposed to interest rate risk from its fixed income investments, money market mutual fund investment, and certain investments made with cash collateral for securities loaned. As of June 30, 2018, the money market mutual fund has a WAM of 39 days. The WAM for securities lending collateral investments is not to exceed 90 days. As of June 30, 2018, the WAM for securities lending collateral was 2 days. The IMB monitors interest rate risk of the pool by evaluating the effective duration of the investments in the pool, as described above for the Core Fixed Income Pool. The following table provides the weighted average effective duration for the pool's various investment types as of June 30, 2018:

Security Type	Effective Duration (Years)	Percent of IMB Pool Assets
Commingled bond funds	2.5	12.2%
Corporate ABS residual	2.8	0.2
Corporate asset backed issues	0.9	1.5
Corporate CMO	1.0	2.9
Corporate preferred securities	N/A	0.4
Foreign asset backed issues	1.6	0.8
Foreign corporate bonds	5.6	11.9
Foreign currency forward contracts	N/A	0.2
Foreign equity investments	N/A	0.0
Foreign government bonds	5.3	10.6
Futures contracts	N/A	0.1
Money market mutual fund	N/A	1.3
Municipal bonds	9.6	1.8
Options contracts purchased	N/A	0.3
Repurchase agreements	0.0	0.4
Securities lending collateral	N/A	6.1

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Security Type	Effective Duration (Years)	Percent of IMB Pool Assets
Swaps	N/A	0.1
U.S. corporate bonds	6.9	16.2
U.S. government agency bonds	1.3	0.1
U.S. government agency CMO	1.4	2.1
U.S. government agency CMO interest-only	2.8	0.2
U.S. government agency MBS	3.7	13.1
U.S. government agency TBAs	6.4	0.4
U.S. Treasury bonds	8.5	16.4
U.S. Treasury inflation protected security	17.2	0.7
		<u>100.0%</u>

The Total Return Fixed Income Pool invests in commercial and residential mortgage-backed securities; asset-backed securities, and collateralized mortgage obligations. The cash flows from these securities are based on the payment of the underlying collateral. The effective duration and yield to maturity of these securities are dependent on estimated prepayment assumptions that consider historical experience, market conditions and other criteria. Actual prepayments may vary with changes in interest rates. Rising interest rates often result in a slower rate of prepayments while declining rates tend to lead to faster prepayments. As a result, the fair values of these securities are highly sensitive to interest rate changes. At June 30, 2018, these securities compose 23% of the value of the pool's total securities.

#### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Program's investment in a single corporate issuer. None of the IMB pools in which the Program participates held securities of any one issuer in excess of 5% of the value of the pools in accordance with West Virginia statutes and are not exposed to concentration of credit risk.

#### Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Program will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The IMB investment pools in which the Program invests its enterprise funds were exposed to no custodial credit risk at June 30, 2018.

#### Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The following IMB pools in which the Program participates are

exposed to no foreign currency risk: Short-Term Fixed Income Pool and Core Fixed Income Pool. The following pool is exposed to foreign currency risk.

Total Return Fixed Income Pool – This pool has foreign income, foreign equity investments, and cash that are denominated in foreign currencies and are exposed to foreign currency risks. The pool also has foreign denominated derivative instruments. Additionally, the pool has indirect exposure to foreign currency risk through its ownership interests in certain of the commingled investment pools. Approximately 28% of the commingled investment pools hold substantially all of their investments in securities denominated in foreign currencies, which represents approximately 3% of the value of the Total Return Fixed Income Pool's securities.

### Deposit Risk

The carrying value in the Administrative Account of cash on deposit with the State Treasurer's Office was \$2,720,384 at June 30, 2018. The cash is pooled with other deposits from the State's agencies, departments, boards and commissions and is subject to coverage by the Federal Deposit Insurance Corporation (the "FDIC") or collateralized by securities held by the State or its agents in the State's name. Other cash deposits held in outside bank accounts were \$1,111,711. Such deposits are insured by the FDIC or collateralized by the State or its agents in the State's name. Custodial credit risk in regard to deposits is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Program does not have a deposit policy for custodial credit risk. Program management does not believe any of its deposits are exposed to custodial credit risk.

### *Derivative Financial Instruments*

The Program indirectly holds derivative financial instruments by its participation in the Total Return Fixed Income Pool. The derivative financial instruments may include foreign exchange contracts, futures, options, credit default swaps, interest rate swaps, and currency swaps. None of the derivative financial instruments is designated as a hedging instrument under GASB Statement No. 53; they are used to implement portfolio strategy, capture valuation opportunities, and to exploit market inefficiencies. As the Program does not hold any direct investments in derivative financial instruments, no further disclosure or consideration of their impact on the Program's financial position and results of operations is required.

## **4. Accrued Contract Benefits Liability**

The total actuarial present value of accrued contract benefits liability of \$51,105,107 as of June 30, 2018, was based on the provision for contract benefits since inception of the Prepaid Tuition Plan. Current liabilities of \$15,466,959 represent obligations that will become due within a year from June 30, 2018. Noncurrent liabilities of \$35,638,148 represent obligations that will become due more than a year after June 30, 2018.

Under the actuarial evaluation, tuition and fees are assumed to increase an average of 8.5% for the 2019-20 school year and each year thereafter to the end of the Prepaid Tuition Plan on June 30,

2022. Investments are assumed to earn 3.1% for the year ending June 30, 2019. Declining rates are assumed for each year thereafter through 2022 when the rate is assumed to be 2.7%.

The accrued contract benefits liability at June 30, 2018, and changes for the fiscal year then ended are as follows:

Beginning balance, June 30, 2017	\$ 61,482,225
Interest cost	2,678,955
Actuarial gain	(1,783,833)
Miscellaneous factors	69,140
Tuition benefit payments and refunds	(11,341,380)
Ending balance, June 30, 2018	<u>\$ 51,105,107</u>

The actuarial gain was the result of tuition increases for the 2018-19 school year being less than expected. Weighted average tuition had been assumed to increase 8.5% but instead increased 4.9%.

## 5. Tuition Contract Benefits and Expenses

The tuition contract benefits and expenses represent current expenses of the Prepaid Tuition Plan. Such amounts are determined by the time value of money as a result of changes in actuarial assumptions year over year. Because the Prepaid Tuition Plan is closed to new enrollments, the revenues and expenses related to such accounts are determined directly and solely by actuarial assumptions, estimations, and economic factors, such as the actuarial interest rate, tuition growth projections, account cancellations, economic inflation, beneficiaries' choices of schools, and actual experience versus actuarial expectations. In any given year, fluctuations in actuarial assumptions and/or actual experience can significantly change revenues and expenses, and, under certain circumstances, create negative revenues and expenses. An actuarial gain in the accrued contract expense liability in the Administrative Account at June 30, 2018 created a negative tuition contract expense, which is reported as a gain, or operating revenue, of \$62,678 for the year ended June 30, 2018.

The following represents components of tuition contract benefits and expenses reported on the Statement of Revenues, Expenses and Changes in Net (Deficit) Position for the Year Ended June 30, 2018:

### Tuition contract benefits

Interest growth in actuarially estimated tuition contract benefits for the year ended June 30, 2018	\$ 2,678,955
Decrease in accrued contract benefits liability due to lower tuition growth than estimated for the 2018–19 school year	(1,783,833)
Increase in accrued contract benefits liability due to miscellaneous factors	69,140
Tuition contract benefits for the year ended June 30, 2018	<u>\$ 964,262</u>

Tuition contract expenses

Interest growth in actuarially estimated tuition contract expenses for the year ended June 30, 2018	\$ 9,515
Decrease in accrued contract expense liability due to assumed actuarial payments during the year ended June 30, 2018	(84,929)
Decrease in accrued contract benefits liability due to changes in Prepaid Tuition Plan provisions and miscellaneous factors	<u>12,736</u>
Tuition contract expenses for the year ended June 30, 2018 (an actuarial gain on accrued contract benefits liability and reported as operating revenue)	<u>\$ (62,678)</u>

**6. Compensated Absences**

The accruals for compensated absences represent obligations that may arise for earned but unused annual leave as of June 30, 2018. The accrual is recorded as a current liability because employees may use any and all of their annual leave at any time. Current liabilities of \$50,657 represent obligations for compensated absences that can become due within a year from June 30, 2018.

The accrued compensated absences liability at June 30, 2018, and changes for the fiscal year then ended are as follows:

Beginning balance, June 30, 2017	\$ 54,128
Addition: Annual leave earned	41,612
Reduction: Annual leave used	<u>(45,083)</u>
Ending balance, June 30, 2018	<u>\$ 50,657</u>

**7. Cumulative Effect of Change in Accounting Principle**

Effective July 1, 2017, the Program adopted the provisions of Governmental Accounting Standards Board (the "GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The Program determined that it was not practical to restate all periods presented and has recorded the cumulative effect of the net decrease to beginning net deficit of implementing this change of \$95,285 as of July 1, 2017, which is the net OPEB liability of \$158,595 less deferred outflows of resources related to OPEB contributions of \$9,239 as of that date, and less the previously reported OPEB liability of \$244,641 under the superseded GASB 45 as of June 30, 2017. The Program further determined that it was not practical to determine the amounts of all deferred inflows of resources and deferred outflows of resources related to OPEB as of July 1, 2017 and these amounts are not reported.

## **8. Other Postemployment Benefits (OPEB)**

### ***General Information about the OPEB Plan***

#### ***OPEB Plan Description***

The West Virginia Other Postemployment Benefit Plan (the “OPEB Plan”) is a cost-sharing, multiple-employer, defined benefit other post-employment 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 Section 5-16D-2 (the “Code”). The financial activities of the OPEB Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (the “RHBT”), a fiduciary fund of the State of West Virginia. The OPEB Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (the “PEIA”) and the RHBT staff. OPEB Plan benefits are established and revised by PEIA and the RHBT management with approval of their Finance Board. PEIA issues a publically available financial report of the RHBT that can be obtained at [www.peia.wv.gov](http://www.peia.wv.gov) or by writing to the West Virginia Public Employees Insurance Agency, 601 57<sup>th</sup> Street, SE Suite 2, Charleston, WV 25304.

#### ***Benefits Provided***

Program employees who retire are eligible for PEIA health and life benefits, provided they meet the minimum eligibility requirements of the Public Employees System (the “PERS”) or meet certain other eligibility requirements of other sponsored retirement plans of the West Virginia Consolidated Public Retirement Board (the “CPRB”). The RHBT provides medical and prescription drug insurance and life insurance benefits to those qualified participants. Life insurance is provided through a vendor and is fully funded by member contributions. 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, or External Managed Care Organizations - primarily for Medicare-eligible retirees and spouses.

The RHBT Medicare-eligible retired employees and their Medicare-eligible dependents receive medical and drug coverage from a Medicare Advantage Plan. Under this arrangement, the vendor assumes the financial risk of providing comprehensive medical and drug coverage with limited copayments. Non-Medicare retirees continue enrollment in PEIA's Preferred Provider Benefit or the Managed Care Option. The RHBT collects employer contributions for Managed Care Organization (the “MCO”) participants and remits capitation payments to the MCO. Survivors of retirees have the option of purchasing the medical and prescription drug coverage.

Eligible participants hired after June 30, 2010, will be required to fully fund premium contributions upon retirement. The Plan is a closed plan to new entrants.

#### ***Contributions***

West Virginia Code Section 5-16D-6 assigns to the PEIA Finance Board the authority to establish and amend contribution requirements of the plan members and the participating employers.

Participating employers are required by statute to contribute at a rate assessed each year by the RHBT. The annual contractually required rate is the same for all participating employers. Employer contributions represent what the employer was billed during the respective year for their portion of the pay as you go premiums, commonly referred to as paygo, retiree leave conversion billings, and other matters, including billing adjustments. The annual contractually required per active policyholder per month rates for State non-general funded agencies and other participating employers effective June 30, 2018, 2017, and 2016, respectively, were:

	Fiscal Year			
	2018	2017		2016
		1/1/17 – 6/30/17	7/1/16 – 12/31/16	
Paygo Premium	<u>\$ 177</u>	<u>\$ 135</u>	<u>\$ 196</u>	<u>\$ 163</u>

Contributions to the OPEB plan from the Program were \$13,934, \$9,238 and \$10,925 for the years ended June 30, 2018, 2017 and 2016, respectively.

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 between July 1, 1997 and June 30, 2010, pay a subsidized rate depending on the member's years of service. Members hired on or after July 1, 2010, pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

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

- Members hired before July 1, 1988, may convert accrued sick or 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 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.

#### *Contributions by Nonemployer Contributing Entities in Special Funding Situations*

The State of West Virginia is a nonemployer contributing entity that provides funding through SB 419, effective July 1, 2012, amended by West Virginia Code §11-21-96. The State provides a supplemental pre-funding source dedicating \$30 million annually to the RHBT Fund from annual collections of the Personal Income Tax Fund and dedicated for payment of the unfunded liability of the RHBT. The \$30 million transferred pursuant to this Code shall be transferred until the Governor certifies to the Legislature that an independent actuarial study has determined that the



unfunded liability of RHBT has been provided for in its entirety or July 1, 2037, whichever date is later. This funding is to the advantage of all RHBT contributing employers.

The State is a nonemployer contributing entity that provides funding through West Virginia State Code §11B-2-32. The Financial Stability Fund is a plan to transfer an annual amount of \$5 million to the RHBT from special revenue funds to be used to lower retiree premiums, to help reduce benefit cuts, to help reduce premium increases, or any combination thereof. The \$5 million transferred pursuant to this Code shall be transferred annually into the RHBT through June 30, 2020. This funding is to the advantage of all RHBT contributing employers.

The State is a nonemployer contributing entity that provides funding through SB 469 which was passed February 10, 2012, granting OPEB liability relief to the 55 County Boards of Education effective July 1, 2012. The public school support plan (the "PSSP") is a basic foundation allowance program that provides funding to the local school boards for "any amount of the employer's annual required contribution allocated and billed to the county boards for employees who are employed as professional employees, employees who are employed as service personnel and employees who are employed as professional student support personnel", within the limits authorized by the State Code. This special funding under the school aid formula subsidizes employer contributions of the county boards of education.

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

At June 30, 2018, the Program reported a liability for its proportionate share of the RHBT net OPEB liability that reflected a reduction for State OPEB support provided to the Program. The amount recognized by the Program as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Program was as follows:

Program's proportionate share of the net OPEB liability	\$ 110,595
State's special funding proportionate share of the net OPEB liability associated with the Program	<u>22,716</u>
Total portion of net OPEB liability associated with the Program	<u>\$ 133,311</u>

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016. The Program's proportion of the net OPEB liability was based on its proportionate share of employer and non-employer contributions to the OPEB Plan for the fiscal year ended on the measurement date. At June 30, 2017, the Program's proportion was 0.0045%, which is a decrease of 0.0019% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Program recognized OPEB expense of \$6,309 and for support provided by the State under special funding situations revenue of \$6,973. At June 30, 2018, the Program reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:



	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 370
Net difference between projected and actual earnings on OPEB Plan investments	-	1,765
Changes in proportion and differences between Program contributions and proportionate share of contributions		42,936
Program contributions subsequent to the measurement date	13,934	-
Total	<u>\$ 13,934</u>	<u>\$ 45,071</u>

The amount of \$13,934 reported as deferred outflows of resources related to OPEB resulting from Program contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:

2019	\$ (13,913)
2020	(13,913)
2021	(13,913)
2022	(3,332)

*Actuarial Assumptions*

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	Dependent upon pension system ranging from 3.00% to 6.50%, including inflation
Investment rate of return	7.15%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.50% and 9.75% for pre- and post-Medicare, respectively, and gradually decreases to an ultimate trend 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.

Actuarial cost method

Entry Age Normal Cost Method

Amortization method

Level percentage of payroll over a 21 year closed period

Remaining amortization period 21 years closed as of June 30, 2016

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and Teachers' Retirement System (the "TRS"). RP-2000 Healthy Annuitant Mortality Table projected to 2025 with scale BB for West Virginia Death, Disability, and Retirement Fund (the "Troopers A") and West Virginia State Police Retirement System (the "Troopers B"). Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for the PERS and TRS. RP-2000 Non-Annuitant Mortality Table projected to 2020 with Scale BB for Troopers A and B.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015.

The long-term expected rate of return of 7.15% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.50% for long-term assets invested with the West Virginia Investment Management Board (the "WVIMB") and an expected short-term rate of return of 3.0% for assets invested with the West Virginia Board of Treasury Investments (the "WVBTL"). Long-term pre-funding assets are invested with the WVIMB. The strategic asset allocation consists of 55% equity, 15% fixed income, 10% private equity, 10% hedge fund and 10% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the WVBTL.

The long-term rate of return on OPEB plan investments was determined using a building block method in which estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) was developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Best estimates of long-term geometric rates are summarized in the following table:

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

#### *Discount Rate*

The discount rate used to measure the total OPEB liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that RHBT contributions would be made at rates equal to the actuarially determined contribution rates, in accordance with prefunding 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, 2036, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates. The discount rate used to measure the total OPEB liability at June 30, 2016 is a 0.45% increase from the June 30, 2015 valuation.

#### *Other key assumptions*

The projection assumes that the capped subsidy aggregate contribution limit of \$150 million for 2017 would increase by \$10 million per year on and after 2018. Additionally, the per member subsidy is projected to increase by at least 3.0% per year but no more than the healthcare trend inflation assumption such that the product of the projected subsidy and projected members is less than the projected aggregated capped costs; and the member's share of plan costs is expected to remain stable as a percentage of total costs following the year that the program is fully funded. After 2035, the program is projected to be fully funded and the sponsor is assumed to contribute

the residual portion of normal cost and operational expenses needed to maintain a funded ratio of 100% in future years. In addition, after 2035, the member's share of total plan costs is assumed to remain stable at approximately 61% of total plan costs. These assumptions produced per member annual capped subsidy increases of 3.0% per year from 2018 to 2023 and 4.5% per year after 2023.

Members hired on or after July 1, 2010, are required to pay 100% of expected cost of coverage, resulting in no implicit or explicit employer cost. Consequently, these members are excluded from the actuarial valuation.

*Sensitivity of the Program's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*

The following presents the Program's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the Program's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Program's proportionate share of the net OPEB liability	\$ 128,776	\$ 110,595	\$ 95,483

*Sensitivity of the Program's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates*

The following presents the Program's proportionate share of the net OPEB liability, as well as what the Program's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Program's proportionate share of the net OPEB liability	\$ 92,902	\$ 110,595	\$ 132,236

## 9. Retirement Benefits

### *General Information about the Retirement Plan*

#### *Retirement Plan Description*

The Program contributes to the PERS, a cost-sharing multiple-employer defined benefit pension plan administered by the CPRB pursuant to Chapter 5, Article 10D of the West Virginia Code. The CPRB issues a publicly available financial report that includes financial statements and required supplementary information for the PERS. That report can be obtained at the CPRB's internet address <http://www.wvretirement.com/> or by writing to CPRB, 4101 MacCorkle Avenue Southeast, Charleston, WV 25304.

#### *Benefits Provided*

The PERS provides retirement, disability and death benefits to plan members and beneficiaries. Qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. A member may retire with the pension reduced actuarially if the member is at least age 55 and has at least 10 years of contributory service, or at any age with 30 years of contributory service. For all employees hired July 1, 2015 and later, qualification for normal retirement is age 62 with 10 years of service or at least age 55 with age and service equal to 80 or greater. A member hired after July 1, 2015 may retire with the pension reduced actuarially if the member is between ages 60 and 62 with at least 10 years of contributory service, between ages 57 and 62 with at least 20 years of contributory service, or between ages 55 and 62 with at least 30 years of contributory service. The straight-life annuity retirement benefit is equivalent to 2% of average salary multiplied by years of service. Average salary is the average of the highest annual compensation during any period of three consecutive years within the last 15 years of earnings. For all employees hired July 1, 2015 and later, average salary is the average of the five consecutive highest annual earnings within the last 15 years of earnings. Terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired July 1, 2015 and later, this age increases to 64 with at least 10 years of contributory service, or age 63 with at least 20 years of contributory service.

Disability benefits shall not be less than 50% of a member's Final Average Salary ("FAS"). At age 65 the benefit is calculated on actual years of service and may be reduced, but the straight life benefit or equivalent may not be less than 20% of FAS.

For death benefits, the PERS members may select beneficiary options based only upon the specific category that describes his or her particular circumstance at the time a beneficiary form is completed (i.e., date of hire, years of service and marital status).

*Contributions*

The PERS is funded by employee or member contributions and employer contributions. Although contributions are not actuarially determined, actuarial valuations are performed to assist the Legislature in establishing appropriate contribution rates. Current funding policy requires contributions, consisting of member contributions of 4.5% of covered payroll and employer contributions of 11.0%, 12.0%, and 13.5% for the years ended June 30, 2018, 2017, and 2016, respectively. All members hired July 1, 2015 and later, will contribute 6% of covered payroll. Effective July 1, 2018 employer contributions will be 10.0%. The Program's contribution to the PERS was \$43,275, \$37,032 and \$47,298 for the years ended June 30, 2018, 2017 and 2016, respectively.

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

At June 30, 2018, the Program reported a liability of \$97,026 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Program's proportion of the net pension liability was based on a projection of the Program's long-term share of contributions to the PERS relative to the projected contributions of all participating employers in the PERS. At June 30, 2017, the Program's proportion was 0.0225%, which was an increase from its proportion of 0.0254% as of June 30, 2016.

For the year ended June 30, 2018, the Program recognized pension expense of \$18,634. At June 30, 2018, the Program reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,635	\$ 215
Changes of assumptions	-	5,033
Net difference between projected and actual earnings on pension plan investments	-	23,589
Changes in proportion and differences between Program contributions and proportionate share of contributions	2,350	51,762
Program contributions subsequent to the measurement date	43,275	-
Total	<u>\$ 54,260</u>	<u>\$ 80,599</u>

The \$43,275 reported as deferred outflows of resources related to pensions resulting from Program contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

## Year ending June 30:

2019	\$ (26,268)
2020	(6,315)
2021	(16,818)
2022	(20,213)

*Actuarial Assumptions*

The total pension liabilities in the June 30, 2017 and 2016 actuarial valuations were determined using the following assumptions, applied to all periods included in the measurement:

	<u>2017 - 2016</u>
Inflation	3.0%
Salary increases	3.0 – 4.6%
Investment rate of return	7.5%

Mortality rates in the June 30, 2017 and 2016 actuarial valuations were determined using the following:

	<u>2017 - 2016</u>
Active Employees	100% of RP-2000 Non-Annuitant, Scale AA fully generational
Healthy males	110% of RP-2000 Non-Annuitant, Scale AA fully generational
Healthy females	101% of RP-2000 Non-Annuitant, Scale AA fully generational
Disabled males	96% of RP-2000 Disabled Annuitant, Scale AA fully generational
Disabled females	107% of RP-2000 Disabled Annuitant, Scale AA fully generational

The actuarial assumptions used in the June 30, 2017 and 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which estimates of 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 percentages and by adding expected inflation. Best estimates of long-term geometric rates of return are summarized in the following table and were used for the years ended June 30, 2017 and 2016:

Asset Class	Target Allocation	Long-Term Expected Rate of Return	Weighted Average Expected Real Rate of Return
U.S. equity	27.5%	7.0%	1.92%
International equity	27.5%	7.7%	2.12%
Core fixed income	7.5%	2.7%	0.20%
High yield fixed income	7.5%	5.5%	0.41%
TIPS	0.0%	2.7%	0.00%
Real estate	10.0%	7.0%	0.70%
Private equity	10.0%	9.4%	0.94%
Hedge funds	10.0%	4.7%	0.47%
Total	100.0%		6.76%
Inflation (CPI)			1.90%
			8.66%

#### *Discount Rate*

The discount rate used to measure the total pension liability was 7.5% for fiscal years 2017 and 2016. The projections of cash flows used to determine the discount rates assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the fiduciary net position of the pension plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liabilities.

#### *Sensitivity of the Program's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the Program's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Program's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:



	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Program's proportionate share of the net pension liability	\$ 268,610	\$ 97,026	\$ 48,047

## 10. Transactions with State Treasurer's Office

The State Treasurer's Office provides various administrative services at no cost to the Program and pays certain administrative costs on behalf of the Program. Such administrative services and costs were not determinable for the year ended June 30, 2018 because they were blended in with the overall operations of the State Treasurer's Office.

## 11. Risk Management

The Program is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to and illnesses of employees; and natural disasters.

The Program has obtained health coverage for its employees through PEIA. PEIA provides the following basic employee benefit coverage to all participants: hospital, surgical, group major medical, basic group life, accidental death, and prescription drug coverage for active and retired employees of the State of West Virginia and various related State and non-State agencies. Additionally, the Program has obtained coverage for job-related injuries through its participation in the private, employer-owned mutual insurance company BrickStreet Insurance. There have been no workers' compensation claims since the inception of the Program.

Furthermore, the Program uses the West Virginia State Board of Risk and Insurance Management, which provides a public entity risk pool, to obtain coverage in the amount of \$1,000,000 per occurrence for general liability and property damage. There have been no claims since the inception of the Program.

## 12. Net Position Deficiency

The Prepaid Tuition Plan has a net position deficiency of approximately \$7,700,752 as of June 30, 2018. The deficiency was created over time by investment performance, tuition rate growth, various actuarial assumption adjustments, and certain economic events. The deficit improved significantly in fiscal year 2018 because a lesser than projected growth in tuition at state public schools for academic year 2018-19 created an actuarial gain.

The Program's ability to pay obligations of the Prepaid Tuition Plan is dependent on long-term investment programs and adequate levels of future cash flows. Management sought and received support from the State Legislature in the form of a pledge of assets from the State Unclaimed Property Trust Fund to support payment of Prepaid Tuition Plan benefits. In March 2003, the Legislature created the Prepaid Tuition Trust Escrow Account to guarantee payment of Prepaid

Tuition Plan contracts. Under the legislation, the Escrow Account will receive transfers of \$1,000,000 from the State Unclaimed Property Trust Fund each year there is an actuarially determined unfunded liability of the Prepaid Tuition Plan. An additional one-time transfer of \$8,000,000 from the Unclaimed Property Trust Fund was authorized for July 2009. All earnings on the transferred funds will remain in the Escrow Account. In the event the Prepaid Tuition Plan is unable to cover the amount of money needed to meet its current obligations, funds may be withdrawn from the Escrow Account to meet those obligations. The independent actuarial valuation as of June 30, 2018 estimates that the Prepaid Tuition Plan will exhaust its investment funds during fiscal year 2022 and will then need to begin drawing from the Escrow Account to pay its obligations.

Beginning in December 2003, funds totaling \$20,254,008 have been transferred to the Escrow Account because the Prepaid Tuition Plan had actuarial deficits in fiscal years 2003-16. The funds were invested and have had a net investment gain of \$2,048,438 for the fifteen years ended June 30, 2018, leaving the account with a balance of \$22,302,446 at June 30, 2018. There was \$1,000,000 transferred in fiscal year 2018 because of the actuarial unfunded liability at the end of fiscal year 2017. Because there was an actuarially determined unfunded liability of \$7,700,752 in the Prepaid Tuition Plan as of June 30, 2018, an additional \$1,000,000 is expected to be transferred from the Unclaimed Property Trust Fund to the Escrow Account on or before December 15, 2018, in accordance with the provisions enacted by the Legislature. Funds transferred or to be transferred into the Escrow Account do not affect the actuarial valuation of the Prepaid Tuition Plan and are not included in the Prepaid Tuition Plan's basic financial statements. The State reports the Escrow Account in the general fund in its financial statements as unrestricted cash.

Effective March 8, 2003, the West Virginia Legislature closed the Prepaid Tuition Plan to new contracts. According to State Code (§18-30-6 (g)), closing the plan to new contracts shall not mean that the Prepaid Tuition Plan is closed and shall not affect any contracts in effect on March 8, 2003. Contract holders will continue to pay any amounts due, and the Prepaid Tuition Plan will continue to pay all benefits due.

During fiscal year 2015, the board voted to close the Prepaid Tuition Plan on June 30, 2022. Any funds not distributed to account holders or beneficiaries who cannot be located at that time will be transferred to the West Virginia Unclaimed Property Division where the rightful owner can claim the funds at any time. The unclaimed funds will cease to be the responsibility of the Program. If at any time on or before June 30, 2022, the Prepaid Tuition Plan should exhaust its funds, any funds needed to pay benefits and terminations will be drawn from the Escrow Account. Once the Prepaid Tuition Plan is terminated and all rightful unclaimed funds are transferred out of the Program, the Escrow Account will be dissolved and all remaining funds in the account will be transferred to the State.

Management believes that the Prepaid Tuition Plan will continue to have sufficient liquid resources to meet its obligations as they become due through June 30, 2019. The accompanying financial statements do not reflect any adjustments that might result should management's actions to eliminate the net position deficiency fail to be successful.

### **13. Significant Accounting Policies - Savings Plan**

#### **Basis of Accounting**

As a fiduciary fund, the Savings Plan's financial statements are presented on the flow of economic resources measurement focus and the accrual basis of accounting. As mentioned in Note 2, the Savings Plan is a private-purpose trust fund, which is a type of fiduciary fund. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support a government's own programs. A private-purpose trust fund is a fiduciary fund used to report all trust arrangements, other than pension (and other employee benefit) trust funds and investment trust funds, under which principal and income benefit individuals, private organizations, or other governments. Revenues mainly are derived from investment income. Expenses consist primarily of investment expenses and administrative costs associated with the Savings Plan.

#### **Security Transactions and Investment Income**

Security transactions of the Savings Plan are recorded on the trade date (date the order to buy or sell is executed). Dividend income and capital gain distribution from the underlying funds, if any, are recorded on the ex-dividend date. Realized gains and losses on securities transactions are computed on the basis of specific identified cost.

Investments in the underlying funds are carried at the closing net asset value per share of each underlying fund on the day of valuation.

The Savings Plan contains a guaranteed investment contract named the SMART529 Stable Value Fund. This fund is managed by INVESCO International. The contract has a guaranteed interest rate that resets quarterly. Following the guidance and provisions of GAAP, the guaranteed investment contract is a nonparticipating contract in which the redemption terms of the contract do not consider current market rates. The nonparticipating guaranteed investment contract is valued at contract value (i.e., cost plus accrued interest) as required under the current governmental accounting standards.

#### **Units**

Contributions by a participant are evidenced through the issuance of units in the particular portfolio or fund. Contributions and withdrawals are subject to terms and limitations defined in the participation agreement between the participant and the Savings Plan. Contributions are invested in units of the assigned portfolio or fund on the same day as the credit of the contribution to the participant's account. Withdrawals are based on the unit value calculated for such portfolio or fund on the day that the withdrawal request is accepted. The earnings portion of non-qualified withdrawals, in addition to applicable federal and state income tax, may be subject to a 10% non-qualified withdrawal penalty to be withheld from the withdrawal.

## Expenses

Expenses in the Savings Plan financial statements reflect investment management fees, and distribution and administrative charges.

## Fair Value Measurement

Hartford Life invests and manages the Savings Plan investments in 57 different portfolios for the Program. Each portfolio, in turn, is either a mutual fund or contains multiple mutual funds. Except for the SMART529 Stable Value Fund, as discussed below, investments are reported at fair value, which is the same as the value of the pool shares, and are accounted for by the Savings Plan accordingly, with changes in the fair value included in investment earnings.

As discussed in Note 3, GASB Statement No. 72 establishes classification of fair value measurements of investments within a fair value hierarchy, which categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1 inputs – Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 inputs – Inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs – Unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

As of the year ended June 30, 2018, all investment securities within the portfolios, except for the SMART529 Stable Value Fund, were measured at fair value using Level 1 inputs. The SMART529 Stable Value Fund is measured using Level 2 inputs.

The SMART529 Stable Value Fund is a synthetic guaranteed investment contract, which is a form of derivative instrument, and accordingly is reported at contract value in accordance with GAAP. Changes in contract value are included in investment earnings. The fair value and the contract value of the SMART529 Stable Value Fund as of June 30, 2018 are as follows:

	Fair Value	Contract Value
Underlying investments	\$ 421,991,239	\$ 427,827,177
Wrap contract	-	-
Total SMART529 Stable Value Fund	\$ 421,991,239	\$ 427,827,177

Various portfolios include the SMART529 Stable Value Fund as part of their families of underlying investments. Additionally, the SMART529 Direct Stable Value Fund and The

Hartford SMART529 Stable Value Fund are standalone investment options that contain only the SMART529 Stable Value Fund.

The following represents a calculation of the net change in the carrying value of investments during the year ended June 30, 2018:

Carrying value at end of year	\$ 2,593,386,397
Less cost of investments purchased during year	(769,174,825)
Plus cost of investments redeemed during year	652,541,826
Less carrying value at beginning of year	<u>(2,461,913,435)</u>
Change in carrying value of investments during year	<u>\$ 14,839,963</u>

The Program has adopted an investment policy for the Savings Plan that requires blended benchmarks for the various funds and portfolios. While the diversified benchmarks represent the diversification of the funds and portfolios – and diversification in general results in risk reduction – the investment policy does not specifically address custodial credit risk, credit risk, concentration credit risk, interest rate risk or foreign currency risk. Investments in the Savings Plan represent units of mutual funds rather than specific securities, and as such are not exposed to those risks. Neither the Program, the Savings Plan, nor the funds and portfolios have been rated for credit risk by any organization.

### **Related Parties and Fund Managers and Advisors**

**SMART529 WV Direct College Savings Plan** The Vanguard Group, Inc. (“Vanguard”), through its Equity Investment Group, serves as the investment adviser to all of the underlying funds, except for the SMART529 Stable Value Fund, which is managed by Invesco Advisers, Inc. (“Invesco”). Hartford Funds Management Company, LLC (“HFMC”), which is a wholly owned indirect subsidiary of The Hartford, is the principal underwriter and distributor for the plan.

**The Hartford SMART529 College Savings Plan** All of the underlying funds except the SMART529 Stable Value Portfolio and the MFS Global Equity Fund are managed by HFMC. The SMART529 Stable Value portfolio is managed by Invesco. Massachusetts Financial Services Company is the investment advisor for the MFS Global Equity Fund.

Wellington Management Company, LLP (“Wellington Management”) is investment sub-advisor to The Hartford Total Return Bond Fund, The Hartford Inflation Plus Fund, The Hartford High Yield Fund, The Hartford Capital Appreciation Fund, The Hartford Small Cap Growth Fund, The Hartford MidCap Fund, The Hartford MidCap Value Fund, The Hartford Dividend and Growth Fund, The Hartford Growth Opportunities Fund, The Hartford Small Company Fund, The Hartford Equity Income Fund, The Hartford International Opportunities Fund, The Hartford International Small Company Fund, The Hartford Global Real Asset Fund, The Hartford Global All Asset Fund, The Hartford Balanced Income Fund, The Hartford Strategic Income Fund, The Hartford Auality Bond Fund, Hartford Core Equity Fund, Hartford Real Total Return Fund, and The Hartford World Bond Fund.

Schroder Investment Management North America Inc. (“SIMNA”) is the investment sub-advisor for The Hartford Schroders Emerging Markets Equity Fund, and Schroder Investment Management North America Limited serves as the secondary sub-advisor.

**SMART529 Select College Savings Plan** Dimensional Fund Advisors is investment advisor to the underlying DFA portfolios in the SMART529 Select College Savings Plan.

Hartford Life and the West Virginia State Treasurer’s Office provide administrative services.

## Required Supplementary Information

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Schedule of the West Virginia College Prepaid Tuition and Savings Program's  
Proportionate Share of the Net OPEB Liability

	Fiscal Year Ended June 30	
	2018	2017
Program's proportion of the net OPEB liability	0.0045%	0.0064%
Program's proportionate share of the net OPEB liability	\$ 110,595	\$ 158,595
State of West Virginia special funding proportionate share of the net OPEB liability associated with the Program	\$ 22,716	-
Total portion of net OPEB liability associated with the Program	\$ 133,311	-
Program's covered-employee payroll	\$ 312,362	\$ 353,317
Program's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	35.41%	44.89%
Fiduciary net position as a percentage of the total OPEB liability	25.10%	21.64%

All amounts reported are presented as of the measurement date, which is one year prior to the fiscal year dates indicated.

*See Independent Auditor's Report and Notes to Required Supplementary Information*

Schedule of the West Virginia College Prepaid Tuition and Savings Program's  
Contributions to the OPEB Plan

	Fiscal Year Ended June 30		
	2018	2017	2016
Contractually required contribution	\$ 13,934	\$ 9,238	\$ 10,925
Contributions in relation to the contractually required contribution	(13,934)	(9,238)	(10,925)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Program's covered-employee payroll	\$ 420,282	\$ 312,362	\$ 353,317
Contributions as a percentage of covered- employee payroll	3.32%	2.96%	3.09%

*See Independent Auditor's Report and Notes to Required Supplementary Information*

Schedule of the West Virginia College Prepaid Tuition and Savings Program's  
Proportionate Share of the Net Pension Liability

	Fiscal Year Ended June 30			
	2018	2017	2016	2015
Program's proportion of the net pension liability	0.0225%	0.0254%	0.0202%	0.0254%
Program's proportionate share of the net pension liability	\$ 97,026	\$ 233,687	\$ 112,537	\$ 93,793
Program's covered payroll	\$ 312,362	\$ 353,317	\$ 305,035	\$ 339,275
Program's proportionate share of net pension liability as a percentage of its covered payroll	31.06%	66.14%	36.89%	27.65%
Public Employees Retirement System net position as a percentage of the total pension liability	93.67%	86.11%	91.29%	93.98%

All amounts reported are presented as of the measurement date, which is one year prior to the fiscal year dates indicated.

*See Independent Auditor's Report and Notes to Required Supplementary Information*

Schedule of the West Virginia College Prepaid Tuition and Savings Program's  
Contributions to the West Virginia Public Employees Retirement System

	Fiscal Year Ended June 30					
	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 43,275	\$ 37,032	\$ 47,298	\$ 38,263	\$ 49,346	\$ 54,023
Contributions in relation to the contractually required contribution	(43,275)	(37,032)	(47,298)	(38,263)	(49,346)	(54,023)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Program's covered payroll	\$ 420,282	\$ 312,362	\$ 353,317	\$ 305,035	\$ 339,275	\$ 385,812
Contributions as a percentage of covered payroll	10.30%	11.86%	13.39%	12.54%	14.54%	14.00%

*See Independent Auditor's Report and Notes to Required Supplementary Information*

## West Virginia College Prepaid Tuition and Savings Program

### Notes to Required Supplementary Information

#### **1. Trend Information Presented**

The accompanying schedules of the Program's proportionate share of the net OPEB liability, contributions to the RHBT, the net pension liability and contributions to the PERS, are required supplementary information to be presented for 10 years. However, until a full 10-year trend is compiled, information is presented in the schedules for those years for which information is available.

#### **2. Plan Amendments**

OPEB Plan 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 between July 1, 1997 and June 30, 2010, pay a subsidized rate depending on the member's years of service. Members hired after June 30, 2010, pay retiree healthcare contributions with no sponsor-provided implicit or explicit subsidy.

The PERS was amended to make changes which apply to new employees hired after July 1, 2015 as follows:

- For employees hired prior to July 1, 2015, qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. A member may retire with the pension reduced actuarially if the member is at least age 55 and has at least 10 years of contributory service, or at any age with 30 years of contributory service. For employees hired after July 1, 2015, qualification for normal retirement is 62 with 10 years of service. A member hired after July 1, 2015 may retire with the pension reduced actuarially if the member is between ages 60 and 62 with at least 10 years of contributory service, between ages 57 and 62 with at least 20 years of contributory service, or between ages 55 and 62 with at least 30 years of contributory service.
- The straight life annuity retirement benefit is equivalent to 2% of average salary multiplied by years of service. For employees hired prior to July 1, 2015, average salary is the average of the three consecutive highest annual earnings out of the last 15 years of earnings. For all employees hired after July 1, 2015 average salary is the average of the five consecutive highest annual earnings out of the last fifteen years of earnings.
- For employees hired prior to July 1, 2015, terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired after July 1, 2015, this age increases to 64 with at least 10 years of contributory service, or age 63 with at least 20 years of contributory service.

## West Virginia College Prepaid Tuition and Savings Program

## Notes to Required Supplementary Information (Continued)

- For all employees hired prior to July 1, 2015, employees are required to contribute 4.5% of annual earnings. All employees hired after July 1, 2015, are required to contribute 6% of annual earnings.

**3. OPEB Plan Assumptions**

An experience study, which was based on the years 2010 through 2015, was completed prior to the 2016 OPEB Plan actuarial valuation. See the significant assumptions for the actuarial valuations for the year ending June 30, as follows:

Inflation	2.75%
Salary increases	Dependent upon pension system ranging from 3.00% to 6.50%, including inflation
Investment rate of return	7.15%, net of OPEB Plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.50% and 9.75% for pre- and post-Medicare, respectively, and gradually decreases to an ultimate trend 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
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll over a 21 year closed period
Remaining amortization method	21 years closed as of June 30, 2016
Mortality rates:	
Public Employees and Teachers Retirement Systems retirees	RP-2000 Healthy Annuitant, Scale AA
Troopers Retirement System retirees	RP-2000 Healthy Annuitant, projected to 2025, Scale BB
Public Employees and Teachers Retirement Systems non-retirees	RP-2000 Non-Annuitant, Scale AA
Troopers Retirement System non-retirees	RP-2000 Non-Annuitant, projected to 2020, Scale BB

## West Virginia College Prepaid Tuition and Savings Program

### Notes to Required Supplementary Information (Continued)

#### **4. Changes in OPEB Plan Assumptions**

The following are changes in the assumptions between the 2016 and 2015 valuations of the OPEB Plan:

Certain economic and behavioral assumptions are unique to healthcare benefits. These assumptions include the healthcare trend, per capita claims costs, the likelihood that a member selects healthcare coverage and the likelihood that a retiree selects one-person, two person or family coverage. These assumptions were updated based on a recent experience study performed by RHBT actuaries using five-year experience data through June 30, 2015. The updated per capita claims costs were also based on recent claims, enrollment and premium information as of the valuation date.

For the June 30, 2016 valuation, the retiree healthcare participation assumption for each retirement plan is slightly higher than the previous assumption used in the June 30, 2015 OPEB valuation. More members who were covered as actives will be assumed to participate as retirees.

The 2016 and 2015 valuations include consideration of the \$30 million annual appropriations under Senate Bill 419. Additionally, the presentation of covered payroll was changed for the June 30, 2015, actuarial valuation. Participating employees hired before July 1, 2010, pay retiree premiums that are subsidized based on years of service at retirement. Participating employees hired on or after July 1, 2010, are required to fully fund premium contributions upon retirement. Consequently, beginning June 30, 2015, actuarial valuation covered payroll represents only the payroll for those OPEB eligible participating employees that were hired before July 1, 2010, allowing a better representation of the UAAL as a percentage of covered payroll, whereas, for the prior years, covered payroll is in total for all participating employees.

## West Virginia College Prepaid Tuition and Savings Program

## Notes to Required Supplementary Information (Continued)

**5. PERS Assumptions**

An experience study, which was based on the years 2009 through 2014, was completed prior to the 2015 PERS actuarial valuation. See the significant assumptions for the actuarial valuations for the year ending June 30, as follows:

	2017 - 2015	2014
Projected salary increases:		
State	3.0 – 4.6%	4.25 – 6.0%
Nonstate	3.35 – 6.0%	4.25 – 6.0%
Inflation rate	3.0% (2017 & 2016); 1.9% (2015)	2.2%
Mortality rates:		
Active employees	100% of RP-2000 Non-Annuitant, Scale AA fully generational	
Healthy males	110% of RP-2000 Non-Annuitant, Scale AA fully generational	1983 GAM male
Healthy females	101% of RP-2000 Non-Annuitant, Scale AA fully generational	1971 GAM female, set back 1 year
Disabled males	96% of RP-2000 Disabled Annuitant, Scale AA fully generational	1971 GAM male, set forward 8 years
Disabled females	107% of RP-2000 Disabled Annuitant, Scale AA fully generational	Revenue Ruling 96-7 disabled female table
Withdrawal rates:		
State	1.75 – 35.1%	1.0 – 26.0%
Nonstate	2.0 – 35.88%	2.0 – 31.2%
Disability rates	0.007 – 0.675%	0.0 – 0.8%



## Supplemental Information

The following information is presented for the purpose of additional analysis and is not a required part of the financial statements of the Program. This section shows financial information of each investment portfolio and individual fund of the Savings Plan, which is a fiduciary fund of the Program.

**West Virginia College Prepaid Tuition and Savings Program**  
**Savings Plan Trust Fund**  
**Combining Statements of Fiduciary Net Position**  
**June 30, 2018**

	The Hartford SMART529 Age-Based Portfolio 0-3	The Hartford SMART529 Age-Based Portfolio 4-6 <sup>(1)</sup>	The Hartford SMART529 Age-Based Portfolio 7-9
<b>Assets:</b>			
Investments in underlying funds, at fair value *			
DFA Emerging Markets Core Equity Portfolio	\$ —	\$ —	\$ —
DFA Five-Year Global Fixed Income Portfolio	—	—	—
DFA Global Real Estate Securities Portfolio	—	—	—
DFA Inflation Protected Securities Portfolio	—	—	—
DFA International Core Equity Portfolio	—	—	—
DFA Investment Grade Portfolio	—	—	—
DFA One-Year Fixed Income Portfolio	—	—	—
DFA Short-Duration Real Return Portfolio	—	—	—
DFA Short-Term Extended Quality Portfolio	—	—	—
DFA US Core 2 Equity Portfolio	—	—	—
MFS Global Equity Fund, Class I	—	—	—
Hartford Core Equity Fund, Class F	2,852,361	5,656,236	9,290,091
Hartford Real Total Return Fund, Class F	—	3,086,882	5,994,005
Hartford Schroders Emerging Markets Equity Fund, Class F	842,426	1,713,341	3,335,263
The Hartford Balanced Income Fund, Class F	—	—	—
The Hartford Capital Appreciation Fund, Class F	—	—	—
The Hartford Dividend and Growth Fund, Class F	3,027,387	7,392,569	11,825,011
The Hartford Equity Income Fund, Class F	2,547,061	5,248,373	7,649,894
The Hartford Global All Asset Fund, Class F	—	—	—
The Hartford Global Real Asset Fund, Class F	856,106	2,190,546	5,931,018
The Hartford Growth Opportunities Fund, Class F	843,318	1,728,899	2,525,562
The Hartford High Yield Fund, Class F	—	—	—
The Hartford Inflation Plus Fund, Class F	—	—	5,175,724
The Hartford International Opportunities Fund, Class F	3,014,077	5,975,014	9,917,071
The Hartford International Small Company Fund, Class F	1,001,028	2,114,164	2,463,895
The Hartford MidCap Fund, Class F	—	—	—
The Hartford MidCap Value Fund, Class F	1,011,979	2,181,792	4,236,651
The Hartford Quality Bond Fund, Class F	—	—	2,588,290
The Hartford Small Company Fund, Class F	—	—	—
The Hartford Small Cap Growth Fund, Class F	837,640	1,731,452	2,517,154
The Hartford Strategic Income Fund, Class F	—	2,208,462	6,008,282
The Hartford Total Return Bond Fund, Class F	—	—	—
The Hartford World Bond Fund, Class F	—	2,221,345	5,161,333
Vanguard Inflation-Protected Securities Fund – Institutional	—	—	—
Vanguard Institutional Index Fund – Institutional	—	—	—
Vanguard Total Bond Market II Index Fund – Institutional	—	—	—
Vanguard Total International Stock Index Fund – Institutional	—	—	—
Vanguard Total Stock Market Index Fund – Institutional	—	—	—
	16,833,383	43,449,075	84,619,244
Fully benefit-responsive investment contracts, at contract value SMART529 Stable Value Portfolio #	—	—	—
Receivables for investments sold	—	—	—
Receivables for units sold	30,924	10,310	21,272
Dividends receivable	—	—	6,305
Total assets	16,864,307	43,459,385	84,646,821
<b>Liabilities:</b>			
Payables for investments purchased	22,842	1,128	9,626
Payables for units redeemed	—	630	—
Accrued distribution fees	753	1,978	3,548
Accrued savings plan manager fees	1,405	3,622	7,034
Accrued administrative fees	984	2,535	4,923
Total liabilities	25,984	9,893	25,131
Fiduciary Net Position	\$ 16,838,323	\$ 43,449,492	\$ 84,621,690

The Hartford SMART529 Age-Based Portfolio 10-11 <sup>(2)</sup>	The Hartford SMART529 Age-Based Portfolio 12-13	The Hartford SMART529 Age-Based Portfolio 14-15	The Hartford SMART529 Age-Based Portfolio 16 <sup>(3)</sup>	The Hartford SMART529 Age-Based Portfolio 17	The Hartford SMART529 Age-Based Portfolio 18+	The Hartford SMART529 Aggressive Growth Portfolio	The Hartford Balanced Income Portfolio	The Hartford SMART529 Balanced Portfolio
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
8,957,433	9,697,074	11,041,150	4,952,573	4,065,638	4,169,151	13,618,211	—	6,288,093
6,340,841	8,569,297	11,134,683	3,353,908	3,292,301	6,322,666	—	—	4,368,767
3,516,259	4,162,723	3,155,375	—	—	—	3,857,808	—	2,397,669
—	—	—	—	—	—	—	28,268,656	—
—	—	—	—	—	—	—	—	—
9,852,010	9,689,978	11,012,803	4,112,780	—	—	14,249,773	—	6,829,775
7,207,393	7,923,590	7,918,203	3,319,489	3,270,295	8,356,213	11,860,352	—	4,948,897
—	—	—	—	—	—	—	—	—
6,284,730	8,481,488	11,092,088	4,998,155	4,941,717	8,367,958	3,897,061	—	4,305,562
1,779,964	1,815,886	1,558,500	—	—	—	4,005,816	—	1,247,530
—	—	—	—	—	—	—	—	—
5,486,604	9,233,943	14,340,990	5,045,521	4,956,852	10,535,639	—	—	3,744,418
9,604,570	10,643,977	12,537,606	6,509,006	4,097,966	4,067,840	13,802,087	—	6,564,804
1,739,495	2,355,414	1,562,341	—	—	—	4,571,201	—	1,185,407
—	—	—	—	—	—	—	—	—
3,597,418	3,648,832	4,747,950	1,655,247	813,369	—	4,785,466	—	2,515,004
3,663,319	9,863,486	9,586,375	—	—	—	—	—	2,503,807
—	—	—	—	—	—	—	—	—
1,785,189	2,411,076	—	—	—	—	3,997,632	—	1,251,222
6,365,601	11,049,894	23,875,253	3,358,265	3,298,934	10,543,928	—	—	4,368,630
—	—	—	—	—	—	—	—	—
6,387,359	9,829,682	15,955,222	—	—	—	—	—	4,368,452
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
82,568,185	109,376,340	139,518,539	37,304,944	28,737,072	52,363,395	78,645,407	28,268,656	56,888,037
7,289,067	12,289,516	19,139,747	46,228,530	53,721,266	158,038,634	—	—	4,996,432
—	—	—	7,378	—	219,928	6,114	—	8,156
35,906	77,280	258,874	22,212	44,609	66,115	8,655	136,907	120,417
8,890	24,025	23,400	—	—	—	—	—	6,116
89,902,048	121,767,161	158,940,560	83,563,064	82,502,947	210,688,072	78,660,176	28,405,563	62,019,158
11,558	45,432	176,407	—	31,524	—	—	132,269	6,115
3,677	33,097	71,688	24,931	1,506	256,620	9,204	1,256	105,402
3,663	4,855	6,263	3,294	3,233	8,304	2,777	1,196	2,581
7,440	10,078	13,109	6,881	6,777	17,358	6,551	2,315	5,125
5,208	7,055	9,176	4,817	4,743	12,150	4,586	1,620	3,588
31,546	100,517	276,643	39,923	47,783	294,432	23,118	138,656	122,811
\$ 89,870,502	\$ 121,666,644	\$ 158,663,917	\$ 83,523,141	\$ 82,455,164	\$ 210,393,640	\$ 78,637,058	\$ 28,266,907	\$61,896,347

**West Virginia College Prepaid Tuition and Savings Program**  
**Savings Plan Trust Fund**  
**Combining Statements of Fiduciary Net Position (Continued)**  
**June 30, 2018**

	<b>The Hartford SMART529 Age-Based Portfolio 0-3</b>	<b>The Hartford SMART529 Age-Based Portfolio 4-6<sup>(1)</sup></b>	<b>The Hartford SMART529 Age-Based Portfolio 7-9</b>
<b>Fiduciary Net Position Consists of:</b>			
Class A			
Net Position	\$ 14,330,174	\$ 36,406,794	\$ 73,051,999
Units outstanding	1,345,148	1,304,318	6,985,235
Net Position Value	<u>\$ 10.65</u>	<u>\$ 27.91</u>	<u>\$ 10.46</u>
Class B			
Net Position	\$ 5,368	\$ 14,073	\$ 2,802,882
Units outstanding	506	548	269,199
Net Position Value	<u>\$ 10.61</u>	<u>\$ 25.68</u>	<u>\$ 10.41</u>
Class C			
Net Position	\$ 1,950,692	\$ 5,407,095	\$ 5,514,110
Units outstanding	184,133	216,691	530,336
Net Position Value	<u>\$ 10.59</u>	<u>\$ 24.95</u>	<u>\$ 10.40</u>
Class D			
Net Position	\$ —	\$ —	\$ —
Units outstanding	—	—	—
Net Position Value	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Class E			
Net Position	\$ 552,089	\$ 1,621,530	\$ 3,252,699
Units outstanding	51,733	55,656	310,441
Net Position Value	<u>\$ 10.67</u>	<u>\$ 29.13</u>	<u>\$ 10.48</u>
* Identified Cost, investments in underlying funds	\$ 16,884,207	\$ 41,644,213	\$ 85,555,327
# Identified Cost, fully benefit-responsive investment contracts	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

- (1) Effective September 15, 2017, the name of The Hartford SMART529 Age Based Portfolio 0-8 changed to The Hartford SMART529 Age-Based Portfolio 4-6.
- (2) Effective September 15, 2017, the name of The Hartford SMART529 Age Based Portfolio 9-13 changed to The Hartford SMART529 Age-Based Portfolio 10-11.
- (3) Effective September 15, 2017, the name of The Hartford SMART529 Age Based Portfolio 16-17 changed to The Hartford SMART529 Age-Based Portfolio 16.

The Hartford SMART529 Age-Based Portfolio 10-11 <sup>(2)</sup>	The Hartford SMART529 Age-Based Portfolio 12-13	The Hartford SMART529 Age-Based Portfolio 14-15	The Hartford SMART529 Age-Based Portfolio 16 <sup>(3)</sup>	The Hartford SMART529 Age-Based Portfolio 17	The Hartford SMART529 Age-Based Portfolio 18+	The Hartford SMART529 Aggressive Growth Portfolio	The Hartford Balanced Income Portfolio	The Hartford SMART529 Balanced Portfolio
\$ 76,851,284 3,277,110 \$ 23.45	\$ 104,137,600 10,098,502 \$ 10.31	\$ 135,494,855 6,174,470 \$ 21.94	\$ 71,904,356 5,461,721 \$ 13.17	\$ 71,004,885 6,965,558 \$ 10.19	\$ 185,885,963 12,468,506 \$ 14.91	\$ 60,249,685 2,134,043 \$ 28.23	\$ 24,122,778 1,573,092 \$ 15.33	\$ 53,190,471 2,332,239 \$ 22.81
\$ 4,306,946 199,850 \$ 21.55	\$ 5,963,782 580,837 \$ 10.27	\$ 6,362,916 315,663 \$ 20.16	\$ 2,686,844 213,156 \$ 12.61	\$ 2,533,286 249,584 \$ 10.15	\$ 6,120,705 447,327 \$ 13.68	\$ 2,947,664 113,415 \$ 25.99	\$ — — \$ —	\$ 1,373,189 65,522 \$ 20.96
\$ 4,191,955 200,288 \$ 20.93	\$ 4,757,922 464,079 \$ 10.25	\$ 6,937,652 354,681 \$ 19.56	\$ 3,995,147 321,820 \$ 12.41	\$ 3,892,880 384,101 \$ 10.14	\$ 9,267,287 697,608 \$ 13.28	\$ 2,931,410 116,150 \$ 25.24	\$ 2,811,742 191,827 \$ 14.66	\$ 4,599,536 226,093 \$ 20.34
\$ — — \$ —	\$ — — \$ —	\$ — — \$ —	\$ — — \$ —	\$ — — \$ —	\$ — — \$ —	\$ — — \$ —	\$ — — \$ —	\$ — — \$ —
\$ 4,520,317 184,729 \$ 24.47	\$ 6,807,340 658,866 \$ 10.33	\$ 9,868,494 431,014 \$ 22.90	\$ 4,936,794 367,591 \$ 13.43	\$ 5,024,113 491,906 \$ 10.21	\$ 9,119,685 586,224 \$ 15.56	\$ 12,508,300 424,705 \$ 29.45	\$ 1,332,387 85,663 \$ 15.55	\$ 2,733,151 114,845 \$ 23.80
\$ 79,941,988 \$ 7,017,112	\$ 111,230,317 \$ 12,115,882	\$ 138,004,872 \$ 18,122,510	\$ 36,809,736 \$ 44,315,761	\$ 29,289,979 \$ 52,995,189	\$ 52,787,236 \$ 153,522,600	\$ 73,188,558 \$ —	\$ 28,686,347 \$ —	\$ 55,110,692 \$ 4,806,361

**West Virginia College Prepaid Tuition and Savings Program**  
**Savings Plan Trust Fund**  
**Combining Statements of Fiduciary Net Position (Continued)**  
**June 30, 2018**

	<b>The Hartford SMART529 Checks and Balances Portfolio</b>	<b>The Hartford SMART529 Conservative Balanced Portfolio</b>	<b>The Hartford Dividend and Growth 529 Fund</b>
<b>Assets:</b>			
Investments in underlying funds, at fair value *			
DFA Emerging Markets Core Equity Portfolio	\$ —	\$ —	\$ —
DFA Five-Year Global Fixed Income Portfolio	—	—	—
DFA Global Real Estate Securities Portfolio	—	—	—
DFA Inflation Protected Securities Portfolio	—	—	—
DFA International Core Equity Portfolio	—	—	—
DFA Investment Grade Portfolio	—	—	—
DFA One-Year Fixed Income Portfolio	—	—	—
DFA Short-Duration Real Return Portfolio	—	—	—
DFA Short-Term Extended Quality Portfolio	—	—	—
DFA US Core 2 Equity Portfolio	—	—	—
MFS Global Equity Fund, Class I	—	—	—
Hartford Core Equity Fund, Class F	—	708,632	—
Hartford Real Total Return Fund, Class F	—	474,958	—
Hartford Schroders Emerging Markets Equity Fund, Class F	—	—	—
The Hartford Balanced Income Fund, Class F	—	—	—
The Hartford Capital Appreciation Fund, Class F	14,683,116	—	—
The Hartford Dividend and Growth Fund, Class F	14,590,987	590,246	219,420,471
The Hartford Equity Income Fund, Class F	—	475,049	—
The Hartford Global All Asset Fund, Class F	—	—	—
The Hartford Global Real Asset Fund, Class F	—	711,498	—
The Hartford Growth Opportunities Fund, Class F	—	—	—
The Hartford High Yield Fund, Class F	—	—	—
The Hartford Inflation Plus Fund, Class F	—	711,838	—
The Hartford International Opportunities Fund, Class F	—	952,028	—
The Hartford International Small Company Fund, Class F	—	—	—
The Hartford MidCap Fund, Class F	—	—	—
The Hartford MidCap Value Fund, Class F	—	236,228	—
The Hartford Quality Bond Fund, Class F	—	—	—
The Hartford Small Company Fund, Class F	—	—	—
The Hartford Small Cap Growth Fund, Class F	—	—	—
The Hartford Strategic Income Fund, Class F	—	475,363	—
The Hartford Total Return Bond Fund, Class F	14,698,896	—	—
The Hartford World Bond Fund, Class F	—	—	—
Vanguard Inflation-Protected Securities Fund – Institutional	—	—	—
Vanguard Institutional Index Fund – Institutional	—	—	—
Vanguard Total Bond Market II Index Fund – Institutional	—	—	—
Vanguard Total International Stock Index Fund – Institutional	—	—	—
	43,972,999	5,335,840	219,420,471
Fully benefit-responsive investment contracts, at contract value SMART529 Stable Value Portfolio #	—	6,536,324	—
Receivables for investments sold	1,413	—	57,503
Receivables for units sold	10,460	42,582	60,418
Dividends receivable	39,868	—	—
Total assets	44,024,740	11,914,746	219,538,392
<b>Liabilities:</b>			
Payables for investments purchased	39,868	41,499	—
Payables for units redeemed	1,750	—	99,425
Accrued distribution fees	1,713	491	8,223
Accrued savings plan manager fees	3,634	980	18,290
Accrued administrative fees	2,544	686	12,803
Total liabilities	49,509	43,656	138,741
Fiduciary Net Position	\$ 43,975,231	\$ 11,871,090	\$ 219,399,651

The Hartford Equity Income 529 Fund	The Hartford Global All Asset 529 Fund	The Hartford Growth Opportunities 529 Fund	The Hartford SMART529 Growth Portfolio	The Hartford High Yield 529 Fund	The Hartford Inflation Plus 529 Fund	The Hartford International Opportunities 529 Fund	The Hartford MidCap 529 Fund	The Hartford MidCap Value 529 Fund
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	13,047,675	—	—	—	—	—
—	—	—	6,919,722	—	—	—	—	—
—	—	—	3,782,698	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
37,673,954	—	—	17,016,453	—	—	—	—	—
—	2,219,416	—	11,939,426	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	4,922,348	—	—	—	—	—
—	—	37,153,793	3,967,521	—	—	—	—	—
—	—	—	—	7,038,965	—	—	—	—
—	—	—	—	—	5,731,011	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	13,340,103	—	—	20,205,765	—	—
—	—	—	4,742,616	—	—	—	—	—
—	—	—	—	—	—	—	78,206,750	—
—	—	—	5,011,095	—	—	—	—	13,766,103
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	3,967,561	—	—	—	—	—
—	—	—	4,947,730	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	4,937,310	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
37,673,954	2,219,416	37,153,793	98,542,258	7,038,965	5,731,011	20,205,765	78,206,750	13,766,103
—	—	—	—	—	—	—	—	—
14,179	—	6,759	24,886	—	6,335	19,077	33,467	—
5,468	504	16,022	36,840	126	742	4,427	12,841	2,062
—	—	—	—	31,507	—	—	—	—
37,693,601	2,219,920	37,176,574	98,603,984	7,070,598	5,738,088	20,229,269	78,253,058	13,768,165
—	382	—	—	31,561	—	—	—	444
17,042	—	10,792	32,938	—	6,939	19,605	43,995	—
1,364	77	1,346	3,838	271	206	720	2,652	508
3,112	184	3,100	8,244	589	470	1,699	6,590	1,136
2,179	129	2,170	5,771	412	329	1,189	4,613	795
23,697	772	17,408	50,791	32,833	7,944	23,213	57,850	2,883
\$ 37,669,904	\$ 2,219,148	\$ 37,159,166	\$ 98,553,193	\$ 7,037,765	\$ 5,730,144	\$20,206,056	\$78,195,208	\$13,765,282

**West Virginia College Prepaid Tuition and Savings Program**  
**Savings Plan Trust Fund**  
**Combining Statements of Fiduciary Net Position (Continued)**  
**June 30, 2018**

	<b>The Hartford SMART529 Checks and Balances Portfolio</b>	<b>The Hartford SMART529 Conservative Balanced Portfolio</b>	<b>The Hartford Dividend and Growth 529 Fund</b>
<b>Fiduciary Net Position Consists of:</b>			
Class A			
Net Position	\$ 38,722,558	\$ 9,902,956	\$ 187,150,749
Units outstanding	1,678,142	798,280	5,651,845
Net Position Value	<u>\$ 23.07</u>	<u>\$ 12.41</u>	<u>\$ 33.11</u>
Class B			
Net Position	\$ 693,500	\$ —	\$ 6,325,570
Units outstanding	32,715	—	207,777
Net Position Value	<u>\$ 21.20</u>	<u>\$ —</u>	<u>\$ 30.44</u>
Class C			
Net Position	\$ 2,312,198	\$ 1,133,714	\$ 8,279,660
Units outstanding	112,382	96,478	280,094
Net Position Value	<u>\$ 20.57</u>	<u>\$ 11.75</u>	<u>\$ 29.56</u>
Class D			
Net Position	\$ —	\$ —	\$ —
Units outstanding	—	—	—
Net Position Value	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Class E			
Net Position	\$ 2,246,975	\$ 834,420	\$ 17,643,672
Units outstanding	93,079	66,062	510,518
Net Position Value	<u>\$ 24.14</u>	<u>\$ 12.63</u>	<u>\$ 34.56</u>
* Identified Cost, investments in underlying funds	\$ 43,844,800	\$ 5,318,680	\$ 219,332,485
# Identified Cost, fully benefit-responsive investment contracts	<u>\$ —</u>	<u>\$ 6,306,592</u>	<u>\$ —</u>

- (1) Effective September 15, 2017, the name of The Hartford SMART529 Age Based Portfolio 0-8 changed to The Hartford SMART529 Age-Based Portfolio 4-6.
- (2) Effective September 15, 2017, the name of The Hartford SMART529 Age Based Portfolio 9-13 changed to The Hartford SMART529 Age-Based Portfolio 10-11.
- (3) Effective September 15, 2017, the name of The Hartford SMART529 Age Based Portfolio 16-17 changed to The Hartford SMART529 Age-Based Portfolio 16.



The Hartford Equity Income 529 Fund	The Hartford Global All Asset 529 Fund	The Hartford Growth Opportunities 529 Fund	The Hartford SMART529 Growth Portfolio	The Hartford High Yield 529 Fund	The Hartford Inflation Plus 529 Fund	The Hartford International Opportunities 529 Fund	The Hartford MidCap 529 Fund	The Hartford MidCap Value 529 Fund
\$ 31,126,659	\$ 1,632,113	\$ 29,099,140	\$ 86,251,798	\$ 6,132,534	\$ 4,705,829	\$ 15,890,760	\$ 62,588,209	\$ 11,826,535
1,236,019	106,343	923,794	3,260,497	281,117	317,066	1,300,865	1,223,339	464,348
\$ 25.18	\$ 15.35	\$ 31.50	\$ 26.45	\$ 21.81	\$ 14.84	\$ 12.22	\$ 51.16	\$ 25.47
\$ 431,698	\$ —	\$ 365,005	\$ 2,091,198	\$ 135,374	\$ 166,009	\$ 241,780	\$ 1,499,645	\$ 182,604
18,648	—	12,351	85,977	6,690	12,070	21,116	31,838	7,557
\$ 23.15	\$ —	\$ 29.55	\$ 24.32	\$ 20.24	\$ 13.75	\$ 11.45	\$ 47.10	\$ 24.16
\$ 1,893,462	\$ 157,419	\$ 2,280,829	\$ 4,879,112	\$ 333,920	\$ 199,817	\$ 1,125,123	\$ 2,516,565	\$ 613,657
84,222	10,784	78,910	206,601	16,978	14,926	100,488	54,983	25,876
\$ 22.48	\$ 14.60	\$ 28.90	\$ 23.62	\$ 19.67	\$ 13.39	\$ 11.20	\$ 45.77	\$ 23.72
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—	—
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
\$ 4,218,085	\$ 429,616	\$ 5,414,192	\$ 5,331,085	\$ 435,937	\$ 658,489	\$ 2,948,393	\$ 11,590,789	\$ 1,142,486
160,401	27,544	166,900	193,210	19,256	42,651	234,599	216,937	43,841
\$ 26.30	\$ 15.60	\$ 32.44	\$ 27.59	\$ 22.64	\$ 15.44	\$ 12.57	\$ 53.43	\$ 26.06
\$ 37,134,780	\$ 2,308,312	\$ 30,540,078	\$ 93,691,487	\$ 7,205,902	\$ 5,935,687	\$ 19,360,197	\$ 64,247,784	\$ 12,804,697
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

**West Virginia College Prepaid Tuition and Savings Program**  
**Savings Plan Trust Fund**  
**Combining Statements of Fiduciary Net Position (Continued)**  
**June 30, 2018**

	<b>The Hartford Small Company 529 Fund</b>	<b>The SMART529 Stable Value Fund</b>	<b>The Hartford Total Return Bond 529 Fund</b>
<b>Assets:</b>			
Investments in underlying funds, at fair value *			
DFA Emerging Markets Core Equity Portfolio	\$ —	\$ —	\$ —
DFA Five-Year Global Fixed Income Portfolio	—	—	—
DFA Global Real Estate Securities Portfolio	—	—	—
DFA Inflation Protected Securities Portfolio	—	—	—
DFA International Core Equity Portfolio	—	—	—
DFA Investment Grade Portfolio	—	—	—
DFA One-Year Fixed Income Portfolio	—	—	—
DFA Short-Duration Real Return Portfolio	—	—	—
DFA Short-Term Extended Quality Portfolio	—	—	—
DFA US Core 2 Equity Portfolio	—	—	—
MFS Global Equity Fund, Class I	—	—	—
Hartford Core Equity Fund, Class F	—	—	—
Hartford Real Total Return Fund, Class F	—	—	—
Hartford Schroders Emerging Markets Equity Fund, Class F	—	—	—
The Hartford Balanced Income Fund, Class F	—	—	—
The Hartford Capital Appreciation Fund, Class F	—	—	—
The Hartford Dividend and Growth Fund, Class F	—	—	—
The Hartford Equity Income Fund, Class F	—	—	—
The Hartford Global All Asset Fund, Class F	—	—	—
The Hartford Global Real Asset Fund, Class F	—	—	—
The Hartford Growth Opportunities Fund, Class F	—	—	—
The Hartford High Yield Fund, Class F	—	—	—
The Hartford Inflation Plus Fund, Class F	—	—	—
The Hartford International Opportunities Fund, Class F	—	—	—
The Hartford International Small Company Fund, Class F	—	—	—
The Hartford MidCap Fund, Class F	—	—	—
The Hartford MidCap Value Fund, Class F	—	—	—
The Hartford Quality Bond Fund, Class F	—	—	—
The Hartford Small Company Fund, Class F	11,994,987	—	—
The Hartford Small Cap Growth Fund, Class F	—	—	—
The Hartford Strategic Income Fund, Class F	—	—	—
The Hartford Total Return Bond Fund, Class F	—	—	24,044,260
The Hartford World Bond Fund, Class F	—	—	—
Vanguard Inflation-Protected Securities Fund – Institutional	—	—	—
Vanguard Institutional Index Fund – Institutional	—	—	—
Vanguard Total Bond Market II Index Fund – Institutional	—	—	—
Vanguard Total International Stock Index Fund – Institutional	—	—	—
Vanguard Total Stock Market Index Fund – Institutional	—	—	—
	<u>11,994,987</u>	<u>—</u>	<u>24,044,260</u>
Fully benefit-responsive investment contracts, at contract value SMART529 Stable Value Portfolio #	—	59,885,845	—
Receivables for investments sold	—	—	—
Receivables for units sold	2,662	137,223	12,707
Dividends receivable	—	—	65,707
	<u>11,997,649</u>	<u>60,023,068</u>	<u>24,122,674</u>
<b>Total assets</b>			
	<u>11,997,649</u>	<u>60,023,068</u>	<u>24,122,674</u>
<b>Liabilities:</b>			
Payables for investments purchased	2,532	40,603	66,847
Payables for units redeemed	—	96,005	10,923
Accrued distribution fees	439	2,296	920
Accrued savings plan manager fees	1,003	4,903	1,979
Accrued administrative fees	702	2,452	1,386
	<u>4,676</u>	<u>146,259</u>	<u>82,055</u>
<b>Total liabilities</b>			
	<u>4,676</u>	<u>146,259</u>	<u>82,055</u>
<b>Fiduciary Net Position</b>	<u>\$ 11,992,973</u>	<u>\$ 59,876,809</u>	<u>\$ 24,040,619</u>

[illegible]

**West Virginia College Prepaid Tuition and Savings Program**  
**Savings Plan Trust Fund**  
**Combining Statements of Fiduciary Net Position (Continued)**  
**June 30, 2018**

	<b>The Hartford Small Company 529 Fund</b>	<b>The SMART529 Stable Value Fund</b>	<b>The Hartford Total Return Bond 529 Fund</b>
<b>Fiduciary Net Position Consists of:</b>			
Class A			
Net Position	\$ 9,521,714	\$ 47,484,795	\$ 20,661,397
Units outstanding	392,372	3,258,885	1,126,845
Net Position Value	<u>\$ 24.27</u>	<u>\$ 14.57</u>	<u>\$ 18.34</u>
Class B			
Net Position	\$ 130,747	\$ 1,187,475	\$ 642,058
Units outstanding	5,761	88,592	38,193
Net Position Value	<u>\$ 22.70</u>	<u>\$ 13.40</u>	<u>\$ 16.81</u>
Class C			
Net Position	\$ 727,535	\$ 3,998,628	\$ 1,054,958
Units outstanding	32,741	307,289	64,700
Net Position Value	<u>\$ 22.22</u>	<u>\$ 13.01</u>	<u>\$ 16.31</u>
Class D			
Net Position	\$ —	\$ —	\$ —
Units outstanding	—	—	—
Net Position Value	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Class E			
Net Position	\$ 1,612,977	\$ 7,205,911	\$ 1,682,206
Units outstanding	64,696	474,378	87,834
Net Position Value	<u>\$ 24.93</u>	<u>\$ 15.19</u>	<u>\$ 19.15</u>
* Identified Cost, investments in underlying funds	\$ 9,216,123	\$ —	\$ 24,647,264
# Identified Cost, fully benefit-responsive investment contracts	\$ —	\$ 56,386,194	\$ —

- (1) Effective September 15, 2017, the name of The Hartford SMART529 Age Based Portfolio 0-8 changed to The Hartford SMART529 Age-Based Portfolio 4-6.
- (2) Effective September 15, 2017, the name of The Hartford SMART529 Age Based Portfolio 9-13 changed to The Hartford SMART529 Age-Based Portfolio 10-11.
- (3) Effective September 15, 2017, the name of The Hartford SMART529 Age Based Portfolio 16-17 changed to The Hartford SMART529 Age-Based Portfolio 16.

MFS Global Equity 529 Fund	SMART529 Select 1-Year Fixed DFA Portfolio	SMART529 Select Age- Based DFA Portfolio 0-3	SMART529 Select Age- Based DFA Portfolio 4-6	SMART529 Select Age- Based DFA Portfolio 7-9	SMART529 Select Age- Based DFA Portfolio 10-12	SMART529 Select Age- Based DFA Portfolio 13-15	SMART529 Select Age- Based DFA Portfolio 16-18	SMART529 Select Age- Based DFA Portfolio 19+
\$ 13,856,145	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
547,138	—	—	—	—	—	—	—	—
\$ 25.32	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
\$ 306,316	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
13,154	—	—	—	—	—	—	—	—
\$ 23.29	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
\$ 704,099	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
31,131	—	—	—	—	—	—	—	—
\$ 22.62	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
\$ —	\$ 8,386,579	\$ 13,934,564	\$ 28,590,657	\$ 50,806,558	\$ 72,000,506	\$ 66,801,625	\$ 61,984,613	\$ 30,638,955
—	705,844	498,589	1,063,382	1,990,890	3,227,381	3,355,871	3,362,415	1,897,289
\$ —	\$ 11.88	\$ 27.95	\$ 26.89	\$ 25.52	\$ 22.31	\$ 19.91	\$ 18.43	\$ 16.15
\$ 1,869,230	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
70,786	—	—	—	—	—	—	—	—
\$ 26.41	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
\$ 14,101,678	\$ 8,428,625	\$ 12,409,553	\$ 24,262,069	\$ 43,388,357	\$ 64,289,906	\$ 62,029,842	\$ 59,161,836	\$ 30,252,155
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

**West Virginia College Prepaid Tuition and Savings Program**  
**Savings Plan Trust Fund**  
**Combining Statements of Fiduciary Net Position (Continued)**  
**June 30, 2018**

	SMART529 Select Aggressive Growth DFA Portfolio	SMART529 Select All Equity DFA Portfolio	SMART529 Select Balanced DFA Portfolio
<b>Assets:</b>			
Investments in underlying funds, at fair value *			
DFA Emerging Markets Core Equity Portfolio	\$ 2,759,031	\$ 9,222,907	\$ 500,057
DFA Five-Year Global Fixed Income Portfolio	—	—	1,873,036
DFA Global Real Estate Securities Portfolio	939,416	3,133,366	170,319
DFA Inflation Protected Securities Portfolio	—	—	499,578
DFA International Core Equity Portfolio	8,494,297	28,403,934	1,540,001
DFA Investment Grade Portfolio	—	—	1,498,732
DFA One-Year Fixed Income Portfolio	—	—	1,874,058
DFA Short-Duration Real Return Portfolio	—	—	562,351
DFA Short-Term Extended Quality Portfolio	—	—	562,127
DFA US Core 2 Equity Portfolio	19,023,021	63,600,063	3,448,449
MFS Global Equity Fund, Class I	—	—	—
Hartford Core Equity Fund, Class F	—	—	—
Hartford Real Total Return Fund, Class F	—	—	—
Hartford Schroders Emerging Markets Equity Fund, Class F	—	—	—
The Hartford Balanced Income Fund, Class F	—	—	—
The Hartford Capital Appreciation Fund, Class F	—	—	—
The Hartford Dividend and Growth Fund, Class F	—	—	—
The Hartford Equity Income Fund, Class F	—	—	—
The Hartford Global All Asset Fund, Class F	—	—	—
The Hartford Global Real Asset Fund, Class F	—	—	—
The Hartford Growth Opportunities Fund, Class F	—	—	—
The Hartford High Yield Fund, Class F	—	—	—
The Hartford Inflation Plus Fund, Class F	—	—	—
The Hartford International Opportunities Fund, Class F	—	—	—
The Hartford International Small Company Fund, Class F	—	—	—
The Hartford MidCap Fund, Class F	—	—	—
The Hartford MidCap Value Fund, Class F	—	—	—
The Hartford Quality Bond Fund, Class F	—	—	—
The Hartford Small Company Fund, Class F	—	—	—
The Hartford Small Cap Growth Fund, Class F	—	—	—
The Hartford Strategic Income Fund, Class F	—	—	—
The Hartford Total Return Bond Fund, Class F	—	—	—
The Hartford World Bond Fund, Class F	—	—	—
Vanguard Inflation-Protected Securities Fund – Institutional	—	—	—
Vanguard Institutional Index Fund – Institutional	—	—	—
Vanguard Total Bond Market II Index Fund – Institutional	—	—	—
Vanguard Total International Stock Index Fund – Institutional	—	—	—
Vanguard Total Stock Market Index Fund – Institutional	—	—	—
	31,215,765	104,360,270	12,528,708
Fully benefit-responsive investment contracts, at contract value SMART529 Stable Value			
Portfolio #	—	—	—
Receivables for investments sold	—	19,379	—
Receivables for units sold	891	1,281	51
Dividends receivable	—	—	—
Total assets	31,216,656	104,380,930	12,528,759
<b>Liabilities:</b>			
Payables for investments purchased	891	—	51
Payables for units redeemed	—	20,660	—
Accrued distribution fees	—	—	—
Accrued savings plan manager fees	9,670	32,256	3,907
Accrued administrative fees	1,307	4,359	528
Total liabilities	11,868	57,275	4,486
Fiduciary Net Position	\$ 31,204,788	\$ 104,323,655	\$ 12,524,273

[illegible]

**West Virginia College Prepaid Tuition and Savings Program**  
**Savings Plan Trust Fund**  
**Combining Statements of Fiduciary Net Position (Continued)**  
**June 30, 2018**

	SMART529 Select Aggressive Growth DFA Portfolio	SMART529 Select All Equity DFA Portfolio	SMART529 Select Balanced DFA Portfolio
<b>Fiduciary Net Position Consists of:</b>			
Class A			
Net Position	\$ —	\$ —	\$ —
Units outstanding	—	—	—
Net Position Value	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Class B			
Net Position	\$ —	\$ —	\$ —
Units outstanding	—	—	—
Net Position Value	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Class C			
Net Position	\$ —	\$ —	\$ —
Units outstanding	—	—	—
Net Position Value	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Class D			
Net Position	\$ 31,204,788	\$ 104,323,655	\$ 12,524,273
Units outstanding	1,117,210	3,619,774	630,902
Net Position Value	<u>\$ 27.93</u>	<u>\$ 28.82</u>	<u>\$ 19.85</u>
Class E			
Net Position	\$ —	\$ —	\$ —
Units outstanding	—	—	—
Net Position Value	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
* Identified Cost, investments in underlying funds	\$ 23,392,868	\$ 75,651,125	\$ 11,784,936
# Identified Cost, fully benefit-responsive investment contracts	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

- (1) Effective September 15, 2017, the name of The Hartford SMART529 Age Based Portfolio 0-8 changed to The Hartford SMART529 Age-Based Portfolio 4-6.
- (2) Effective September 15, 2017, the name of The Hartford SMART529 Age Based Portfolio 9-13 changed to The Hartford SMART529 Age-Based Portfolio 10-11.
- (3) Effective September 15, 2017, the name of The Hartford SMART529 Age Based Portfolio 16-17 changed to The Hartford SMART529 Age-Based Portfolio 16.



SMART529 Select Conservative DFA Portfolio	SMART529 Select Fixed Income DFA Portfolio	SMART529 Select Growth DFA Portfolio	SMART529 Select Moderate Growth DFA Portfolio	SMART529 Select Moderately Aggressive Growth DFA Portfolio	SMART529 Select Moderately Conservative DFA Portfolio	SMART529 WV 500 Index Fund	SMART529 WV Direct Age-Based Portfolio 0-8	SMART529 WV Direct Age-Based Portfolio 9-13
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—	—
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—	—
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—	—
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—	—
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—	—
\$ 8,335,384	\$ 15,303,728	\$ 29,792,395	\$ 18,271,085	\$ 14,556,323	\$ 7,982,242	\$ 21,158,052	\$ 33,800,392	\$ 42,944,355
516,230	1,108,790	1,163,908	820,124	539,659	433,950	925,804	1,080,778	1,596,710
\$ 16.15	\$ 13.80	\$ 25.60	\$ 22.28	\$ 26.97	\$ 18.39	\$ 22.85	\$ 31.27	\$ 26.90
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—	—
\$ 8,166,430	\$ 15,545,759	\$ 24,798,551	\$ 16,673,440	\$ 12,028,467	\$ 7,600,835	\$ 15,653,336	\$ 29,267,738	\$ 33,204,572
—	—	—	—	—	—	—	—	—
								\$ 2,739,345

**West Virginia College Prepaid Tuition and Savings Program**  
**Savings Plan Trust Fund**  
**Combining Statements of Fiduciary Net Position (Continued)**  
**June 30, 2018**

	SMART529 WV Direct Age-Based Portfolio 14-15	SMART529 WV Direct Age-Based Portfolio 16-17	SMART529 WV Direct Age-Based Portfolio 18+
<b>Assets:</b>			
Investments in underlying funds, at fair value *			
DFA Emerging Markets Core Equity Portfolio	\$ —	\$ —	\$ —
DFA Five-Year Global Fixed Income Portfolio	—	—	—
DFA Global Real Estate Securities Portfolio	—	—	—
DFA Inflation Protected Securities Portfolio	—	—	—
DFA International Core Equity Portfolio	—	—	—
DFA Investment Grade Portfolio	—	—	—
DFA One-Year Fixed Income Portfolio	—	—	—
DFA Short-Duration Real Return Portfolio	—	—	—
DFA Short-Term Extended Quality Portfolio	—	—	—
DFA US Core 2 Equity Portfolio	—	—	—
MFS Global Equity Fund, Class I	—	—	—
Hartford Core Equity Fund, Class F	—	—	—
Hartford Real Total Return Fund, Class F	—	—	—
Hartford Schroders Emerging Markets Equity Fund, Class F	—	—	—
The Hartford Balanced Income Fund, Class F	—	—	—
The Hartford Capital Appreciation Fund, Class F	—	—	—
The Hartford Dividend and Growth Fund, Class F	—	—	—
The Hartford Equity Income Fund, Class F	—	—	—
The Hartford Global All Asset Fund, Class F	—	—	—
The Hartford Global Real Asset Fund, Class F	—	—	—
The Hartford Growth Opportunities Fund, Class F	—	—	—
The Hartford High Yield Fund, Class F	—	—	—
The Hartford Inflation Plus Fund, Class F	—	—	—
The Hartford International Opportunities Fund, Class F	—	—	—
The Hartford International Small Company Fund, Class F	—	—	—
The Hartford MidCap Fund, Class F	—	—	—
The Hartford MidCap Value Fund, Class F	—	—	—
The Hartford Quality Bond Fund, Class F	—	—	—
The Hartford Small Company Fund, Class F	—	—	—
The Hartford Small Cap Growth Fund, Class F	—	—	—
The Hartford Strategic Income Fund, Class F	—	—	—
The Hartford Total Return Bond Fund, Class F	—	—	—
The Hartford World Bond Fund, Class F	—	—	—
Vanguard Inflation-Protected Securities Fund – Institutional	3,095,077	1,076,371	1,679,575
Vanguard Institutional Index Fund – Institutional	—	—	—
Vanguard Total Bond Market II Index Fund – Institutional	5,687,440	1,194,410	1,683,471
Vanguard Total International Stock Index Fund – Institutional	3,445,447	1,446,946	1,232,215
Vanguard Total Stock Market Index Fund – Institutional	8,100,734	3,529,969	2,895,196
	<u>20,328,698</u>	<u>7,247,696</u>	<u>7,490,457</u>
Fully benefit-responsive investment contracts, at contract value			
SMART529 Stable Value Portfolio #	2,957,061	12,824,537	20,453,084
Receivables for investments sold	576	—	—
Receivables for units sold	1,502	316	11,595
Dividends receivable	13,068	2,746	3,884
Total assets	<u>23,300,905</u>	<u>20,075,295</u>	<u>27,959,020</u>
<b>Liabilities:</b>			
Payables for investments purchased	13,068	3,062	7,044
Payables for units redeemed	2,077	—	8,435
Accrued distribution fees	—	—	—
Accrued savings plan manager fees	192	—	—
Accrued administrative fees	—	—	—
Total liabilities	<u>15,337</u>	<u>3,062</u>	<u>15,479</u>
Fiduciary Net Position	<u>\$ 23,285,568</u>	<u>\$ 20,072,233</u>	<u>\$ 27,943,541</u>

SMART529 WV Direct Aggressive Growth Portfolio	SMART529 WV Direct Balanced Portfolio	SMART529 WV Direct Conservative Balanced Portfolio	SMART529 WV Direct Conservative Bond Portfolio	SMART529 WV Direct Growth Portfolio	SMART529 WV Stable Value Fund	Total Combining Statements of Fiduciary Net Positions
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 33,206,980
—	—	—	—	—	—	45,357,319
—	—	—	—	—	—	11,286,820
—	—	—	—	—	—	12,910,639
—	—	—	—	—	—	102,241,250
—	—	—	—	—	—	48,988,694
—	—	—	—	—	—	61,322,570
—	—	—	—	—	—	15,765,737
—	—	—	—	—	—	15,754,474
—	—	—	—	—	—	228,804,444
—	—	—	—	—	—	16,738,545
—	—	—	—	—	—	94,344,318
—	—	—	—	—	—	59,858,030
—	—	—	—	—	—	26,763,562
—	—	—	—	—	—	28,268,656
—	—	—	—	—	—	14,683,116
—	—	—	—	—	—	329,610,243
—	—	—	—	—	—	120,338,189
—	—	—	—	—	—	2,219,416
—	—	—	—	—	—	66,980,275
—	—	—	—	—	—	56,626,789
—	—	—	—	—	—	7,038,965
—	—	—	—	—	—	64,962,540
—	—	—	—	—	—	121,231,914
—	—	—	—	—	—	21,735,561
—	—	—	—	—	—	78,206,750
—	—	—	—	—	—	48,207,134
—	—	—	—	—	—	28,205,277
—	—	—	—	—	—	11,994,987
—	—	—	—	—	—	18,498,926
—	—	—	—	—	—	76,500,342
—	—	—	—	—	—	38,743,156
—	—	—	—	—	—	48,860,703
—	1,479,234	353,531	299,952	1,205,867	—	15,541,975
—	—	—	—	—	—	21,158,575
—	2,527,416	354,354	658,864	3,526,220	—	28,584,562
11,829,606	2,645,064	261,835	—	5,418,644	—	42,553,196
28,453,283	6,421,502	614,059	—	13,152,677	—	101,464,591
40,282,889	13,073,216	1,583,779	958,816	23,303,408	—	2,165,559,220
—	929,998	4,305,151	2,233,809	—	13,126,885	427,827,177
3,331	8,978	—	3,427	—	—	752,503
2,230	594	522	168	2,559	9,285	1,341,512
—	5,815	820	1,524	8,133	—	271,566
40,288,450	14,018,601	5,890,272	3,197,744	23,314,100	13,136,170	2,595,751,978
—	5,815	1,342	1,524	10,691	9,183	844,381
5,561	9,572	—	3,595	—	102	1,239,460
—	—	—	—	—	—	68,109
1,008	348	—	—	581	—	326,635
—	—	—	—	—	—	124,453
6,569	15,735	1,342	5,119	11,272	9,285	2,603,038
\$ 40,281,881	\$ 14,002,866	\$ 5,888,930	\$ 3,192,625	\$ 23,302,828	\$ 13,126,885	\$ 2,593,148,940

**West Virginia College Prepaid Tuition and Savings Program**  
**Savings Plan Trust Fund**  
**Combining Statements of Fiduciary Net Position (Continued)**  
**June 30, 2018**

	SMART529 WV Direct Age-Based Portfolio 14-15	SMART529 WV Direct Age-Based Portfolio 16-17	SMART529 WV Direct Age-Based Portfolio 18+
<b>Fiduciary Net Position Consists of:</b>			
Class A			
Net Position	\$ —	\$ —	\$ —
Units outstanding	—	—	—
Net Position Value	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Class B			
Net Position	\$ —	\$ —	\$ —
Units outstanding	—	—	—
Net Position Value	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Class C			
Net Position	\$ —	\$ —	\$ —
Units outstanding	—	—	—
Net Position Value	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Class D			
Net Position	\$ 23,285,568	\$ 20,072,233	\$ 27,943,541
Units outstanding	930,886	1,416,148	1,683,845
Net Position Value	<u>\$ 25.01</u>	<u>\$ 14.17</u>	<u>\$ 16.60</u>
Class E			
Net Position	\$ —	\$ —	\$ —
Units outstanding	—	—	—
Net Position Value	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
* Identified Cost, investments in underlying funds	\$ 18,488,729	\$ 6,389,882	\$ 7,104,701
# Identified Cost, fully benefit-responsive investment contracts	<u>\$ 2,838,576</u>	<u>\$ 12,177,498</u>	<u>\$ 19,883,993</u>

- (1) Effective September 15, 2017, the name of The Hartford SMART529 Age Based Portfolio 0-8 changed to The Hartford SMART529 Age-Based Portfolio 4-6.
- (2) Effective September 15, 2017, the name of The Hartford SMART529 Age Based Portfolio 9-13 changed to The Hartford SMART529 Age-Based Portfolio 10-11.
- (3) Effective September 15, 2017, the name of The Hartford SMART529 Age Based Portfolio 16-17 changed to The Hartford SMART529 Age-Based Portfolio 16.

SMART529 WV Direct Aggressive Growth Portfolio	SMART529 WV Direct Balanced Portfolio	SMART529 WV Direct Conservative Balanced Portfolio	SMART529 WV Direct Conservative Bond Portfolio	SMART529 WV Direct Growth Portfolio	SMART529 WV Stable Value Fund	Total Combining Statements of Fiduciary Net Positions
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
—	—	—	—	—	—	
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
—	—	—	—	—	—	
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
—	—	—	—	—	—	
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
—	—	—	—	—	—	
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
—	—	—	—	—	—	
\$ 40,281,881	\$ 14,002,866	\$ 5,888,930	\$ 3,192,625	\$ 23,302,828	\$ 13,126,885	
1,258,891	535,781	369,665	208,098	784,074	852,688	
\$ 32.00	\$ 26.14	\$ 15.93	\$ 15.34	\$ 29.72	\$ 15.39	
—	—	—	—	—	—	
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
—	—	—	—	—	—	
\$ 29,177,593	\$ 10,731,791	\$ 1,476,094	\$ 985,468	\$ 17,874,210	\$ —	\$ 2,009,042,294
—	\$ 888,597	\$ 4,145,112	\$ 2,156,079	\$ —	\$ 12,554,759	\$ 412,972,160

**West Virginia College Prepaid Tuition and Savings Program**  
**Savings Plan Trust Fund**  
**Combining Statements of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2018**

	The Hartford SMART529 Age-Based Portfolio 0-3 <sup>(1)</sup>	The Hartford SMART529 Age-Based Portfolio 4-6 <sup>(2)(5)</sup>	The Hartford SMART529 Age-Based Portfolio 7-9 <sup>(1)</sup>
<b>Investment Income:</b>			
Dividends	\$ 252,137	\$ 1,112,363	\$ 2,320,382
Total investment income	252,137	1,112,363	2,320,382
<b>Expenses:</b>			
Administrative fees	9,485	42,777	47,978
Savings Plan manager fees	13,550	61,110	68,539
Distribution fees			
Class A	28,085	128,645	146,090
Class B	38	5,320	25,057
Class C	17,899	67,084	42,277
Total expenses	69,057	304,936	329,941
Net Investment Income (Loss)	183,080	807,427	1,990,441
<b>Net Realized and Unrealized Gain (Loss):</b>			
Capital gain distributions received from underlying funds	772,708	1,812,115	2,765,813
Net realized gain (loss) on sale of underlying fund shares	149,928	5,531,262	58,623
Net change in unrealized appreciation (depreciation) on underlying fund shares	(50,824)	(1,885,127)	(936,083)
Net realized and unrealized gain (loss)	871,812	5,458,250	1,888,353
Net Increase (Decrease) in Fiduciary Net Position Resulting from Operations	1,054,892	6,265,677	3,878,794
<b>Unit Transactions:</b>			
<b>Contributions</b>			
Class A	8,984,267	7,220,971	12,149,480
Class B	—	653	89,709
Class C	972,630	1,572,842	1,232,967
Class D	—	—	—
Class E	204,618	405,227	362,633
Net proceeds from sale of units to account holders	10,161,515	9,199,693	13,834,789
<b>Transfers/Exchanges in</b>			
Class A	10,136,675	7,582,371	84,122,588
Class B	6,408	27,091	4,938,808
Class C	2,177,243	1,307,050	6,755,582
Class D	—	—	—
Class E	669,390	390,187	4,023,393
Total transfers/exchanges in	12,989,716	9,306,699	99,840,371
<b>Transfers/Exchanges out</b>			
Class A	(5,376,715)	(75,767,395)	(25,118,613)
Class B	(1,424)	(3,201,896)	(2,386,857)
Class C	(1,290,677)	(9,119,556)	(2,585,222)
Class D	—	—	—
Class E	(346,923)	(3,623,660)	(1,147,593)
Total transfers/exchanges out	(7,015,739)	(91,712,507)	(31,238,285)
<b>Withdrawals</b>			
Class A	(287,918)	(5,192,225)	(1,408,048)
Class B	(1)	(72,984)	(39,656)
Class C	(44,067)	(377,202)	(99,100)
Class D	—	—	—
Class E	(20,075)	(231,865)	(147,175)
Total cost of units redeemed by account holders	(352,061)	(5,874,276)	(1,693,979)
Net Increase (Decrease) in Fiduciary Net Position Derived from Unit Transactions	15,783,431	(79,080,391)	80,742,896
<b>Fiduciary Net Position:</b>			
Total Increase (Decrease) in Fiduciary Net Position	16,838,323	(72,814,714)	84,621,690
Beginning of year	—	116,264,206	—
End of year	\$ 16,838,323	\$ 43,449,492	\$ 84,621,690

(1) From September 15, 2017 (commencement of operations), through June 30, 2018.

(2) Effective September 15, 2017, the name of The Hartford SMART529 Age Based Portfolio 0-8 changed to The Hartford SMART529 Age-Based Portfolio 4-6.

(3) Effective September 15, 2017, the name of The Hartford SMART529 Age Based Portfolio 9-13 changed to The Hartford SMART529 Age-Based Portfolio 10-11.

(4) Effective September 15, 2017, the name of The Hartford SMART529 Age Based Portfolio 16-17 changed to The Hartford SMART529 Age-Based Portfolio 16.

(5) The Hartford SMART529 Age-Based Portfolio 4-6 continued the performance of The Hartford SMART529 Age-Based Portfolio 0-8.

(6) The Hartford SMART529 Age-Based Portfolio 16 continued the performance of The Hartford SMART529 Age-Based Portfolio 16-17.

(7) The Hartford SMART529 Age-Based Portfolio 10-11 continued the performance of The Hartford SMART529 Age-Based Portfolio 9-13.

The Hartford SMART529 Age-Based Portfolio 10-11 <sup>(3)(7)</sup>	The Hartford SMART529 Age-Based Portfolio 12-13 <sup>(1)</sup>	The Hartford SMART529 Age-Based Portfolio 14-15	The Hartford SMART529 Age-Based Portfolio 16 <sup>(4)(6)</sup>	The Hartford SMART529 Age-Based Portfolio 17 <sup>(1)</sup>	The Hartford SMART529 Age-Based Portfolio 18+
\$ 2,451,845	\$ 3,452,747	\$ 4,765,936	\$ 1,254,618	\$ 1,076,829	\$ 2,264,192
2,451,845	3,452,747	4,765,936	1,254,618	1,076,829	2,264,192
89,287	70,431	111,450	66,583	42,965	138,360
127,554	100,615	159,215	95,118	61,379	197,657
268,185	213,651	338,420	204,627	131,075	433,815
59,435	43,842	55,722	27,350	16,847	51,726
59,658	39,512	69,201	42,338	28,664	92,618
604,119	468,051	734,008	436,016	280,930	914,176
1,847,726	2,984,696	4,031,928	818,602	795,899	1,350,016
2,307,674	2,607,826	2,511,956	897,407	402,254	624,243
11,292,733	109,261	2,244,116	6,206,252	59,514	2,716,443
(4,293,330)	(1,680,343)	(1,104,815)	(4,022,382)	173,170	(22,757)
9,307,077	1,036,744	3,651,257	3,081,277	634,938	3,317,929
11,154,803	4,021,440	7,683,185	3,899,879	1,430,837	4,667,945
7,549,071	6,314,956	6,975,462	4,292,640	2,045,939	5,455,690
5,426	144	(1)	8,631	—	9,993
1,524,984	1,262,449	2,120,971	1,377,646	712,263	2,741,835
434,476	574,005	400,566	267,429	164,935	600,166
9,513,957	8,151,554	9,496,998	5,946,346	2,923,137	8,807,684
36,220,829	145,644,308	70,747,784	74,849,866	114,808,347	75,026,059
2,505,392	9,805,327	3,939,451	3,262,616	4,819,424	2,690,971
1,923,230	7,008,816	3,823,324	3,784,683	6,061,895	3,260,073
1,658,895	9,905,789	5,545,549	5,041,365	8,078,547	4,539,330
42,308,346	172,364,240	84,056,108	86,938,530	133,768,213	85,516,433
(183,707,279)	(48,443,754)	(74,167,458)	(133,231,469)	(44,620,960)	(11,301,305)
(15,204,658)	(3,936,507)	(4,827,015)	(6,487,379)	(2,231,578)	(1,355,733)
(11,215,770)	(3,393,722)	(5,347,006)	(7,845,739)	(2,828,267)	(2,736,763)
(12,697,493)	(3,786,969)	(5,464,565)	(8,985,270)	(3,080,352)	(1,374,991)
(222,825,200)	(59,560,952)	(89,806,044)	(156,549,857)	(52,761,157)	(16,768,792)
(9,378,361)	(2,817,278)	(4,070,373)	(3,427,302)	(2,463,810)	(54,830,994)
(329,292)	(114,520)	(145,228)	(119,571)	(96,010)	(2,226,120)
(477,672)	(252,158)	(288,535)	(209,200)	(100,332)	(4,778,608)
(421,476)	(125,682)	(273,237)	(377,452)	(245,714)	(3,772,103)
(10,606,801)	(3,309,638)	(4,777,373)	(4,133,525)	(2,905,866)	(65,607,825)
(181,609,698)	117,645,204	(1,030,311)	(67,798,506)	81,024,327	11,947,500
(170,454,895)	121,666,644	6,652,874	(63,898,627)	82,455,164	16,615,445
260,325,397	—	152,011,043	147,421,768	—	193,778,195
\$ 89,870,502	\$ 121,666,644	\$ 158,663,917	\$ 83,523,141	\$ 82,455,164	\$ 210,393,640

**West Virginia College Prepaid Tuition and Savings Program**  
**Savings Plan Trust Fund**  
**Combining Statements of Changes in Fiduciary Net Position (Continued)**  
**For the Year Ended June 30, 2018**

	The Hartford SMART529 Aggressive Growth Portfolio	The Hartford Balanced Income Portfolio	The Hartford SMART529 Balanced Portfolio
<b>Investment Income:</b>			
Dividends	\$ 1,160,203	\$ 791,264	\$ 1,605,084
Total investment income	1,160,203	791,264	1,605,084
<b>Expenses:</b>			
Administrative fees	54,649	19,534	43,005
Savings Plan manager fees	78,070	27,906	61,436
Distribution fees			
Class A	148,952	58,512	131,409
Class B	26,623	—	12,410
Class C	28,517	29,378	46,569
Total expenses	336,811	135,330	294,829
Net Investment Income (Loss)	823,392	655,934	1,310,255
<b>Net Realized and Unrealized Gain (Loss):</b>			
Capital gain distributions received from underlying funds	3,652,853	811,497	1,576,194
Net realized gain (loss) on sale of underlying fund shares	676,142	61,314	832,969
Net change in unrealized appreciation (depreciation) on underlying fund shares	2,577,034	(818,856)	323,267
Net realized and unrealized gain (loss)	6,906,029	53,955	2,732,430
Net Increase (Decrease) in Fiduciary Net Position Resulting from Operations	7,729,421	709,889	4,042,685
<b>Unit Transactions:</b>			
<b>Contributions</b>			
Class A	2,646,406	2,731,638	2,945,692
Class B	—	—	5
Class C	818,042	795,019	1,195,729
Class D	—	—	—
Class E	734,285	147,860	191,160
Net proceeds from sale of units to account holders	4,198,733	3,674,517	4,332,586
<b>Transfers/Exchanges in</b>			
Class A	3,953,545	5,126,460	6,928,931
Class B	49,091	—	80,453
Class C	215,447	474,670	384,351
Class D	—	—	—
Class E	705,118	886,611	488,089
Total transfers/exchanges in	4,923,201	6,487,741	7,881,824
<b>Transfers/Exchanges out</b>			
Class A	(3,862,921)	(4,149,272)	(4,733,492)
Class B	(823,366)	—	(380,772)
Class C	(705,063)	(1,109,416)	(1,164,302)
Class D	—	—	—
Class E	(844,085)	(972,582)	(205,425)
Total transfers/exchanges out	(6,235,435)	(6,231,270)	(6,483,991)
<b>Withdrawals</b>			
Class A	(4,468,662)	(1,869,965)	(5,619,066)
Class B	(176,405)	—	(134,233)
Class C	(204,896)	(409,199)	(772,824)
Class D	—	—	—
Class E	(948,265)	(202,921)	(565,993)
Total cost of units redeemed by account holders	(5,798,228)	(2,482,085)	(7,092,116)
Net Increase (Decrease) in Fiduciary Net Position Derived from Unit Transactions	(2,911,729)	1,448,903	(1,361,697)
<b>Fiduciary Net Position:</b>			
Total Increase (Decrease) in Fiduciary Net Position	4,817,692	2,158,792	2,680,988
Beginning of year	73,819,366	26,108,115	59,215,359
End of year	\$ 78,637,058	\$ 28,266,907	\$ 61,896,347



The Hartford SMART529 Checks and Balances Portfolio	The Hartford SMART529 Conservative Balanced Portfolio	The Hartford Dividend and Growth 529 Fund	The Hartford Equity Income 529 Fund	The Hartford Global All Asset 529 Fund	The Hartford Growth Opportunities 529 Fund
\$ 964,018	\$ 178,435	\$ 4,019,470	\$ 805,535	\$ 280,311	\$ —
964,018	178,435	4,019,470	805,535	280,311	—
30,558	7,867	156,755	26,783	1,551	22,017
43,654	11,238	223,935	38,261	2,216	31,453
94,948	23,218	472,222	78,434	3,881	61,928
7,774	—	58,505	4,168	—	3,332
23,965	10,836	87,717	21,500	2,408	19,048
200,899	53,159	999,134	169,146	10,056	137,778
763,119	125,276	3,020,336	636,389	270,255	(137,778)
3,206,974	129,536	21,367,169	1,930,444	—	2,469,437
149,590	178,966	962,514	159,714	727	227,679
(1,091,896)	(22,888)	(5,014,333)	(291,757)	(170,013)	4,918,266
2,264,668	285,614	17,315,350	1,798,401	(169,286)	7,615,382
3,027,787	410,890	20,335,686	2,434,790	100,969	7,477,604
2,100,606	584,807	6,595,628	1,630,942	123,268	2,487,260
—	—	—	2,157	—	—
443,817	282,418	1,369,829	325,655	32,589	597,724
—	—	—	—	—	—
70,752	25,949	651,707	196,243	42,711	388,348
2,615,175	893,174	8,617,164	2,154,997	198,568	3,473,332
3,329,769	3,098,707	15,048,340	6,470,690	456,772	6,030,273
29,916	—	78,965	4,190	—	13,705
154,606	117,552	1,104,734	565,447	66,107	479,521
—	—	—	—	—	—
207,319	379,977	2,175,181	769,193	297,903	2,409,552
3,721,610	3,596,236	18,407,220	7,809,520	820,782	8,933,051
(2,846,851)	(1,275,456)	(19,552,489)	(6,710,445)	(329,568)	(4,610,824)
(464,986)	—	(1,905,908)	(199,496)	—	(179,618)
(591,762)	(182,190)	(3,164,434)	(1,151,073)	(168,475)	(655,158)
—	—	—	—	—	—
(212,120)	(273,982)	(3,560,223)	(886,643)	(242,236)	(1,322,741)
(4,115,719)	(1,731,628)	(28,183,054)	(8,947,657)	(740,279)	(6,768,341)
(3,690,562)	(1,718,748)	(16,442,151)	(2,586,117)	(124,550)	(1,632,960)
(25,543)	—	(501,933)	(42,507)	—	(16,733)
(315,515)	(284,649)	(694,084)	(192,995)	(56,254)	(185,475)
—	—	—	—	—	—
(473,136)	(81,388)	(2,643,573)	(204,979)	(112,706)	(348,932)
(4,504,756)	(2,084,785)	(20,281,741)	(3,026,598)	(293,510)	(2,184,100)
(2,283,690)	672,997	(21,440,411)	(2,009,738)	(14,439)	3,453,942
744,097	1,083,887	(1,104,725)	425,052	86,530	10,931,546
43,231,134	10,787,203	220,504,376	37,244,852	2,132,618	26,227,620
\$ 43,975,231	\$ 11,871,090	\$ 219,399,651	\$ 37,669,904	\$ 2,219,148	\$ 37,159,166

**West Virginia College Prepaid Tuition and Savings Program**  
**Savings Plan Trust Fund**  
**Combining Statements of Changes in Fiduciary Net Position (Continued)**  
**For the Year Ended June 30, 2018**

	<b>The Hartford SMART529 Growth Portfolio</b>	<b>The Hartford High Yield 529 Fund</b>	<b>The Hartford Inflation Plus 529 Fund</b>
<b>Investment Income:</b>			
Dividends	\$ 2,340,543	\$ 383,846	\$ 269,787
Total investment income	2,340,543	383,846	269,787
<b>Expenses:</b>			
Administrative fees	69,638	5,117	4,086
Savings Plan manager fees	99,483	7,311	5,837
Distribution fees			
Class A	215,791	15,707	11,836
Class B	19,258	1,173	1,570
Class C	52,109	3,848	2,104
Total expenses	456,279	33,156	25,433
Net Investment Income (Loss)	1,884,264	350,690	244,354
<b>Net Realized and Unrealized Gain (Loss):</b>			
Capital gain distributions received from underlying funds	3,975,014	—	—
Net realized gain (loss) on sale of underlying fund shares	859,679	1,339	(15,822)
Net change in unrealized appreciation (depreciation) on underlying fund shares	1,773,809	(205,401)	(176,075)
Net realized and unrealized gain (loss)	6,608,502	(204,062)	(191,897)
Net Increase (Decrease) in Fiduciary Net Position Resulting from Operations	8,492,766	146,628	52,457
<b>Unit Transactions:</b>			
<b>Contributions</b>			
Class A	4,480,006	370,531	221,646
Class B	3	—	—
Class C	1,120,464	46,682	45,845
Class D	—	—	—
Class E	364,073	32,035	41,911
Net proceeds from sale of units to account holders	5,964,546	449,248	309,402
<b>Transfers/Exchanges in</b>			
Class A	6,819,673	1,274,927	1,137,797
Class B	157,576	6,598	948
Class C	192,348	139,938	26,744
Class D	—	—	—
Class E	722,810	250,697	156,294
Total transfers/exchanges in	7,892,407	1,672,160	1,321,783
<b>Transfers/Exchanges out</b>			
Class A	(7,520,742)	(1,330,264)	(870,693)
Class B	(658,669)	(32,408)	(57,519)
Class C	(1,550,901)	(243,493)	(58,958)
Class D	—	—	—
Class E	(888,872)	(291,839)	(407,109)
Total transfers/exchanges out	(10,619,184)	(1,898,004)	(1,394,279)
<b>Withdrawals</b>			
Class A	(7,763,355)	(643,820)	(686,197)
Class B	(247,820)	(3,897)	(24,677)
Class C	(506,537)	(41,823)	(49,115)
Class D	—	—	—
Class E	(582,433)	(86,313)	(137,477)
Total cost of units redeemed by account holders	(9,100,145)	(775,853)	(897,466)
Net Increase (Decrease) in Fiduciary Net Position Derived from Unit Transactions	(5,862,376)	(552,449)	(660,560)
<b>Fiduciary Net Position:</b>			
Total Increase (Decrease) in Fiduciary Net Position	2,630,390	(405,821)	(608,103)
Beginning of year	95,922,803	7,443,586	6,338,247
End of year	\$ 98,553,193	\$ 7,037,765	\$ 5,730,144

The Hartford International Opportunities 529 Fund	The Hartford MidCap 529 Fund	The Hartford MidCap Value 529 Fund	The Hartford Small Company 529 Fund	The SMART529 Stable Value Fund	The Hartford Total Return Bond 529 Fund
\$ 319,439	\$ —	\$ 39,551	\$ —	\$ —	\$ 899,198
319,439	—	39,551	—	—	899,198
13,753	51,821	9,465	7,296	29,110	16,694
19,648	74,029	13,521	10,423	58,220	23,849
37,929	147,357	28,890	20,498	112,869	50,884
2,382	12,968	1,609	1,075	10,817	5,603
12,351	25,165	5,983	6,698	43,030	12,132
86,063	311,340	59,468	45,990	254,046	109,162
233,376	(311,340)	(19,917)	(45,990)	(254,046)	790,036
674,103	3,262,284	335,611	—	—	—
121,178	806,813	88,313	126,668	1,148,204	3,412
(260,197)	8,954,044	854,060	2,258,572	(83,333)	(867,942)
535,084	13,023,141	1,277,984	2,385,240	1,064,871	(864,530)
768,460	12,711,801	1,258,067	2,339,250	810,825	(74,494)
1,601,488	2,728,818	666,358	630,365	1,796,475	1,286,460
—	—	—	—	1	2
324,290	465,848	125,989	119,831	1,308,753	286,726
—	—	—	—	—	—
188,505	424,398	49,554	130,563	385,168	72,146
2,114,283	3,619,064	841,901	880,759	3,490,397	1,645,334
4,480,386	6,781,989	2,260,091	2,562,844	14,871,357	4,258,779
13,339	43,880	14,743	5,439	241,575	56,985
425,481	512,774	215,390	274,139	920,965	324,929
—	—	—	—	—	—
1,542,631	1,908,635	521,926	716,664	2,748,876	980,978
6,461,837	9,247,278	3,012,150	3,559,086	18,782,773	5,621,671
(2,980,076)	(7,706,343)	(2,448,824)	(2,333,491)	(4,252,517)	(2,701,464)
(93,561)	(472,157)	(63,815)	(45,017)	(373,560)	(153,320)
(732,425)	(1,139,139)	(326,428)	(397,574)	(1,699,587)	(620,773)
—	—	—	—	—	—
(1,182,247)	(1,982,238)	(537,485)	(586,633)	(1,343,595)	(679,318)
(4,988,309)	(11,299,877)	(3,376,552)	(3,362,715)	(7,669,259)	(4,154,875)
(1,091,695)	(4,723,896)	(997,142)	(473,251)	(10,601,470)	(2,198,775)
(27,798)	(99,006)	(13,801)	(3,204)	(310,362)	(49,664)
(120,841)	(238,729)	(20,528)	(43,706)	(1,580,345)	(273,781)
—	—	—	—	—	—
(348,999)	(883,251)	(160,100)	(138,468)	(2,002,226)	(154,582)
(1,589,333)	(5,944,882)	(1,191,571)	(658,629)	(14,494,403)	(2,676,802)
1,998,478	(4,378,417)	(714,072)	418,501	109,508	435,328
2,766,938	8,333,384	543,995	2,757,751	920,333	360,834
17,439,118	69,861,824	13,221,287	9,235,222	58,956,476	23,679,785
\$ 20,206,056	\$ 78,195,208	\$ 13,765,282	\$ 11,992,973	\$ 59,876,809	\$ 24,040,619

**West Virginia College Prepaid Tuition and Savings Program**  
**Savings Plan Trust Fund**  
**Combining Statements of Changes in Fiduciary Net Position (Continued)**  
**For the Year Ended June 30, 2018**

	MFS Global Equity 529 Fund	SMART529 Select 1-Year Fixed DFA Portfolio	SMART529 Select Age- Based DFA Portfolio 0-3
<b>Investment Income:</b>			
Dividends	\$ 148,515	\$ 109,883	\$ 259,342
Total investment income	148,515	109,883	259,342
<b>Expenses:</b>			
Administrative fees	11,955	3,862	7,191
Savings Plan manager fees	17,078	28,579	53,211
Distribution fees			
Class A	34,942	—	—
Class B	2,756	—	—
Class C	7,302	—	—
Total expenses	74,033	32,441	60,402
Net Investment Income (Loss)	74,482	77,442	198,940
<b>Net Realized and Unrealized Gain (Loss):</b>			
Capital gain distributions received from underlying funds	328,428	—	83,467
Net realized gain (loss) on sale of underlying fund shares	312,066	(5,871)	1,308,016
Net change in unrealized appreciation (depreciation) on underlying fund shares	45,097	(30,870)	(101,166)
Net realized and unrealized gain (loss)	685,591	(36,741)	1,290,317
Net Increase (Decrease) in Fiduciary Net Position Resulting from Operations	760,073	40,701	1,489,257
<b>Unit Transactions:</b>			
<b>Contributions</b>			
Class A	870,322	—	—
Class B	—	—	—
Class C	197,676	—	—
Class D	—	429,187	4,850,942
Class E	89,447	—	—
Net proceeds from sale of units to account holders	1,157,445	429,187	4,850,942
<b>Transfers/Exchanges in</b>			
Class A	2,180,154	—	—
Class B	15,959	—	—
Class C	193,903	—	—
Class D	—	2,913,430	831,628
Class E	317,803	—	—
Total transfers/exchanges in	2,707,819	2,913,430	831,628
<b>Transfers/Exchanges out</b>			
Class A	(2,323,622)	—	—
Class B	(65,468)	—	—
Class C	(387,812)	—	—
Class D	—	(341,206)	(6,756,660)
Class E	(675,303)	—	—
Total transfers/exchanges out	(3,452,205)	(341,206)	(6,756,660)
<b>Withdrawals</b>			
Class A	(1,078,355)	—	—
Class B	(23,205)	—	—
Class C	(66,532)	—	—
Class D	—	(2,190,320)	(303,794)
Class E	(120,041)	—	—
Total cost of units redeemed by account holders	(1,288,133)	(2,190,320)	(303,794)
Net Increase (Decrease) in Fiduciary Net Position Derived from Unit Transactions	(875,074)	811,091	(1,377,884)
<b>Fiduciary Net Position:</b>			
Total Increase (Decrease) in Fiduciary Net Position	(115,001)	851,792	111,373
Beginning of year	16,850,791	7,534,787	13,823,191
End of year	\$ 16,735,790	\$ 8,386,579	\$ 13,934,564

SMART529 Select Age- Based DFA Portfolio 4-6	SMART529 Select Age- Based DFA Portfolio 7-9	SMART529 Select Age- Based DFA Portfolio 10-12	SMART529 Select Age- Based DFA Portfolio 13-15	SMART529 Select Age- Based DFA Portfolio 16-18	SMART529 Select Age- Based DFA Portfolio 19+
\$ 552,255	\$ 977,975	\$ 1,305,462	\$ 1,118,661	\$ 900,832	\$ 431,147
552,255	977,975	1,305,462	1,118,661	900,832	431,147
15,080	26,100	35,981	32,370	28,013	14,136
111,597	193,144	266,261	239,540	207,293	104,604
—	—	—	—	—	—
—	—	—	—	—	—
126,677	219,244	302,242	271,910	235,306	118,740
425,578	758,731	1,003,220	846,751	665,526	312,407
161,817	246,629	267,369	182,448	122,881	38,158
2,267,721	3,018,682	2,382,542	1,518,342	731,421	615,516
55,871	362,516	724,694	551,649	617,086	(247,437)
2,485,409	3,627,827	3,374,605	2,252,439	1,471,388	406,237
2,910,987	4,386,558	4,377,825	3,099,190	2,136,914	718,644
—	—	—	—	—	—
—	—	—	—	—	—
3,946,310	4,197,215	5,390,736	5,234,555	3,295,841	1,850,157
3,946,310	4,197,215	5,390,736	5,234,555	3,295,841	1,850,157
—	—	—	—	—	—
—	—	—	—	—	—
7,005,805	14,180,539	23,506,571	22,711,329	25,026,704	12,852,559
7,005,805	14,180,539	23,506,571	22,711,329	25,026,704	12,852,559
—	—	—	—	—	—
—	—	—	—	—	—
(15,165,059)	(22,683,325)	(22,507,310)	(24,028,435)	(13,719,304)	(1,870,790)
(15,165,059)	(22,683,325)	(22,507,310)	(24,028,435)	(13,719,304)	(1,870,790)
—	—	—	—	—	—
—	—	—	—	—	—
(1,103,335)	(2,003,690)	(4,225,345)	(1,919,704)	(4,839,389)	(10,516,411)
(1,103,335)	(2,003,690)	(4,225,345)	(1,919,704)	(4,839,389)	(10,516,411)
(5,316,279)	(6,309,261)	2,164,652	1,997,745	9,763,852	2,315,515
(2,405,292)	(1,922,703)	6,542,477	5,096,935	11,900,766	3,034,159
30,995,949	52,729,261	65,458,029	61,704,690	50,083,847	27,604,796
\$ 28,590,657	\$ 50,806,558	\$ 72,000,506	\$ 66,801,625	\$ 61,984,613	\$ 30,638,955

**West Virginia College Prepaid Tuition and Savings Program**  
**Savings Plan Trust Fund**  
**Combining Statements of Changes in Fiduciary Net Position (Continued)**  
**For the Year Ended June 30, 2018**

	SMART529 Select Aggressive Growth DFA Portfolio	SMART529 Select All Equity DFA Portfolio	SMART529 Select Balanced DFA Portfolio
<b>Investment Income:</b>			
Dividends	\$ 564,815	\$ 1,883,194	\$ 210,250
Total investment income	564,815	1,883,194	210,250
<b>Expenses:</b>			
Administrative fees	15,457	51,369	6,190
Savings Plan manager fees	114,385	380,129	45,802
Distribution fees			
Class A	---	---	---
Class B	---	---	---
Class C	---	---	---
Total expenses	129,842	431,498	51,992
Net Investment Income (Loss)	434,973	1,451,696	158,258
<b>Net Realized and Unrealized Gain (Loss):</b>			
Capital gain distributions received from underlying funds	183,227	612,584	33,770
Net realized gain (loss) on sale of underlying fund shares	1,621,116	4,232,493	465,834
Net change in unrealized appreciation (depreciation) on underlying fund shares	956,695	4,387,580	(56,733)
Net realized and unrealized gain (loss)	2,761,038	9,232,657	442,871
Net Increase (Decrease) in Fiduciary Net Position Resulting from Operations	3,196,011	10,684,353	601,129
<b>Unit Transactions:</b>			
<b>Contributions</b>			
Class A	---	---	---
Class B	---	---	---
Class C	---	---	---
Class D	1,838,998	6,592,554	847,167
Class E	---	---	---
Net proceeds from sale of units to account holders	1,838,998	6,592,554	847,167
<b>Transfers/Exchanges in</b>			
Class A	---	---	---
Class B	---	---	---
Class C	---	---	---
Class D	1,210,797	2,342,858	2,541,079
Class E	---	---	---
Total transfers/exchanges in	1,210,797	2,342,858	2,541,079
<b>Transfers/Exchanges out</b>			
Class A	---	---	---
Class B	---	---	---
Class C	---	---	---
Class D	(2,581,075)	(6,308,969)	(2,288,136)
Class E	---	---	---
Total transfers/exchanges out	(2,581,075)	(6,308,969)	(2,288,136)
<b>Withdrawals</b>			
Class A	---	---	---
Class B	---	---	---
Class C	---	---	---
Class D	(1,721,184)	(4,743,750)	(1,422,253)
Class E	---	---	---
Total cost of units redeemed by account holders	(1,721,184)	(4,743,750)	(1,422,253)
Net Increase (Decrease) in Fiduciary Net Position Derived from Unit Transactions	(1,252,464)	(2,117,307)	(322,143)
<b>Fiduciary Net Position:</b>			
Total Increase (Decrease) in Fiduciary Net Position	1,943,547	8,567,046	278,986
Beginning of year	29,261,241	95,756,609	12,245,287
End of year	\$ 31,204,788	\$ 104,323,655	\$ 12,524,273

SMART529 Select Conservative DFA Portfolio	SMART529 Select Fixed Income DFA Portfolio	SMART529 Select Growth DFA Portfolio	SMART529 Select Moderate Growth DFA Portfolio	SMART529 Select Moderately Aggressive Growth DFA Portfolio	SMART529 Select Moderately Conservative DFA Portfolio
\$ 115,746	\$ 274,821	\$ 561,903	\$ 335,180	\$ 277,363	\$ 124,044
115,746	274,821	561,903	335,180	277,363	124,044
3,804	7,284	14,821	9,171	7,483	3,912
28,147	53,898	109,672	67,868	55,372	28,950
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31,951	61,182	124,493	77,039	62,855	32,862
83,795	213,639	437,410	258,141	214,508	91,182
9,907	3,488	141,980	68,223	81,850	17,217
94,226	22,882	1,223,492	1,001,792	926,919	96,111
3,438	(323,567)	608,193	(173,430)	197,376	100,578
107,571	(297,197)	1,973,665	896,585	1,206,145	213,906
191,366	(83,558)	2,411,075	1,154,726	1,420,653	305,088
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---	---	---	---	---	---
461,029	1,265,306	1,515,116	774,065	1,049,261	292,542
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461,029	1,265,306	1,515,116	774,065	1,049,261	292,542
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2,915,339	2,398,113	3,095,038	3,226,203	713,518	1,338,435
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2,915,339	2,398,113	3,095,038	3,226,203	713,518	1,338,435
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(680,577)	(793,287)	(2,999,013)	(3,316,789)	(2,158,909)	(668,741)
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(680,577)	(793,287)	(2,999,013)	(3,316,789)	(2,158,909)	(668,741)
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(1,492,143)	(1,564,316)	(2,138,401)	(1,979,041)	(788,471)	(722,097)
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(1,492,143)	(1,564,316)	(2,138,401)	(1,979,041)	(788,471)	(722,097)
1,203,648	1,305,816	(527,260)	(1,295,562)	(1,184,601)	240,139
1,395,014	1,222,258	1,883,815	(140,836)	236,052	545,227
6,940,370	14,081,470	27,908,580	18,411,921	14,320,271	7,437,015
\$ 8,335,384	\$ 15,303,728	\$ 29,792,395	\$ 18,271,085	\$ 14,556,323	\$ 7,982,242

**West Virginia College Prepaid Tuition and Savings Program**  
**Savings Plan Trust Fund**  
**Combining Statements of Changes in Fiduciary Net Position (Continued)**  
**For the Year Ended June 30, 2018**

	SMART529 WV 500 Index Fund	SMART529 WV Direct Age-Based Portfolio 0-8	SMART529 WV Direct Age-Based Portfolio 9-13
<b>Investment Income:</b>			
Dividends	\$ 369,827	\$ 718,022	\$ 914,715
Total investment income	369,827	718,022	914,715
<b>Expenses:</b>			
Administrative fees	—	—	—
Savings Plan manager fees	5,796	9,673	12,803
Distribution fees			
Class A	—	—	—
Class B	—	—	—
Class C	—	—	—
Total expenses	5,796	9,673	12,803
Net Investment Income (Loss)	364,031	708,349	901,912
<b>Net Realized and Unrealized Gain (Loss):</b>			
Capital gain distributions received from underlying funds	—	1,028	1,608
Net realized gain (loss) on sale of underlying fund shares	574,972	1,624,721	1,505,338
Net change in unrealized appreciation (depreciation) on underlying fund shares	1,524,690	601,223	914,248
Net realized and unrealized gain (loss)	2,099,662	2,226,972	2,421,194
Net Increase (Decrease) in Fiduciary Net Position Resulting from Operations	2,463,693	2,935,321	3,323,106
<b>Unit Transactions:</b>			
<b>Contributions</b>			
Class A	—	—	—
Class B	—	—	—
Class C	—	—	—
Class D	3,224,793	8,196,182	3,987,594
Class E	—	—	—
Net proceeds from sale of units to account holders	3,224,793	8,196,182	3,987,594
<b>Transfers/Exchanges in</b>			
Class A	—	—	—
Class B	—	—	—
Class C	—	—	—
Class D	871,310	378,198	6,686,112
Class E	—	—	—
Total transfers/exchanges in	871,310	378,198	6,686,112
<b>Transfers/Exchanges out</b>			
Class A	—	—	—
Class B	—	—	—
Class C	—	—	—
Class D	(1,165,054)	(6,773,560)	(11,863,446)
Class E	—	—	—
Total transfers/exchanges out	(1,165,054)	(6,773,560)	(11,863,446)
<b>Withdrawals</b>			
Class A	—	—	—
Class B	—	—	—
Class C	—	—	—
Class D	(1,232,011)	(441,625)	(534,205)
Class E	—	—	—
Total cost of units redeemed by account holders	(1,232,011)	(441,625)	(534,205)
Net Increase (Decrease) in Fiduciary Net Position Derived from Unit Transactions	1,699,038	1,359,195	(1,723,945)
<b>Fiduciary Net Position:</b>			
Total Increase (Decrease) in Fiduciary Net Position	4,162,731	4,294,516	1,599,161
Beginning of year	16,995,321	29,505,876	41,345,194
End of year	\$ 21,158,052	\$ 33,800,392	\$ 42,944,355



SMART529 WV Direct Age-Based Portfolio 14-15	SMART529 WV Direct Age-Based Portfolio 16-17	SMART529 WV Direct Age-Based Portfolio 18+	SMART529 WV Direct Aggressive Growth Portfolio	SMART529 WV Direct Balanced Portfolio	SMART529 WV Direct Conservative Balanced Portfolio
\$ 454,059	\$ 158,000	\$ 170,038	\$ 798,289	\$ 294,684	\$ 35,950
454,059	158,000	170,038	798,289	294,684	35,950
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2,127	---	---	11,354	4,099	---
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---	---	---	---	---	---
2,127	---	---	11,354	4,099	---
451,932	158,000	170,038	786,935	290,585	35,950
1,121	227	333	---	531	71
308,661	209,223	531,933	777,833	327,241	85,931
510,832	397,359	124,344	2,660,292	445,306	47,069
820,614	606,809	656,610	3,438,125	773,078	133,071
1,272,546	764,809	826,648	4,225,060	1,063,663	169,021
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1,707,858	1,695,373	2,990,567	4,319,706	1,796,175	724,624
1,707,858	1,695,373	2,990,567	4,319,706	1,796,175	724,624
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11,794,880	9,437,075	9,626,298	2,139,071	393,683	1,300,114
11,794,880	9,437,075	9,626,298	2,139,071	393,683	1,300,114
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(9,187,253)	(8,898,153)	(1,573,711)	(2,094,174)	(611,977)	(373,275)
(9,187,253)	(8,898,153)	(1,573,711)	(2,094,174)	(611,977)	(373,275)
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(280,424)	(530,125)	(8,362,864)	(2,103,563)	(1,531,995)	(866,494)
(280,424)	(530,125)	(8,362,864)	(2,103,563)	(1,531,995)	(866,494)
4,035,061	1,704,170	2,680,290	2,261,040	45,886	784,969
5,307,607	2,468,979	3,506,938	6,486,100	1,109,549	953,990
17,977,961	17,603,254	24,436,603	33,795,781	12,893,317	4,934,940
\$ 23,285,568	\$ 20,072,233	\$ 27,943,541	\$ 40,281,881	\$ 14,002,866	\$ 5,888,930

**West Virginia College Prepaid Tuition and Savings Program**  
**Savings Plan Trust Fund**  
**Combining Statements of Changes in Fiduciary Net Position (Continued)**  
**For the Year Ended June 30, 2018**

	SMART529 WV Direct Conservative Bond Portfolio	SMART529 WV Direct Growth Portfolio	SMART529 WV Stable Value Fund	Total Combining Statements of Fiduciary Net Position
<b>Investment Income:</b>				
Dividends	\$ 26,320	\$ 503,112	\$ —	\$ 47,602,137
Total investment income	26,320	503,112	—	47,602,137
<b>Expenses:</b>				
Administrative fees	—	—	—	1,483,194
Savings Plan manager fees	—	6,806	—	3,873,415
Distribution fees				
Class A	—	—	—	3,642,800
Class B	—	—	—	457,360
Class C	—	—	—	899,911
Total expenses	—	6,806	—	10,356,680
Net Investment Income (Loss)	26,320	496,306	—	37,245,457
<b>Net Realized and Unrealized Gain (Loss):</b>				
Capital gain distributions received from underlying funds	136	725	—	60,682,335
Net realized gain (loss) on sale of underlying fund shares	33,415	529,210	201,649	63,300,958
Net change in unrealized appreciation (depreciation) on underlying fund shares	(15,566)	1,088,930	29,796	14,839,963
Net realized and unrealized gain (loss)	17,985	1,618,865	231,445	138,823,256
Net Increase (Decrease) in Fiduciary Net Position Resulting from Operations	44,305	2,115,171	231,445	176,068,713
<b>Unit Transactions:</b>				
<b>Contributions</b>				
Class A	—	—	—	97,487,192
Class B	—	—	—	116,723
Class C	—	—	—	23,421,513
Class D	604,645	1,988,813	2,465,250	77,532,561
Class E	—	—	—	7,640,870
Net proceeds from sale of units to account holders	604,645	1,988,813	2,465,250	206,198,859
<b>Transfers/Exchanges in</b>				
Class A	—	—	—	716,210,311
Class B	—	—	—	32,808,850
Class C	—	—	—	42,890,942
Class D	284,300	652,675	1,836,082	174,209,743
Class E	—	—	—	58,038,702
Total transfers/exchanges in	284,300	652,675	1,836,082	1,024,158,548
<b>Transfers/Exchanges out</b>				
Class A	—	—	—	(684,274,302)
Class B	—	—	—	(45,602,687)
Class C	—	—	—	(62,411,685)
Class D	(390,453)	(1,393,901)	(1,074,840)	(174,267,382)
Class E	—	—	—	(57,602,492)
Total transfers/exchanges out	(390,453)	(1,393,901)	(1,074,840)	(1,024,158,548)
<b>Withdrawals</b>				
Class A	—	—	—	(152,287,046)
Class B	—	—	—	(4,844,170)
Class C	—	—	—	(12,684,702)
Class D	(679,155)	(1,605,626)	(3,190,009)	(65,031,740)
Class E	—	—	—	(15,810,562)
Total cost of units redeemed by account holders	(679,155)	(1,605,626)	(3,190,009)	(250,658,220)
Net Increase (Decrease) in Fiduciary Net Position Derived from Unit Transactions	(180,663)	(358,039)	36,483	(44,459,361)
<b>Fiduciary Net Position:</b>				
Total Increase (Decrease) in Fiduciary Net Position	(136,358)	1,757,132	267,928	131,609,352
Beginning of year	3,328,983	21,545,696	12,858,957	2,461,539,588
End of year	\$ 3,192,625	\$ 23,302,828	\$ 13,126,885	\$ 2,593,148,940

**West Virginia College Prepaid Tuition and Savings Program**  
**Savings Plan Trust Fund**  
**Financial Highlights**  
**For the Year Ended June 30, 2018**

— Selected Per-Share Data <sup>(1)</sup> —							— Ratios and Supplemental Data —				
	Net Position Value at Beginning of Period	Net Investment Income (Loss)	Net Realized and Unrealized Gain (Loss)	Total from Investment Operations	Net Position Value at End of Year	Total Return % Based on Net Position Value per Unit	Net Position at End of Year (000's)	Ratio of Expenses to Average Net Position	Ratio of Net Investment Income (Loss) to Average Net Position	Portfolio Turnover <sup>(2)</sup>	
The Hartford SMART529 Age-Based Portfolio 0-3 <sup>(3)</sup>											
From September 15, 2017 through June 30, 2018											
Class A	\$ 10.00	\$ 0.12	\$ 0.53	\$ 0.65	\$ 10.65	6.50% <sup>(4)</sup>	\$ 14,330	0.42% <sup>(5)</sup>	1.44% <sup>(5)</sup>	36%	
Class B	10.00	0.08	0.53	0.61	10.61	6.10 <sup>(4)</sup>	5	0.98 <sup>(5)</sup>	0.91 <sup>(5)</sup>	36	
Class C	10.00	0.06	0.53	0.59	10.59	5.90 <sup>(4)</sup>	1,951	1.16 <sup>(5)</sup>	0.69 <sup>(5)</sup>	36	
Class E	10.00	0.14	0.53	0.67	10.67	6.70 <sup>(4)</sup>	552	0.17 <sup>(5)</sup>	1.74 <sup>(5)</sup>	36	
The Hartford SMART529 Age-Based Portfolio 4-6 <sup>(6)</sup>											
Class A	\$ 25.56	\$ 0.38	\$ 1.97	\$ 2.35	\$ 27.91	9.19% <sup>(7)</sup>	\$ 36,407	0.42%	1.41 %	17%	
Class B	23.64	(0.16)	2.20	2.04	25.68	8.63 <sup>(7)</sup>	14	0.97	(0.66 )	17	
Class C	23.02	0.18	1.75	1.93	24.95	8.38 <sup>(7)</sup>	5,407	1.16	0.73	17	
Class E	26.61	0.45	2.07	2.52	29.13	9.47 <sup>(7)</sup>	1,622	0.17	1.60	17	
The Hartford SMART529 Age-Based Portfolio 7-9 <sup>(3)</sup>											
From September 15, 2017 through June 30, 2018											
Class A	\$ 10.00	\$ 0.24	\$ 0.22	\$ 0.46	\$ 10.46	4.60% <sup>(4)</sup>	\$ 73,052	0.42% <sup>(5)</sup>	2.96% <sup>(5)</sup>	14%	
Class B	10.00	0.21	0.20	0.41	10.41	4.10 <sup>(4)</sup>	2,803	0.97 <sup>(5)</sup>	2.61 <sup>(5)</sup>	14	
Class C	10.00	0.17	0.23	0.40	10.40	4.00 <sup>(4)</sup>	5,514	1.16 <sup>(5)</sup>	2.12 <sup>(5)</sup>	14	
Class E	10.00	0.26	0.22	0.48	10.48	4.80 <sup>(4)</sup>	3,253	0.17 <sup>(5)</sup>	3.20 <sup>(5)</sup>	14	
The Hartford SMART529 Age-Based Portfolio 10-11 <sup>(8)</sup>											
Class A	\$ 21.89	\$ 0.34	\$ 1.22	\$ 1.56	\$ 23.45	7.13% <sup>(9)</sup>	\$ 76,851	0.42%	1.50 %	10%	
Class B	20.23	0.19	1.13	1.32	21.55	6.52 <sup>(9)</sup>	4,307	0.97	0.92	10	
Class C	19.69	0.18	1.06	1.24	20.93	6.30 <sup>(9)</sup>	4,192	1.16	0.88	10	
Class E	22.79	0.40	1.28	1.68	24.47	7.37 <sup>(9)</sup>	4,520	0.17	1.68	10	
The Hartford SMART529 Age-Based Portfolio 12-13 <sup>(3)</sup>											
From September 15, 2017 through June 30, 2018											
Class A	\$ 10.00	\$ 0.24	\$ 0.07	\$ 0.31	\$ 10.31	3.10% <sup>(4)</sup>	\$ 104,138	0.42% <sup>(5)</sup>	3.02% <sup>(5)</sup>	16%	
Class B	10.00	0.20	0.07	0.27	10.27	2.70 <sup>(4)</sup>	5,964	0.97 <sup>(5)</sup>	2.48 <sup>(5)</sup>	16	
Class C	10.00	0.18	0.07	0.25	10.25	2.50 <sup>(4)</sup>	4,758	1.16 <sup>(5)</sup>	2.20 <sup>(5)</sup>	16	
Class E	10.00	0.26	0.07	0.33	10.33	3.30 <sup>(4)</sup>	6,807	0.17 <sup>(5)</sup>	3.20 <sup>(5)</sup>	16	
The Hartford SMART529 Age-Based Portfolio 14-15											
Class A	\$ 20.88	\$ 0.56	\$ 0.50	\$ 1.06	\$ 21.94	5.08%	\$ 135,495	0.42%	2.57 %	21%	
Class B	19.29	0.40	0.47	0.87	20.16	4.51	6,363	0.97	2.00	21	
Class C	18.75	0.38	0.43	0.81	19.56	4.32	6,938	1.16	1.93	21	
Class E	21.74	0.63	0.53	1.16	22.90	5.34	9,868	0.17	2.80	21	
The Hartford SMART529 Age-Based Portfolio 16 <sup>(10)</sup>											
Class A	\$ 12.68	\$ 0.12	\$ 0.37	\$ 0.49	\$ 13.17	3.86% <sup>(11)</sup>	\$ 71,904	0.42%	0.90 %	21%	
Class B	12.21	0.04	0.36	0.40	12.61	3.28 <sup>(11)</sup>	2,687	0.97	0.32	21	
Class C	12.04	0.01	0.36	0.37	12.41	3.07 <sup>(11)</sup>	3,995	1.16	0.07	21	
Class E	12.90	0.15	0.38	0.53	13.43	4.11 <sup>(11)</sup>	4,937	0.17	1.17	21	

**West Virginia College Prepaid Tuition and Savings Program**  
**Savings Plan Trust Fund**  
**Financial Highlights (Continued)**  
**For the Year Ended June 30, 2018**

— Selected Per-Share Data <sup>(1)</sup> —						— Ratios and Supplemental Data —				
	Net Position Value at Beginning of Period	Net Investment Income (Loss)	Net Realized and Unrealized Gain (Loss)	Total from Investment Operations	Net Position Value at End of Year	Total Return % Based on Net Position Value per Unit	Net Position at End of Year (000's)	Ratio of Expenses to Average Net Position	Ratio of Net Investment Income (Loss) to Average Net Position	Portfolio Turnover <sup>(2)</sup>
The Hartford SMART529 Age-Based Portfolio 17 <sup>(3)</sup>										
From September 15, 2017 through June 30, 2018										
Class A	\$ 10.00	\$ 0.11	\$ 0.08	\$ 0.19	\$ 10.19	1.90% <sup>(4)</sup>	\$ 71,005	0.42% <sup>(5)</sup>	1.33% <sup>(5)</sup>	6%
Class B	10.00	0.07	0.08	0.15	10.15	1.50 <sup>(4)</sup>	2,533	0.97 <sup>(5)</sup>	0.82 <sup>(5)</sup>	6
Class C	10.00	0.05	0.09	0.14	10.14	1.40 <sup>(4)</sup>	3,893	1.16 <sup>(5)</sup>	0.57 <sup>(5)</sup>	6
Class E	10.00	0.13	0.08	0.21	10.21	2.10 <sup>(4)</sup>	5,024	0.17 <sup>(5)</sup>	1.61 <sup>(5)</sup>	6
The Hartford SMART529 Age-Based Portfolio 18+										
Class A	\$ 14.55	\$ 0.11	\$ 0.25	\$ 0.36	\$ 14.91	2.47%	\$ 185,886	0.42%	0.73%	29%
Class B	13.43	0.02	0.23	0.25	13.68	1.86	6,121	0.97	0.17	29
Class C	13.06	—	0.22	0.22	13.28	1.68	9,267	1.16	(0.01)	29
Class E	15.15	0.15	0.26	0.41	15.56	2.71	9,120	0.17	0.96	29
The Hartford SMART529 Aggressive Growth Portfolio										
Class A	\$ 25.53	\$ 0.30	\$ 2.40	\$ 2.70	\$ 28.23	10.58%	\$ 60,250	0.42%	1.07%	8%
Class B	23.63	0.13	2.23	2.36	25.99	9.99	2,948	0.97	0.50	8
Class C	22.99	0.09	2.16	2.25	25.24	9.79	2,931	1.16	0.35	8
Class E	26.56	0.38	2.51	2.89	29.45	10.88	12,508	0.17	1.31	8
The Hartford Balanced Income Portfolio										
Class A	\$ 14.91	\$ 0.37	\$ 0.05	\$ 0.42	\$ 15.33	2.82%	\$ 24,123	0.42%	2.43%	10%
Class C	14.36	0.24	0.06	0.30	14.66	2.09	2,812	1.16	1.62	10
Class E	15.09	0.40	0.06	0.46	15.55	3.05	1,332	0.17	2.56	10
The Hartford SMART529 Balanced Portfolio										
Class A	\$ 21.31	\$ 0.49	\$ 1.01	\$ 1.50	\$ 22.81	7.04%	\$ 53,190	0.42%	2.20%	19%
Class B	19.69	0.33	0.94	1.27	20.96	6.45	1,373	0.97	1.60	19
Class C	19.15	0.30	0.89	1.19	20.34	6.21	4,600	1.16	1.48	19
Class E	22.19	0.55	1.06	1.61	23.80	7.26	2,733	0.17	2.32	19
The Hartford SMART529 Checks and Balances Portfolio										
Class A	\$ 21.52	\$ 0.40	\$ 1.15	\$ 1.55	\$ 23.07	7.20%	\$ 38,723	0.42%	1.79%	10%
Class B	19.87	0.25	1.08	1.33	21.20	6.69	694	0.97	1.21	10
Class C	19.33	0.21	1.03	1.24	20.57	6.41	2,312	1.16	1.04	10
Class E	22.45	0.47	1.22	1.69	24.14	7.53	2,247	0.17	2.01	10
The Hartford SMART529 Conservative Balanced Portfolio										
Class A	\$ 11.95	\$ 0.14	\$ 0.32	\$ 0.46	\$ 12.41	3.85%	\$ 9,903	0.42%	1.15%	28%
Class C	11.40	0.05	0.30	0.35	11.75	3.07	1,134	1.16	0.41	28
Class E	12.13	0.21	0.29	0.50	12.63	4.12	834	0.17	1.64	28
The Hartford Dividend and Growth 529 Fund										
Class A	\$ 30.24	\$ 0.45	\$ 2.42	\$ 2.87	\$ 33.11	9.49%	\$ 187,151	0.42%	1.38%	10%
Class B	27.96	0.23	2.25	2.48	30.44	8.87	6,326	0.97	0.77	10
Class C	27.20	0.18	2.18	2.36	29.56	8.68	8,280	1.16	0.61	10
Class E	31.48	0.54	2.54	3.08	34.56	9.78	17,644	0.17	1.61	10

**West Virginia College Prepaid Tuition and Savings Program**  
**Savings Plan Trust Fund**  
**Financial Highlights (Continued)**  
**For the Year Ended June 30, 2018**

— Selected Per-Share Data <sup>(1)</sup> —						— Ratios and Supplemental Data —				
	Net Position Value at Beginning of Period	Net Investment Income (Loss)	Net Realized and Unrealized Gain (Loss)	Total from Investment Operations	Net Position Value at End of Year	Total Return % Based on Net Position Value per Unit	Net Position at End of Year (000's)	Ratio of Expenses to Average Net Position	Ratio of Net Investment Income (Loss) to Average Net Position	Portfolio Turnover <sup>(2)</sup>
<b>The Hartford Equity Income 529 Fund</b>										
Class A	\$ 23.61	\$ 0.42	\$ 1.15	\$ 1.57	\$ 25.18	6.65%	\$ 31,127	0.42%	1.69%	9%
Class B	21.82	0.23	1.10	1.33	23.15	6.10	432	0.97	1.02	9
Class C	21.23	0.20	1.05	1.25	22.48	5.89	1,893	1.16	0.88	9
Class E	24.59	0.51	1.20	1.71	26.30	6.95	4,218	0.17	1.94	9
<b>The Hartford Global All Asset 529 Fund</b>										
Class A	\$ 14.63	\$ 1.86	\$ (1.14)	\$ 0.72	\$ 15.35	4.92%	\$ 1,632	0.42%	12.10%	15%
Class C	14.02	1.73	(1.15)	0.58	14.60	4.14	157	1.16	11.77	15
Class E	14.83	1.99	(1.22)	0.77	15.60	5.19	430	0.17	12.78	15
<b>The Hartford Growth Opportunities 529 Fund</b>										
Class A	\$ 24.82	\$ (0.12)	\$ 6.80	\$ 6.68	\$ 31.50	26.91%	\$ 29,099	0.42%	(0.42)%	5%
Class B	23.41	(0.25)	6.39	6.14	29.55	26.23	365	0.97	(0.97)	5
Class C	22.94	(0.30)	6.26	5.96	28.90	25.98	2,281	1.16	(1.16)	5
Class E	25.50	(0.05)	6.99	6.94	32.44	27.22	5,414	0.17	(0.17)	5
<b>The Hartford SMART529 Growth Portfolio</b>										
Class A	\$ 24.27	\$ 0.50	\$ 1.68	\$ 2.18	\$ 26.45	8.98%	\$ 86,252	0.42%	1.93%	10%
Class B	22.44	0.33	1.55	1.88	24.32	8.38	2,091	0.97	1.38	10
Class C	21.83	0.28	1.51	1.79	23.62	8.20	4,879	1.16	1.20	10
Class E	25.25	0.60	1.74	2.34	27.59	9.27	5,331	0.17	2.23	10
<b>The Hartford High Yield 529 Fund</b>										
Class A	\$ 21.38	\$ 1.05	\$ (0.62)	\$ 0.43	\$ 21.81	1.96%	\$ 6,133	0.42%	4.83%	12%
Class B	19.95	0.87	(0.58)	0.29	20.24	1.45	135	0.97	4.28	12
Class C	19.42	0.81	(0.56)	0.25	19.67	1.29	334	1.16	4.09	12
Class E	22.14	1.15	(0.65)	0.50	22.64	2.26	436	0.17	5.08	12
<b>The Hartford Inflation Plus 529 Fund</b>										
Class A	\$ 14.72	\$ 0.63	\$ (0.51)	\$ 0.12	\$ 14.84	0.82%	\$ 4,706	0.42%	4.24%	13%
Class B	13.71	0.50	(0.46)	0.04	13.75	0.29	166	0.97	3.64	13
Class C	13.37	0.46	(0.44)	0.02	13.39	0.15	200	1.16	3.44	13
Class E	15.27	0.64	(0.47)	0.17	15.44	1.11	658	0.17	4.18	13
<b>The Hartford International Opportunities 529 Fund</b>										
Class A	\$ 11.65	\$ 0.15	\$ 0.42	\$ 0.57	\$ 12.22	4.89%	\$ 15,891	0.42%	1.21%	6%
Class B	10.98	0.08	0.39	0.47	11.45	4.28	242	0.97	0.67	6
Class C	10.76	0.05	0.39	0.44	11.20	4.09	1,125	1.16	0.42	6
Class E	11.95	0.19	0.43	0.62	12.57	5.19	2,948	0.17	1.45	6
<b>The Hartford MidCap 529 Fund</b>										
Class A	\$ 43.03	\$ (0.20)	\$ 8.33	\$ 8.13	\$ 51.16	18.89%	\$ 62,588	0.42%	(0.42)%	7%
Class B	39.83	(0.42)	7.69	7.27	47.10	18.25	1,500	0.97	(0.97)	7
Class C	38.78	(0.49)	7.48	6.99	45.77	18.02	2,517	1.16	(1.16)	7
Class E	44.82	(0.08)	8.69	8.61	53.43	19.21	11,591	0.17	(0.17)	7

**West Virginia College Prepaid Tuition and Savings Program**  
**Savings Plan Trust Fund**  
**Financial Highlights (Continued)**  
**For the Year Ended June 30, 2018**

— Selected Per-Share Data <sup>(1)</sup> —						— Ratios and Supplemental Data —				
	Net Position Value at Beginning of Period	Net Investment Income (Loss)	Net Realized and Unrealized Gain (Loss)	Total from Investment Operations	Net Position Value at End of Year	Total Return % Based on Net Position Value per Unit	Net Position at End of Year (000's)	Ratio of Expenses to Average Net Position	Ratio of Net Investment Income (Loss) to Average Net Position	Portfolio Turnover <sup>(2)</sup>
<b>The Hartford MidCap Value 529 Fund</b>										
Class A	\$ 23.20	\$ (0.03)	\$ 2.30	\$ 2.27	\$ 25.47	9.78%	\$ 11,827	0.42%	(0.13)%	9%
Class B	22.13	(0.16)	2.19	2.03	24.16	9.17	183	0.97	(0.68)	9
Class C	21.76	(0.20)	2.16	1.96	23.72	9.01	614	1.16	(0.88)	9
Class E	23.67	0.03	2.36	2.39	26.06	10.10	1,142	0.17	0.13	9
<b>The Hartford Small Company 529 Fund</b>										
Class A	\$ 19.37	\$ (0.09)	\$ 4.99	\$ 4.90	\$ 24.27	25.30%	\$ 9,522	0.42%	(0.42)%	8%
Class B	18.22	(0.20)	4.68	4.48	22.70	24.59	131	0.97	(0.97)	8
Class C	17.87	(0.23)	4.58	4.35	22.22	24.34	728	1.16	(1.16)	8
Class E	19.86	(0.04)	5.11	5.07	24.93	25.53	1,613	0.17	(0.17)	8
<b>The SMART529 Stable Value Fund</b>										
Class A	\$ 14.36	\$ (0.06)	\$ 0.27	\$ 0.21	\$ 14.57	1.46%	\$ 47,485	0.40%	(0.40)%	15%
Class B	13.29	(0.13)	0.24	0.11	13.40	0.83	1,187	0.95	(0.95)	15
Class C	12.92	(0.15)	0.24	0.09	13.01	0.70	3,999	1.14	(1.14)	15
Class E	14.94	(0.02)	0.27	0.25	15.19	1.67	7,206	0.15	(0.15)	15
<b>The Hartford Total Return Bond 529 Fund</b>										
Class A	\$ 18.38	\$ 0.62	\$ (0.66)	\$ (0.04)	\$ 18.34	(0.27)%	\$ 20,661	0.42%	3.35%	8%
Class B	16.95	0.47	(0.61)	(0.14)	16.81	(0.83)	642	0.97	2.80	8
Class C	16.47	0.43	(0.59)	(0.16)	16.31	(0.97)	1,055	1.16	2.61	8
Class E	19.16	0.69	(0.70)	(0.01)	19.15	(0.05)	1,682	0.17	3.61	8
<b>MFS Global Equity 529 Fund</b>										
Class A	\$ 24.20	\$ 0.12	\$ 1.00	\$ 1.12	\$ 25.32	4.63%	\$ 13,856	0.42%	0.45%	7%
Class B	22.38	(0.02)	0.93	0.91	23.29	4.07	306	0.97	(0.09)	7
Class C	21.77	(0.06)	0.91	0.85	22.62	3.90	704	1.16	(0.26)	7
Class E	25.17	0.17	1.07	1.24	26.41	4.93	1,869	0.17	0.65	7
<b>SMART529 Select 1-Year Fixed DFA Portfolio</b>										
Class D	\$ 11.82	\$ 0.12	\$ (0.06)	\$ 0.06	\$ 11.88	0.51%	\$ 8,387	0.42%	1.00%	26%
<b>SMART529 Select Age-Based DFA Portfolio 0-3</b>										
Class D	\$ 25.13	\$ 0.38	\$ 2.44	\$ 2.82	\$ 27.95	11.22%	\$ 13,935	0.42%	1.38%	36%
<b>SMART529 Select Age-Based DFA Portfolio 4-6</b>										
Class D	\$ 24.44	\$ 0.37	\$ 2.08	\$ 2.45	\$ 26.89	10.02%	\$ 28,591	0.42%	1.41%	14%
<b>SMART529 Select Age-Based DFA Portfolio 7-9</b>										
Class D	\$ 23.46	\$ 0.36	\$ 1.70	\$ 2.06	\$ 25.52	8.78%	\$ 50,807	0.42%	1.45%	12%
<b>SMART529 Select Age-Based DFA Portfolio 10-12</b>										
Class D	\$ 20.95	\$ 0.31	\$ 1.05	\$ 1.36	\$ 22.31	6.49%	\$ 72,001	0.42%	1.39%	14%

**West Virginia College Prepaid Tuition and Savings Program**  
**Savings Plan Trust Fund**  
**Financial Highlights (Continued)**  
**For the Year Ended June 30, 2018**

— Selected Per-Share Data <sup>(1)</sup> —							— Ratios and Supplemental Data —				
	Net Position Value at Beginning of Period	Net Investment Income (Loss)	Net Realized and Unrealized Gain (Loss)	Total from Investment Operations	Net Position Value at End of Year	Total Return % Based on Net Position Value per Unit	Net Position at End of Year (000's)	Ratio of Expenses to Average Net Position	Ratio of Net Investment Income (Loss) to Average Net Position	Portfolio Turnover <sup>(2)</sup>	
SMART529 Select Age-Based DFA Portfolio 13-15											
Class D	\$ 18.96	\$ 0.26	\$ 0.69	\$ 0.95	\$ 19.91	5.01%	\$ 66,802	0.42%	1.31%	12%	
SMART529 Select Age-Based DFA Portfolio 16-18											
Class D	\$ 17.71	\$ 0.22	\$ 0.50	\$ 0.72	\$ 18.43	4.07%	\$ 61,985	0.42%	1.19%	11%	
SMART529 Select Age-Based DFA Portfolio 19+											
Class D	\$ 15.74	\$ 0.18	\$ 0.23	\$ 0.41	\$ 16.15	2.60%	\$ 30,639	0.42%	1.11%	35%	
SMART529 Select Aggressive Growth DFA Portfolio											
Class D	\$ 25.11	\$ 0.38	\$ 2.44	\$ 2.82	\$ 27.93	11.23%	\$ 31,205	0.42%	1.41%	11%	
SMART529 Select All Equity DFA Portfolio											
Class D	\$ 25.91	\$ 0.40	\$ 2.51	\$ 2.91	\$ 28.82	11.23%	\$ 104,324	0.42%	1.41%	9%	
SMART529 Select Balanced DFA Portfolio											
Class D	\$ 18.90	\$ 0.25	\$ 0.70	\$ 0.95	\$ 19.85	5.03%	\$ 12,524	0.42%	1.28%	23%	
SMART529 Select Conservative DFA Portfolio											
Class D	\$ 15.73	\$ 0.18	\$ 0.24	\$ 0.42	\$ 16.15	2.67%	\$ 8,335	0.42%	1.10%	22%	
SMART529 Select Fixed Income DFA Portfolio											
Class D	\$ 13.88	\$ 0.20	\$ (0.28)	\$ (0.08)	\$ 13.80	(0.58)%	\$ 15,304	0.42%	1.47%	12%	
SMART529 Select Growth DFA Portfolio											
Class D	\$ 23.52	\$ 0.37	\$ 1.71	\$ 2.08	\$ 25.60	8.84%	\$ 29,792	0.42%	1.48%	15%	
SMART529 Select Moderate Growth DFA Portfolio											
Class D	\$ 20.92	\$ 0.31	\$ 1.05	\$ 1.36	\$ 22.28	6.50%	\$ 18,271	0.42%	1.41%	21%	
SMART529 Select Moderately Aggressive Growth DFA Portfolio											
Class D	\$ 24.52	\$ 0.38	\$ 2.07	\$ 2.45	\$ 26.97	9.99%	\$ 14,556	0.42%	1.43%	14%	
SMART529 Select Moderately Conservative DFA Portfolio											
Class D	\$ 17.67	\$ 0.21	\$ 0.51	\$ 0.72	\$ 18.39	4.07%	\$ 7,982	0.42%	1.17%	14%	
SMART529 WV 500 Index Fund											
Class D	\$ 19.99	\$ 0.41	\$ 2.45	\$ 2.86	\$ 22.85	14.31%	\$ 21,158	0.03%	1.88%	7%	
SMART529 WV Direct Age-Based Portfolio 0-8											
Class D	\$ 28.44	\$ 0.67	\$ 2.16	\$ 2.83	\$ 31.27	9.95%	\$ 33,800	0.03%	2.20%	19%	

**West Virginia College Prepaid Tuition and Savings Program**  
**Savings Plan Trust Fund**  
**Financial Highlights (Continued)**  
**For the Year Ended June 30, 2018**

— Selected Per-Share Data <sup>(1)</sup> —							— Ratios and Supplemental Data —				
	Net Position Value at Beginning of Period	Net Investment Income (Loss)	Net Realized and Unrealized Gain (Loss)	Total from Investment Operations	Net Position Value at End of Year	Total Return % Based on Net Position Value per Unit	Net Position at End of Year (000's)	Ratio of Expenses to Average Net Position	Ratio of Net Investment Income (Loss) to Average Net Position	Portfolio Turnover <sup>(2)</sup>	
SMART529 WV Direct Age-Based Portfolio 9-13											
Class D	\$ 24.85	\$ 0.56	\$ 1.49	\$ 2.05	\$ 26.90	8.29%	\$ 42,944	0.03%	2.11%	11%	
SMART529 WV Direct Age-Based Portfolio 14-15											
Class D	\$ 23.48	\$ 0.52	\$ 1.01	\$ 1.53	\$ 25.01	6.52%	\$ 23,286	0.01%	2.12%	7%	
SMART529 WV Direct Age-Based Portfolio 16-17											
Class D	\$ 13.58	\$ 0.12	\$ 0.47	\$ 0.59	\$ 14.17	4.34%	\$ 20,072	—%	0.84%	7%	
SMART529 WV Direct Age-Based Portfolio 18+											
Class D	\$ 16.06	\$ 0.11	\$ 0.43	\$ 0.54	\$ 16.60	3.36%	\$ 27,944	—%	0.66%	26%	
SMART529 WV Direct Aggressive Growth Portfolio											
Class D	\$ 28.45	\$ 0.65	\$ 2.90	\$ 3.55	\$ 32.00	12.48%	\$ 40,282	0.03%	2.08%	6%	
SMART529 WV Direct Balanced Portfolio											
Class D	\$ 24.14	\$ 0.54	\$ 1.46	\$ 2.00	\$ 26.14	8.29%	\$ 14,003	0.03%	2.13%	10%	
SMART529 WV Direct Conservative Balanced Portfolio											
Class D	\$ 15.42	\$ 0.10	\$ 0.41	\$ 0.51	\$ 15.93	3.31%	\$ 5,889	—%	0.67%	16%	
SMART529 WV Direct Conservative Bond Portfolio											
Class D	\$ 15.13	\$ 0.13	\$ 0.08	\$ 0.21	\$ 15.34	1.39%	\$ 3,193	—%	0.83%	22%	
SMART529 WV Direct Growth Portfolio											
Class D	\$ 27.03	\$ 0.63	\$ 2.06	\$ 2.69	\$ 29.72	9.95%	\$ 23,303	0.03%	2.19%	8%	
SMART529 WV Stable Value Fund											
Class D	\$ 15.12	\$ —	\$ 0.27	\$ 0.27	\$ 15.39	1.79%	\$ 13,127	—%	—%	19%	

(1) Information presented relates to a unit outstanding throughout the indicated period.

(2) Portfolio turnover rate is calculated on the basis of the portfolio as a whole without distinguishing between the class of shares issued.

(3) From September 15, 2017 (commencement of operations), through June 30, 2018.

(4) Periods less than one year are not annualized for total returns.

(5) Periods less than one year are annualized for ratio of expenses to average net assets and ratios of net investment income to average net assets.

(6) Effective September 15, 2017, the name of The Hartford SMART529 Age Based Portfolio 0-8 changed to The Hartford SMART529 Age-Based Portfolio 4-6.

(7) The Hartford SMART529 Age-Based Portfolio 4-6 continued the performance of The Hartford SMART529 Age-Based Portfolio 0-8.

(8) Effective September 15, 2017, the name of The Hartford SMART529 Age Based Portfolio 9-13 changed to The Hartford SMART529 Age-Based Portfolio 10-11.

(9) The Hartford SMART529 Age-Based Portfolio 10-11 continued the performance of The Hartford SMART529 Age-Based Portfolio 9-13.

(10) Effective September 15, 2017, the name of The Hartford SMART529 Age Based Portfolio 16-17 changed to The Hartford SMART529 Age-Based Portfolio 16.

(11) The Hartford SMART529 Age-Based Portfolio 16 continued the performance of The Hartford SMART529 Age-Based Portfolio 16-17.



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## Statistical Section

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The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplemental information says about the Program's overall financial health. The following two categories of information provide tables of schedules and other information to better understand the Program and its operations.

### Financial Trends – Tables 1 & 2

*These tables contain trend data to help the reader understand how the Program's financial performance and well-being have changed over time.*

### Demographic and Economic Information – Tables 3 – 10

*These tables offer demographic and economic indicators to help the reader understand the environment within which the Program's financial activities take place.*

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## Informational Tables and Charts

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**Table 1: Net (Deficit) Position and Changes in Net (Deficit) Position – Enterprise Funds**

The enterprise funds began operations in July 1997. Activity during the first year of operations consisted of appropriations from the state and start-up costs. Activity in the ensuing years included revenues from contracts and investments, and expenses related to the tuition benefit liability. Revenue from the Savings Plan administrative fee began with the Savings Plan's first full year of operations in 2004. Tuition contract revenues went down in 2004 because the Prepaid Tuition Plan was closed to new contract sales during that fiscal year after an abbreviated enrollment period.

	Fiscal Year Ended June 30 <i>In Thousands</i>		
	2018	2017	2016
<b><u>Changes in Net (Deficit) Position</u></b>			
<b>Operating revenues</b>			
Tuition contracts	\$ 98	\$ 115	\$ 103
Savings Plan administrative fee	1,488	1,367	1,285
Total operating revenues	1,586	1,482	1,388
<b>Operating expenses</b>			
Tuition contract benefits and expenses	964	1,548	1,853
General and administrative expenses	1,258	1,117	1,119
Total operating expenses	2,222	2,665	2,972
Operating (loss) gain	(636)	(1,183)	(1,584)
<b>Nonoperating revenues (losses)</b>			
Investment earnings (losses)	2,239	5,588	1,020
Appropriations from primary government	-	-	-
Other postemployment benefits contributions	7	-	-
Total nonoperating revenues (losses)	2,246	5,588	1,020
Change in net (deficit) position	<u>\$ 1,610</u>	<u>\$ 4,405</u>	<u>\$ (564)</u>
<b><u>Net (Deficit) Position at Year-End</u></b>			
Restricted for payment of general and administrative expenses	\$ 2,267	\$ 1,872	\$ 1,528
Unrestricted	(7,701)	(9,011)	(13,071)
Total net (deficit) position	<u>\$ (5,434)</u>	<u>\$ (7,139)</u>	<u>\$ (11,543)</u>
<b><u>Restatement of Beginning Net (Deficit) Position</u></b>			
Cumulative effect of change in accounting principle	<u>\$ 95</u>	<u>\$ -</u>	<u>\$ -</u>

Fiscal Year Ended June 30  
In Thousands

2015	2014	2013	2012	2011	2010	2009
\$ 20	\$ 40	\$ 42	\$ 85	\$ 103	\$ (44)	\$ (44)
1,329	1,239	1,093	1,016	947	778	609
1,349	1,279	1,135	1,101	1,050	734	565
6,534	3,895	3,835	5,968	4,179	8,165	(3,940)
1,069	1,028	1,232	1,153	905	887	895
7,603	4,923	5,067	7,121	5,084	9,052	(3,045)
(6,254)	(3,644)	(3,932)	(6,020)	(4,034)	(8,318)	3,610
2,044	9,650	6,781	1,634	14,511	12,199	(12,631)
73	147	147	147	144	131	157
-	-	-	-	-	-	10
2,117	9,797	6,928	1,781	14,655	12,330	(12,464)
\$ (4,137)	\$ 6,153	\$ 2,996	\$ (4,239)	\$ 10,621	\$ 4,012	\$ (8,854)
\$ 1,283	\$ 996	\$ 575	\$ 481	\$ 324	\$ 997	\$ 976
(12,262)	(7,624)	(13,357)	(16,259)	(11,863)	(23,157)	(27,148)
\$ (10,979)	\$ (6,628)	\$ (12,782)	\$ (15,778)	\$ (11,539)	\$ (22,160)	\$ (26,172)
\$ (213)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48

**Table 2: Changes in Net (Deficit) Position – Fiduciary Fund**

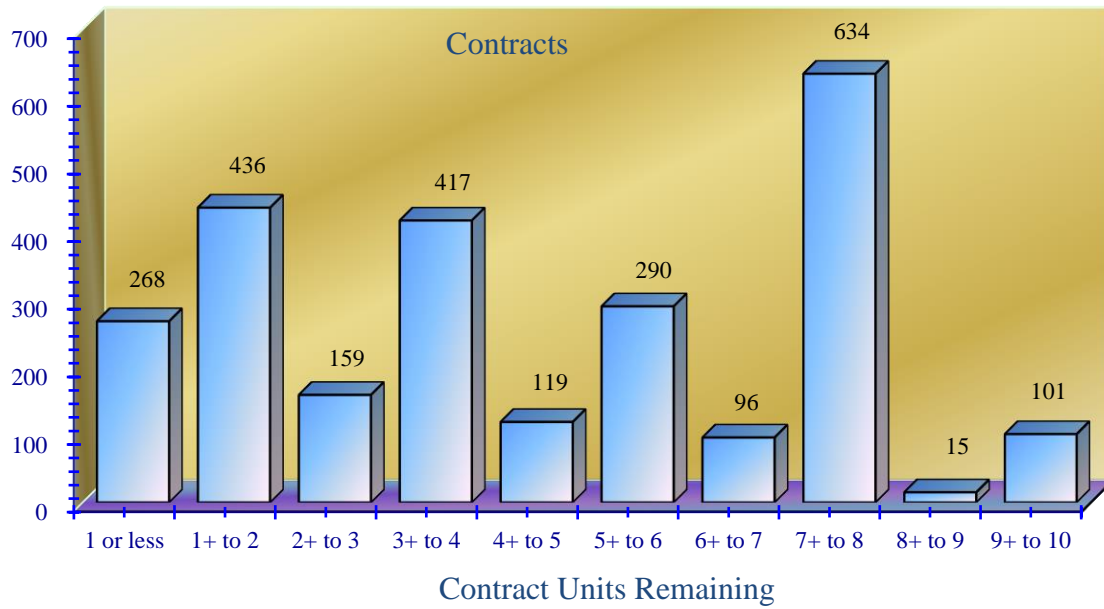
The fiduciary fund began operations during the last four months of fiscal year 2002. The table below presents additions and deductions and changes in net position for each of the past ten fiscal years.

	Fiscal Year Ended June 30			
	<i>In Thousands</i>			
	2018	2017	2016	2015
<b>Additions</b>				
Contributions:				
Account holders	\$ 206,199	\$ 194,259	\$ 187,385	\$ 203,788
Deposits to establish new investment funds	-	-	-	-
Total contributions	206,199	194,259	187,385	203,788
Investment earnings:				
Net increase (decrease) in fair value				
of investments	14,840	129,956	(136,309)	(173,688)
Dividends and capital gains	171,585	135,088	115,946	196,948
Total investment gain (loss)	186,425	265,044	(20,363)	23,260
Investment expense	5,000	5,695	5,772	6,073
Net investment earnings	181,425	259,349	(26,135)	17,187
Total additions	387,624	453,608	161,250	220,975
<b>Deductions</b>				
Redemptions:				
Payments in accordance with trust agreements	250,658	218,642	187,296	181,829
Redemptions of deposits to establish				
new investment funds	-	-	-	-
Total redemptions	250,658	218,642	187,296	181,829
Administrative expense	5,357	5,967	6,246	6,401
Total deductions	256,015	224,609	193,542	188,230
Change in net (deficit) position	\$ 131,609	\$ 228,999	\$ (32,292)	\$ 32,745

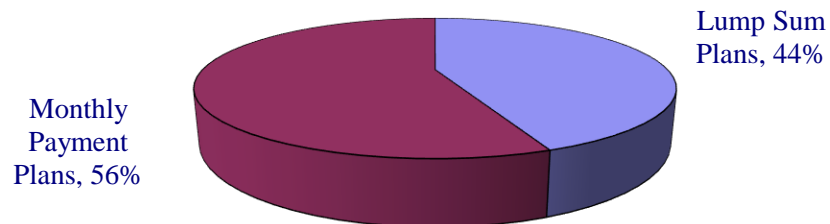
Fiscal Year Ended June 30 <i>In Thousands</i>					
2014	2013	2012	2011	2010	2009
\$ 213,781	\$ 215,988	\$ 218,740	\$ 609,702	\$ 303,060	\$ 267,563
-	-	135	220	138	138
213,781	215,988	218,875	609,922	303,198	267,701
247,955	174,377	(39,880)	243,137	105,197	(255,398)
68,158	51,505	37,488	20,743	16,563	19,781
316,113	225,882	(2,392)	263,880	121,760	(235,617)
5,894	5,311	4,935	4,889	4,248	3,504
310,219	220,571	(7,327)	258,991	117,512	(239,121)
524,000	436,559	211,548	868,913	420,710	28,580
168,626	173,745	154,837	486,947	201,806	159,503
60	121	82	-	-	-
168,686	173,866	154,919	486,947	201,806	159,503
5,880	4,968	4,331	3,956	3,192	2,467
174,566	178,834	159,250	490,903	204,998	161,970
\$ 349,434	\$ 257,725	\$ 52,298	\$ 378,010	\$ 215,712	\$ (133,390)

**Table 3: Types of Prepaid Tuition Plan Contracts**

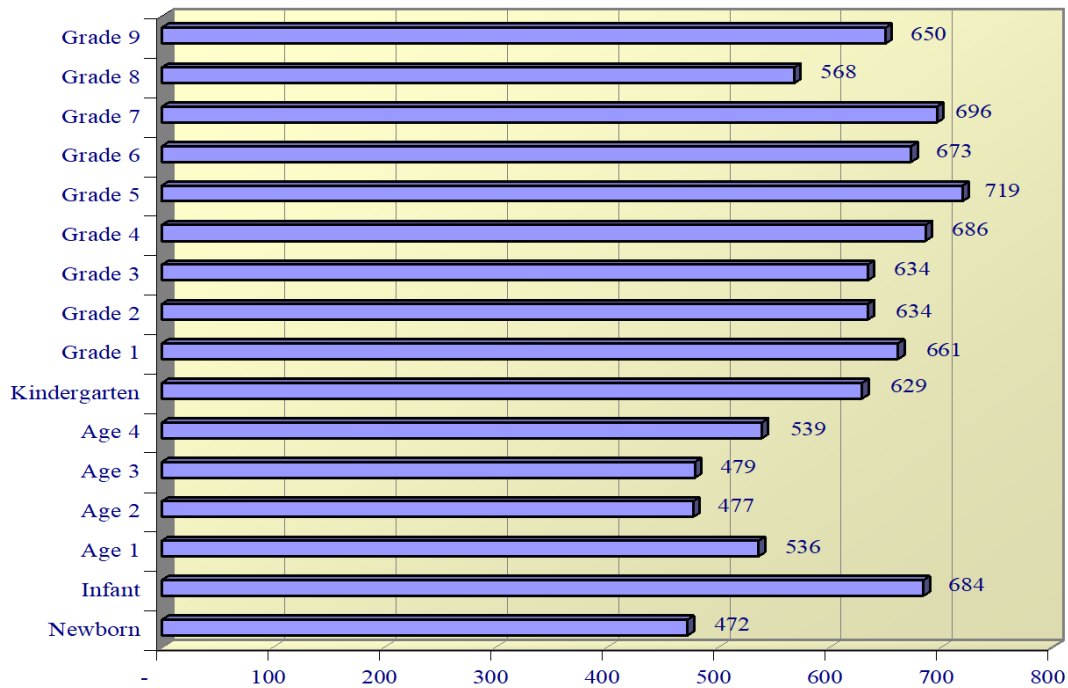
Contracts are held in units, which represent a semester of college studies. The chart illustrates the number of contracts with units remaining to be used as of June 30, 2018.



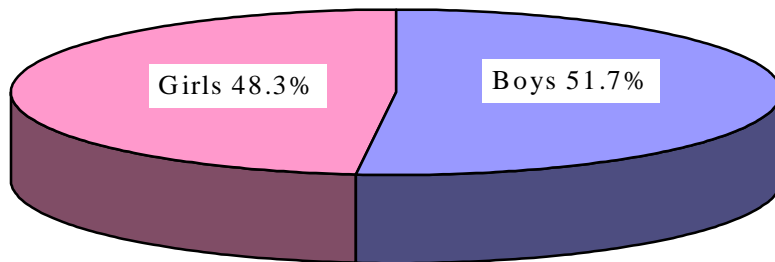
Purchasers chose to either make a lump sum payment or a monthly payment for his or her contract.



Source: West Virginia College Prepaid Tuition & Savings Program

**Table 4: Prepaid Tuition Plan Beneficiaries**

Purchasers selected plans based on beneficiary age and grade during the enrollment period. This chart shows the distribution of plans by age and grade at the time of contract purchase.



Beneficiary distribution by gender

Source: West Virginia College Prepaid Tuition & Savings Program

**Table 5: Prepaid Tuition Plan Students****Distribution of Prepaid Tuition Plan Units in Spring 2018**

Schools	Units	% of Total
<b>In-state Public Institutions:</b>		
Marshall University	142	14.2%
Mountwest Community & Technical College	4	0.4
West Virginia University, Morgantown	374	37.4
West Virginia University Institute of Technology	13	1.3
BridgeValley Community & Technical College	14	1.4
West Virginia University at Parkersburg, Baccalaureate Programs	4	0.4
West Virginia University, Potomac State College, Baccalaureate Programs	1	0.1
West Virginia University, Potomac State College, Associate	2	0.2
Bluefield State College	7	0.7
New River Community & Technical College	5	0.5
Concord University	12	1.2
Fairmont State University	39	3.9
Pierpont Community & Technical College	2	0.2
Glenville State College	7	0.7
Shepherd University	26	2.6
Blue Ridge Community & Technical College	1	0.1
West Liberty University	14	1.4
West Virginia State University	20	2.0
Southern West Virginia Community & Technical College	3	0.3
West Virginia Northern Community College	3	0.3
	693	69.3
<b>In-state Private Institutions:</b>		
Alderson-Broaddus College	3	0.3
Bethany College	3	0.3
Davis & Elkins College	4	0.4
University of Charleston	22	2.2
WV Junior College - Bridgeport	1	0.1
West Virginia Wesleyan College	28	2.8
St. Mary's School of Nursing	5	0.5
Wheeling Jesuit University	1	0.1
	67	6.7
<b>Out-of-State Institutions</b>	240	24.0
	1,000	100.0%

The table above shows the distribution of Prepaid Tuition Plan units used at public and private institutions within the state and institutions out of the state. A unit is the equivalent of a semester, and a Prepaid Tuition Plan beneficiary may choose to use a maximum of two units in one semester.

Source: West Virginia College Prepaid Tuition & Savings Program



**Table 6: Tuition and Mandatory Fees**

The following chart compares tuition and mandatory fees per semester for full-time West Virginia undergraduates for the academic years 2017-18 and 2018-19.

	2017-18	2018-19	Increase(Decrease)	
			Amount	%
Marshall University	\$ 3,899	\$ 4,064	\$ 165	4.23%
Mountwest Community & Technical College	1,872	2,007	135	7.21
West Virginia University:				
WVU, Morgantown	4,188	4,428	240	5.73
WVU Institute of Technology	3,480	3,732	252	7.24
WVU at Parkersburg:				
Baccalaureate Degree Programs	2,436	2,582	146	5.99
Associate/Certificate Programs	1,776	1,886	110	6.19
WVU Potomac State College:				
Baccalaureate Degree Programs	2,604	2,748	144	5.53
Associate/Certificate Programs	2,124	2,244	120	5.65
Bluefield State College	3,364	3,528	164	4.88
New River Community & Technical College	2,122	2,143	21	.99
Concord University	3,787	3,938	151	3.99
Fairmont State University	3,648	3,757	109	2.99
Pierpont Community & Technical College	2,459	2,469	10	.41
Glenville State College	3,671	3,654	(17)	(0.46)
Shepherd University	3,664	3,774	110	3.00
Blue Ridge Community & Technical College	2,016	2,064	48	2.38
West Liberty University	3,690	3,840	150	4.07
West Virginia State University	3,673	3,856	183	4.98
BridgeValley Community & Technical College	2,163	2,185	22	1.02
Eastern West Virginia Community & Technical College	1,716	1,716	-	-
Southern West Virginia Community & Technical College	1,752	1,836	84	4.79
West Virginia Northern Community College	1,838	1,874	36	1.96

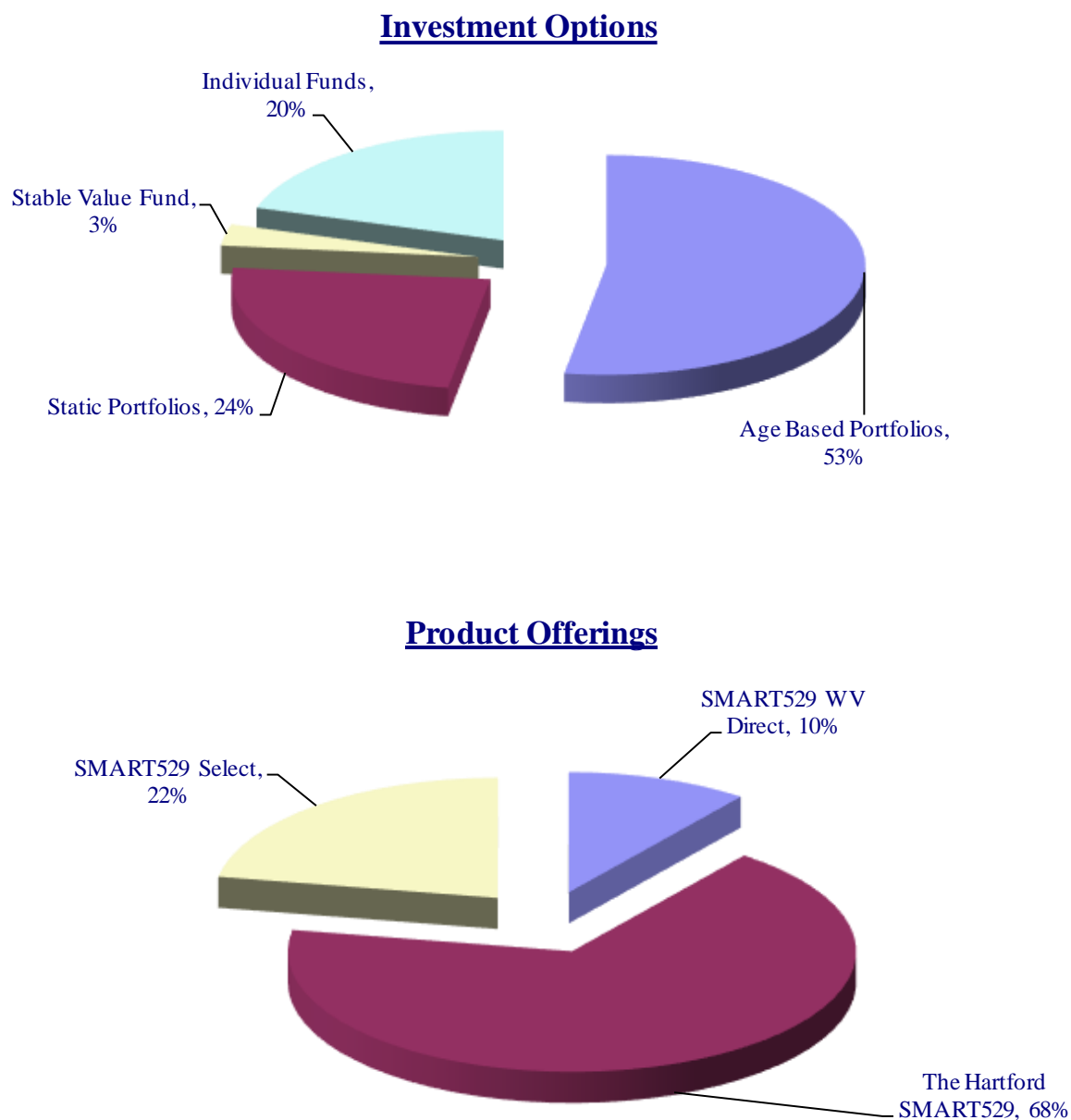
Source: West Virginia Higher Education Policy Commission

**Table 7: Resident Full-time Undergraduate Enrollment**

The following table shows the West Virginia resident full-time undergraduate enrollment for the fall 2016 and 2017 semesters at all West Virginia accredited post-secondary institutions.

Schools	Fall Enrollment			% of Total	
	2016	2017	Increase (Decrease)	2016	2017
Marshall University	6,259	6,236	(23)	17.3%	17.6%
Mountwest Community & Technical College	881	853	(28)	2.4	2.4
West Virginia University:					
WVU, Morgantown	9,336	9,433	97	25.8	26.6
WVU Institute of Technology	702	844	142	1.9	2.4
WVU at Parkersburg:					
Baccalaureate Degree Program	364	353	(11)	1.0	1.0
Associate/Certificate Programs	1,102	1,062	(40)	3.1	3.0
WVU Potomac State College:					
Baccalaureate Degree Program	52	52	-	0.1	0.1
Associate/Certificate Programs	658	724	66	1.8	2.0
Bluefield State College	963	942	(21)	2.7	2.7
New River Community & Technical College	950	725	(225)	2.6	2.0
Concord University	1,544	1,353	(191)	4.3	3.8
Fairmont State University	2,838	2,700	(138)	7.9	7.6
Pierpont Community & Technical College	1,080	981	(99)	3.0	2.8
Glenville State College	837	828	(9)	2.3	2.3
Shepherd University	1,706	1,706	-	4.7	4.8
Blue Ridge Community & Technical College	1,008	949	(59)	2.8	2.7
West Liberty University	1,169	1,209	40	3.2	3.5
West Virginia State University	1,516	1,498	(18)	4.2	4.2
BridgeValley Community & Technical College	1,173	1,139	(34)	3.3	3.2
Eastern West Virginia Community & Technical College	163	140	(23)	0.5	0.4
Southern West Virginia Community & Technical College	1,122	1,095	(27)	3.1	3.1
West Virginia Northern Community College	720	629	(91)	2.0	1.8
Total Resident Full-time Undergraduate Enrollment	36,143	35,451	(692)	100.0%	100.0%

Source: West Virginia Higher Education Policy Commission

**Table 8: Savings Plan Investment Options**

Investors in the Savings Plan choose among a variety of options and products with varying degrees of risk and features. This chart presents the percentage of those options and offerings selected at June 30, 2018.

Source: West Virginia College Prepaid Tuition & Savings Program

**Table 9: Savings Plan Top Ten Firms****Top Ten Investing Firms Nationwide Since Inception**

<b><u>Firm</u></b>	<b><u>Investments</u></b>	<b><u>Percent of Total Investments</u></b>	<b><u>Number of Accounts</u></b>	<b><u>Average Account Size</u></b>
Edward Jones	\$ 650,859,062	29.4%	69,404	\$9,378
LPL Financial LLC	91,213,275	4.1	11,086	8,228
Wells Fargo Clearing Services, LLC	76,277,165	3.4	7,234	10,544
Raymond James Financial Services	77,067,993	3.5	8,162	9,442
Morgan Stanley	117,775,902	5.3	6,362	18,512
Woodbury Financial Services, Inc.	81,663,655	3.7	9,224	8,853
BB&T Securities, LLC	75,881,381	3.4	9,659	7,856
Northwestern Mutual Investment	9,476,010	0.4	1,014	9,345
Cetera Investment Services, LLC	33,737,982	1.5	3,864	8,731
Cuso Financial Services, L.P.	8,207,595	0.4	1,285	6,387

This table ranks the top ten investment firms nationwide by the total amount of investments each firm's clients hold in the Savings Plan at June 30, 2018.

Source: West Virginia College Prepaid Tuition & Savings Program

**Table 10: Savings Plan Top Ten States****Top Ten Investing States Since Inception**

<b><u>State of Investor Residence</u></b>	<b><u>Investments</u></b>	<b><u>Percent of Total Investments</u></b>
West Virginia	\$ 607,084,765	19.8%
California	338,602,112	11.1
Texas	257,932,039	8.4
Pennsylvania	119,580,912	3.9
North Carolina	150,485,974	4.9
Washington	84,621,420	2.8
Missouri	69,308,530	2.3
Massachusetts	88,877,699	2.9
Florida	119,173,968	3.9
Minnesota	96,022,302	3.1

This table ranks the top ten states by the total amount of investments made by their residents into the Savings Plan as of June 30, 2018. The Savings Plan is open to residents of all states.

*Source: West Virginia College Prepaid Tuition & Savings Program*

