



**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, 2017*

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, 2017**



**John D. Perdue**  
State Treasurer

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

**David S. Thomas, CPA**  
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

PHONE: 304-558-5000 FAX: 304-558-4097

1-800-422-7498

[www.wvtreasury.com](http://www.wvtreasury.com)

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, 2017. 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, 2017**

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# Introductory Section

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Letter of Transmittal

Certificate of Achievement  
for Excellence in Financial  
Reporting

Organizational Chart

Principal Officials

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October 31, 2017

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, 2017, 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, 2017. 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 Gibbons & Kawash, A.C. performed the financial statement audit as of and for the fiscal year ended June 30, 2017, 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, 2017.

As discussed in Note 10 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, 2017. Also discussed in Note 10, 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. Sources of revenue for operating the overall Program come from annual appropriations from the West Virginia State Legislature and 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 Secretary of the West Virginia Department of Administration 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 2017-18 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 2016-17 and 2017-18, average published tuition and fees increased by 3.1% for in-state students in the public four-year sector. The increase is higher than the 1.6% increase in the Consumer Price Index between July 1, 2016 and June 30, 2017. The Prepaid Tuition Plan's weighted average benefit value for West Virginia public college and university tuition and fees for state residents increased 5.5% from academic year 2016-17 to 2017-18. By comparison, the previous weighted average benefit value increased 5.7% from academic year 2015-16 to 2016-17. In addition to the 3.1% increase nationwide for four-year public schools, in-state tuition at public two-year schools increased nationwide 2.9% from academic year 2016-17 to 2017-18. Total costs including tuition, fees, room and board increased 3.1% nationwide from academic year 2016-17 to 2017-18 for in-state students attending four-year public institutions, and 2.8% for in-state students attending two-year public institutions.

In the fall of 2016, approximately 55.0% 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 increase above the rate of 54.7% in the fall of 2015.

The weighted average tuition for West Virginia public college and university tuition and fees for state residents is \$3,511 per semester for the 2017-18 academic year, up from \$3,329 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 \$3,829 per semester for the 2017-18 academic year, up from \$3,627 for the prior year. Tuition is assumed to grow 8.5% for the 2018-19 academic year and each year thereafter. An annual rate of return of 4.8% is assumed on Prepaid Tuition Plan investments for fiscal year 2018. Declining rates are assumed for each year thereafter through 2022 when the rate is assumed to be 2.3%. 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 Prepaid Tuition Plan's investment portfolio had a total gain of 12.0% for the fiscal year ended June 30, 2017, a gain of 2.1% for the prior year and a gain of 3.0% for the year ended June 30, 2015. The Prepaid Tuition Plan's investment mix for most of the fiscal year was approximately

40% equity securities and 60% fixed income securities. The fiscal year was an excellent year for the Prepaid Tuition Plan's equity investments, with domestic stocks gaining 18.1% and international stocks gaining 25.6%. The Prepaid Tuition Plan's fixed income investments gained 2.5%.

The Prepaid Tuition Plan has a net position deficiency – also referred to as an actuarial deficit or unfunded liability – of \$9.0 million at June 30, 2017. The deficiency was caused primarily by large investment losses, unexpected tuition increases in prior years, and changes in actuarial assumptions. The Prepaid Tuition Plan's financial condition is dependent on its investment earnings and adequate cash flows. As discussed in Note 10 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 10 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 27.2%. This was the thirteenth year for the Savings Plan. Contributions to the Savings Plan were 3.7% more this fiscal year than last year. Net investment gain this year in the Savings Plan was \$259.3 million. There was a \$26.1 million net investment loss last fiscal year.

In January 2017, end-of-year individual account statements summarizing activity through December 31, 2016, were mailed to all Prepaid Tuition Plan and Savings Plan account owners.

An offering statement featuring lower program management fees was issued for the WV Direct Plan on March 16, 2017.

A supplement for The Hartford SMART529 College Savings Plan was issued on December 16, 2016 announcing Class B shares will not be available for new contributions. In addition, an Offering Statement was issued February 15, 2017 regarding lower program management fees, changes to underlying funds and the implementation of a new glide path.

A supplement regarding the reduction of program management fees was issued for SMART529 Select on March 13, 2017.

### ***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, 2016. This was the eighteenth 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, 2017.

Sincerely,



David S. Thomas, CPA  
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**

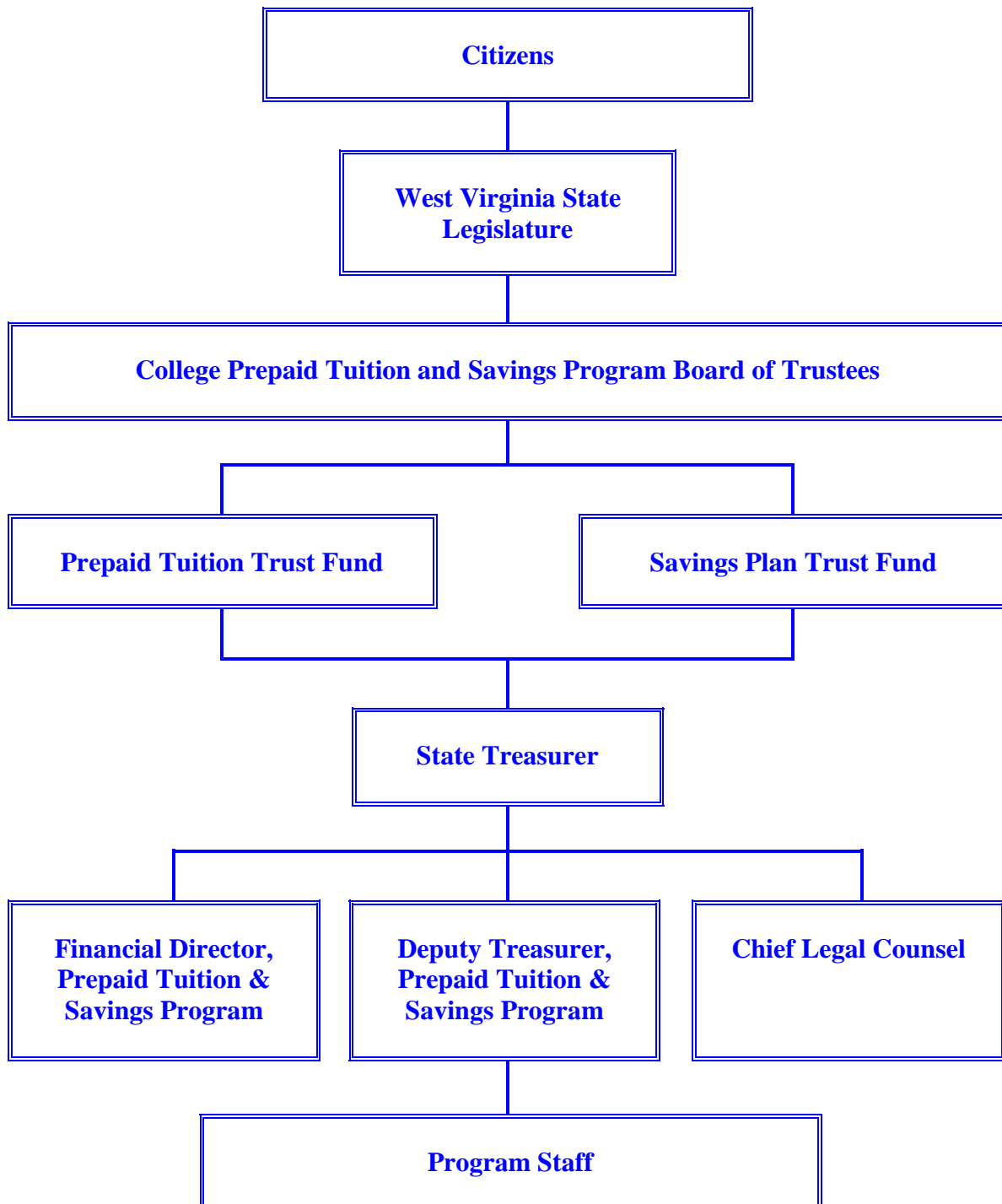
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**



Executive Director/CEO

**West Virginia College Prepaid Tuition and Savings Program  
Organizational Chart  
As of June 30, 2017**



# **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 nine 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*

**Gayle Manchin**

*Representing the State Department of Education and the Arts*

**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*

**Jamie Dickenson**

*Representing the general public*

## **Executive Staff**

**Tazuer Smith, Deputy Treasurer**

West Virginia College Prepaid Tuition and Savings Program

**Christina Merbedone, Program Legal Counsel**

Office of the State Treasurer

**David S. Thomas, 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 the business type activities of the enterprise funds 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, 2017, 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 opinion.

### Opinion

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 the business-type activities of the enterprise funds and the fiduciary fund of the Program, as of June 30, 2017, 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.



## **Emphasis-of-Matter**

As discussed in Note 10 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 10. 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 29, the 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 67 through 70 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 72 through 102 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 72 through 102, 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.

Charleston, West Virginia  
September 26, 2017



## West Virginia College Prepaid Tuition and Savings Program

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

June 30, 2017

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, 2017. 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 \$4,404,761 for the fiscal year ended June 30, 2017. The actuarially funded ratio of the Prepaid Tuition Trust Fund, which is the primary enterprise fund for investing assets and paying benefits, was 85.3%. The actuarially funded ratio represents the ability of assets to fund liabilities and is calculated by dividing assets by liabilities. The ratio was 81.5% for the fiscal year ended June 30, 2016. The improved net position of the Prepaid Tuition Trust Fund in the current year was driven by much higher than expected investment returns and a lower rate of tuition growth than projected for the academic year 2017-18.

The investment portfolio of the Program's enterprise funds had a 12.0% gain for the fiscal year, which followed on the heels of a 2.1% gain for the prior year and a 3.0% gain for the fiscal year ended June 30, 2015.

Net position of the Program's fiduciary fund increased \$228,998,859 for the fiscal year ended June 30, 2017. The increase was driven by a \$129,955,993 increase in the fair value of investments and \$135,088,064 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 and liabilities, with the difference between the two 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 appropriations from the State, which is the primary government.

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, 2017 and 2016.

	2017	2016
Current assets	\$ 6,032,852	\$ 5,050,014
Noncurrent assets	49,061,804	55,034,496
Total assets	<u>55,094,656</u>	<u>60,084,510</u>
Deferred outflows of resources	<u>133,510</u>	<u>104,649</u>
Current liabilities	16,159,094	16,469,098
Noncurrent liabilities	46,159,847	55,123,260
Total liabilities	<u>62,318,941</u>	<u>71,592,358</u>
Deferred inflows of resources	<u>47,829</u>	<u>140,166</u>
Net position (deficit):		
Restricted	1,872,089	1,528,119
Unrestricted	<u>(9,010,693)</u>	<u>(13,071,484)</u>
Total net deficit	<u>\$ (7,138,604)</u>	<u>\$ (11,543,365)</u>

The net deficit decreased 38.2%, or \$4,404,761 in fiscal year 2017. 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. While the actuarially funded status (assets and deferred outflows divided by liabilities and deferred inflows) of total enterprise funds was 88.5% at June 30, 2017 and 83.9% at June 30, 2016, the funded status of the Prepaid Tuition Plan at June 30, 2017 and 2016, was 85.3% and 81.5%, 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 pension amounts described in Note 7 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 pension amounts described in Note 7 during the current fiscal year.

The decrease in the net deficit was primarily the result of much higher than expected investment returns and an actuarial gain on actual increases in average tuition and fees that were less than assumed. The Prepaid Tuition Plan had a return of 12.0% on its investments; however, the actuarially projected return was 5.3%, resulting in an actuarial gain. In addition, weighted average tuition and fees was assumed to increase 8.5% for the 2017-18 academic year, but it increased only 5.5%, resulting in an actuarial gain.

**Changes in net (deficit) position.** The following are condensed Statements of Revenues, Expenses and Changes in Net (Deficit) Position of the enterprise funds for the years ended June 30, 2017 and 2016.

	Year Ended June 30,	
	2017	2016
<b>Revenues</b>		
Operating revenues:		
Tuition contracts ( <i>See Note 5</i> )	\$ 114,440	\$ 103,404
Savings Plan administrative fee	1,367,252	1,284,497
	<u>1,481,692</u>	<u>1,387,901</u>
Nonoperating revenues:		
Investment gain	5,588,217	1,019,444
	<u>5,588,217</u>	<u>1,019,444</u>
Total revenues	<u>7,069,909</u>	<u>2,407,345</u>
<b>Expenses</b>		
Operating expenses:		
Tuition contract benefits and expenses ( <i>See Note 5</i> )	1,547,998	1,852,966
General and administrative expenses	1,117,150	1,118,801
Total expenses	<u>2,665,148</u>	<u>2,971,767</u>
Change in net position	4,404,761	(564,422)
Net deficit at beginning of year	<u>(11,543,365)</u>	<u>(10,978,943)</u>
Net deficit at end of year	<u>\$ (7,138,604)</u>	<u>\$ (11,543,365)</u>

Operating revenues for the Prepaid Tuition Plan reflect the interest effect of discounting 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 10 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 2017 and 2016. Nonoperating revenues represent investment earnings. Investment gains for fiscal year 2017 were \$5,588,217 and the rate of return was 12.0%. For fiscal year 2016, the rate of return was 2.1%, resulting in an investment gain of \$1,019,444 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 \$1,547,998 and \$1,852,966 for 2017 and 2016, 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, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
Assets	\$ 2,463,375,790	\$ 2,249,239,786
Liabilities	<u>1,836,202</u>	<u>16,699,057</u>
Net position	<u>\$ 2,461,539,588</u>	<u>\$ 2,232,540,729</u>

Net position increased 10.3% or \$228,998,859 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 \$259,349,366. The net investment gain was primarily the result of a \$129,955,993 unrealized net increase in the fair value of investments and a \$135,088,064 total realized net increase from dividends, capital gains and gains from sales of investments. Investment expenses were \$5,694,691.

Investments make up 99.9% of total assets, and the remaining assets includes receivables for units and securities sold, and dividends receivable. Approximately 54.7% 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, 2017 and 2016.

	Year Ended June 30,	
	2017	2016
<b>Additions</b>		
Contributions	\$ 194,259,103	\$ 187,384,693
Net investment gain (loss)	259,349,366	(26,135,145)
Total additions	453,608,469	161,249,548
<b>Deductions</b>		
Redemptions	218,642,040	187,295,938
Administrative expenses	5,967,570	6,245,853
Total deductions	224,609,610	193,541,791
Increase in net position	228,998,859	(32,292,243)
Net position at beginning of year	2,232,540,729	2,264,832,972
Net position at end of year	\$ 2,461,539,588	\$ 2,232,540,729

Contributions for the current fiscal year were up, increasing 3.7% from those of the prior year. Redemptions, however, outpaced contributions and increased 16.7% 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 27.2%, but some of the portfolios and funds had negative rates of return, ranging to a low of (1.8)%.

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, 2017 is based on various actuarial assumptions. A key assumption is average tuition inflation of 8.5% for school years 2018-19 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 5.5% from school years 2016-17 to 2017-18, and increased 5.7% from school years 2015-16 to 2016-17. Another key assumption is a 4.8% rate of return on Prepaid Tuition Plan investments for the upcoming fiscal year 2018, and declining returns each year to 2022 when the assumption is 2.3%. The plan's actual rate of return on its investments was 12.0% for fiscal year 2017 and 2.1% for 2016.

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, 2017 and 2016.

As discussed in Note 10 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 2016 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 10 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, 2017, there was \$21,069,169 in the Escrow Account, which consisted of \$19,254,008 in total transfers from the Unclaimed Property Trust Fund and net investment gains of \$1,815,161. There was a \$1,000,000 transfer in fiscal year 2017 because of the actuarial unfunded liability at the end of fiscal year 2016. Because there is an actuarially determined unfunded liability of \$9,010,693 in the Prepaid Tuition Plan at June 30, 2017, \$1,000,000 is expected to be transferred from the Unclaimed Property Trust Fund to the Escrow Account on or before December 15, 2017, 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 10 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, 2017

	Prepaid Tuition Trust Fund	College Prepaid Tuition and Savings Program Administrative Account	Total Enterprise Funds
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 3,356,581	\$ 2,504,824	\$ 5,861,405
Tuition contracts receivable	53,147	-	53,147
Other receivables	-	118,300	118,300
Total current assets	<u>3,409,728</u>	<u>2,623,124</u>	<u>6,032,852</u>
Noncurrent assets:			
Tuition contracts receivable	36,844	-	36,844
Investments	49,024,960	-	49,024,960
Total noncurrent assets	<u>49,061,804</u>	<u>-</u>	<u>49,061,804</u>
Total assets	<u>52,471,532</u>	<u>2,623,124</u>	<u>55,094,656</u>
<b>Deferred outflows of resources</b>			
Deferred outflows related to pensions	-	133,510	133,510
Total deferred outflows of resources	<u>-</u>	<u>133,510</u>	<u>133,510</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	-	82,267	82,267
Accrued contract benefits liability	15,942,045	-	15,942,045
Accrued contract expense liability	-	80,654	80,654
Compensated absences	-	54,128	54,128
Total current liabilities	<u>15,942,045</u>	<u>217,049</u>	<u>16,159,094</u>
Noncurrent liabilities:			
Accrued contract benefits liability	45,540,180	-	45,540,180
Accrued contract expense liability	-	141,339	141,339
Other postemployment benefits	-	244,641	244,641
Net pension liability	-	233,687	233,687
Total noncurrent liabilities	<u>45,540,180</u>	<u>619,667</u>	<u>46,159,847</u>
Total liabilities	<u>61,482,225</u>	<u>836,716</u>	<u>62,318,941</u>
<b>Deferred inflows of resources</b>			
Deferred inflows related to pensions	-	47,829	47,829
Total deferred inflows of resources	<u>-</u>	<u>47,829</u>	<u>47,829</u>
<b>Net (deficit) position</b>			
Restricted for payment of general and administrative expenses	-	1,872,089	1,872,089
Unrestricted	<u>(9,010,693)</u>	<u>-</u>	<u>(9,010,693)</u>
Total net (deficit) position	<u>\$ (9,010,693)</u>	<u>\$ 1,872,089</u>	<u>\$ (7,138,604)</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, 2017

	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>	\$ 20,572	\$ 93,868	\$ 114,440
Savings Plan administrative fee	-	1,367,252	1,367,252
Total operating revenues	<u>20,572</u>	<u>1,461,120</u>	<u>1,481,692</u>
<b>Operating expenses</b>			
Tuition contract benefits <i>(See Note 5)</i>	1,547,998	-	1,547,998
General and administrative expenses	-	1,117,150	1,117,150
Total operating expenses	<u>1,547,998</u>	<u>1,117,150</u>	<u>2,665,148</u>
Operating (loss) gain	<u>(1,527,426)</u>	<u>343,970</u>	<u>(1,183,456)</u>
<b>Nonoperating revenues</b>			
Investment gain	5,588,217	-	5,588,217
Total nonoperating revenues	<u>5,588,217</u>	<u>-</u>	<u>5,588,217</u>
Change in net position	4,060,791	343,970	4,404,761
Net (deficit) position at beginning of year	<u>(13,071,484)</u>	<u>1,528,119</u>	<u>(11,543,365)</u>
Net (deficit) position at end of year	<u>\$ (9,010,693)</u>	<u>\$ 1,872,089</u>	<u>\$ (7,138,604)</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, 2017

	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	\$ 107,852	\$ -	\$ 107,852
Cash received from Savings Plan administrator	-	1,356,507	1,356,507
Tuition benefit payments	(10,824,407)	-	(10,824,407)
Payments to employees	-	(527,578)	(527,578)
Payments to suppliers	-	(613,910)	(613,910)
Net cash (used in) provided by operating activities	(10,716,555)	215,019	(10,501,536)
<b>Cash flows from investing activities</b>			
Investment earnings	1,005,072	-	1,005,072
Purchase of investments	(993,875)	-	(993,875)
Proceeds from sale of investments	11,500,000	-	11,500,000
Net cash provided by investing activities	11,511,197	-	11,511,197
Net increase in cash and cash equivalents	794,642	215,019	1,009,661
Cash and cash equivalents at beginning of year	2,561,939	2,289,805	4,851,744
Cash and cash equivalents at end of year	\$ 3,356,581	\$ 2,504,824	\$ 5,861,405

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*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, 2017

	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	\$ (1,527,426)	\$ 343,970	\$ (1,183,456)
Adjustments to reconcile operating (loss) gain to net cash (used in) provided by operating activities:			
Pension expense	-	36,984	36,984
Changes in assets, liabilities and deferred items:			
Tuition contracts receivable	87,280	-	87,280
Other receivables	-	(10,745)	(10,745)
Accounts payable	-	(27,945)	(27,945)
Accrued contract benefits liability	(9,276,409)	-	(9,276,409)
Accrued contract expense liability	-	(93,868)	(93,868)
Compensated absences	-	(11,227)	(11,227)
Other postemployment benefits	-	14,882	14,882
Deferred outflows of resources	-	(37,032)	(37,032)
Net cash (used in) provided by operating activities	<u>\$ (10,716,555)</u>	<u>\$ 215,019</u>	<u>\$ (10,501,536)</u>
<b>Noncash activities</b>			
Unrealized gain in investments	\$ 4,583,145	\$ -	\$ 4,583,145

(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, 2017

**Assets**

Investments	\$ 2,461,913,435
Receivables for units and securities sold	1,250,733
Dividends receivable	<u>211,622</u>
Total assets	<u>2,463,375,790</u>

**Liabilities**

Payables for units redeemed and securities purchased	1,005,169
Accrued fees	<u>831,033</u>
Total liabilities	<u>1,836,202</u>

**Net Position**

Held in trust for individuals and organizations	<u>2,461,539,588</u>
Total net position	<u>\$ 2,461,539,588</u>

*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 Changes in Fiduciary Net Position

For the Year Ended June 30, 2017

**Additions**

Contributions:

Account holders	\$ 194,259,103
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Total contributions	<u>194,259,103</u>
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Investment earnings:

Net increase in fair value of investments	129,955,993
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Dividends, capital gains and net realized gains	<u>135,088,064</u>
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Total investment gain	265,044,057
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Investment expense	<u>5,694,691</u>
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Net investment gain	<u>259,349,366</u>
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<b>Total additions</b>	<u>453,608,469</u>
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**Deductions**

Redemptions:

Payments in accordance with trust agreements	<u>218,642,040</u>
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Total redemptions	218,642,040
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Administrative expense	<u>5,967,570</u>
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<b>Total deductions</b>	<u>224,609,610</u>
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Change in net position held in trust for individuals and organizations	228,998,859
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Net position at beginning of year	<u>2,232,540,729</u>
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<b>Net position at end of year</b>	<u><u>\$ 2,461,539,588</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, 2017

#### **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”), which operates as a plan, not a trust fund.

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.

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 2017.

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 stocks, bonds, and other types of 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, 2017, 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 53 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 appropriations from the State, which is the primary government, 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 11 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 4.8% is assumed for the upcoming fiscal year 2018. Declining rates are then assumed for each year through 2022 when the rate is assumed to be 2.3%. 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, Including Other Postretirement Benefits**

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"). The Program accrues for 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 Pension Liability, Deferred Outflows of Resources, and Deferred Inflows of Resources**

Net pension liability represents the Program's proportionate share of the net pension liability of the PERS as of the measurement date of June 30, 2016. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from the PERS's fiduciary net position have been determined on the same basis as they are reported by the PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

### **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, 2017. 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 Pronouncements**

The GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions of this statement are effective for periods beginning after June 15, 2017. Program management has not determined the effect, if any, this statement will have on its financial statements.

The GASB has issued Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

Program management has not determined the effect, if any, this statement will have on its financial statements.

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.

The GASB has issued Statement No. 85, *Omnibus 2017*, which addresses practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The provisions of this statement are effective for periods beginning after June 15, 2017. 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 longer term securities and 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 establishes that the Program's enterprise funds are to be allocated 60% to fixed income securities, 22% to U.S. equities, and 18% to international equities for the fiscal year ended June 30, 2018. The allocation will shift each year after that toward more fixed income securities to a total of 100% in fiscal year 2022. At June 30, 2017, 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
Large Cap Domestic Equity	\$ 10,731,618	21.9%
Non-Large Cap Domestic Equity	2,691,719	5.5
Core Fixed Income	11,556,950	23.6
Total Return Fixed Income	11,662,224	23.8
Short-Term Fixed Income	1,002,192	2.0
International Equity	7,581,344	15.5
International Nonqualified	3,798,913	7.7
Total	<u>\$ 49,024,960</u>	<u>100.0%</u>

### ***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, 2017:

IMB Investment Pools	Fair Value Measurement as Percent of the Program's Enterprise Fund Total			
	Level 1	Level 2	Level 3	Total
Large Cap Domestic Equity - Assets	95.0%	5.0%	0.0%	100.0%
Large Cap Domestic Equity - Liabilities	(100.0)%	0.0%	0.0%	(100.0)%
Non-Large Cap Domestic Equity	77.5%	22.5%	0.0%	100.0%
Core Fixed Income	1.7%	98.3%	0.0%	100.0%
Total Return Fixed Income - Assets	3.8%	96.2%	0.0%	100.0%
Total Return Fixed Income - Liabilities	(43.8)%	(56.2)%	0.0%	(100.0)%
Short-Term Fixed Income	0.0%	100.0%	0.0%	100.0%
International Equity - Assets	96.6%	3.4%	0.0%	100.0%
International Equity - Liabilities	0.0%	(100.0)%	0.0%	(100.0)%
International Nonqualified *	N/A	N/A	N/A	N/A

\* The International Nonqualified Pool investments are measured using net asset value per share. GASB Statement No. 72 does not require categorization of investments for which fair value is measured using net asset value per share.

The following represents a calculation of the net change in the carrying value of investments during the year ended June 30, 2017:

Carrying value at end of year	\$ 49,024,960
Less cost of investments purchased during year	(993,875)
Plus cost of investments redeemed during year	11,500,000
Less carrying value at beginning of year	(54,947,940)
Change in carrying value of investments during year	<u>\$ 4,583,145</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 and Interest Rate 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.



Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The International Nonqualified Pool is not exposed to interest rate risk. The following pools are exposed to interest rate risk.

Large Cap Domestic Equity Pool – This pool is exposed to credit risk from certain investments made with cash collateral for securities loaned. This risk is 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. This pool is exposed to interest rate risk from certain investments made with cash collateral for securities loaned. The weighted average maturity (the "WAM") for investments made with cash collateral for securities loaned is not to exceed 90 days. The following table provides the weighted average credit ratings and WAM as of June 30, 2017.

Security Type	Moody's	S&P	WAM (Days)	Percent of Pool Assets
Common stock	N/A	N/A	N/A	94.0%
Money market mutual fund	Aaa	AAA	N/A	0.9
Repurchase agreements	Aaa	AA	3	3.0
Time deposits	A-1	P-1	3	2.1
Total investments				<u>100.0%</u>

Non-Large Cap Domestic Equity Pool – This pool is exposed to credit risk from certain investments made with cash collateral for securities loaned. This risk is 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. This pool is exposed to interest rate risk from certain investments made with cash collateral for securities loaned. The WAM for investments made with cash collateral for securities loaned is not to exceed 90 days. The following table provides the weighted average credit ratings and WAM as of June 30, 2017.

Security Type	Moody's	S&P	WAM (Days)	Percent of Pool Assets
Common stock	N/A	N/A	N/A	76.1%
Money market mutual fund	Aaa	AAA	N/A	1.4
Repurchase agreements	Aaa	AA	3	13.3
Time deposits	A-1	P-1	3	9.2
Total investments				<u>100.0%</u>



International Nonqualified Pool – This pool invests in a collective trust fund that invests in equities denominated in foreign currencies. This pool is not exposed to credit risk or interest rate risk.

International Equity Pool – This pool is exposed to credit risk from investments made with cash collateral for securities loaned. This risk is 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. This pool is exposed to interest rate risk from certain investments made with cash collateral for securities loaned. The WAM for investments made with cash collateral for securities loaned is not to exceed 90 days. The following table provides the weighted average credit ratings and WAM as of June 30, 2017.

Security Type	Moody's	S&P	WAM (Days)	Percent of Pool Assets
Common stock	N/A	N/A	N/A	93.2%
Money market mutual funds	Aaa	AAA	N/A	1.2
Preferred stock	N/A	N/A	N/A	2.1
Repurchase agreements	Aaa	AA	3	2.0
Rights	N/A	N/A	N/A	0.1
Time deposits	A-1	P-1	3	1.4
Total investments				<u>100.0%</u>

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 WAM of the investments of this 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 information on the weighted average credit ratings and the WAM of the pool's investments as of June 30, 2017.

Security Type	Moody's	S&P	WAM (Days)	Percent of Pool Assets
Commercial paper	P-1	A-1	23	16.9%
Repurchase agreements	Aaa	A	3	22.9
U.S. government agency bonds *	P-1	A-1	9	40.5
U.S. Treasury bonds *	P-1	A-1	60	19.7
Total investments				<u>100.0%</u>

\* Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. The ratings are shown for the reader's information.

Core Fixed Income Pool – 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 the Nationally Recognized Statistical Rating Organizations. The IMB monitors interest rate risk of the pool by evaluating the effective duration of the investments of 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 1% change in interest rates. The effective duration calculation takes into account 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 information on the weighted average credit ratings and the weighted average effective duration for the various asset types in the in the pool as of June 30, 2017.

Security Type	Moody's	S&P	Effective Duration (Years)	Percent of Pool Assets
Corporate asset backed issues	Aa	A	2.5	9.3%
Corporate CMO	A	A	2.6	3.8
Corporate CMO interest-only	B	NR	(11.6)	0.1
Corporate CMO principal-only	NR	AA	6.8	0.0
Foreign asset backed issues	Aaa	AAA	2.5	0.3
Foreign corporate bonds	A	A	5.3	4.8
Foreign government bonds	Aa	A	8.5	0.7
Money market mutual fund	Aaa	AAA	N/A	1.7
Municipal bonds	Aa	AA	13.6	0.8
Repurchase agreements	Aaa	AA	0.0	5.5
Time deposits	P-1	A-1	0.0	3.8
U.S. corporate bonds	A	A	6.1	20.7
U.S. government agency bonds *	Aaa	AA	2.8	2.1
U.S. government agency CMO *	Aaa	AA	3.8	10.5
U.S. government agency CMO interest-only *	Aaa	AA	11.2	0.3
U.S. government agency CMO principal-only *	Aaa	AA	6.8	0.7
U.S. government agency MBS *	Aaa	AA	4.2	15.2
U.S. Treasury bonds *	Aaa	AA	9.0	19.7
U.S. Treasury inflation protected security *	Aaa	AA	3.3	0.0
Total investments			5.0	<u>100.0%</u>

NR = Not Rated

\* Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. The ratings are shown for the reader's information.

The Core 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, 2017, these securities compose 40% of the value of the pool's total securities.

Total Return Fixed Income Pool – 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 the Nationally Recognized Statistical Rating Organizations. The IMB monitors interest rate risk of the pool by evaluating the effective duration of the investments of the pool. The following table provides information on the weighted average credit ratings and the weighted average effective duration for the various asset types in the in the pool as of June 30, 2017.

Security Type	Moody's	S&P	Effective Duration (Years)	Percent of Pool Assets
Common stock	A	N/A	N/A	0.0%
Corporate asset backed issues	Ba	AA	2.0	1.3
Corporate ABS residual	N/A	N/A	N/A	0.2
Corporate CMO	Baa	BB	0.9	1.9
Corporate preferred security	Ba	BB	0.1	0.4
Foreign asset backed issues	Baa	BBB	0.5	0.7
Foreign corporate bonds	Baa	BBB	6.6	11.3
Foreign government bonds	Baa	BBB	5.3	9.7
Investments in other funds	N/A	N/A	2.4	12.7
Money market mutual fund	Aaa	AAA	N/A	2.5
Municipal bonds	A	A	9.0	1.9
Options contracts purchased	N/A	N/A	N/A	0.1
Repurchase agreements	Aaa	AA	0.0	4.8
Time deposits	P-1	A-1	0.0	3.3
U.S. corporate bonds	Baa	BBB	7.0	18.1
U.S. government agency bonds *	Aaa	AA	0.7	0.5
U.S. government agency CMO *	Aaa	AA	1.4	2.1
U.S. government agency CMO interest-only *	Aaa	AA	1.8	0.2
U.S. government agency MBS *	Aaa	AA	3.0	11.5
U.S. government agency TBAs *	Aaa	AA	5.4	0.7
U.S. Treasury bonds *	Aaa	AA	7.8	14.4
U.S. Treasury inflation protected security *	Aaa	AA	13.9	1.7
Total investments			5.0	100.0%

\* Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. The ratings are shown for the reader's information.

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, 2017, these securities compose 18% 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 or minimal custodial credit risk at June 30, 2017.

#### 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 or minimal foreign currency risk: Large Cap Domestic Equity Pool, Non-Large Cap Domestic Equity Pool, Short-Term Fixed Income Pool and Core Fixed Income Pool. The following pools are exposed to foreign currency risk.

International Nonqualified Pool – This pool invests in a collective trust fund that invests in equities denominated in foreign currencies. This investment, although denominated in U.S. dollars, is exposed to foreign currency risk through the underlying investments.

International Equity Pool – This pool has both equity securities and cash that are denominated in foreign currencies and are exposed to foreign currency risks.

Total Return Fixed Income Pool – This pool has foreign government bonds and foreign corporate bonds that are denominated in foreign currencies and are exposed to foreign currency risks. The pool also has foreign denominated futures contracts and foreign exchange forward contracts. Additionally, the pool has indirect exposure to foreign currency risk through its ownership interests in certain of the commingled investment pools.

### Deposit Risk

The carrying value in the Administrative Account of cash on deposit with the State Treasurer's Office was \$2,504,824 at June 30, 2017. 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 \$3,356,581. 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 two investment pools at the IMB. In the Large Cap Domestic Equity Pool, futures contracts are the only derivative financial instrument held and represent less than 0.1% of the pool's total liabilities as of June 30, 2017. In the Total Return Fixed Income Pool, derivative financial instruments may include foreign exchange contracts, futures, options, credit default swaps, interest rate swaps, and currency swaps. Derivative instruments represent 0.6% of total assets and 1.5% of total liabilities in the Total Return Fixed Income Pool. 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 \$61,482,225 as of June 30, 2017, was based on the provision for contract benefits since inception of the Prepaid Tuition Plan. Current liabilities of \$15,942,045 represent obligations that will become due within a year from June 30, 2017. Noncurrent liabilities of \$45,540,180 represent obligations that will become due more than a year after June 30, 2017.

Under the actuarial evaluation, tuition and fees are assumed to increase an average of 8.5% for the 2018-19 school year and each year thereafter to the end of the Prepaid Tuition Plan on June 30, 2022. Investments are assumed to earn 4.8% for the year ending June 30, 2018. Declining rates are assumed for each year thereafter through 2022 when the rate is assumed to be 2.3%.

The accrued contract benefits liability at June 30, 2017, and changes for the fiscal year then ended are as follows:

Beginning balance, June 30, 2016	\$ 70,758,634
Interest cost	3,463,361
Actuarial gain	(1,749,834)
Miscellaneous factors	(165,529)
Tuition benefit payments and refunds	(10,824,407)
Ending balance, June 30, 2017	<u>\$ 61,482,225</u>

The actuarial gain was the result of tuition increases for the 2017-18 school year being less than expected. Weighted average tuition had been assumed to increase 8.5% but instead increased 5.5%.

## 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, 2017 created a negative tuition contract expense, which is reported as a gain, or operating revenue, of \$93,868 for the year ended June 30, 2017.

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, 2017:

### Tuition contract benefits

Interest growth in actuarially estimated tuition contract benefits for the year ended June 30, 2017	\$ 3,463,361
Decrease in accrued contract benefits liability due to lower tuition growth than estimated for the 2017-18 school year	(1,749,834)
Decrease in accrued contract benefits liability due to miscellaneous factors	(165,529)
Tuition contract benefits for the year ended June 30, 2017 (an actuarial loss on accrued contract benefits liability)	<u>\$ 1,547,998</u>

Tuition contract expenses

Interest growth in actuarially estimated tuition contract expenses for the year ended June 30, 2017	\$ 14,117
Decrease in accrued contract expense liability due to assumed actuarial payments during the year ended June 30, 2017	(98,994)
Increase in accrued contract benefits liability due to changes in Prepaid Tuition Plan provisions and miscellaneous factors	<u>(8,991)</u>
Tuition contract expenses for the year ended June 30, 2017 (an actuarial gain on accrued contract benefits liability and reported as operating revenue)	<u><u>\$ (93,868)</u></u>

**6. Compensated Absences and Other Postemployment Benefits****Compensated Absences**

The accruals for compensated absences represent obligations that may arise for earned but unused annual leave as of June 30, 2017. Current liabilities of \$54,128 represent obligations for compensated absences that can become due within a year from June 30, 2017.

The accrued compensated absences liability at June 30, 2017, and changes for the fiscal year then ended are as follows:

Beginning balance, June 30, 2016	\$ 65,355
Addition: Annual leave earned	33,520
Reduction: Annual leave used	(44,291)
Reduction: Decrease in employer contribution for the year ended June 30, 2018	<u>(456)</u>
Ending balance, June 30, 2017	<u><u>\$ 54,128</u></u>

**Other Postemployment Benefits Plan Description**

The State of West Virginia sponsors the West Virginia Other Postemployment Benefits Plan (the "OPEB Plan"), a cost-sharing multiple-employer defined benefit postemployment plan administered by the West Virginia Public Employees Insurance Agency (the "PEIA"), to provide medical benefits to retired state and local government employees. Chapter 5, Article 16D of the West Virginia Code created the West Virginia Retiree Health Benefits Trust Fund (the "RHBT") and assigns the authority to administer the plan to PEIA. The PEIA issues a publicly available financial report that includes financial statements and required supplementary information for the Trust. That report can be obtained by writing to PEIA, 601 57<sup>th</sup> Street SE, Suite 2, Charleston WV 25304, or by calling (304) 558-7850.

**Other Postemployment Benefits Plan Funding Policy**

The State Code requires the OPEB Plan to bill the participating employers 100.0% of the Annual Required Contribution ("ARC"), an amount actuarially determined in accordance with GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover



normal cost each year and amortize any unfunded liabilities (or funding excess) of the plan over a period not to exceed thirty years. State of West Virginia plan employers are billed per active health policy per month. The latest OPEB actuarial valuation was performed as of June 30, 2015, and the ARC amounts were applied prospectively to the fiscal year beginning July 1, 2016.

The Program's ARC to the OPEB Plan was \$24,120, \$30,888, and \$23,340, and the Program paid premiums of \$9,238, \$10,925, and \$12,236, which represented 38.3%, 35.4%, and 52.4%, of the ARC, respectively, for the years ending June 30, 2017, 2016, and 2015. As of June 30, 2017 the Program has recorded an OPEB liability of \$244,641.

## **7. Retirement Benefits**

### ***General Information about the Retirement Plan***

#### *Retirement Plan Description*

The Program contributes to the Public Employees Retirement System (the "PERS"), a cost-sharing multiple-employer defined benefit pension plan administered by the West Virginia Consolidated Public Retirement Board (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. 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. 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 fifteen 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 fifteen 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.

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 12.0%, 13.5%, and 14.0% for the years ended June 30, 2017, 2016, and 2015, respectively. All members hired July 1, 2015 and later, will contribute 6% of covered payroll. Effective July 1, 2017 employer contributions will be 11.0%. The Program's contribution to the PERS was \$37,032, \$47,298 and \$38,263 for the years ended June 30, 2017, 2016 and 2015, respectively.

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

At June 30, 2017, the Program reported a liability of \$233,687 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. 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, 2016, the Program's proportion was 0.0254%, which was an increase from its proportion of 0.0202% as of June 30, 2015.

For the year ended June 30, 2017, the Program recognized pension expense of \$36,984. At June 30, 2017, 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	\$ 73,433	\$ -
Changes of assumptions	-	11,385
Net difference between projected and actual earnings on pension plan investments	19,488	-
Changes in proportion and differences between Program contributions and proportionate share of contributions	3,557	36,444
Program contributions subsequent to the measurement date	37,032	-
Total	<u>\$ 133,510</u>	<u>\$ 47,829</u>

The \$37,032 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, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ 466
2019	1,416
2020	23,993
2021	22,774

*Actuarial Assumptions*

The total pension liabilities in the June 30, 2016 and 2015 actuarial valuations were determined using the following assumptions, applied to all periods included in the measurement:

	<u>2016 - 2015</u>
Inflation	3.0% (2016) 1.9% (2015)
Salary increases	3.0 – 6.0%
Investment rate of return	7.5%

Mortality rates in the June 30, 2016 and 2015 actuarial valuations were determined using the following assumptions:

	<u>2016 - 2015</u>
Healthy males	110% of RP-2000 Non-Annuitant, Scale AA
Healthy females	101% of RP-2000 Non-Annuitant, Scale AA
Disabled males	96% of RP-2000 Disabled Annuitant, Scale AA
Disabled females	107% of RP-2000 Disabled Annuitant, Scale AA

The actuarial assumptions used in the June 30, 2016 and 2015 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 best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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%
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	<u>100.0%</u>		6.76%
Inflation (CPI)			1.90%
			<u>8.66%</u>

#### *Discount Rate*

The discount rate used to measure the total pension liability was 7.5%. 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. There were no changes in the discount rates between measurement dates.

*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	\$ 423,011	\$ 233,687	\$ 72,902

## 8. 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, 2017 because they were blended in with the overall operations of the State Treasurer's Office.

## 9. 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.

## 10. Net Position Deficiency

The Prepaid Tuition Plan has a net position deficiency of approximately \$9,010,693 as of June 30, 2017. 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 2017 because investment returns were much better than projected, creating an actuarial gain. In addition, a lesser than projected growth in tuition at state public schools for academic year 2017-18 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, 2017 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 \$19,254,008 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 \$1,815,161 for the fourteen years ended June 30, 2017, leaving the account with a balance of \$21,069,169 at June 30, 2017. There was \$1,000,000 transferred in fiscal year 2017 because of the actuarial unfunded liability at the end of fiscal year 2016. Because there was an actuarially determined unfunded liability of \$9,010,693 in the Prepaid Tuition Plan as of June 30, 2017, 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, 2017, 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, 2018. 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.

## **11. 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 53 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, 2017, 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 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, 2017 are as follows:

	Fair Value	Contract Value
Underlying investments	\$ 391,816,896	\$ 386,940,189
Wrap contract	-	-
Total SMART529 Stable Value Fund	<u>\$ 391,816,896</u>	<u>\$ 386,940,189</u>

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, 2017:

Carrying value at end of year	\$ 2,461,913,435
Less cost of investments purchased during year	(2,104,159,423)
Plus cost of investments redeemed during year	2,005,169,502
Less carrying value at beginning of year	<u>(2,232,967,521)</u>
Change in carrying value of investments during year	<u>\$ 129,955,993</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 Emerging Markets Research Fund, The Hartford Balanced Income Fund, The Hartford Strategic Income Fund, The Hartford Unconstrained Bond Fund, and The Hartford World Bond Fund.



**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.

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## Required Supplementary Information

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

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

	2017	2016	2015	2014	2013
Contractually required contribution	\$ 37,032	\$ 47,298	\$ 38,263	\$ 49,346	\$ 54,023
Contributions in relation to the contractually required contribution	(37,032)	(47,298)	(38,263)	(49,346)	(54,023)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Program's covered-employee payroll	\$ 312,362	\$ 353,317	\$ 305,035	\$ 339,275	\$ 385,812
Contributions as a percentage of covered- employee payroll	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

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## Notes to Required Supplementary Information

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

The accompanying schedules of the Program's proportionate share of the net pension liability and contributions to 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 Amendment**

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. For employees hired after July 1, 2015, qualification for normal retirement is 62 with 10 years of service or at least age 55 with age and service equal to 80 or greater.
- 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 fifteen 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.
- 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.

## West Virginia College Prepaid Tuition and Savings Program

### Notes to Required Supplementary Information (Continued)

#### 3. Assumptions

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

	2016 - 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% (2016); 1.9% (2015)	2.2%
Mortality rates:		
Healthy males	110% of RP-2000 Non-Annuitant, Scale AA	1983 GAM male
Healthy females	101% of RP-2000 Non-Annuitant, Scale AA	1971 GAM female, set back 1 year
Disabled males	96% of RP-2000 Disabled Annuitant, Scale AA	1971 GAM male, set forward 8 years
Disabled females	107% of RP-2000 Disabled Annuitant, Scale AA	Revenue Ruling 96-7 disabled female table
Withdrawal rates:		
State	1.75 – 35.1%	1.0 – 26.0%
Nonstate	2.0 – 35.8%	2.0 – 31.2%
Disability rates	0.0 – 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 Schedules of Fiduciary Net Position  
June 30, 2017

	SMART529 WV Direct Age-Based Portfolio 0-8	SMART529 WV Direct Age-Based Portfolio 9-13	SMART529 WV Direct Age-Based Portfolio 14-15
<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, Class A	—	—	—
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	1,505,047	4,339,745	2,370,445
Vanguard Institutional Index Fund - Institutional	—	—	—
Vanguard Total Bond Market II Index Fund - Institutional	4,414,962	7,428,020	4,363,497
Vanguard Total International Stock Index Fund - Institutional	7,072,268	8,047,638	2,689,722
Vanguard Total Stock Market Index Fund - Institutional	16,514,325	18,786,650	6,278,559
Total Investments	29,506,602	38,602,053	15,702,223
Fully benefit-responsive investment contracts			
Smart529 Stable Value Fund	—	2,744,159	2,275,887
Receivables for investments sold	—	—	—
Receivables for capital shares sold	7,906	3,470	805
Dividends receivable	9,008	15,316	8,966
Total assets	29,523,516	41,364,998	17,987,881
<b>Liabilities:</b>			
Payables for investments purchased	16,914	18,786	9,771
Payables for capital shares redeemed	—	—	—
Accrued distribution fees	—	—	—
Accrued savings plan manager fees	726	1,018	149
Accrued administrative fees	—	—	—
Total liabilities	17,640	19,804	9,920
Fiduciary Net Position	\$ 29,505,876	\$ 41,345,194	\$ 17,977,961
<b>Fiduciary Net Position Consists of:</b>			
Class A			
Net Position	\$ —	\$ —	\$ —
Units outstanding	—	—	—
Net Position Value	\$ —	\$ —	\$ —
Class B			
Net Position	\$ —	\$ —	\$ —
Units outstanding	—	—	—
Net Position Value	\$ —	\$ —	\$ —
Class C			
Net Position	\$ —	\$ —	\$ —
Units outstanding	—	—	—
Net Position Value	\$ —	\$ —	\$ —
Class D			
Net Position	\$ 29,505,876	\$ 41,345,194	\$ 17,977,961
Units outstanding	1,037,334	1,664,119	765,645
Net Position Value	\$ 28.44	\$ 24.85	\$ 23.48
Class E			
Net Position	\$ —	\$ —	\$ —
Units outstanding	—	—	—
Net Position Value	\$ —	\$ —	\$ —
* Identified Cost	\$ 25,574,331	\$ 35,258,953	\$ 16,530,488

[illegible]

West Virginia College Prepaid Tuition and Savings Program  
Savings Plan Trust Fund  
Combining Schedules of Fiduciary Net Position (Continued)  
June 30, 2017

	The Hartford SMART529 Age- Based Portfolio 0-8	The Hartford SMART529 Age- Based Portfolio 9-13	The Hartford SMART529 Age- Based Portfolio 14- 15
<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, Class A	—	—	—
Hartford Core Equity Fund, Class F	15,113,626	26,021,536	12,145,933
Hartford Real Total Return Fund, Class F	8,157,999	18,265,372	10,656,635
Hartford Schroders Emerging Markets Equity Fund, Class F	4,652,843	9,106,325	3,035,142
The Hartford Balanced Income Fund, Class F	—	—	—
The Hartford Capital Appreciation Fund, Class F	—	—	—
The Hartford Dividend and Growth Fund, Class F	19,795,918	33,868,269	15,204,527
The Hartford Equity Income Fund, Class F	13,951,005	26,012,610	9,108,649
The Hartford Global All Asset Fund, Class F	—	—	—
The Hartford Global Real Asset Fund, Class F	5,842,137	18,310,528	12,214,245
The Hartford Growth Opportunities Fund, Class F	4,618,599	7,775,009	3,022,051
The Hartford High Yield Fund, Class F	—	—	—
The Hartford Inflation Plus Fund, Class F	—	7,808,849	9,109,244
The Hartford International Opportunities Fund, Class F	16,173,570	31,040,888	13,583,321
The Hartford International Small Company Fund, Class F	5,813,734	10,422,543	4,563,196
The Hartford MidCap Fund, Class F	—	—	—
The Hartford MidCap Value Fund, Class F	5,835,405	9,144,626	4,579,981
The Hartford Quality Bond Fund, Class F	—	7,828,404	6,092,653
The Hartford Small Company Fund, Class F	—	—	—
The Hartford Small Cap Growth Fund, Class F	4,631,883	7,778,033	4,541,809
The Hartford Strategic Income Fund, Class F	5,821,406	15,645,623	15,221,580
The Hartford Total Return Bond Fund, Class F	—	—	—
The Hartford World Bond Fund, Class F	5,827,923	15,680,343	10,680,130
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	—	—	—
Total Investments	116,236,048	244,708,958	133,759,096
Fully benefit-responsive investment contracts			
Smart529 Stable Value Fund	—	15,681,805	18,302,480
Receivables for investments sold	16,035	—	—
Receivables for capital shares sold	95,841	56,595	20,729
Dividends receivable	—	15,464	12,023
Total assets	116,347,924	260,462,822	152,094,328
<b>Liabilities:</b>			
Payables for investments purchased	—	35,482	25,532
Payables for capital shares redeemed	35,834	—	—
Accrued distribution fees	31,562	65,503	36,500
Accrued savings plan manager fees	9,602	21,435	12,502
Accrued administrative fees	6,720	15,005	8,751
Total liabilities	83,718	137,425	83,285
Fiduciary Net Position	\$ 116,264,206	\$ 260,325,397	\$ 152,011,043
<b>Fiduciary Net Position Consists of:</b>			
Class A			
Net Position	\$ 97,262,829	\$ 216,798,539	\$ 129,452,979
Units outstanding	3,804,920	9,902,387	6,198,696
Net Position Value	\$ 25.56	\$ 21.89	\$ 20.88
Class B			
Net Position	\$ 3,169,565	\$ 16,665,461	\$ 7,072,911
Units outstanding	134,053	823,762	366,691
Net Position Value	\$ 23.64	\$ 20.23	\$ 19.29
Class C			
Net Position	\$ 11,392,364	\$ 11,953,982	\$ 6,333,757
Units outstanding	494,944	607,171	337,741
Net Position Value	\$ 23.02	\$ 19.69	\$ 18.75
Class D			
Net Position	\$ —	\$ —	\$ —
Units outstanding	—	—	—
Net Position Value	\$ —	\$ —	\$ —
Class E			
Net Position	\$ 4,439,448	\$ 14,907,415	\$ 9,151,396
Units outstanding	166,811	654,178	421,036
Net Position Value	\$ 26.61	\$ 22.79	\$ 21.74
* Identified Cost	\$ 112,546,059	\$ 253,199,281	\$ 148,425,857

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West Virginia College Prepaid Tuition and Savings Program  
Savings Plan Trust Fund  
Combining Schedules of Fiduciary Net Position (Continued)  
June 30, 2017

	The Hartford Dividend and Growth 529 Fund	The Hartford Global All Asset Fund	The Hartford Growth Opportunities 529 Fund
<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, Class A	—	—	—
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	220,549,923	—	—
The Hartford Equity Income Fund, Class F	—	—	—
The Hartford Global All Asset Fund, Class F	—	2,121,234	—
The Hartford Global Real Asset Fund, Class F	—	—	—
The Hartford Growth Opportunities Fund, Class F	—	—	26,223,586
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	—	—	—
Total Investments	220,549,923	2,121,234	26,223,586
Fully benefit-responsive investment contracts			
Smart529 Stable Value Fund	—	—	—
Receivables for investments sold	24,782	—	—
Receivables for capital shares sold	60,250	17,587	30,130
Dividends receivable	—	—	—
Total assets	220,634,955	2,138,821	26,253,716
<b>Liabilities:</b>			
Payables for investments purchased	—	5,349	15,910
Payables for capital shares redeemed	49,188	47	582
Accrued distribution fees	50,526	513	5,930
Accrued savings plan manager fees	18,156	173	2,161
Accrued administrative fees	12,709	121	1,513
Total liabilities	130,579	6,203	26,096
Fiduciary Net Position	\$ 220,504,376	\$ 2,132,618	\$ 26,227,620
<b>Fiduciary Net Position Consists of:</b>			
Class A			
Net Position	\$ 184,395,696	\$ 1,437,691	\$ 20,930,363
Units outstanding	6,097,669	98,272	843,311
Net Position Value	\$ 30.24	\$ 14.63	\$ 24.82
Class B			
Net Position	\$ 7,984,209	\$ —	\$ 449,907
Units outstanding	285,599	—	19,216
Net Position Value	\$ 27.96	\$ —	\$ 23.41
Class C			
Net Position	\$ 8,895,209	\$ 271,469	\$ 1,600,060
Units outstanding	327,075	19,364	69,739
Net Position Value	\$ 27.20	\$ 14.02	\$ 22.94
Class D			
Net Position	\$ —	\$ —	\$ —
Units outstanding	—	—	—
Net Position Value	\$ —	\$ —	\$ —
Class E			
Net Position	\$ 19,229,262	\$ 423,458	\$ 3,247,290
Units outstanding	610,776	28,553	127,361
Net Position Value	\$ 31.48	\$ 14.83	\$ 25.50
* Identified Cost	\$ 215,447,604	\$ 2,040,117	\$ 24,528,137

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West Virginia College Prepaid Tuition and Savings Program  
Savings Plan Trust Fund  
Combining Schedules of Fiduciary Net Position (Continued)  
June 30, 2017

	SMART529 Select Age-Based DFA Portfolio 0-3	SMART529 Select Age-Based DFA Portfolio 4-6	SMART529 Select Age-Based DFA Portfolio 7-9
<b>Assets:</b>			
Investments in underlying funds, at fair value *			
DFA Emerging Markets Core Equity Portfolio	\$ 1,214,518	\$ 2,453,962	\$ 3,706,306
DFA Five-Year Global Fixed Income Portfolio	—	466,189	1,586,030
DFA Global Real Estate Securities Portfolio	412,229	831,817	1,257,759
DFA Inflation Protected Securities Portfolio	—	556,838	1,841,838
DFA International Core Equity Portfolio	3,754,948	7,578,080	11,458,334
DFA Investment Grade Portfolio	—	2,079,203	7,126,490
DFA One-Year Fixed Income Portfolio	—	—	—
DFA Short-Duration Real Return Portfolio	—	—	—
DFA Short-Term Extended Quality Portfolio	—	—	—
DFA US Core 2 Equity Portfolio	8,446,287	17,040,577	25,770,655
MFS Global Equity, Class A	—	—	—
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	—	—	—
Total Investments	13,827,982	31,006,666	52,747,412
Fully benefit-responsive investment contracts			
Smart529 Stable Value Fund	—	—	—
Receivables for investments sold	—	—	—
Receivables for capital shares sold	2,644	1,546	2,769
Dividends receivable	—	—	—
Total assets	13,830,626	31,008,212	52,750,181
<b>Liabilities:</b>			
Payables for investments purchased	2,644	1,546	2,769
Payables for capital shares redeemed	—	—	—
Accrued distribution fees	—	—	—
Accrued savings plan manager fees	4,221	9,441	15,990
Accrued administrative fees	570	1,276	2,161
Total liabilities	7,435	12,263	20,920
Fiduciary Net Position	\$ 13,823,191	\$ 30,995,949	\$ 52,729,261
<b>Fiduciary Net Position Consists of:</b>			
Class A			
Net Position	\$ —	\$ —	\$ —
Units outstanding	—	—	—
Net Position Value	\$ —	\$ —	\$ —
Class B			
Net Position	\$ —	\$ —	\$ —
Units outstanding	—	—	—
Net Position Value	\$ —	\$ —	\$ —
Class C			
Net Position	\$ —	\$ —	\$ —
Units outstanding	—	—	—
Net Position Value	\$ —	\$ —	\$ —
Class D			
Net Position	\$ 13,823,191	\$ 30,995,949	\$ 52,729,261
Units outstanding	550,011	1,268,167	2,247,659
Net Position Value	\$ 25.13	\$ 24.44	\$ 23.46
Class E			
Net Position	\$ —	\$ —	\$ —
Units outstanding	—	—	—
Net Position Value	\$ —	\$ —	\$ —
* Identified Cost	\$ 12,196,906	\$ 26,723,939	\$ 45,673,881



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West Virginia College Prepaid Tuition and Savings Program  
Savings Plan Trust Fund  
Combining Schedules of Fiduciary Net Position (Continued)  
June 30, 2017

	SMART529 Select Growth DFA Portfolio	SMART529 Select Moderate Growth DFA Portfolio	SMART529 Select Moderately Aggressive Growth DFA Portfolio
<b>Assets:</b>			
Investments in underlying funds, at fair value *			
DFA Emerging Markets Core Equity Portfolio	\$ 1,961,750	\$ 971,451	\$ 1,133,772
DFA Five-Year Global Fixed Income Portfolio	839,491	2,435,082	215,387
DFA Global Real Estate Securities Portfolio	665,684	329,276	384,297
DFA Inflation Protected Securities Portfolio	974,894	789,590	257,266
DFA International Core Equity Portfolio	6,064,912	2,999,903	3,501,167
DFA Investment Grade Portfolio	3,772,097	3,168,260	960,616
DFA One-Year Fixed Income Portfolio	—	425,218	—
DFA Short-Duration Real Return Portfolio	—	277,019	—
DFA Short-Term Extended Quality Portfolio	—	276,987	—
DFA US Core 2 Equity Portfolio	13,639,436	6,745,536	7,872,694
MFS Global Equity, Class A	—	—	—
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	—	—	—
Total Investments	27,918,264	18,418,322	14,325,199
Fully benefit-responsive investment contracts			
Smart529 Stable Value Fund	—	—	—
Receivables for investments sold	—	—	—
Receivables for capital shares sold	355	314	295
Dividends receivable	—	—	—
Total assets	27,918,619	18,418,636	14,325,494
<b>Liabilities:</b>			
Payables for investments purchased	355	314	285
Payables for capital shares redeemed	—	—	10
Accrued distribution fees	—	—	—
Accrued savings plan manager fees	8,531	5,639	4,341
Accrued administrative fees	1,153	762	587
Total liabilities	10,039	6,715	5,223
Fiduciary Net Position	\$ 27,908,580	\$ 18,411,921	\$ 14,320,271
<b>Fiduciary Net Position Consists of:</b>			
Class A			
Net Position	\$ —	\$ —	\$ —
Units outstanding	—	—	—
Net Position Value	\$ —	\$ —	\$ —
Class B			
Net Position	\$ —	\$ —	\$ —
Units outstanding	—	—	—
Net Position Value	\$ —	\$ —	\$ —
Class C			
Net Position	\$ —	\$ —	\$ —
Units outstanding	—	—	—
Net Position Value	\$ —	\$ —	\$ —
Class D			
Net Position	\$ 27,908,580	\$ 18,411,921	\$ 14,320,271
Units outstanding	1,186,352	880,205	583,974
Net Position Value	\$ 23.52	\$ 20.92	\$ 24.52
Class E			
Net Position	\$ —	\$ —	\$ —
Units outstanding	—	—	—
Net Position Value	\$ —	\$ —	\$ —
* Identified Cost	\$ 23,522,039	\$ 16,640,932	\$ 11,989,551

SMART529 Select Moderately Conservative DFA Portfolio	SMART529 MFS Global Equity 529 Fund	Total Combining Schedules of Fiduciary Net Position
\$ 229,083	\$ —	\$ 31,166,117
968,999	—	41,400,936
77,640	—	10,575,527
—	—	12,280,816
707,134	—	96,344,840
304,930	—	46,446,993
2,079,890	—	54,012,245
740,538	—	13,787,050
740,538	—	13,785,598
1,590,848	—	216,682,005
—	16,840,798	16,840,798
—	—	97,934,011
—	—	58,532,125
—	—	26,404,677
—	—	26,073,723
—	—	14,365,389
—	—	341,196,381
—	—	133,594,986
—	—	2,121,234
—	—	69,892,123
—	—	50,886,916
—	—	7,446,113
—	—	42,573,442
—	—	126,686,413
—	—	32,409,022
—	—	69,869,431
—	—	47,300,466
—	—	15,699,519
—	—	9,238,289
—	—	26,226,045
—	—	61,055,672
—	—	38,152,273
—	—	40,558,872
—	—	13,665,011
—	—	16,995,740
—	—	25,234,349
—	—	38,246,556
—	—	89,291,543
7,439,600	16,840,798	2,074,973,246
—	—	386,940,189
20,020	3,068	373,551
20	16,232	877,182
—	—	211,622
7,459,640	16,860,098	2,463,375,790
—	—	418,616
20,040	3,324	586,553
—	3,634	406,982
2,277	1,382	305,756
308	967	118,295
22,625	9,307	1,836,202
\$ 7,437,015	\$ 16,850,791	\$ 2,461,539,588
\$ —	\$ 13,593,601	
—	561,713	
\$ —	\$ 24.20	
\$ —	\$ 364,215	
—	16,277	
\$ —	\$ 22.38	
\$ —	\$ 737,464	
—	33,869	
\$ —	\$ 21.77	
\$ 7,437,015	\$ —	
420,968	—	
\$ 17.67	\$ —	
\$ —	\$ 2,155,511	
—	85,633	
\$ —	\$ 25.17	
\$ 7,155,950	\$ 14,249,028	\$ 2,305,381,455

West Virginia College Prepaid Tuition and Savings Program  
Savings Plan Trust Fund  
Combining Schedules of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2017

	SMART529 WV Direct Age-Based Portfolio 0-8	SMART529 WV Direct Age-Based Portfolio 9-13	SMART529 WV Direct Age-Based Portfolio 14-15
<b>Investment Income:</b>			
Dividends	\$ 644,986	\$ 882,597	\$ 371,768
Other income	371	371	371
Total investment income	645,357	882,968	372,139
<b>Expenses:</b>			
Administrative fees	—	—	—
Savings plan manager fees	41,810	55,929	20,913
Distribution fees			
Class A	—	—	—
Class B	—	—	—
Class C	—	—	—
Total expenses	41,810	55,929	20,913
Net Investment Income (Loss)	603,547	827,039	351,226
<b>Net Realized and Unrealized Gain (Loss):</b>			
Capital gain distributions received from underlying funds	4,148	6,837	4,144
Net realized gain (loss) on sale of underlying fund shares and investment contracts	1,255,812	884,354	464,021
Net change in unrealized appreciation (depreciation) on underlying fund shares and investment contracts	1,889,376	2,630,509	669,416
Net realized and unrealized gain (loss)	3,149,336	3,521,700	1,137,581
<b>Net Increase (Decrease) in Fiduciary Net Position Resulting from Operations</b>	<b>3,752,883</b>	<b>4,348,739</b>	<b>1,488,807</b>
<b>Unit Transactions:</b>			
<b>Contributions</b>			
Class A	—	—	—
Class B	—	—	—
Class C	—	—	—
Class D	6,234,550	3,547,185	1,639,280
Class E	—	—	—
Net proceeds from sale of units to account holders	6,234,550	3,547,185	1,639,280
<b>Transfers/Exchanges in</b>			
Class A	—	—	—
Class B	—	—	—
Class C	—	—	—
Class D	173,599	6,119,581	9,417,973
Class E	—	—	—
Total transfers/exchanges in	173,599	6,119,581	9,417,973
<b>Transfers/Exchanges out</b>			
Class A	—	—	—
Class B	—	—	—
Class C	—	—	—
Class D	(6,027,392)	(9,155,021)	(9,654,625)
Class E	—	—	—
Total transfers/exchanges out	(6,027,392)	(9,155,021)	(9,654,625)
<b>Withdrawals</b>			
Class A	—	—	—
Class B	—	—	—
Class C	—	—	—
Class D	(214,389)	(243,804)	(78,125)
Class E	—	—	—
Total cost of units redeemed	(214,389)	(243,804)	(78,125)
<b>Net Increase (Decrease) in Fiduciary Net Position Derived from Unit Transactions</b>	<b>166,368</b>	<b>267,941</b>	<b>1,324,503</b>
<b>Fiduciary Net Position:</b>			
Total Increase (decrease) in Fiduciary Net Position	3,919,251	4,616,680	2,813,310
Beginning of year	25,586,625	36,728,514	15,164,651
End of year	\$ 29,505,876	\$ 41,345,194	\$ 17,977,961

SMART529 WV Direct Age-Based Portfolio 16-17	SMART529 WV Direct Age-Based Portfolio 18+	SMART529 WV Direct Conservative Balanced Portfolio	SMART529 WV Direct Conservative Bond Portfolio	The SMART529 WV Direct Stable Value Fund	SMART529 WV Direct Balanced Portfolio
\$ 144,103	\$ 148,890	\$ 32,919	\$ 27,760	\$ —	\$ 286,233
371	371	371	371	371	371
144,474	149,261	33,290	28,131	371	286,604
—	—	—	—	—	—
5,302	3,542	804	793	—	18,207
—	—	—	—	—	—
—	—	—	—	—	—
5,302	3,542	804	793	—	18,207
139,172	145,719	32,486	27,338	371	268,397
952	1,268	289	708	—	2,292
205,563	203,690	69,021	34,816	249,295	345,999
505,689	427,693	74,901	(32,117)	(45,737)	785,447
712,204	632,651	144,211	3,407	203,558	1,133,738
851,376	778,370	176,697	30,745	203,929	1,402,135
—	—	—	—	—	—
—	—	—	—	—	—
1,087,319	2,761,216	661,144	697,776	2,117,219	1,496,938
—	—	—	—	—	—
1,087,319	2,761,216	661,144	697,776	2,117,219	1,496,938
—	—	—	—	—	—
—	—	—	—	—	—
9,539,976	8,765,360	736,692	262,337	1,657,976	603,804
—	—	—	—	—	—
9,539,976	8,765,360	736,692	262,337	1,657,976	603,804
—	—	—	—	—	—
—	—	—	—	—	—
(8,465,675)	(713,032)	(522,946)	(168,371)	(1,017,583)	(1,381,776)
—	—	—	—	—	—
(8,465,675)	(713,032)	(522,946)	(168,371)	(1,017,583)	(1,381,776)
—	—	—	—	—	—
—	—	—	—	—	—
(253,363)	(6,507,012)	(753,056)	(854,759)	(3,210,366)	(1,217,182)
—	—	—	—	—	—
(253,363)	(6,507,012)	(753,056)	(854,759)	(3,210,366)	(1,217,182)
1,908,257	4,306,532	121,834	(63,017)	(452,754)	(498,216)
2,759,633	5,084,902	298,531	(32,272)	(248,825)	903,919
14,843,621	19,351,701	4,636,409	3,361,255	13,107,782	11,989,398
\$ 17,603,254	\$ 24,436,603	\$ 4,934,940	\$ 3,328,983	\$ 12,858,957	\$ 12,893,317

West Virginia College Prepaid Tuition and Savings Program  
Savings Plan Trust Fund  
Combining Schedules of Changes in Fiduciary Net Position (Continued)  
For the Year Ended June 30, 2017

	SMART529 WV Direct Growth Portfolio	SMART529 WV Direct Aggressive Growth Portfolio	The SMART529 WV Direct 500 Index Fund
<b>Investment Income:</b>			
Dividends	\$ 471,489	\$ 703,272	\$ 307,755
Other income	371	371	371
Total investment income	471,860	703,643	308,126
<b>Expenses:</b>			
Administrative fees	—	—	—
Savings plan manager fees	30,713	46,710	21,917
Distribution fees			
Class A	—	—	—
Class B	—	—	—
Class C	—	—	—
Total expenses	30,713	46,710	21,917
Net Investment Income (Loss)	441,147	656,933	286,209
<b>Net Realized and Unrealized Gain (Loss):</b>			
Capital gain distributions received from underlying funds	2,966	—	41,485
Net realized gain (loss) on sale of underlying fund shares and investment contracts	364,874	411,331	268,711
Net change in unrealized appreciation (depreciation) on underlying fund shares and investment contracts	1,930,586	4,204,522	1,785,768
Net realized and unrealized gain (loss)	2,298,426	4,615,853	2,095,964
<b>Net Increase (Decrease) in Fiduciary Net Position Resulting from Operations</b>	2,739,573	5,272,786	2,382,173
<b>Unit Transactions:</b>			
<b>Contributions</b>			
Class A	—	—	—
Class B	—	—	—
Class C	—	—	—
Class D	1,851,410	2,992,838	2,401,062
Class E	—	—	—
Net proceeds from sale of units to account holders	1,851,410	2,992,838	2,401,062
<b>Transfers/Exchanges in</b>			
Class A	—	—	—
Class B	—	—	—
Class C	—	—	—
Class D	879,958	587,995	1,143,700
Class E	—	—	—
Total transfers/exchanges in	879,958	587,995	1,143,700
<b>Transfers/Exchanges out</b>			
Class A	—	—	—
Class B	—	—	—
Class C	—	—	—
Class D	(812,263)	(1,249,357)	(721,032)
Class E	—	—	—
Total transfers/exchanges out	(812,263)	(1,249,357)	(721,032)
<b>Withdrawals</b>			
Class A	—	—	—
Class B	—	—	—
Class C	—	—	—
Class D	(1,374,067)	(1,401,097)	(689,929)
Class E	—	—	—
Total cost of units redeemed	(1,374,067)	(1,401,097)	(689,929)
<b>Net Increase (Decrease) in Fiduciary Net Position Derived from Unit Transactions</b>	545,038	930,379	2,133,801
<b>Fiduciary Net Position:</b>			
Total Increase (decrease) in Fiduciary Net Position	3,284,611	6,203,165	4,515,974
Beginning of year	18,261,085	27,592,616	12,479,347
End of year	\$ 21,545,696	\$ 33,795,781	\$ 16,995,321

The Hartford SMART529 Age- Based Portfolio 0-8	The Hartford SMART529 Age- Based Portfolio 9-13	The Hartford SMART529 Age- Based Portfolio 14- 15	The Hartford SMART529 Age- Based Portfolio 16- 17	The Hartford SMART529 Age- Based Portfolio 18+	The Hartford SMART529 Conservative Balanced Portfolio
\$ 1,575,905	\$ 3,381,120	\$ 1,966,831	\$ 778,443	\$ 833,954	\$ 57,395
584	371	371	371	371	371
1,576,489	3,381,491	1,967,202	778,814	834,325	57,766
82,031	181,820	101,597	98,098	125,248	7,192
172,368	381,462	212,182	204,461	261,240	15,051
225,596	494,025	284,285	272,334	338,904	19,011
37,294	148,487	58,594	49,929	57,118	—
174,662	277,888	156,208	166,708	278,673	19,868
691,951	1,483,682	812,866	791,530	1,061,183	61,122
884,538	1,897,809	1,154,336	(12,716)	(226,858)	(3,356)
1,132,221	1,904,581	818,486	494,376	163,186	36,323
969,761	2,469,002	(670,469)	(418,916)	2,123,634	126,496
12,587,186	22,926,460	11,936,715	6,261,468	2,514,284	303,006
14,689,168	27,300,043	12,084,732	6,336,928	4,801,104	465,825
15,573,706	29,197,852	13,239,068	6,324,212	4,574,246	462,469
15,090,714	14,056,499	6,600,802	5,644,138	4,790,273	331,650
249,285	999,305	410,134	323,657	500,490	—
2,463,608	3,384,557	1,862,364	1,727,331	2,384,533	306,711
—	—	—	—	—	—
613,263	1,020,562	388,327	555,838	452,856	48,447
18,416,870	19,460,923	9,261,627	8,250,964	8,128,152	686,808
9,592,329	52,862,574	71,413,568	74,962,579	78,603,153	3,245,481
16,920	3,086,078	4,060,593	3,619,897	2,695,931	—
164,317	4,324,465	7,632,116	9,320,295	10,300,557	369,478
—	—	—	—	—	—
165,829	2,096,835	4,703,721	4,848,906	3,619,789	276,647
9,939,395	62,369,952	87,809,998	92,751,677	95,219,430	3,891,606
(25,714,473)	(58,932,969)	(61,122,384)	(53,403,662)	(3,606,320)	(722,519)
(3,614,820)	(8,143,139)	(5,344,207)	(4,199,406)	(1,424,560)	—
(12,443,426)	(29,250,443)	(22,134,439)	(22,852,136)	(24,162,237)	(1,287,818)
—	—	—	—	—	—
(1,600,663)	(4,838,660)	(4,776,498)	(3,548,230)	(313,892)	(140,532)
(43,373,382)	(101,165,211)	(93,377,528)	(84,003,434)	(29,507,009)	(2,150,869)
(2,561,874)	(6,172,964)	(3,065,081)	(5,114,133)	(41,954,306)	(1,445,979)
(186,771)	(855,737)	(305,539)	(229,406)	(2,707,191)	—
(388,031)	(533,295)	(377,342)	(745,553)	(10,853,109)	(351,916)
—	—	—	—	—	—
(202,443)	(1,000,643)	(248,145)	(344,857)	(3,054,384)	(65,725)
(3,339,119)	(8,562,639)	(3,996,107)	(6,433,949)	(58,568,990)	(1,863,620)
(18,356,236)	(27,896,975)	(302,010)	10,565,258	15,271,583	563,925
(2,782,530)	1,300,877	12,937,058	16,889,470	19,845,829	1,026,394
119,046,736	259,024,520	139,073,985	130,532,298	173,932,366	9,760,809
\$ 116,264,206	\$ 260,325,397	\$ 152,011,043	\$ 147,421,768	\$ 193,778,195	\$ 10,787,203

West Virginia College Prepaid Tuition and Savings Program  
Savings Plan Trust Fund  
Combining Schedules of Changes in Fiduciary Net Position (Continued)  
For the Year Ended June 30, 2017

	The SMART529 Stable Value Fund	The Hartford SMART529 Aggressive Growth Portfolio	The Hartford SMART529 Balanced Income Portfolio
<b>Investment Income:</b>			
Dividends	\$ —	\$ 917,871	\$ 647,087
Other income	371	584	584
Total investment income	371	918,455	647,671
<b>Expenses:</b>			
Administrative fees	29,182	48,845	15,539
Savings plan manager fees	85,872	101,719	31,788
Distribution fees			
Class A	95,133	116,976	42,071
Class B	15,849	32,180	—
Class C	111,587	79,821	37,895
Total expenses	337,623	379,541	127,293
Net Investment Income (Loss)	(337,252)	538,914	520,378
<b>Net Realized and Unrealized Gain (Loss):</b>			
Capital gain distributions received from underlying funds	—	838,316	236,136
Net realized gain (loss) on sale of underlying fund shares and investment contracts	1,331,020	4,084,859	1,149,221
Net change in unrealized appreciation (depreciation) on underlying fund shares and investment contracts	(400,556)	5,474,001	(200,901)
Net realized and unrealized gain (loss)	930,464	10,397,176	1,184,456
<b>Net Increase (Decrease) in Fiduciary Net Position Resulting from Operations</b>	593,212	10,936,090	1,704,834
<b>Unit Transactions:</b>			
<b>Contributions</b>			
Class A	2,840,279	2,884,840	4,167,328
Class B	85,489	237,778	—
Class C	1,455,616	575,525	850,587
Class D	—	—	—
Class E	337,391	674,464	204,818
Net proceeds from sale of units to account holders	4,718,775	4,372,607	5,222,733
<b>Transfers/Exchanges in</b>			
Class A	17,265,878	9,152,449	6,528,421
Class B	301,983	65,222	—
Class C	1,453,367	100,012	854,961
Class D	—	—	—
Class E	2,994,198	278,824	1,321,128
Total transfers/exchanges in	22,015,426	9,596,507	8,704,510
<b>Transfers/Exchanges out</b>			
Class A	(3,812,567)	(2,204,378)	(2,106,338)
Class B	(435,967)	(1,297,467)	—
Class C	(8,036,051)	(7,795,720)	(2,027,254)
Class D	—	—	—
Class E	(776,770)	(1,027,796)	(1,266,513)
Total transfers/exchanges out	(13,061,355)	(12,325,361)	(5,400,105)
<b>Withdrawals</b>			
Class A	(8,417,308)	(3,391,472)	(1,138,290)
Class B	(662,954)	(468,114)	—
Class C	(3,378,959)	(670,614)	(477,605)
Class D	—	—	—
Class E	(2,226,722)	(545,841)	(139,967)
Total cost of units redeemed	(14,685,943)	(5,076,041)	(1,755,862)
<b>Net Increase (Decrease) in Fiduciary Net Position Derived from Unit Transactions</b>	(1,013,097)	(3,432,288)	6,771,276
<b>Fiduciary Net Position:</b>			
Total Increase (decrease) in Fiduciary Net Position	(419,885)	7,503,802	8,476,110
Beginning of year	59,376,361	66,315,564	17,632,005
End of year	\$ 58,956,476	\$ 73,819,366	\$ 26,108,115



The Hartford SMART529 Balanced Portfolio	The Hartford SMART529 Growth Portfolio	The Hartford SMART529 Checks and Balances Portfolio	The Hartford Dividend and Growth 529 Fund	The Hartford Global All Asset Fund	The Hartford Growth Opportunities 529 Fund
\$ 746,109	\$ 1,219,390	\$ 747,973	\$ 3,925,656	\$ 38,924	\$ —
371	584	584	584	584	591
746,480	1,219,974	748,557	3,926,240	39,508	591
39,897	63,978	28,425	148,102	1,376	15,805
83,391	133,569	59,248	308,926	2,875	32,651
105,917	176,454	82,124	393,866	2,248	40,995
15,324	24,127	8,813	70,465	—	4,018
100,706	127,192	45,894	257,623	6,312	27,650
345,235	525,320	224,504	1,178,982	12,811	121,119
401,245	694,654	524,053	2,747,258	26,697	(120,528)
410,866	900,392	413,244	6,474,136	—	723,489
917,665	3,413,288	3,070,821	18,079,033	(41,058)	3,044,935
4,646,683	7,136,441	881,549	6,356,421	274,787	253,240
5,975,214	11,450,121	4,365,614	30,909,590	233,729	4,021,664
6,376,459	12,144,775	4,889,667	33,656,848	260,426	3,901,136
2,877,784	4,749,676	2,993,166	7,766,319	64,614	2,679,882
51,822	114,047	30,180	303,863	—	10,150
1,256,139	1,104,015	541,291	1,731,938	32,086	362,848
—	—	—	—	—	—
112,526	274,746	119,542	722,833	45,063	223,466
4,298,271	6,242,484	3,684,179	10,524,953	141,763	3,276,346
10,401,552	12,917,172	4,516,462	32,009,068	935,610	5,337,107
87,699	50,967	73,349	172,789	—	21,814
897,358	331,668	337,664	1,662,149	163,460	597,520
—	—	—	—	—	—
511,140	291,127	1,032,238	2,100,695	213,123	1,316,975
11,897,749	13,590,934	5,959,713	35,944,701	1,312,193	7,273,416
(2,559,158)	(3,583,362)	(2,272,364)	(12,145,617)	(262,198)	(2,848,574)
(510,077)	(950,349)	(176,110)	(2,613,921)	—	(219,185)
(7,781,739)	(10,917,511)	(3,544,448)	(24,878,474)	(629,346)	(2,396,667)
—	—	—	—	—	—
(360,836)	(398,246)	(487,849)	(3,795,180)	(265,989)	(1,479,192)
(11,211,810)	(15,849,468)	(6,480,771)	(43,433,192)	(1,157,533)	(6,943,618)
(4,973,328)	(6,844,653)	(3,045,821)	(13,944,259)	(63,676)	(1,115,313)
(118,924)	(435,084)	(59,761)	(598,311)	—	(22,282)
(1,730,608)	(1,539,805)	(562,382)	(2,806,709)	(74,723)	(340,943)
—	—	—	—	—	—
(293,476)	(503,418)	(192,843)	(1,554,879)	(68,610)	(93,402)
(7,116,336)	(9,322,960)	(3,860,807)	(18,904,158)	(207,009)	(1,571,940)
(2,132,126)	(5,339,010)	(697,686)	(15,867,696)	89,414	2,034,204
4,244,333	6,805,765	4,191,981	17,789,152	349,840	5,935,340
54,971,026	89,117,038	39,039,153	202,715,224	1,782,778	20,292,280
\$ 59,215,359	\$ 95,922,803	\$ 43,231,134	\$ 220,504,376	\$ 2,132,618	\$ 26,227,620

West Virginia College Prepaid Tuition and Savings Program  
Savings Plan Trust Fund  
Combining Schedules of Changes in Fiduciary Net Position (Continued)  
For the Year Ended June 30, 2017

	The Hartford High Yield 529 Fund	The Hartford Inflation Plus 529 Fund	The Hartford International Opportunities 529 Fund
<b>Investment Income:</b>			
Dividends	\$ 395,545	\$ 90,902	\$ 207,033
Other income	584	584	584
Total investment income	396,129	91,486	207,617
<b>Expenses:</b>			
Administrative fees	5,201	4,488	10,552
Savings plan manager fees	10,907	9,453	21,833
Distribution fees			
Class A	14,083	10,671	26,345
Class B	1,353	2,225	3,035
Class C	11,024	7,890	18,579
Total expenses	42,568	34,727	80,344
Net Investment Income (Loss)	353,561	56,759	127,273
<b>Net Realized and Unrealized Gain (Loss):</b>			
Capital gain distributions received from underlying funds	—	—	—
Net realized gain (loss) on sale of underlying fund shares and investment contracts	(37,982)	(410,194)	545,751
Net change in unrealized appreciation (depreciation) on underlying fund shares and investment contracts	413,752	360,184	1,942,614
Net realized and unrealized gain (loss)	375,770	(50,010)	2,488,365
<b>Net Increase (Decrease) in Fiduciary Net Position Resulting from Operations</b>	729,331	6,749	2,615,638
<b>Unit Transactions:</b>			
<b>Contributions</b>			
Class A	383,239	271,030	1,389,314
Class B	2,984	8,383	13,636
Class C	101,403	125,187	293,383
Class D	—	—	—
Class E	28,105	41,431	145,254
Net proceeds from sale of units to account holders	515,731	446,031	1,841,587
<b>Transfers/Exchanges in</b>			
Class A	1,958,538	1,599,972	3,793,788
Class B	3,034	47,802	1,964
Class C	271,752	106,069	499,030
Class D	—	—	—
Class E	328,447	83,699	1,098,221
Total transfers/exchanges in	2,561,771	1,837,542	5,393,003
<b>Transfers/Exchanges out</b>			
Class A	(1,256,318)	(751,285)	(2,447,948)
Class B	(23,228)	(88,655)	(123,637)
Class C	(1,140,783)	(819,466)	(1,711,385)
Class D	—	—	—
Class E	(375,677)	(127,532)	(1,048,814)
Total transfers/exchanges out	(2,796,006)	(1,786,938)	(5,331,784)
<b>Withdrawals</b>			
Class A	(730,738)	(509,986)	(854,331)
Class B	(10,649)	(32,235)	(25,107)
Class C	(125,842)	(180,104)	(141,418)
Class D	—	—	—
Class E	(58,010)	(168,399)	(169,907)
Total cost of units redeemed	(925,239)	(890,724)	(1,190,763)
<b>Net Increase (Decrease) in Fiduciary Net Position Derived from Unit Transactions</b>	(643,743)	(394,089)	712,043
<b>Fiduciary Net Position:</b>			
Total Increase (decrease) in Fiduciary Net Position	85,588	(387,340)	3,327,681
Beginning of year	7,357,998	6,725,587	14,111,437
End of year	\$ 7,443,586	\$ 6,338,247	\$ 17,439,118

The Hartford MidCap 529 Fund	The Hartford MidCap Value 529 Fund	The Hartford Small Company 529 Fund	The Hartford Equity Income 529 Fund	The Hartford Total Return Bond 529 Fund	SMART529 Select 1- Year Fixed DFA Portfolio
\$ —	\$ 49,120	\$ —	\$ 700,312	\$ 674,119	\$ 67,285
584	584	588	584	584	371
584	49,704	588	700,896	674,703	67,656
44,770	8,615	5,678	23,690	15,890	3,668
93,052	17,882	11,727	48,963	33,272	29,273
110,066	25,116	14,542	62,237	42,266	—
15,011	2,013	1,256	5,214	7,190	—
82,173	9,863	10,933	44,196	33,976	—
345,072	63,489	44,136	184,300	132,594	32,941
(344,488)	(13,785)	(43,548)	516,596	542,109	34,715
1,604,286	767,461	—	1,037,888	—	417
15,961,172	1,603,183	(361,290)	6,550,069	(502,495)	(4,376)
(4,942,031)	(661,868)	1,987,295	(3,576,278)	322,880	(17,118)
12,623,427	1,708,776	1,626,005	4,011,679	(179,615)	(21,077)
12,278,939	1,694,991	1,582,457	4,528,275	362,494	13,638
3,267,823	838,016	698,721	3,045,792	1,514,926	—
56,799	9,358	5,059	21,134	21,426	—
561,078	144,598	105,219	539,046	421,404	—
—	—	—	—	—	431,349
364,063	73,347	100,499	236,255	77,641	—
4,249,763	1,065,319	909,498	3,842,227	2,035,397	431,349
11,978,630	2,176,412	2,318,946	7,703,135	6,398,725	—
90,655	4,423	4,951	56,939	2,406	—
634,100	289,857	328,595	866,993	907,372	—
—	—	—	—	—	2,146,625
1,600,515	512,192	554,461	797,672	1,036,718	—
14,303,900	2,982,884	3,206,953	9,424,739	8,345,221	2,146,625
(4,274,846)	(1,362,648)	(1,345,191)	(3,523,349)	(2,285,128)	—
(622,801)	(79,559)	(49,944)	(149,006)	(167,936)	—
(8,707,860)	(908,910)	(1,055,598)	(3,997,776)	(3,289,685)	—
—	—	—	—	—	(734,082)
(2,397,658)	(304,587)	(486,694)	(777,559)	(921,343)	—
(16,003,165)	(2,655,704)	(2,937,427)	(8,447,690)	(6,664,092)	(734,082)
(3,856,142)	(844,197)	(543,789)	(2,318,342)	(1,844,063)	—
(101,709)	(13,784)	(6,084)	(42,072)	(100,094)	—
(748,132)	(99,703)	(106,888)	(430,026)	(672,173)	—
—	—	—	—	—	(1,539,882)
(678,678)	(91,764)	(120,801)	(290,370)	(174,700)	—
(5,384,661)	(1,049,448)	(777,562)	(3,080,810)	(2,791,030)	(1,539,882)
(2,834,163)	343,051	401,462	1,738,466	925,496	304,010
9,444,776	2,038,042	1,983,919	6,266,741	1,287,990	317,648
60,417,048	11,183,245	7,251,303	30,978,111	22,391,795	7,217,139
\$ 69,861,824	\$ 13,221,287	\$ 9,235,222	\$ 37,244,852	\$ 23,679,785	\$ 7,534,787

West Virginia College Prepaid Tuition and Savings Program  
Savings Plan Trust Fund  
Combining Schedules of Changes in Fiduciary Net Position (Continued)  
For the Year Ended June 30, 2017

	SMART529 Select Age-Based DFA Portfolio 0-3	SMART529 Select Age-Based DFA Portfolio 4-6	SMART529 Select Age-Based DFA Portfolio 7-9
<b>Investment Income:</b>			
Dividends	\$ 255,376	\$ 567,270	\$ 975,295
Other income	371	371	371
Total investment income	255,747	567,641	975,666
<b>Expenses:</b>			
Administrative fees	6,935	15,017	25,191
Savings plan manager fees	55,335	119,829	200,937
Distribution fees			
Class A	—	—	—
Class B	—	—	—
Class C	—	—	—
Total expenses	62,270	134,846	226,128
Net Investment Income (Loss)	193,477	432,795	749,538
<b>Net Realized and Unrealized Gain (Loss):</b>			
Capital gain distributions received from underlying funds	54,496	109,914	179,820
Net realized gain (loss) on sale of underlying fund shares and investment contracts	276,992	1,916,913	2,409,920
Net change in unrealized appreciation (depreciation) on underlying fund shares and investment contracts	1,965,499	2,378,858	3,852,086
Net realized and unrealized gain (loss)	2,296,987	4,405,685	6,441,826
<b>Net Increase (Decrease) in Fiduciary Net Position Resulting from Operations</b>	2,490,464	4,838,480	7,191,364
<b>Unit Transactions:</b>			
<b>Contributions</b>			
Class A	—	—	—
Class B	—	—	—
Class C	—	—	—
Class D	5,133,459	4,248,854	5,288,221
Class E	—	—	—
Net proceeds from sale of units to account holders	5,133,459	4,248,854	5,288,221
<b>Transfers/Exchanges in</b>			
Class A	—	—	—
Class B	—	—	—
Class C	—	—	—
Class D	93,196	7,708,741	15,614,011
Class E	—	—	—
Total transfers/exchanges in	93,196	7,708,741	15,614,011
<b>Transfers/Exchanges out</b>			
Class A	—	—	—
Class B	—	—	—
Class C	—	—	—
Class D	(7,282,751)	(14,585,427)	(20,477,434)
Class E	—	—	—
Total transfers/exchanges out	(7,282,751)	(14,585,427)	(20,477,434)
<b>Withdrawals</b>			
Class A	—	—	—
Class B	—	—	—
Class C	—	—	—
Class D	(661,448)	(1,307,539)	(2,182,977)
Class E	—	—	—
Total cost of units redeemed	(661,448)	(1,307,539)	(2,182,977)
<b>Net Increase (Decrease) in Fiduciary Net Position Derived from Unit Transactions</b>	(2,717,544)	(3,935,371)	(1,758,179)
<b>Fiduciary Net Position:</b>			
Total Increase (decrease) in Fiduciary Net Position	(227,080)	903,109	5,433,185
Beginning of year	14,050,271	30,092,840	47,296,076
End of year	\$ 13,823,191	\$ 30,995,949	\$ 52,729,261

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+	SMART529 Select Aggressive Growth DFA Portfolio	SMART529 Select All Equity DFA Portfolio
\$ 1,144,418	\$ 987,011	\$ 703,597	\$ 341,929	\$ 532,287	\$ 1,687,356
371	371	371	371	371	371
1,144,789	987,382	703,968	342,300	532,658	1,687,727
29,971	28,116	22,383	12,758	14,128	44,689
238,735	223,951	178,309	101,717	112,741	356,133
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
268,706	252,067	200,692	114,475	126,869	400,822
876,083	735,315	503,276	227,825	405,789	1,286,905
186,181	143,311	88,096	31,935	120,733	370,320
1,181,901	990,390	554,587	76,574	1,634,785	3,710,713
4,103,922	2,676,808	1,703,023	636,071	2,929,166	10,645,484
5,472,004	3,810,509	2,345,706	744,580	4,684,684	14,726,517
6,348,087	4,545,824	2,848,982	972,405	5,090,473	16,013,422
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
5,011,110	4,104,550	2,780,961	1,930,209	1,822,477	6,727,982
—	—	—	—	—	—
5,011,110	4,104,550	2,780,961	1,930,209	1,822,477	6,727,982
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
21,775,759	21,552,290	20,917,261	11,605,547	568,884	1,005,683
—	—	—	—	—	—
21,775,759	21,552,290	20,917,261	11,605,547	568,884	1,005,683
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
(20,346,433)	(19,019,242)	(12,483,389)	(1,186,492)	(2,910,596)	(5,898,376)
—	—	—	—	—	—
(20,346,433)	(19,019,242)	(12,483,389)	(1,186,492)	(2,910,596)	(5,898,376)
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
(2,270,605)	(1,739,736)	(4,803,635)	(9,283,937)	(2,184,443)	(4,925,345)
—	—	—	—	—	—
(2,270,605)	(1,739,736)	(4,803,635)	(9,283,937)	(2,184,443)	(4,925,345)
4,169,831	4,897,862	6,411,198	3,065,327	(2,703,678)	(3,090,056)
10,517,918	9,443,686	9,260,180	4,037,732	2,386,795	12,923,366
54,940,111	52,261,004	40,823,667	23,567,064	26,874,446	82,833,243
\$ 65,458,029	\$ 61,704,690	\$ 50,083,847	\$ 27,604,796	\$ 29,261,241	\$ 95,756,609

West Virginia College Prepaid Tuition and Savings Program  
Savings Plan Trust Fund  
Combining Schedules of Changes in Fiduciary Net Position (Continued)  
For the Year Ended June 30, 2017

	SMART529 Select Balanced DFA Portfolio	SMART529 Select Conservative DFA Portfolio	SMART529 Select Fixed Income DFA Portfolio
<b>Investment Income:</b>			
Dividends	\$ 194,133	\$ 92,508	\$ 279,477
Other income	371	371	371
Total investment income	194,504	92,879	279,848
<b>Expenses:</b>			
Administrative fees	5,513	3,409	7,033
Savings plan manager fees	43,924	27,232	56,242
Distribution fees			
Class A	—	—	—
Class B	—	—	—
Class C	—	—	—
Total expenses	49,437	30,641	63,275
Net Investment Income (Loss)	145,067	62,238	216,573
<b>Net Realized and Unrealized Gain (Loss):</b>			
Capital gain distributions received from underlying funds	26,996	8,496	24,343
Net realized gain (loss) on sale of underlying fund shares and investment contracts	305,825	30,554	71,751
Net change in unrealized appreciation (depreciation) on underlying fund shares and investment contracts	399,752	158,866	(448,720)
Net realized and unrealized gain (loss)	732,573	197,916	(352,626)
<b>Net Increase (Decrease) in Fiduciary Net Position Resulting from Operations</b>	<b>877,640</b>	<b>260,154</b>	<b>(136,053)</b>
<b>Unit Transactions:</b>			
<b>Contributions</b>			
Class A	—	—	—
Class B	—	—	—
Class C	—	—	—
Class D	646,217	481,621	1,114,411
Class E	—	—	—
Net proceeds from sale of units to account holders	646,217	481,621	1,114,411
<b>Transfers/Exchanges in</b>			
Class A	—	—	—
Class B	—	—	—
Class C	—	—	—
Class D	2,196,911	1,114,430	2,055,675
Class E	—	—	—
Total transfers/exchanges in	2,196,911	1,114,430	2,055,675
<b>Transfers/Exchanges out</b>			
Class A	—	—	—
Class B	—	—	—
Class C	—	—	—
Class D	(1,317,537)	(474,846)	(1,617,166)
Class E	—	—	—
Total transfers/exchanges out	(1,317,537)	(474,846)	(1,617,166)
<b>Withdrawals</b>			
Class A	—	—	—
Class B	—	—	—
Class C	—	—	—
Class D	(809,440)	(1,452,068)	(2,283,589)
Class E	—	—	—
Total cost of units redeemed	(809,440)	(1,452,068)	(2,283,589)
<b>Net Increase (Decrease) in Fiduciary Net Position Derived from Unit Transactions</b>	<b>716,151</b>	<b>(330,863)</b>	<b>(730,669)</b>
<b>Fiduciary Net Position:</b>			
Total Increase (decrease) in Fiduciary Net Position	1,593,791	(70,709)	(866,722)
Beginning of year	10,651,496	7,011,079	14,948,192
End of year	\$ 12,245,287	\$ 6,940,370	\$ 14,081,470

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 MFS Global Equity 529 Fund	Total Combining Schedules of Changes in Fiduciary Net Position
\$ 518,866 371	\$ 324,303 371	\$ 250,124 371	\$ 106,138 371	\$ 118,583 371	\$ 32,121,417 23,082
519,237	324,674	250,495	106,509	118,954	32,144,499
13,508	8,481	6,493	3,294	10,644	1,367,250
107,793	67,589	51,716	26,177	22,155	4,600,320
—	—	—	—	25,919	3,021,184
—	—	—	—	3,109	562,604
—	—	—	—	23,582	2,110,903
121,301	76,070	58,209	29,471	85,409	11,662,261
397,936	248,604	192,286	77,038	33,545	20,482,238
95,559	51,849	48,787	13,127	110,621	19,685,477
1,183,042	536,045	466,696	88,045	72,738	83,258,088
2,169,518	963,606	1,373,999	250,018	2,591,770	129,955,993
3,448,119	1,551,500	1,889,482	351,190	2,775,129	232,899,558
3,846,055	1,800,104	2,081,768	428,228	2,808,674	253,381,796
—	—	—	—	837,289	89,784,114
—	—	—	—	12,385	3,467,364
—	—	—	—	153,240	22,483,707
1,616,322	1,033,940	1,225,583	476,239	—	71,561,442
—	—	—	—	101,739	6,962,476
1,616,322	1,033,940	1,225,583	476,239	1,104,653	194,259,103
—	—	—	—	3,884,726	431,556,275
—	—	—	—	8,945	14,474,361
—	—	—	—	263,519	42,676,674
1,502,298	2,230,076	1,045,395	2,146,250	—	155,167,983
—	—	—	—	329,412	32,112,512
1,502,298	2,230,076	1,045,395	2,146,250	4,486,602	675,987,805
—	—	—	—	(1,574,984)	(254,118,580)
—	—	—	—	(118,727)	(30,352,701)
—	—	—	—	(2,556,141)	(204,325,313)
(3,529,787)	(1,489,646)	(1,251,845)	(674,633)	—	(155,168,755)
—	—	—	—	(505,746)	(32,022,456)
(3,529,787)	(1,489,646)	(1,251,845)	(674,633)	(4,755,598)	(675,987,805)
—	—	—	—	(922,776)	(115,672,821)
—	—	—	—	(36,238)	(7,018,046)
—	—	—	—	(200,534)	(27,536,414)
(1,466,516)	(1,124,884)	(506,156)	(606,869)	—	(55,946,218)
—	—	—	—	(180,557)	(12,468,541)
(1,466,516)	(1,124,884)	(506,156)	(606,869)	(1,340,105)	(218,642,040)
(1,877,683)	649,486	512,977	1,340,987	(504,448)	(24,382,937)
1,968,372	2,449,590	2,594,745	1,769,215	2,304,226	228,998,859
25,940,208	15,962,331	11,725,526	5,667,800	14,546,565	2,232,540,729
\$ 27,908,580	\$ 18,411,921	\$ 14,320,271	\$ 7,437,015	\$ 16,850,791	\$ 2,461,539,588

West Virginia College Prepaid Tuition and Savings Program  
Savings Plan Trust Fund  
Financial Highlights  
For the Year Ended June 30, 2017

	-- Selected Per-Share Data <sup>(1)</sup> --					-- Ratios and Supplemental Data --				
	Net Position Value at Beginning of Year	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>SMART529 WV Direct Age-Based Portfolio 0-8</b> From July 1, 2016 through June 30, 2017 Class D	\$ 24.79	\$ 0.59	\$ 3.06	\$ 3.65	\$ 28.44	14.72%	\$ 29,506	0.15%	2.22%	21%
<b>SMART529 WV Direct Age-Based Portfolio 9-13</b> From July 1, 2016 through June 30, 2017 Class D	\$ 22.20	\$ 0.50	\$ 2.15	\$ 2.65	\$ 24.85	11.89%	\$ 41,345	0.14%	2.14%	10%
<b>SMART529 WV Direct Age-Based Portfolio 14-15</b> From July 1, 2016 through June 30, 2017 Class D	\$ 21.52	\$ 0.47	\$ 1.49	\$ 1.96	\$ 23.48	9.11%	\$ 17,978	0.12%	2.08%	14%
<b>SMART529 WV Direct Age-Based Portfolio 16-17</b> From July 1, 2016 through June 30, 2017 Class D	\$ 12.88	\$ 0.12	\$ 0.58	\$ 0.70	\$ 13.58	5.43%	\$ 17,603	0.03%	0.88%	10%
<b>SMART529 WV Direct Age-Based Portfolio 18+</b> From July 1, 2016 through June 30, 2017 Class D	\$ 15.48	\$ 0.11	\$ 0.47	\$ 0.58	\$ 16.06	3.75%	\$ 24,437	0.02%	0.69%	22%
<b>SMART529 WV Direct Conservative Balanced Portfolio</b> From July 1, 2016 through June 30, 2017 Class D	\$ 14.85	\$ 0.10	\$ 0.47	\$ 0.57	\$ 15.42	3.84%	\$ 4,935	0.02%	0.69%	20%
<b>SMART529 WV Direct Conservative Bond Portfolio</b> From July 1, 2016 through June 30, 2017 Class D	\$ 14.99	\$ 0.12	\$ 0.02	\$ 0.14	\$ 15.13	0.93%	\$ 3,329	0.02%	0.82%	23%
<b>The SMART529 WV Direct Stable Value Fund</b> From July 1, 2016 through June 30, 2017 Class D	\$ 14.88	\$ —	\$ 0.24	\$ 0.24	\$ 15.12	1.61%	\$ 12,859	—%	—%	17%

(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 classes of shares issued.



West Virginia College Prepaid Tuition and Savings Program  
Savings Plan Trust Fund  
Financial Highlights (Continued)  
For the Year Ended June 30, 2017

	-- Selected Per-Share Data <sup>(1)</sup> --					-- Ratios and Supplemental Data --				
	Net Position Value at Beginning of Year	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>SMART529 WV Direct Balanced Portfolio</b>										
From July 1, 2016 through June 30, 2017										
Class D	\$ 21.58	\$ 0.49	\$ 2.07	\$ 2.56	\$ 24.14	11.86%	\$ 12,893	0.15%	2.15%	12%
<b>SMART529 WV Direct Growth Portfolio</b>										
From July 1, 2016 through June 30, 2017										
Class D	\$ 23.56	\$ 0.56	\$ 2.91	\$ 3.47	\$ 27.03	14.73%	\$ 21,546	0.15%	2.22%	8%
<b>SMART529 WV Direct Aggressive Growth Portfolio</b>										
From July 1, 2016 through June 30, 2017										
Class D	\$ 23.93	\$ 0.56	\$ 3.96	\$ 4.52	\$ 28.45	18.89%	\$ 33,796	0.15%	2.16%	6%
<b>The SMART529 WV Direct 500 Index Fund</b>										
From July 1, 2016 through June 30, 2017										
Class D	\$ 16.99	\$ 0.36	\$ 2.64	\$ 3.00	\$ 19.99	17.66%	\$ 16,995	0.15%	1.96%	5%
<b>The Hartford SMART529 Age-Based Portfolio 0-8</b>										
From July 1, 2016 through June 30, 2017										
Class A	\$ 22.37	\$ 0.21	\$ 2.98	\$ 3.19	\$ 25.56	14.26%	\$ 97,263	0.47%	0.87%	69%
Class B	20.80	0.06	2.78	2.84	23.64	13.65	3,170	1.02	0.28	69
Class C	20.29	0.04	2.69	2.73	23.02	13.45	11,392	1.21	0.17	69
Class E	23.23	0.28	3.10	3.38	26.61	14.55	4,439	0.22	1.13	69
<b>The Hartford SMART529 Age-Based Portfolio 9-13</b>										
From July 1, 2016 through June 30, 2017										
Class A	\$ 19.55	\$ 0.17	\$ 2.17	\$ 2.34	\$ 21.89	11.97%	\$ 216,799	0.47%	0.83%	62%
Class B	18.16	0.05	2.02	2.07	20.23	11.40	16,665	1.02	0.28	62
Class C	17.71	0.03	1.95	1.98	19.69	11.18	11,954	1.21	0.14	62
Class E	20.30	0.23	2.26	2.49	22.79	12.27	14,907	0.22	1.07	62

(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 classes of shares issued.

West Virginia College Prepaid Tuition and Savings Program  
Savings Plan Trust Fund  
Financial Highlights (Continued)  
For the Year Ended June 30, 2017

-- Selected Per-Share Data <sup>(1)</sup> --						-- Ratios and Supplemental Data --				
	Net Position Value at Beginning of Year	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 SMART529 Age-Based Portfolio 14-15</b>										
From July 1, 2016 through June 30, 2017										
Class A	\$ 19.04	\$ 0.18	\$ 1.66	\$ 1.84	\$ 20.88	9.66%	\$ 129,453	0.47%	0.89%	51%
Class B	17.68	0.06	1.55	1.61	19.29	9.11	7,073	1.02	0.34	51
Class C	17.23	0.03	1.49	1.52	18.75	8.82	6,334	1.21	0.17	51
Class E	19.77	0.24	1.73	1.97	21.74	9.96	9,151	0.22	1.15	51
<b>The Hartford SMART529 Age-Based Portfolio 16-17</b>										
From July 1, 2016 through June 30, 2017										
Class A	\$ 12.11	\$ 0.01	\$ 0.56	\$ 0.57	\$ 12.68	4.71%	\$ 126,034	0.46%	0.09%	29%
Class B	11.72	(0.06)	0.55	0.49	12.21	4.18	5,893	1.02	(0.47)	29
Class C	11.59	(0.07)	0.52	0.45	12.04	3.88	6,743	1.21	(0.63)	29
Class E	12.29	0.04	0.57	0.61	12.90	4.96	8,752	0.22	0.35	29
<b>The Hartford SMART529 Age-Based Portfolio 18+</b>										
From July 1, 2016 through June 30, 2017										
Class A	\$ 14.16	\$ --	\$ 0.39	\$ 0.39	\$ 14.55	2.75%	\$ 167,387	0.46%	--%	34%
Class B	13.14	(0.07)	0.36	0.29	13.43	2.21	6,876	1.02	(0.56)	34
Class C	12.82	(0.09)	0.33	0.24	13.06	1.87	10,615	1.21	(0.73)	34
Class E	14.71	0.04	0.40	0.44	15.15	2.99	8,900	0.22	0.25	34
<b>The Hartford SMART529 Conservative Balanced Portfolio</b>										
From July 1, 2016 through June 30, 2017										
Class A	\$ 11.41	\$ 0.01	\$ 0.53	\$ 0.54	\$ 11.95	4.73%	\$ 8,871	0.47%	0.09%	42%
Class C	10.96	(0.07)	0.51	0.44	11.40	4.01	1,168	1.21	(0.62)	42
Class E	11.56	0.04	0.53	0.57	12.13	4.93	748	0.21	0.33	42
<b>The SMART529 Stable Value Fund</b>										
From July 1, 2016 through June 30, 2017										
Class A	\$ 14.20	\$ (0.06)	\$ 0.22	\$ 0.16	\$ 14.36	1.13%	\$ 45,025	0.45%	(0.44)%	14%
Class B	13.21	(0.13)	0.21	0.08	13.29	0.61	1,618	1.00	(1.00)	14
Class C	12.87	(0.15)	0.20	0.05	12.92	0.39	5,019	1.19	(1.19)	14
Class E	14.73	(0.03)	0.24	0.21	14.94	1.43	7,294	0.20	(0.20)	14
<b>The Hartford SMART529 Aggressive Growth Portfolio</b>										
From July 1, 2016 through June 30, 2017										
Class A	\$ 21.81	\$ 0.20	\$ 3.52	\$ 3.72	\$ 25.53	17.06%	\$ 56,087	0.46%	0.84%	76%
Class B	20.30	0.06	3.27	3.33	23.63	16.40	3,557	1.02	0.29	76
Class C	19.80	0.04	3.15	3.19	22.99	16.11	2,546	1.21	0.20	76
Class E	22.64	0.27	3.65	3.92	26.56	17.31	11,629	0.22	1.10	76

(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 classes of shares issued.

West Virginia College Prepaid Tuition and Savings Program  
Savings Plan Trust Fund  
Financial Highlights (Continued)  
For the Year Ended June 30, 2017

-- Selected Per-Share Data <sup>(1)</sup> --						-- Ratios and Supplemental Data --				
	Net Position Value at Beginning of Year	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 SMART529 Balanced Income Portfolio</b>										
From July 1, 2016 through June 30, 2017										
Class A	\$ 13.81	\$ 0.36	\$ 0.74	\$ 1.10	\$ 14.91	7.97%	\$ 21,691	0.46%	2.49%	7%
Class C	13.40	0.22	0.74	0.96	14.36	7.16	2,992	1.21	1.56	7
Class E	13.94	0.38	0.77	1.15	15.09	8.25	1,425	0.22	2.65	7
<b>The Hartford SMART529 Balanced Portfolio</b>										
From July 1, 2016 through June 30, 2017										
Class A	\$ 19.03	\$ 0.17	\$ 2.11	\$ 2.28	\$ 21.31	11.98%	\$ 50,187	0.46%	0.83%	64%
Class B	17.68	0.05	1.96	2.01	19.69	11.37	1,704	1.02	0.28	64
Class C	17.23	0.03	1.89	1.92	19.15	11.14	4,664	1.21	0.15	64
Class E	19.76	0.24	2.19	2.43	22.19	12.30	2,660	0.22	1.16	64
<b>The Hartford SMART529 Growth Portfolio</b>										
From July 1, 2016 through June 30, 2017										
Class A	\$ 21.23	\$ 0.20	\$ 2.84	\$ 3.04	\$ 24.27	14.32%	\$ 82,884	0.46%	0.86%	63%
Class B	19.74	0.06	2.64	2.70	22.44	13.68	2,626	1.02	0.31	63
Class C	19.24	0.04	2.55	2.59	21.83	13.46	5,198	1.21	0.17	63
Class E	22.04	0.26	2.95	3.21	25.25	14.56	5,215	0.22	1.12	63
<b>The Hartford SMART529 Checks and Balances Portfolio</b>										
From July 1, 2016 through June 30, 2017										
Class A	\$ 19.06	\$ 0.28	\$ 2.18	\$ 2.46	\$ 21.52	12.91%	\$ 37,180	0.47%	1.38%	11%
Class B	17.70	0.15	2.02	2.17	19.87	12.26	1,087	1.02	0.83	11
Class C	17.25	0.11	1.97	2.08	19.33	12.06	2,469	1.21	0.62	11
Class E	19.84	0.35	2.26	2.61	22.45	13.16	2,495	0.21	1.64	11
<b>The Hartford Dividend and Growth 529 Fund</b>										
From July 1, 2016 through June 30, 2017										
Class A	\$ 25.76	\$ 0.40	\$ 4.08	\$ 4.48	\$ 30.24	17.39%	\$ 184,396	0.46%	1.41%	6%
Class B	23.94	0.20	3.82	4.02	27.96	16.79	7,984	1.02	0.78	6
Class C	23.34	0.14	3.72	3.86	27.20	16.54	8,895	1.21	0.57	6
Class E	26.75	0.47	4.26	4.73	31.48	17.68	19,229	0.22	1.62	6

(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 classes of shares issued.

West Virginia College Prepaid Tuition and Savings Program  
Savings Plan Trust Fund  
Financial Highlights (Continued)  
For the Year Ended June 30, 2017

-- Selected Per-Share Data <sup>(1)</sup> --						-- Ratios and Supplemental Data --				
	Net Position Value at Beginning of Year	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 Global All Asset Fund</b>										
From July 1, 2016 through June 30, 2017										
Class A	\$ 12.79	\$ 0.19	\$ 1.65	\$ 1.84	\$ 14.63	14.39%	\$ 1,438	0.46%	1.36%	15%
Class C	12.35	0.13	1.54	1.67	14.02	13.52	271	1.21	1.03	15
Class E	12.93	0.26	1.64	1.90	14.83	14.69	423	0.22	1.85	15
<b>The Hartford Growth Opportunities 529 Fund</b>										
From July 1, 2016 through June 30, 2017										
Class A	\$ 20.94	\$ (0.10)	\$ 3.98	\$ 3.88	\$ 24.82	18.53%	\$ 20,930	0.46%	(0.46)%	7%
Class B	19.86	(0.22)	3.77	3.55	23.41	17.88	450	1.02	(1.02)	7
Class C	19.50	(0.25)	3.69	3.44	22.94	17.64	1,600	1.21	(1.21)	7
Class E	21.46	(0.05)	4.09	4.04	25.50	18.83	3,247	0.22	(0.21)	7
<b>The Hartford High Yield 529 Fund</b>										
From July 1, 2016 through June 30, 2017										
Class A	\$ 19.36	\$ 1.00	\$ 1.02	\$ 2.02	\$ 21.38	10.49%	\$ 6,334	0.47%	4.88%	13%
Class B	18.16	0.83	0.96	1.79	19.95	9.86	163	1.02	4.31	13
Class C	17.72	0.76	0.94	1.70	19.42	9.59	427	1.21	4.06	13
Class E	19.99	1.08	1.07	2.15	22.14	10.76	520	0.22	5.11	13
<b>The Hartford Inflation Plus 529 Fund</b>										
From July 1, 2016 through June 30, 2017										
Class A	\$ 14.68	\$ 0.14	\$ (0.10)	\$ 0.04	\$ 14.72	0.27%	\$ 4,861	0.47%	0.93%	10%
Class B	13.76	0.05	(0.10)	(0.05)	13.71	(0.36)	247	1.02	0.34	10
Class C	13.45	0.05	(0.13)	(0.08)	13.37	(0.59)	235	1.22	0.38	10
Class E	15.20	0.18	(0.11)	0.07	15.27	0.46	996	0.22	1.21	10
<b>The Hartford International Opportunities 529 Fund</b>										
From July 1, 2016 through June 30, 2017										
Class A	\$ 9.81	\$ 0.09	\$ 1.75	\$ 1.84	\$ 11.65	18.76%	\$ 13,313	0.46%	0.88%	10%
Class B	9.30	0.04	1.64	1.68	10.98	18.06	332	1.02	0.42	10
Class C	9.13	0.04	1.59	1.63	10.76	17.85	1,174	1.21	0.36	10
Class E	10.04	0.12	1.79	1.91	11.95	19.02	2,620	0.21	1.13	10

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West Virginia College Prepaid Tuition and Savings Program  
Savings Plan Trust Fund  
Financial Highlights (Continued)  
For the Year Ended June 30, 2017

-- Selected Per-Share Data <sup>(1)</sup> --						-- Ratios and Supplemental Data --				
	Net Position Value at Beginning of Year	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 529 Fund</b>										
From July 1, 2016 through June 30, 2017										
Class A	\$ 35.52	\$ (0.18)	\$ 7.69	\$ 7.51	\$ 43.03	21.14%	\$ 55,375	0.46%	(0.46)%	6%
Class B	33.07	(0.37)	7.13	6.76	39.83	20.44	1,753	1.02	(1.02)	6
Class C	32.25	(0.42)	6.95	6.53	38.78	20.25	2,489	1.22	(1.21)	6
Class E	36.91	(0.09)	8.00	7.91	44.82	21.43	10,244	0.22	(0.22)	6
<b>The Hartford MidCap Value 529 Fund</b>										
From July 1, 2016 through June 30, 2017										
Class A	\$ 20.11	\$ (0.01)	\$ 3.10	\$ 3.09	\$ 23.20	15.37%	\$ 11,275	0.47%	(0.06)%	8%
Class B	19.29	(0.13)	2.97	2.84	22.13	14.72	228	1.02	(0.62)	8
Class C	19.01	(0.16)	2.91	2.75	21.76	14.47	568	1.21	(0.77)	8
Class E	20.47	0.04	3.16	3.20	23.67	15.63	1,151	0.21	0.19	8
<b>The Hartford Small Company 529 Fund</b>										
From July 1, 2016 through June 30, 2017										
Class A	\$ 15.91	\$ (0.08)	\$ 3.54	\$ 3.46	\$ 19.37	21.75%	\$ 7,296	0.46%	(0.46)%	11%
Class B	15.05	(0.17)	3.34	3.17	18.22	21.06	144	1.02	(1.01)	11
Class C	14.79	(0.20)	3.28	3.08	17.87	20.82	626	1.21	(1.21)	11
Class E	16.27	(0.04)	3.63	3.59	19.86	22.07	1,169	0.21	(0.21)	11
<b>The Hartford Equity Income 529 Fund</b>										
From July 1, 2016 through June 30, 2017										
Class A	\$ 20.64	\$ 0.36	\$ 2.61	\$ 2.97	\$ 23.61	14.39%	\$ 30,337	0.46%	1.62%	6%
Class B	19.19	0.20	2.43	2.63	21.82	13.71	634	1.02	0.99	6
Class C	18.71	0.16	2.36	2.52	21.23	13.47	2,212	1.21	0.81	6
Class E	21.45	0.42	2.72	3.14	24.59	14.64	4,062	0.22	1.85	6
<b>The Hartford Total Return Bond 529 Fund</b>										
From July 1, 2016 through June 30, 2017										
Class A	\$ 18.08	\$ 0.45	\$ (0.15)	\$ 0.30	\$ 18.38	1.71%	\$ 20,073	0.47%	2.51%	11%
Class B	16.76	0.33	(0.14)	0.19	16.95	1.13	793	1.02	1.95	11
Class C	16.33	0.28	(0.14)	0.14	16.47	0.86	1,349	1.21	1.74	11
Class E	18.79	0.52	(0.15)	0.37	19.16	1.97	1,464	0.22	2.75	11

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West Virginia College Prepaid Tuition and Savings Program  
Savings Plan Trust Fund  
Financial Highlights (Continued)  
For the Year Ended June 30, 2017

	-- Selected Per-Share Data <sup>(1)</sup> --					-- Ratios and Supplemental Data --				
	Net Position Value at Beginning of Year	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>SMART529 Select 1-Year Fixed DFA Portfolio</b> From July 1, 2016 through June 30, 2017 Class D	\$ 11.80	\$ 0.06	\$ (0.04)	\$ 0.02	\$ 11.82	0.17%	\$ 7,535	0.45%	0.47%	26%
<b>SMART529 Select Age-Based DFA Portfolio 0-3</b> From July 1, 2016 through June 30, 2017 Class D	\$ 20.99	\$ 0.32	\$ 3.82	\$ 4.14	\$ 25.13	19.72%	\$ 13,823	0.45%	1.40%	37%
<b>SMART529 Select Age-Based DFA Portfolio 4-6</b> From July 1, 2016 through June 30, 2017 Class D	\$ 20.80	\$ 0.33	\$ 3.31	\$ 3.64	\$ 24.44	17.50%	\$ 30,996	0.45%	1.44%	17%
<b>SMART529 Select Age-Based DFA Portfolio 7-9</b> From July 1, 2016 through June 30, 2017 Class D	\$ 20.33	\$ 0.33	\$ 2.80	\$ 3.13	\$ 23.46	15.40%	\$ 52,729	0.45%	1.49%	17%
<b>SMART529 Select Age-Based DFA Portfolio 10-12</b> From July 1, 2016 through June 30, 2017 Class D	\$ 18.82	\$ 0.29	\$ 1.84	\$ 2.13	\$ 20.95	11.32%	\$ 65,458	0.45%	1.46%	9%
<b>SMART529 Select Age-Based DFA Portfolio 13-15</b> From July 1, 2016 through June 30, 2017 Class D	\$ 17.48	\$ 0.24	\$ 1.24	\$ 1.48	\$ 18.96	8.47%	\$ 61,705	0.45%	1.31%	9%
<b>SMART529 Select Age-Based DFA Portfolio 16-18</b> From July 1, 2016 through June 30, 2017 Class D	\$ 16.61	\$ 0.19	\$ 0.91	\$ 1.10	\$ 17.71	6.62%	\$ 50,084	0.45%	1.12%	11%
<b>SMART529 Select Age-Based DFA Portfolio 19+</b> From July 1, 2016 through June 30, 2017 Class D	\$ 15.15	\$ 0.14	\$ 0.45	\$ 0.59	\$ 15.74	3.89%	\$ 27,605	0.45%	0.89%	33%

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West Virginia College Prepaid Tuition and Savings Program  
Savings Plan Trust Fund  
Financial Highlights (Continued)  
For the Year Ended June 30, 2017

	-- Selected Per-Share Data <sup>(1)</sup> --					-- Ratios and Supplemental Data --				
	Net Position Value at Beginning of Year	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>SMART529 Select Aggressive Growth DFA Portfolio</b> From July 1, 2016 through June 30, 2017 Class D	\$ 20.97	\$ 0.33	\$ 3.81	\$ 4.14	\$ 25.11	19.74%	\$ 29,261	0.45%	1.44%	9%
<b>SMART529 Select All Equity DFA Portfolio</b> From July 1, 2016 through June 30, 2017 Class D	\$ 21.64	\$ 0.34	\$ 3.93	\$ 4.27	\$ 25.91	19.73%	\$ 95,757	0.45%	1.44%	10%
<b>SMART529 Select Balanced DFA Portfolio</b> From July 1, 2016 through June 30, 2017 Class D	\$ 17.44	\$ 0.24	\$ 1.22	\$ 1.46	\$ 18.90	8.37%	\$ 12,245	0.45%	1.32%	20%
<b>SMART529 Select Conservative DFA Portfolio</b> From July 1, 2016 through June 30, 2017 Class D	\$ 15.15	\$ 0.14	\$ 0.44	\$ 0.58	\$ 15.73	3.83%	\$ 6,940	0.45%	0.91%	30%
<b>SMART529 Select Fixed Income DFA Portfolio</b> From July 1, 2016 through June 30, 2017 Class D	\$ 14.00	\$ 0.21	\$ (0.33)	\$ (0.12)	\$ 13.88	(0.86)%	\$ 14,081	0.45%	1.54%	17%
<b>SMART529 Select Growth DFA Portfolio</b> From July 1, 2016 through June 30, 2017 Class D	\$ 20.39	\$ 0.32	\$ 2.81	\$ 3.13	\$ 23.52	15.35%	\$ 27,909	0.45%	1.47%	12%
<b>SMART529 Select Moderate Growth DFA Portfolio</b> From July 1, 2016 through June 30, 2017 Class D	\$ 18.80	\$ 0.29	\$ 1.83	\$ 2.12	\$ 20.92	11.28%	\$ 18,412	0.45%	1.47%	15%
<b>SMART529 Select Moderately Aggressive Growth DFA Portfolio</b> From July 1, 2016 through June 30, 2017 Class D	\$ 20.87	\$ 0.34	\$ 3.31	\$ 3.65	\$ 24.52	17.49%	\$ 14,320	0.45%	1.48%	13%

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

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West Virginia College Prepaid Tuition and Savings Program  
Savings Plan Trust Fund  
Financial Highlights (Continued)  
For the Year Ended June 30, 2017

	-- Selected Per-Share Data <sup>(1)</sup> --					-- Ratios and Supplemental Data --				
	Net Position Value at Beginning of Year	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>SMART529 Select Moderately Conservative DFA Portfolio</b>										
From July 1, 2016 through June 30, 2017										
Class D	\$ 16.57	\$ 0.20	\$ 0.90	\$ 1.10	\$ 17.67	6.64%	\$ 7,437	0.45%	1.17%	26%
<b>SMART529 MFS Global Equity 529 Fund</b>										
From July 1, 2016 through June 30, 2017										
Class A	\$ 20.14	\$ 0.06	\$ 4.00	\$ 4.06	\$ 24.20	20.16%	\$ 13,594	0.46%	0.28%	7%
Class B	18.72	(0.04)	3.70	3.66	22.38	19.55	364	1.02	(0.21)	7
Class C	18.26	(0.05)	3.56	3.51	21.77	19.22	737	1.21	(0.28)	7
Class E	20.90	0.13	4.14	4.27	25.17	20.43	2,156	0.22	0.58	7

(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 classes of shares issued.



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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>		
	2017	2016	2015
<b><u>Changes in Net (Deficit) Position</u></b>			
<b>Operating revenues</b>			
Tuition contracts	\$ 115	\$ 103	\$ 20
Savings Plan administrative fee	1,367	1,285	1,329
Total operating revenues	1,482	1,388	1,349
<b>Operating expenses</b>			
Tuition contract benefits and expenses	1,548	1,853	6,534
General and administrative expenses	1,117	1,119	1,069
Total operating expenses	2,665	2,972	7,603
Operating (loss) gain	(1,183)	(1,584)	(6,254)
<b>Nonoperating revenues (losses)</b>			
Investment earnings (losses)	5,588	1,020	2,044
Appropriations from primary government	-	-	73
Other postemployment benefits contributions	-	-	-
Total nonoperating revenues (losses)	5,588	1,020	2,117
Change in net (deficit) position	\$ 4,405	\$ (564)	\$ (4,137)
<b><u>Net (Deficit) Position at Year-End</u></b>			
Restricted for payment of general and administrative expenses	\$ 1,872	\$ 1,528	\$ 1,283
Unrestricted	(9,011)	(13,071)	(12,262)
Total net (deficit) position	\$ (7,139)	\$ (11,543)	\$ (10,979)
<b><u>Restatement of Beginning Net (Deficit) Position</u></b>			
Cumulative effect of change in accounting principle	\$ -	\$ -	\$ (213)

Fiscal Year Ended June 30 <i>In Thousands</i>						
2014	2013	2012	2011	2010	2009	2008
\$ 40	\$ 42	\$ 85	\$ 103	\$ (44)	\$ (44)	\$ 58
1,239	1,093	1,016	947	778	609	848
1,279	1,135	1,101	1,050	734	565	906
3,895	3,835	5,968	4,179	8,165	(3,940)	8,674
1,028	1,232	1,153	905	887	895	852
4,923	5,067	7,121	5,084	9,052	(3,045)	9,526
(3,644)	(3,932)	(6,020)	(4,034)	(8,318)	3,610	(8,620)
9,650	6,781	1,634	14,511	12,199	(12,631)	(6,411)
147	147	147	144	131	157	153
-	-	-	-	-	10	6
9,797	6,928	1,781	14,655	12,330	(12,464)	(6,252)
\$ 6,153	\$ 2,996	\$ (4,239)	\$ 10,621	\$ 4,012	\$ (8,854)	\$ (14,872)
\$ 996	\$ 575	\$ 481	\$ 324	\$ 997	\$ 976	\$ 1,095
(7,624)	(13,357)	(16,259)	(11,863)	(23,157)	(27,148)	(18,413)
\$ (6,628)	\$ (12,782)	\$ (15,778)	\$ (11,539)	\$ (22,160)	\$ (26,172)	\$ (17,318)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48	\$ -

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

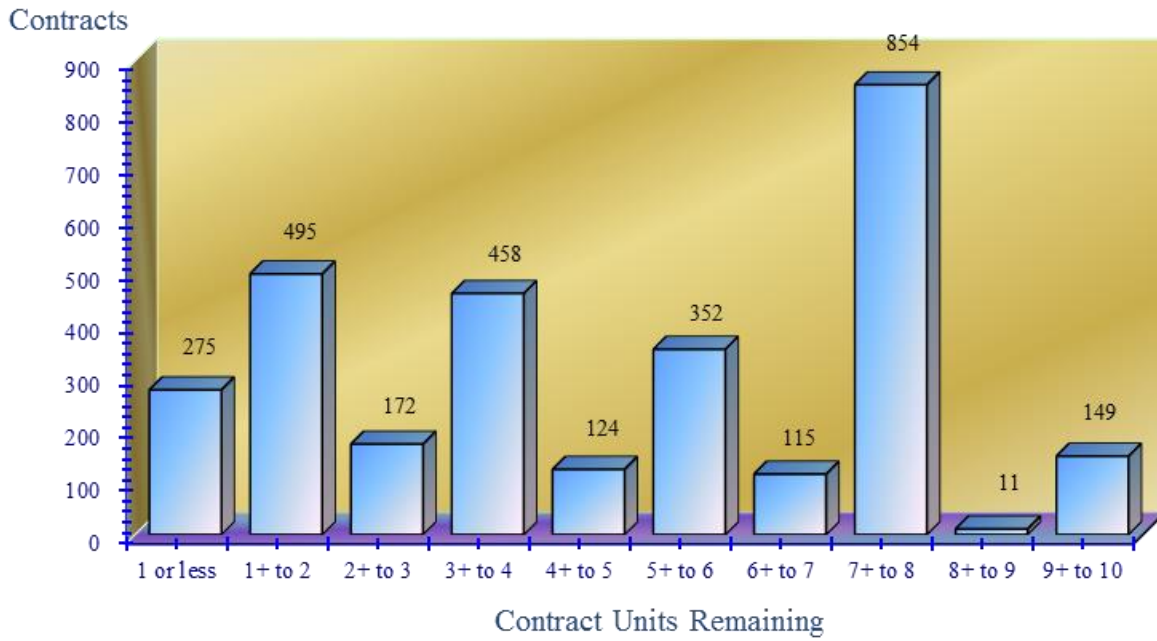
The fiduciary fund began operations during the last four months of fiscal year 2002. The table below presents additions and deductions and changes in net position for each of the past ten fiscal years.

	Fiscal Year Ended June 30 <i>In Thousands</i>			
	2017	2016	2015	2014
<b>Additions</b>				
Contributions:				
Account holders	\$194,259	\$187,385	\$203,788	\$213,781
Deposits to establish new investment funds	-	-	-	-
Total contributions	194,259	187,385	203,788	213,781
Investment earnings:				
Net increase (decrease) in fair value of investments	129,956	(136,309)	(173,688)	247,955
Dividends and capital gains	135,088	115,946	196,948	68,158
Total investment gain (loss)	265,044	(20,363)	23,260	316,113
Investment expense	5,695	5,772	6,073	5,894
Net investment earnings	259,349	(26,135)	17,187	310,219
Total additions	453,608	161,250	220,975	524,000
<b>Deductions</b>				
Redemptions:				
Payments in accordance with trust agreements	218,642	187,296	181,829	168,626
Redemptions of deposits to establish new investment funds	-	-	-	60
Total redemptions	218,642	187,296	181,829	168,686
Administrative expense	5,967	6,246	6,401	5,880
Total deductions	224,609	193,542	188,230	174,566
Change in net (deficit) position	<u>\$228,999</u>	<u>\$ (32,292)</u>	<u>\$ 32,745</u>	<u>\$349,434</u>

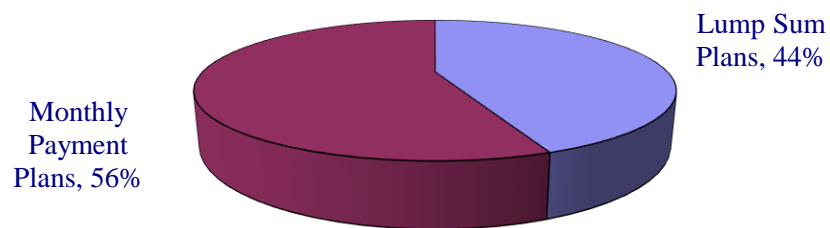
Fiscal Year Ended June 30 <i>In Thousands</i>					
2013	2012	2011	2010	2009	2008
\$215,988	\$218,740	\$ 609,702	\$ 303,060	\$ 267,563	\$264,646
-	135	220	138	138	138
215,988	218,875	609,922	303,198	267,701	264,784
174,377	(39,880)	243,137	105,197	(255,398)	(159,859)
51,505	37,488	20,743	16,563	19,781	87,264
225,882	(2,392)	263,880	121,760	(235,617)	(72,595)
5,311	4,935	4,889	4,248	3,504	4,878
220,571	(7,327)	258,991	117,512	(239,121)	(77,473)
436,559	211,548	868,913	420,710	28,580	187,311
173,745	154,837	486,947	201,806	159,503	137,408
121	82	-	-	-	-
173,866	154,919	486,947	201,806	159,503	137,408
4,968	4,331	3,956	3,192	2,467	3,307
178,834	159,250	490,903	204,998	161,970	140,715
<u>\$257,725</u>	<u>\$ 52,298</u>	<u>\$ 378,010</u>	<u>\$ 215,712</u>	<u>\$ (133,390)</u>	<u>\$ 46,596</u>

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

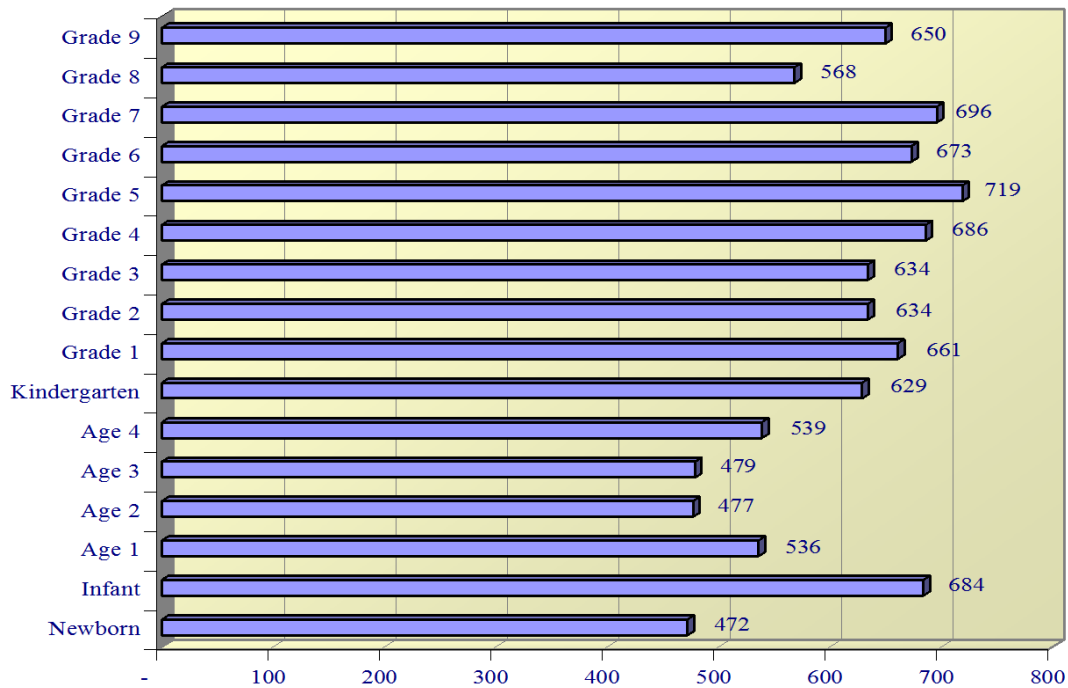
Contracts are held in units, which represent a semester of college studies. The chart illustrates the number of contracts with units remaining to be used as of June 30, 2017.



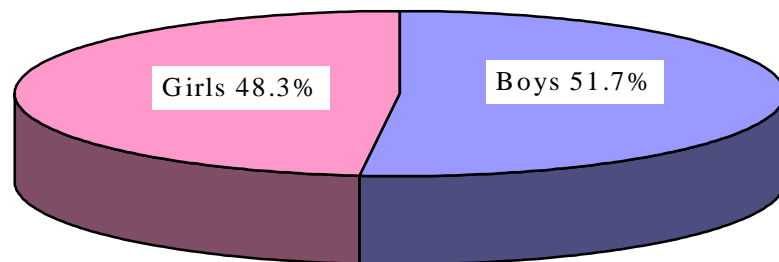
Purchasers chose either to make a lump sum payment for a contract or to select among monthly payment options.



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 2017**

Schools	Units	% of Total
In-state Public Institutions:		
Marshall University	142	13.8%
Mountwest Community & Technical College	3	0.3
West Virginia University, Morgantown	382	37.3
West Virginia University Institute of Technology	12	1.2
BridgeValley Community & Technical College	18	1.8
West Virginia University at Parkersburg, Baccalaureate Programs	4	0.4
West Virginia University at Parkersburg, Associate/Certificate Programs	2	0.2
West Virginia University, Potomac State College, Baccalaureate Programs	1	0.1
Bluefield State College	4	0.4
New River Community & Technical College	4	0.4
Concord University	20	1.9
Fairmont State University	43	4.2
Pierpont Community & Technical College	4	0.4
Glenville State College	5	0.5
Shepherd University	20	1.9
Blue Ridge Community & Technical College	5	0.5
West Liberty University	15	1.5
West Virginia State University	20	1.9
Eastern West Virginia Community & Technical College	2	0.2
Southern West Virginia Community & Technical College	2	0.2
West Virginia Northern Community College	1	0.1
	709	69.2
In-state Private Institutions:		
Alderson-Broaddus College	5	0.5
Bethany College	1	0.1
Davis & Elkins College	2	0.2
University of Charleston	22	2.1
West Virginia Wesleyan College	34	3.3
St. Mary's School of Nursing	5	0.5
Wheeling Jesuit University	3	0.3
West Virginia School of Osteopathic Medicine	2	0.2
	74	7.2
Out-of-State Institutions	242	23.6
	1,025	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 2016-17 and 2017-18.

	2016-17	2017-18	Increase	
			Amount	%
Marshall University	\$ 3,577	\$ 3,899	\$ 322	9.00%
Mountwest Community & Technical College	1,872	1,872	-	-
West Virginia University:				
WVU, Morgantown	3,996	4,188	192	4.80
WVU Institute of Technology	3,324	3,480	156	4.69
WVU at Parkersburg:				
Baccalaureate Degree Programs	2,324	2,436	112	4.82
Associate/Certificate Programs	1,692	1,776	84	4.96
WVU Potomac State College:				
Baccalaureate Degree Programs	2,484	2,604	120	4.83
Associate/Certificate Programs	2,028	2,124	96	4.73
Bluefield State College	3,204	3,364	160	4.99
New River Community & Technical College	1,983	2,122	139	7.01
Concord University	3,540	3,787	247	6.98
Fairmont State University	3,475	3,648	173	4.98
Pierpont Community & Technical College	2,342	2,459	117	5.00
Glenville State College	3,672	3,671	(1)	(0.03)
Shepherd University	3,585	3,664	79	2.20
Blue Ridge Community & Technical College	1,932	2,016	84	4.35
West Liberty University	3,519	3,690	171	4.86
West Virginia State University	3,498	3,673	175	5.00
BridgeValley Community & Technical College	2,060	2,163	103	5.00
Eastern West Virginia Community & Technical College	1,635	1,716	81	4.95
Southern West Virginia Community & Technical College	1,668	1,752	84	5.04
West Virginia Northern Community College	1,752	1,838	86	4.91

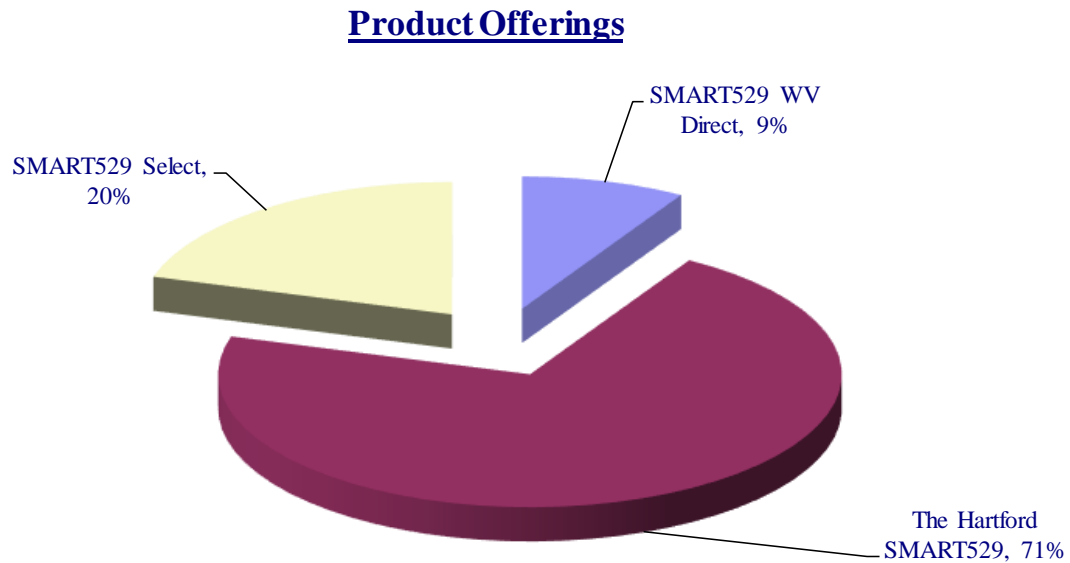
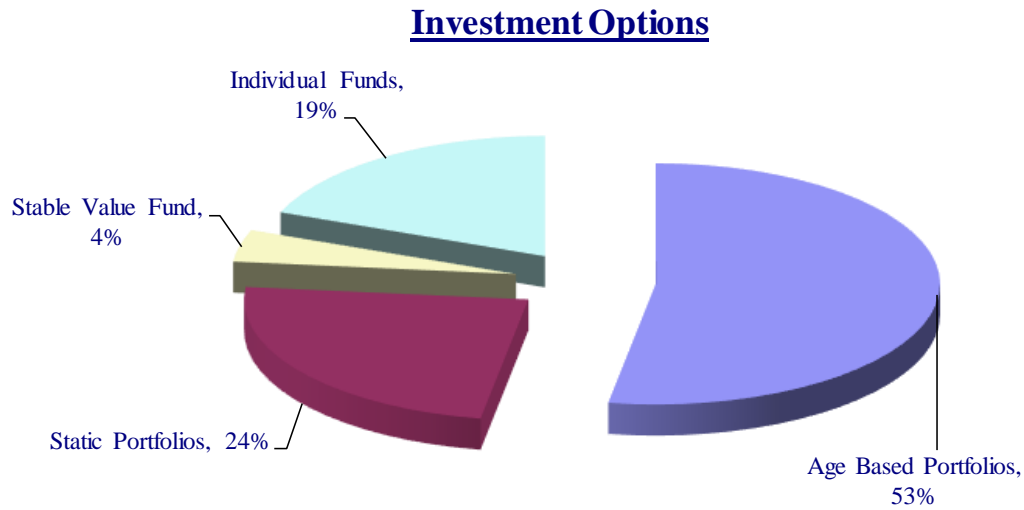
Source: West Virginia Higher Education Policy Commission

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

The following table shows the West Virginia resident full-time undergraduate enrollment for the fall 2015 and 2016 semesters at all West Virginia accredited post-secondary institutions.

Schools	Fall Enrollment			% of Total	
	2015	2016	Increase (Decrease)	2015	2016
Marshall University	6,185	6,259	74	16.9%	17.3%
Mountwest Community & Technical College	836	881	45	2.3	2.4
West Virginia University:					
WVU, Morgantown	9,407	9,336	(71)	25.7	25.8
WVU Institute of Technology	673	702	29	1.8	1.9
WVU at Parkersburg:					
Baccalaureate Degree Program	368	364	(4)	1.0	1.0
Associate/Certificate Programs	1,038	1,102	64	2.8	3.1
WVU Potomac State College:					
Baccalaureate Degree Program	53	52	(1)	0.1	0.1
Associate/Certificate Programs	635	658	23	1.7	1.8
Bluefield State College	1,046	963	(83)	2.9	2.7
New River Community & Technical College	1,096	950	(146)	3.0	2.6
Concord University	1,589	1,544	(45)	4.4	4.3
Fairmont State University	2,832	2,838	6	7.8	7.9
Pierpont Community & Technical College	1,169	1,080	(89)	3.2	3.0
Glenville State College	804	837	33	2.2	2.3
Shepherd University	1,800	1,706	(94)	4.9	4.7
Blue Ridge Community & Technical College	1,045	1,008	(37)	2.9	2.8
West Liberty University	1,173	1,169	(4)	3.2	3.2
West Virginia State University	1,653	1,516	(137)	4.5	4.2
BridgeValley Community & Technical College	1,116	1,173	57	3.1	3.3
Eastern West Virginia Community & Technical College	255	163	(92)	0.7	0.5
Southern West Virginia Community & Technical College	1,079	1,122	43	3.0	3.1
West Virginia Northern Community College	699	720	21	1.9	2.0
Total Resident Full-time Undergraduate Enrollment	36,551	36,143	(408)	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, 2017.

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	\$ 610,985,515	23.3%	72,992	\$ 8,371
Morgan Stanley	111,312,261	4.2	6,172	18,035
LPL Financial Corporation	84,851,157	3.2	10,276	8,257
Woodbury Financial Services	78,995,601	3.0	9,082	8,698
BB&T Investment Services	72,317,409	2.8	8,426	8,583
Raymond James Financial Services	71,810,663	2.7	7,859	9,137
Wells Fargo Clearing Services	15,496,901	0.6	2,977	5,206
J.P. Morgan Securities	15,321,168	0.6	2,350	6,520
Commonwealth Financial Network	15,294,866	0.6	982	15,575
Janney Montgomery Scott	14,392,432	0.5	770	18,691

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, 2017.

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	\$ 552,789,772	19.3%
California	318,035,034	11.1
Texas	240,831,408	8.4
North Carolina	142,994,996	5.0
Florida	109,997,536	3.8
Pennsylvania	109,943,827	3.8
Minnesota	90,694,339	3.2
Tennessee	87,747,757	3.1
Massachusetts	83,751,367	2.9
Illinois	81,776,980	2.9

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, 2017. The Savings Plan is open to residents of all states.

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

