Eastern West Virginia Community and Technical College

Financial Statements
Years Ended June 30, 2020 and 2019
and
Independent Auditor's Reports

Suttle & Stalnaker
Certified Public Accountants
A Professional Limited Liability Company

EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
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INDEPENDENT AUDITOR'S REPORT

Board of Governors
Eastern West Virginia Community and Technical College
Moorefield, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Eastern West Virginia Community and Technical College (the College), a component unit of the West Virginia Council for Community and Technical College Education, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the College, as of June 30, 2020 and 2019, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 – 12, the schedule of proportionate share of the net OPEB liability and schedule of OPEB contributions, and related footnote on pages 45 through 47 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2020, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
October 1, 2020

Overview of the Financial Statements and Financial Analysis

The Governmental Accounting Standards Board (GASB) issued directives for presentation of college and university financial statements which were adopted in Fiscal Year 2002 by Eastern West Virginia Community and Technical College (Eastern or the College). The previous reporting format presented financial balances and activities by fund groups. The current format places emphasis on the overall economic resources of the College.

The discussion and analysis of Eastern West Virginia Community and Technical College's financial statements provides an overview of the College's financial activities for the fiscal years ended June 30, 2020, 2019 and 2018. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management.

Using this report

The College's basic financial statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the Statement of Net Position is designed to present the College's financial position as of a point in time. This statement combines current financial resources (short-term spendable resources) with capital assets and other long-term resources. The Statement of Revenues, Expenses, and Changes in Net Position, emphasizes the change in net position over the year to indicate whether there has been improvement or erosion of the College's financial health.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position

One of the most important questions asked about the College's finances is, "Is the College as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information on the College as a whole and on its activities in a way that helps answer this question. The relationship between revenues and expenses may be thought of as the College's operating results.

These two statements report the College's net position and the changes that occur in them during the year. You can think of the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources as one way to measure the College's financial health, or financial position. Over time, increases or decreases in the College's net position is one indicator of whether its financial health is improving or deteriorating.

You will need to consider many other nonfinancial factors, such as the trend in College recruiting, student retention, enrollment growth, academic or workforce programs created or expanded during the year, and the strength of the instructional services, to accurately assess the overall health of the College. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020

From the data presented, readers of the Statement of Net Position are able to determine the availability of net position (assets plus deferred outflows minus liabilities minus deferred inflows) for expenditure to continue the operations of the College. They are also able to determine how much the College owes vendors and employees.

Net position is divided into three major categories. The first category, net investment in capital assets, provides the College's equity in buildings, equipment, and library books owned by the College. The next net position category is restricted net position, which is divided into two categories, nonexpendable and expendable. Nonexpendable restricted net position is for the Endowment Program where funds are invested and the earnings are available for expenditure but the original investment (corpus) is not. The College does not currently have nonexpendable restricted net position since all funds of this nature would generally be directed to The Eastern West Virginia Community and Technical College Foundation, Incorporated. Expendable restricted net position is available for expenditure by the College but have a specific purpose (i.e. time or purpose restrictions). The final category is unrestricted net position. Unrestricted net position is available to the College for any lawful purpose of the College.

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows, and net position of the College. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of the College. The Statement of Net Position presents end-of-year data concerning assets (current and noncurrent), deferred outflows, liabilities (current and noncurrent), deferred inflows and net position (assets plus deferred outflows minus liabilities minus deferred inflows). The difference between current and noncurrent assets and liabilities are discussed in the footnotes to the financial statements.

Condensed Schedules of Net Position
June 30,

	2020	2019	2018
Assets:			
Current assets	$ 2,966,531	$ 2,882,072	$ 2,461,108
Capital assets	10,386,769	10,595,221	10,662,690
Noncurrent assets	264,831	299,824	304,690
Total Assets	13,618,131	13,777,117	13,428,488
Deferred Outflows:	57,079	55,085	54,927
Liabilities:			
Current liabilities	916,051	697,026	737,916
Noncurrent liabilities	2,104,051	2,310,951	3,164,986
Total Liabilities	3,020,102	3,007,977	3,902,902
Deferred Inflows:	281,506	227,439	190,367
Net Position:			
Net investment in capital assets	8,720,100	8,861,888	8,175,358
Restricted-expendable	251,043	294,685	294,564
Unrestricted	1,402,459	1,440,213	920,224
Total Net Position	$ 10,373,602	$ 10,596,786	$ 9,390,146

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020

Financial Highlights:

- *Assets*

  Current assets as of June 30, 2020 increased $84,459 from June 30, 2019. Cash increased by $869,191. Accounts receivable decreased $787,323 from June 30, 2019 to June 30, 2020.

  Net Capital assets showed a decrease of $208,452 from June 30, 2019 to June 30, 2020.

  Total non-current assets showed a decrease of $243,445 from June 30, 2019 to June 30, 2020.

  Deferred Outflows of Resources represents change in the actuarial assumptions that affected OPEB. This amount increased by $1,994 from June 30, 2019.

- *Liabilities*

  Current liabilities as of June 30, 2020 increased by $219,025 from the previous year. Accounts payable reflected an decrease of $65,459 from June 30, 2019 to June 30, 2020. Unearned revenue increased by $69,667 from June 30, 2019 and June 30, 2020. Accrued liabilities and deposits increased $99,165 from the previous year, as well as the amount due to the Commission, which increased by $84,708 from June 30, 2019 and June 30, 2020.

  Noncurrent (Long-term liabilities) represent accrued compensated absences, other post-employment benefits liability (OPEB), and the WV Development Office loan balance. Compensated absences is the college's liability for employees' annual leave balances in excess of one year's annual leave rate at June 30. An increase in compensated absences liability, a decrease in OPEB liability, and a decrease in the WV Development Office loan balance resulted in an overall decrease in noncurrent liabilities of $206,900 from June 30, 2019 to June 30, 2020.

  Deferred Inflows of Resources represents change in the actuarial assumptions that affected OPEB. This amount increased $54,067 from June 30, 2019 to June 30, 2020.

- *Net Position*

  Net investment in capital assets reflects a decrease of $141,788 between June 30, 2020 and June 30, 2019.

  Restricted for – expendable – capital projects represents the difference between current assets and current liabilities for the capital fee portion of tuition funds. This amount decreased $43,642 between June 30, 2020 and June 30, 2019.

  Unrestricted net position decreased by $37,754 as of June 30, 2020 in comparison to June 30, 2019.

  In total, net position as of June 30, 2020 decreased by $223,184 from June 30, 2019.

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020

Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues generated and expenses incurred by the College, both operating and non-operating. In addition, any other revenues, expenses, gains or losses are also reflected in this financial statement.

Operating revenues are generated by providing goods and services to the College's customers and constituencies and in the form of federally-funded and state-funded grants. *Operating expenses* are expenses incurred by the College in order to generate operating revenue and to carry out the mission of the College.

Nonoperating revenue is revenue received for which goods and services are not provided. For example, state appropriations are nonoperating because the West Virginia Legislature provides them to the College without the West Virginia Legislature directly receiving commensurate goods and services for those revenues.

Condensed Schedules of Revenues, Expenses, and Changes in Net Position
Years Ended June 30,

	2020	2019	2018
Operating revenues	$ 2,189,794	$ 2,176,162	$ 2,959,474
Operating expenses	5,649,571	5,108,600	5,346,878
Operating loss	(3,459,777)	(2,932,438)	(2,387,404)
Nonoperating revenues	3,036,031	3,737,365	2,641,060
Income (loss) before other revenues, expenses, gain or losses	(423,746)	804,927	253,656
Capital projects and bond proceeds	89,978	319,352	3,686
Capital gifts, federal funded	73,325	-	-
Capital gifts, state funded	10,365	43,712	-
Payments made and expenses incurred on behalf of the college	26,894	38,649	45,585
Increase (decrease) in net position before cumulative effect of adoption of accounting principle	(223,184)	1,206,640	302,927
Cumulative effect of adoption of accounting principle	-	-	(192,754)
Increase (decrease) in net position	(223,184)	1,206,640	110,173
Net Position - Beginning of year	10,596,786	9,390,146	9,279,973
Net Position - End of year	$ 10,373,602	$ 10,596,786	$ 9,390,146

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020

Financial Highlights:

Operating revenues increased by $13,632 in fiscal year 2020 as compared to fiscal year 2019. Net tuition and fee revenue increased in 2020 by $160,209. The scholarship allowance amount decreased by $60,353 in 2020 as compared to 2019. Revenue from grants and contracts reflected a decrease of $80,211 during this period. Grants and contracts are cyclical in nature and cannot be relied upon for sustained revenue from one year to the next.

Operating expenses in fiscal year 2020 increased by $540,971 from fiscal year 2019. Fiscal year 2020 recognized a salary and wages increase of $283,126. Affecting this increase is an increase in class offerings, state mandated salary increases, increase in staff's annual leave liability, and new staff positions some of which were previously contractual. Benefits increased by $15,258. Other operating expenses increased by $242,587. Affecting this increase is an increased marketing and advertising campaign along with increased student grants and awards.

Nonoperating revenue decreased by $701,334 in fiscal year 2020 as compared to fiscal year 2019. State appropriations decreased by $132,625 in fiscal year 2020 as compared to fiscal year 2019. Fiscal Year 2019 state appropriations included a one-time $500,000 increase. Fiscal year 2020 state appropriations base amount increased by $367,375. Fiscal year 2020 includes the new covid-related federal cares act grant funding of $68,705. Fiscal year 2019 included loan forgiveness revenue of $619,932. This one-time occurrence contributed to the overall decrease in nonoperating revenue in fiscal year 2020 as compared to fiscal year 2019.

Bond revenue decreased by $229,374 from 2019 to 2020. Fiscal year 2019 revenue included $141,665 funds for the release of retainages payable due to the completion of the new main campus academic wing construction. The College drew down $89,978 of the 2018 $300,000 bond funds in fiscal year 2020. $16,883 bond funds are available at June 20, 2020.

Capital Grants increased $39,978 in fiscal year 2020 as compared to fiscal year 2019.

Payments made and expenses incurred on behalf of the College reflects a decrease of $11,755. This expense is solely reflective of allocation of Other Post Employment Benefits (OPEB) expense for unfunded liabilities related to special funding.

The Change in Net Position decreased $1,429,824 from fiscal year 2019 to fiscal year 2020. Unusual activities affecting this decrease are a one time $500,000 state appropriation and $619,932 loan forgiveness revenue in fiscal year 2019.

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020

Statement of Cash Flows

The final statement presented by the College is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the College during the year. Another way to assess the financial health of a College is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows also helps users assess an entity's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing. For the year ended June 30, 2020, the net cash used by operating activities (approximately $2.1 million) indicates that the College used more cash for instructional and administrative costs than it received from sources such as student tuition and certain federal and state grants.

The Statement of Cash Flows is divided into five sections.

The ***first section*** reflects cash in-flows/out-flows generated from operating activities. The ***second section*** reflects cash flows from non-capital financing activities. This section reflects the cash received and spent for nonoperating, non-investing, and noncapital financing purposes. The ***third section*** deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The ***fourth section*** reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The ***fifth section*** reconciles the net cash used to the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

Condensed Schedules of Cash Flows
Years Ended June 30,

	2020	2019	2018
Cash (used in) provided by:			
Operating activities	$ (2,098,336)	$ (3,123,033)	$ (2,198,586)
Noncapital financing activities	3,091,505	3,125,646	2,617,439
Capital and related financing activities	(186,182)	(207,270)	(630,333)
Investing activities	27,211	34,494	22,616
(Decrease) increase in cash and cash equivalents	834,198	(170,163)	(188,864)
Cash and cash equivalents - Beginning of year	2,106,342	2,276,505	2,465,369
Cash and cash equivalents - End of year	$ 2,940,540	$ 2,106,342	$ 2,276,505

Financial Highlights:

Cash flows used in operating activities decreased $1,024,697 in fiscal year 2020 from the previous year. Affecting this change is a $1,454,976 increase in Cash flow from grants and contracts as well as a $300,505 increase in Cash flows for payments to suppliers.

Cash flows from noncapital financing activities decreased by $34,141 in fiscal year 2020 as compared to fiscal year 2019.

Cash flows used in capital and related financing activities decreased in fiscal year 2020 from fiscal year 2019 by $21,088.

Cash flows from investing activities decreased in fiscal year 2020 from fiscal year 2019 by $7,283. This decrease was due to earning interest on investments.

Overall cash increased by $834,198 in fiscal year 2020 as compared to fiscal year 2019.

Capital Activity

In spring of 2018, Eastern broke ground on an additional student parking lot at the front entrance of the college. The pavement of the lot concluded in October 2018, and the sidewalk was completed in April 2019. Contractors installed solar parking lights in August 2019. The parking lot opened to the public in Fall of 2019. The parking lot was partially funded by a $67,568 grant from the West Virginia Department of Environmental Protection (WVDEP). Per the terms of the grant, the amount awarded was matched by the remaining proceeds from leftover West Virginia Development Office (WVDO) financial assistance agreement funds.

Eastern completed two major improvements to its employee parking lot in 2020. Solar Holler, LLC finished construction on a solar carport in January 2020 that overhangs 11 employee parking spaces and provides considerable savings on electricity. This project was partially funded by a $50,000 grant from the US Department of Agriculture (USDA). The total cost of the solar carport construction was $111,496. Additionally, four electric vehicle charging stations were connected to the carport. In Spring 2020, the gravel portion of the employee parking lot was replaced with permeable pavers. Half of this project was funded by a $10,365 grant from West Virginia Department of Environmental Protection, and the total cost was $20,730.

Also in spring of 2020, Eastern entered into a contract with Stone Hill Construction, Inc. to erect ten solar-powered lanterns for the purpose of providing decorative lighting for the Moorefield campus’s access road. This project is to be funded by West Virginia Higher Education Policy Commission capital bond money and college capital tuition funds, and the total cost is expected to be $37,966. Construction is expected to be complete in August 2021.

Economic Outlook

The College maintained a tuition rate of $143 per credit hour for fiscal year 2020. Year-to-date actual tuition and fees revenue for fiscal year 2020 totaled $751,217 (net of scholarship allowance). In response to decreasing enrollment in the prior year, the Board of Governors decided not to increase tuition from its current rate of $143 and agreed to consider an increase for fiscal year 2021, if needed. Eastern recognizes continuing to increase tuition rates and student fees is not a wise business plan and does not support the institution’s mission of providing accessible and affordable educational opportunities for the Potomac Highlands regional community.

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020

Grants continue to be a viable short-term source of funding for the college to support initiatives that align with the College's mission. Funding sources for fiscal year 2020 include Perkins, Biochar partnerships, Department of Environmental Protection, Claude Benedum Foundation, Citizen's Schools, and other short-term grants. Eastern will develop a grants strategy that will identify funding opportunities through Eastern, Eastern's non-profit research corporation and/or Eastern's non-profit foundation.

Eastern reviewed 2019/2020 break-even analyses for each full time faculty member to identify enrollment opportunities for academic, career, and technical programs. The break-even analyses calculates how many paid seats will support a full-time faculty salary and benefits. Faculty are encouraged to reach their break-even goals to improve recruitment and retention efforts. The Dean of Teaching and Learning shares semester outcomes with faculty to discuss how to improve recruitment and marketing for programs.

Eastern anticipates continued interest and growth in enrollment from the WV Invests program. To quote the WV Invests website, "West Virginia Invests is a 'last-dollar-in' financial aid program designed to cover the cost of basic tuition and fees for certificate or associate degree programs in specific high-demand fields, as determined by the West Virginia Department of Commerce." Additional enrollment and tuition revenue is possible through this initiative.

Eastern continued its communications with the West Virginia Development Office (WVDO) to forgive its 0% interest loan (the balance of which is approximately $1.6 million) or transition the loan to a grant and reallocate quarterly payments of $16,666.67 to regional economic development initiatives. This will eliminate all of Eastern's debt if the WVDO agrees to this request.

Contacting the College's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of Eastern West Virginia Community and Technical College and to show the College's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Chief Financial Officer at Eastern West Virginia Community and Technical College 316 Eastern Drive, Moorefield, West Virginia 26836 or call (304) 434-8000.

EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,679,380	$ 1,810,189
Accounts receivable, net of allowance for doubtful accounts	284,560	1,071,883
Prepaid assets	2,591	-
Total current assets	2,966,531	2,882,072
NONCURRENT ASSETS:		
Cash and cash equivalents	261,160	296,153
Other non current assets	3,671	3,671
Capital assets, net of accumulated depreciation	10,386,769	10,595,221
Total noncurrent assets	10,651,600	10,895,045
Total assets	13,618,131	13,777,117
DEFERRED OUTFLOWS OF RESOURCES:		
Total deferred outflows of resources	57,079	55,085
TOTAL	$ 13,675,210	$ 13,832,202
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 165,091	$ 230,550
Amount due to the Commission	84,708	-
Amount due to Other State Agencies	13,396	12,411
Accrued liabilities and deposits	204,514	105,349
Compensated absences — current portion	119,691	89,732
Funds due to West Virginia Development Office - current portion	66,668	66,668
Unearned revenue	261,983	192,316
Total current liabilities	916,051	697,026
NONCURRENT LIABILITIES:		
Compensated absences	60,456	32,496
Other post employment benefits liability	443,596	611,790
Funds due to West Virginia Development Office	1,599,999	1,666,665
Total noncurrent liabilities	2,104,051	2,310,951
Total liabilities	3,020,102	3,007,977
DEFERRED INFLOWS OF RESOURCES:		
Total deferred inflows of resources	281,506	227,439
NET POSITION:		
Net investment in capital assets	8,720,100	8,861,888
Restricted for - expendable - capital projects	251,043	294,685
Unrestricted	1,402,459	1,440,213
Total net position	10,373,602	10,596,786
TOTAL	$ 13,675,210	$ 13,832,202

The Accompanying Notes Are An Integral
Part Of These Financial Statements

EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
OPERATING REVENUES:		
Student tuition and fees — net of scholarship allowance of $351,799 and $412,152 in 2020 and 2019, respectively	$ 751,217	$ 591,008
Contracts and grants:		
Federal	721,257	811,499
State	656,702	643,848
Private	2,325	5,148
Sales and services of educational activities	-	2,298
Miscellaneous	58,293	122,361
Total operating revenues	2,189,794	2,176,162
OPERATING EXPENSES:		
Salaries and wages	2,017,534	1,734,408
Benefits	381,540	366,282
Supplies and other services	2,244,396	2,068,773
Utilities	127,894	111,857
Student financial aid — scholarships	446,636	351,521
Depreciation	417,946	459,925
Fees assessed by the Commission for operations	13,625	15,834
Total operating expenses	5,649,571	5,108,600
OPERATING LOSS	(3,459,777)	(2,932,438)
NONOPERATING REVENUES:		
State appropriations	2,179,912	2,312,537
Federal Cares Act Grants	68,705	-
Federal Pell grants	739,398	752,506
Federal SEOG grants	19,800	16,891
Loan forgiveness	-	619,932
Investment income	28,216	35,499
Total nonoperating revenues	3,036,031	3,737,365
(DECREASE) INCREASE IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(423,746)	804,927
BOND PROCEEDS	89,978	319,352
CAPITAL GRANTS		
FEDERAL FUNDED	73,325	-
STATE FUNDED	10,365	43,712
PAYMENTS MADE AND EXPENSES INCURRED ON BEHALF OF THE COLLEGE	26,894	38,649
INCREASE (DECREASE) IN NET POSITION	(223,184)	1,206,640
NET POSITION - Beginning of year	10,596,786	9,390,146
NET POSITION - End of year	$ 10,373,602	$ 10,596,786

EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 736,517	$ 606,445
Contracts and grants	2,337,687	882,711
Payments to and on behalf of employees	(2,331,217)	(2,246,680)
Payments to suppliers	(2,311,461)	(2,010,956)
Payments to utilities	(127,894)	(111,857)
Payments for scholarships	(446,636)	(351,521)
Sales and service of educational activities	-	2,298
Fees retained by the Commission	(13,625)	(15,834)
Other (payments) receipts, net	58,293	122,361
Net cash used in operating activities	(2,098,336)	(3,123,033)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	2,179,912	2,312,537
Federal CARES Act Grants	68,705	-
Federal Pell grants	739,398	752,506
Federal SEOG grants	19,800	16,891
Capital gifts - federal funded	73,325	-
Capital gifts - state funded	10,365	43,712
Federal Direct Loan Program — direct lending receipts	204,408	265,340
Federal Direct Loan Program — direct lending payments	(204,408)	(265,340)
Net cash provided by noncapital financing activities	3,091,505	3,125,646
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Repayments of loans from West Virginia Development Office	(66,666)	(66,666)
Repayments of loans from Commission	-	(67,500)
Purchases of capital assets	(119,516)	(73,104)
Net cash used in capital financing activities	(186,182)	(207,270)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	27,211	34,494
Net cash provided by investing activities	27,211	34,494
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	834,198	(170,163)
CASH AND CASH EQUIVALENTS - Beginning of year	2,106,342	2,276,505
CASH AND CASH EQUIVALENTS - End of year	$ 2,940,540	$ 2,106,342
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (3,459,777)	$ (2,932,438)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	417,946	459,925
OPEB expense - special funding situation	26,894	38,649
Changes in assets and liabilities:		
Accounts receivable, net	788,328	(594,461)
Prepaid expenses	(2,591)	3,707
Other non current assets	-	5,498
Deferred outflows	(1,994)	(158)
Accounts payable	(64,474)	(87,555)
Due to Commission/Council	84,708	(14,762)
Accrued liabilities and deposits	99,165	15,112
Other postemployment benefits liability	(168,194)	(111,175)
Compensated absences	57,919	10,677
Unearned revenue	69,667	46,876
Deferred inflows	54,067	37,072
Net cash used in operating activities	$ (2,098,336)	$ (3,123,033)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:		
Cash and cash equivalents classified as current	$ 2,679,380	$ 1,810,189
Cash and cash equivalents classified as noncurrent	261,160	296,153
	$ 2,940,540	$ 2,106,342
Noncash transactions:		
Loan forgiveness	$ -	$ (619,932)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 - ORGANIZATION

Eastern West Virginia Community and Technical College (the College) is governed by the Eastern West Virginia Community and Technical College Governing Board (the Board). The Board was established by Senate Bill 448.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The accompanying financial statements present all funds under the authority of the College. The basic criterion for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from the College's ability to significantly influence operations and accountability for fiscal matters of related entities. A related foundation and another affiliate of the College are not part of the College reporting entity and are not included in the accompanying financial statements since the College has no ability to designate management, cannot significantly influence operations of these entities, and is not accountable for the fiscal matters of these entities under GASB.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The West Virginia State Legislature, as a regulatory body outside the reporting entity, has restricted the use of certain funds by Article 10, *Fees and Other Money Collected at State Institutions of Higher Education, of the West Virginia State Code*. House Bill 101, passed in March 2004, simplified the tuition and fee restrictions to auxiliaries and capital items. These activities are fundamental to the normal ongoing operations of the College. These restrictions are subject to change by future actions of the West Virginia State Legislature.

Restricted net position - nonexpendable - This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The College does not have any restricted nonexpendable net position at June 30, 2020 or 2019.

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets - Capital assets include land, building/improvements, construction in progress, furniture and equipment, and books and materials that are part of a catalogued library. Capital assets are stated at cost at the date of acquisition or construction or fair market value at the date of donation in the case of gifts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 7 years for library books and 3 to 10 years for furniture and equipment. The College's capitalization threshold is $1,000.

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

Compensated Absences and Other Postemployment Benefits (OPEBs) - GASB provides for the measurement, recognition, and display of OPEB expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State. Effective July 1, 2007, the College was required to participate in this multiple-employer cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State. Details regarding this plan and its stand-alone financial statements can be obtained by contacting the West Virginia Public Employees Insurance Agency (PEIA), 601 57th Street SE, Charleston, WV 25304 or http://www.wvpeia.wv.gov.

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Classification of Revenues - The College has classified its revenues according to the following criteria:
Operating Revenues - Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; (3) most federal, state, local, and nongovernmental grants and contracts; and (4) sales and services of educational activities.

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

Other Revenues - Other revenues consist primarily of capital grants and gifts.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Financial Assistance Programs - Federal Direct Loan receivables are not included in the College's statements of net position, as the loans are repayable directly to the U.S. Department of Education. In 2020 and 2019, the College received and disbursed approximately $204,000 and $265,000, respectively, under the Federal Direct Loan Program on behalf of the U.S. Department of Education, which is not included as revenue and expense on the statements of revenues, expenses, and changes in net position.

The College also distributes other student financial assistance funds on behalf of the federal government to students under the federal Pell Grant program. The activity of this program is recorded in the accompanying financial statements. In 2020 and 2019, the College received and disbursed approximately $739,000 and $753,000, respectively, under this federal student aid program.

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

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

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

Income Taxes - The College is exempt from income taxes, except for unrelated business income, as a governmental instrumentality under federal income tax laws and regulations of the Internal Revenue Service.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Newly Adopted Statements Issued by the Governmental Accounting Standards Board

The Governmental Accounting Standards Board (GASB) has issued Statement No. 90, *Majority Equity Interests*, which is effective for fiscal years beginning after December 15, 2019. The requirements of this Statement will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and will improve the relevance of financial statement information for certain component units. This Statement also provides guidance for reporting a component unit if a government acquires a 100% equity interest in that component unit. An equity interest is a financial interest in a legally separate organization evidenced by the ownership of shares of the organization's stock or by otherwise having an explicit, measureable right to the net resources of the organization that is usually based on an investment of financial or capital resources by a government. An equity interest is explicit and measureable if the government has a present or future claim to the net resources of the entity and the method for measuring the government's share of the entity's net resources is determinable. The adoption of GASB Statement No. 90 had no impact on the June 30, 2020 financial statements.

GASB has issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which is effective immediately. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. This statement will provide governments with sufficient time to apply the authoritative guidance addressed in these Statements and will help to safeguard the reliability of their financial statements, which in turn will benefit the users of those financial statements. The adoption of GASB Statement No. 95 by the College extended the implementation date of all statements through GASB Statement No. 94.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Statements Issued by the Governmental Accounting Standards Board

GASB has issued Statement No. 84, *Fiduciary Activities*, effective for fiscal years beginning after December 15, 2019. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The College has not yet determined the effect that the adoption of GASB Statement No. 84 may have on its financial statements.

GASB has issued Statement No. 87, *Leases*, effective for fiscal years beginning after June 15, 2021. The requirements of this Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The College has not yet determined the effect that the adoption of GASB Statement No. 87 may have on its financial statements.

GASB has issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for fiscal years beginning after December 15, 2020. The requirements of this Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The College has not yet determined the effect that the adoption of GASB Statement No. 89 may have on its financial statements.

GASB has issued Statement No. 91, *Conduit Debt Obligations*, which is effective for fiscal years beginning after December 15, 2021. The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations. The College has not yet determined the effect that the adoption of GASB Statement No. 91 may have on its financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB has issued Statement No. 92, *Omnibus 2020*, which is effective for fiscal years beginning after June 15, 2021. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. The College has not yet determined the effect that the adoption of GASB Statement No. 92 may have on its financial statements.

GASB Board has issued Statement No. 93, *Replacement of Interbank Offered Rates*, which is effective for fiscal years beginning after December 31, 2022. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. The College has not yet determined the effect that the adoption of GASB Statement No. 93 may have on its financial statements.

GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is effective for fiscal years beginning after June 15, 2023. The requirements of this Statement will improve financial reporting by establishing the definitions of Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The College has not yet determined the effect that the adoption of GASB Statement No. 94 may have on its financial statements.

GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which is effective for fiscal years beginning after June 15, 2022. The requirements of this Statement will improve financial reporting by establishing a definition for Subscription-Based Information Technology Arrangements (SBITA) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. The College has not yet determined the effect that the adoption of GASB Statement No. 96 may have on its financial statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. The requirements of this Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. The portion of GASB Statement No. 97 that was implemented during the current fiscal year had no impact on the June 30, 2020 financial statements. The College has not yet determined the effect that the adoption of the remaining portions of GASB Statement No. 97 may have on its financial statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents at June 30, 2020 and 2019, is as follows:

	2020		
	Current	Noncurrent	Total
Cash on deposit with the Treasurer/BTI	$ 2,356,354	$ 261,160	$ 2,617,514
Cash in bank	322,726	-	322,726
Cash on hand	300	-	300
	$ 2,679,380	$ 261,160	$ 2,940,540

	2019		
	Current	Noncurrent	Total
Cash on deposit with the Treasurer/BTI	$ 1,551,158	$ 296,153	$ 1,847,311
Cash in bank	258,731	-	258,731
Cash on hand	300	-	300
	$ 1,810,189	$ 296,153	$ 2,106,342

Cash held by the Treasurer includes $261,160 and $296,153 of restricted cash at June 30, 2020 and 2019, respectively.

The combined carrying amount of cash in the bank at June 30, 2020 and 2019, was $322,726 and $258,731, respectively, as compared with the combined bank balance of $326,467 and $261,634 for the years ended June 30, 2020 and 2019, respectively. The difference is primarily caused by outstanding checks and items in transit. The bank balances were covered by federal depository insurance as noted below or were collateralized by securities held by the State's agent. Regarding federal depository insurance, accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000.

Amounts with the State Treasurer were $2,617,514 and $1,847,311 as of June 30, 2020 and 2019, respectively. Of these amounts, $2,200,216 and $1,617,728 were invested in the WV Money Market Pool and the WV Short Term Bond Pool as of June 30, 2020 and 2019, respectively. The remainder of the cash held with the State Treasurer was not invested as of June 30, 2020 and 2019.

NOTE 3 - CASH AND CASH EQUIVALENTS (CONTINUED)

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

	2020		2019	
External Pool	Carrying Value	S & P Rating	Carrying Value	S & P Rating
WV Money Market Pool	$ 2,148,055	AAAm	$ 1,580,324	AAAm
WV Short Term Bond Pool	$ 52,161	Not Rated	$ 37,404	Not Rated

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

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

	2020		2019	
External Pool	Carrying Value	WAM (Days)	Carrying Value	WAM (Days)
WV Money Market Pool	$ 2,148,055	44	$ 1,580,324	42

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

	2020		2019	
External Pool	Carrying Value	Effective Duration (Days)	Carrying Value	Effective Duration (Days)
WV Short Term Bond Pool	$ 52,161	620	$ 37,404	723

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

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

NOTE 3 - CASH AND CASH EQUIVALENTS (CONTINUED)

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

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

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2020 and 2019, are as follows:

	2020	2019
Student tuition and fees, net of allowance for doubtful of $453,873 and $417,836 in 2020 and 2019, respectively.	$ 50,029	$ 35,328
Due from Commission/Council	7,389	233,401
Due from State of WV	-	500,000
Accrued interest receivable	1,239	3,473
Other accounts receivable	225,903	299,681
	$ 284,560	$ 1,071,883

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 5 - CAPITAL ASSETS

A summary of capital asset transactions for the College for the years ended June 30, 2020 and 2019, is as follows:

	2020				
	Beginning Balance	Transfers	Additions	Reductions	Ending Balance
Capital assets not being depreciated:					
Land	$ 230,517	$ -	$ -	$ -	$ 230,517
Construction in progress	-	-	29,945	-	29,945
Total capital assets not being depreciated	$ 230,517	$ -	$ 29,945	$ -	$ 260,462
Other capital assets:					
Building/improvements	$ 11,450,330	$ -	$ 191,894	$ -	$11,642,224
Equipment	4,672,146	-	57,655	(79,195)	4,650,606
Total other capital assets	16,122,476	-	249,549	(79,195)	16,292,830
Less accumulated depreciation for:					
Building/improvements	1,912,107	-	266,740	-	2,178,847
Equipment	3,845,665	-	151,206	(9,195)	3,987,676
Total accumulated depreciation	5,757,772	-	417,946	(9,195)	6,166,523
Other capital assets, net	$ 10,364,704	$ -	$ (168,397)	$ (70,000)	$10,126,307
Capital asset summary:					
Capital assets not being depreciated	$ 230,517	$ -	$ 29,945	$ -	$ 260,462
Other capital assets	16,122,476	-	249,549	(79,195)	16,292,830
Total cost of capital assets	16,352,993	-	279,494	(79,195)	16,553,292
Less accumulated depreciation	5,757,772	-	417,946	(9,195)	6,166,523
Capital assets, net	$ 10,595,221	$ -	$ (138,452)	$ (70,000)	$10,386,769

NOTE 5- CAPITAL ASSETS (Continued)

	2019				
	Beginning Balance	Transfers	Additions	Reductions	Ending Balance
Capital assets not being depreciated:					
Land	$ 210,477	$ 20,040	$ -	$ -	$ 230,517
Total capital assets not being depreciated	$ 210,477	$ 20,040	$ -	$ -	$ 230,517
Other capital assets:					
Building/improvements	$ 11,110,801	$ (20,040)	$ 371,335	$ (11,766)	$11,450,330
Equipment	4,639,259	-	32,887	-	4,672,146
Total other capital assets	15,750,060	(20,040)	404,222	(11,766)	16,122,476
Less accumulated depreciation for:					
Building/improvements	1,694,443	-	217,664	-	1,912,107
Equipment	3,603,404	-	242,261	-	3,845,665
Total accumulated depreciation	5,297,847	-	459,925	-	5,757,772
Other capital assets, net	$10,452,213	$ (20,040)	$ (55,703)	$ (11,766)	$10,364,704
Capital asset summary:					
Capital assets not being depreciated	$ 210,477	$ 20,040	$ -	$ -	$ 230,517
Other capital assets	15,750,060	(20,040)	404,222	(11,766)	16,122,476
Total cost of capital assets	15,960,537	-	404,222	(11,766)	16,352,993
Less accumulated depreciation	5,297,847	-	459,925	-	5,757,772
Capital assets, net	$ 10,662,690	$ -	$ (55,703)	$ (11,766)	$10,595,221

As of June 30, 2020, the College had $37,966 in construction commitments related to construction of solar powered access road lights.

The College maintains certain collections of inexhaustible assets to which no value can be practically determined. Accordingly, such collections are not capitalized or recognized for financial statement purposes. Such collections include contributed works of art that are held for exhibition. These collections are neither disposed of for financial gain nor encumbered in any means.

NOTE 6- LONG-TERM LIABILITIES

A summary of long-term obligation transactions for the College for the years ended June 30, 2020 and 2019, is as follows:

	2020				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued compensated absences	$ 122,228	$ 57,919	$ -	$ 180,147	$ 119,691
Funds due to West Virginia Development Office	1,733,333	-	66,666	1,666,667	66,668
Net other postemployment benefit liability	611,790	-	168,194	443,596	-
Total long-term liabilities	$ 2,467,351	$ 57,919	$ 234,860	$ 2,290,410	$ 186,359

	2019				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued compensated absences	$ 111,551	$ 10,677	$ -	$ 122,228	$ 89,732
Funds due to West Virginia Development Office	2,419,931	-	(686,598)	1,733,333	66,668
Funds due to HEPC	67,500	-	(67,500)	-	-
Net other postemployment benefit liability	722,965	23,235	(134,410)	611,790	-
Total long-term liabilities	$ 3,321,947	$ 33,912	$ (888,508)	$ 2,467,351	$156,400

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 7- LEASE OBLIGATIONS

Future minimum payments under operating leases, which consist primarily of office equipment, with initial or remaining terms of one year or more, as of June 30, 2020, were as follows:

Year Ending June 30,	
2021	$ 8,640
2022	1,440
2023	1,440
2024	1,440
2025	1,080
	$ 14,040

Total rent expense for operating leases amounted to $3,960 and $639 for the years ended June 30, 2020 and 2019, respectively.

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS

As related to the implementation of GASB 75, following are the College's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, revenues, and the OPEB expense and expenditures for the fiscal years ended June 30, 2020 and 2019:

	2020	2019
Net OPEB liability	$ 443,596	$ 611,790
Deferred outflows of resources	57,079	55,085
Deferred inflows of resources	281,506	227,439
Revenues	26,894	38,649
OPEB expense	(43,762)	23,235
Contributions made by the College	56,970	55,085

Plan Description

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

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

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

Benefits Provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

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

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

Contributions

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

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The paygo rates related to the measurement date of June 30, 2019 were:

	2019	2018
Paygo premium	$ 183	$ 177

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

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

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

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

The College's contributions to the OPEB plan for the years ended June 30, 2020, 2019, and 2018, were $56,970, $55,085, and $54,927, respectively.

Assumptions

The June 30, 2020 OPEB liability for financial reporting purposes was determined by an actuarial valuation as of July 1, 2018 and rolled forward to June 30, 2019. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Inflation rate: 2.75%.
- Wage inflation rate: 4.00%.
- Investment rate of return: 7.15%, net of OPEB plan investment expense, including inflation.
- Asset valuation method: Investments are reported at fair (market) value.
- Actuarial cost method: Entry age normal cost method.
- Amortization method: Level percentage of payroll over a 20-year closed period.

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

- Projected salary increases: Dependent upon pension system ranging from 3.0-6.5%, including inflation.
- Retirement age: Experience-based table of rates that are specific to the type of eligibility condition.
- Aging factors: Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
- Mortality rates based on RP-2000 Mortality Tables.
- Healthcare cost trend rates: Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
- Expenses: Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.

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

Certain assumptions have been changed since the prior actuarial valuation of June 30, 2017 and a measurement date of June 30, 2019. The net effect of assumptions changes to the State OPEB plan was approximately $236 million. The assumption changes that most significantly impacted the total OPEB liability were an approximate $11.8 million decrease in the per capita claims costs for Pre-Medicare and Medicare, as well as an approximate $224.2 million decrease due to capped subsidy costs implemented in December 2019. Certain other assumption changes were noted but did not materially impact the total OPEB liability.

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Target asset allocations, capital market assumptions (CMA), and a 10-year forecast of nominal geometric returns by major asset class were provided by the plan's investment advisors, including the West Virginia Investment Management Board (WV-IMB). The projected nominal return for the Money Market Pool held with the BTI was estimated based on the WV-IMB assumed inflation of 2.0% plus a 25 basis point spread.

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

Asset Class	Target Allocation	Long-term Expected Real Return
Global equity	49.5%	4.8%
Core plus fixed income	13.5%	2.1%
Core real estate	9.0%	4.1%
Hedge fund	9.0%	2.4%
Private equity	9.0%	6.8%
Cash and cash equivalents	10.0%	0.3%

Real returns by asset class, as shown in the above tables, were estimated using a static inflation assumption of 2.0%. Consequently, real returns may not reflect the potential volatility of inflation by asset class.

Single discount rate. A single discount rate of 7.15% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.15% and a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date to the extent benefits are effectively financed on a pay-as-you-go basis. The long-term municipal bond rate used to develop the single discount rate was 3.62% as of the beginning of the year and 3.13% as of the end of the year. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Future pre-funding assumptions include a $30 million annual contribution from the State through 2037. Based on those assumptions, and that the Plan is expected to be fully funded by fiscal year ended June 30, 2033, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates. The discount rate used to measure the total OPEB liability did not change from the June 30, 2018 valuation from the June 30, 2017 valuation.

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the College's proportionate share of the net OPEB liability as of June 30, 2020 and 2019 calculated using the discount rate of 7.15%, as well as what the College's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate.

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Net OPEB liability 2020	$ 529,419	$ 443,596	$ 371,777
Net OPEB liability 2019	719,037	611,790	522,387

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate. The following presents the College's proportionate share of the net OPEB liability as of June 30, 2020 and 2019 calculated using the healthcare cost trend rate, as well as what the College's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB liability 2020	$ 357,696	$ 443,596	$ 547,836
Net OPEB liability 2019	506,223	611,790	740,419

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

The June 30, 2020 net OPEB liability was measured as of June 30, 2019, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to the measurement date of June 30, 2019. The June 30, 2019 net OPEB liability was measured as of June 30, 2018, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to the measurement date of June 30, 2018.

At June 30, 2020, the College's proportionate share of the net OPEB liability was $534,376. Of this amount, the College recognized $443,596 as its proportionate share on the statement of net position. The remainder of $90,780 denotes the College's proportionate share of net OPEB liability attributable to the special funding.

At June 30, 2019, the College's proportionate share of the net OPEB liability was $738,231. Of this amount, the College recognized $611,790 as its proportionate share on the statement of net position. The remainder of $126,441 denotes the College's proportionate share of net OPEB liability attributable to the special funding.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to OPEB for each of the fiscal years ended June 30, 2019 and 2018. Employer contributions are recognized when due. At the June 30, 2019 measurement date, the College’s proportion was 0.026%, an decrease of 0.002% from its proportion of 0.028% calculated as of June 30, 2018. At the June 30, 2018 measurement date, the College’s proportion was 0.028%, an decrease of 0.001% from its proportion of 0.029% calculated as of June 30, 2017.

For the year ended June 30, 2020, the College recognized OPEB expense of $(43,762). Of this amount, $(70,565) was recognized as the College’s proportionate share of OPEB expense and $26,894 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of $26,894 for support provided by the State.

For the year ended June 30, 2019, the College recognized OPEB expense of $23,235. Of this amount, $(15,414) was recognized as the College’s proportionate share of OPEB expense and $38,649 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of $38,649 for support provided by the State.

At June 30, 2020 and 2019, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 51,736
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	123,085
Net difference between expected and actual investment earnings	-	4,785
Changes in assumptions	-	89,965
Reallocation of opt-out employer change in proportionate share	109	11,935
Contributions after the measurement date	56,970	-
Total	$ 57,079	$ 281,506

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

June 30, 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 9,050
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	145,979
Net difference between expected and actual investment earnings	-	11,324
Changes in assumptions	-	61,086
Contributions after the measurement date	55,085	-
Total	$ 55,085	$ 227,439

The College will recognize the $56,970 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30,	Amortization
2021	$ (110,643)
2022	(110,483)
2023	(61,006)
2024	735
2025	-
	$ (281,397)

Payables to the OPEB Plan

The College did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2020 and 2019.

NOTE 9 - STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

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

NOTE 9 - STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS (CONTINUED)

The State has chartered the Commission with the responsibility to construct or renovate, finance, and maintain various academic and other facilities of the State's universities and colleges. As of June 30, 2013, the College had completed the construction of its new facility, which is being funded as noted below.

During the year ended June 30, 2005, the Commission issued $167 million of 2004 Series B 30-year Revenue Bonds to fund capital projects at various higher education institutions in the State. The College was approved to receive $8 million of these funds. State lottery funds will be used to repay the debt, although College revenues are pledged if lottery funds prove insufficient. The College has recognized approximately $8,508,117 from these committed funds through June 30, 2020.

During the year ended June 30, 2018, the Commission issued $82 million of Capital Improvement Refunding Revenue Bonds Series 2018 to fund capital projects at various higher education institutions in the State. The College was approved to receive $300,000 of these funds. The College has recognized approximately $283,000 for these committed funds through June 30, 2020.

NOTE 10 - FUNDS DUE TO STATE AGENCIES

Amounts included in Due to Other State Agencies at June 30, are as follows:

	2020	2019
Department of Health and Human Resources	$ 5,626	$ 11,924
Department of Administration	146	50
State Treasurer's Office	56	3
Public Employees' Insurance Agency (PEIA)	436	344
Workforce WV	7,132	-
Division of Labor Safety Section	-	90
	$ 13,396	$ 12,411

On September 24, 2013 Eastern entered into a loan agreement with the West Virginia Development Office to provide funding for the new academic wing. The funding provided 7,500 square feet of classroom space.

In previous years, the College entered into two financial assistance agreements with the West Virginia Development Office (WVDO) for $685,000 to construct a new sewer system and $2,000,000 for the access road for the College's new facility at 316 Eastern Drive. A total of $619,932 was drawn on these agreements, as of June 30, 2020. Under the terms of both agreements, the College agrees to repay the WVDO if nonoperating funds become available or when an appropriate nonoperating income stream is established or if the College sells or disposes of the two acres of property. As of June 30, 2020, the loan in the amount of $619,932 was forgiven by WVDO.

NOTE 10 - FUNDS DUE TO STATE AGENCIES (CONTINUED)

The College entered into another financial assistance agreement with the WVDO in 2014 for $2,000,000 to construct an academic wing at Eastern's campus in Moorefield, West Virginia. Eastern will remit payments of $16,667 each quarter beginning on September 30, 2018 until the debt is paid in full. The debt will be due in total on June 30, 2045. As of June 30, 2020 a total of $1,666,667 is outstanding on this agreement. The total amount of loan payments made for the year ended June 30, 2020 was $66,666.

Future minimum payments related to the academic wing debt, as of June 30, 2020, are as follows:

Year Ending June 30,	WVDO
2021	$ 66,668
2022	66,667
2023	66,667
2024	66,667
2025	66,667
Thereafter	1,333,331
	$ 1,666,667

NOTE 11 - UNRESTRICTED NET POSITION

The College did not have any designated unrestricted net position as of June 30, 2020 or 2019.

	2020	2019
Total unrestricted net position before OPEB liability	$ 1,846,055	$ 2,052,003
Less OPEB liability	443,596	611,790
	$ 1,402,459	$ 1,440,213

NOTE 12 - RETIREMENT PLANS

Substantially all full-time employees of the College participate in the Teachers' Insurance and Annuities Association — College Retirement Equities Fund (TIAA-CREF).

Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have an option to switch to the Educators Money 401(a) basic retirement plan (Educators Money). New hires have the choice of either plan. As of June 30, 2020 and 2019, no employees were enrolled in Educators Money.

NOTE 12 - RETIREMENT PLANS (CONTINUED)

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

Total contributions to TIAA-CREF for the years ended June 30, 2020, 2019, and 2018, were $189,272, $163,354, and $169,672, respectively, which consisted of contributions of $94,636, $81,677, and $84,836 for 2020, 2019, and 2018, respectively, from both the College and covered employees.

The College's total payroll for the years ended June 30, 2020, 2019, and 2018, was $1,880,818, $1,648,355, and $1,727,313, respectively; total covered employees' salaries in TIAA-CREF were $1,577,534, $1,382,650, and $1,471,847, in 2020, 2019, and 2018, respectively.

NOTE 13 - FOUNDATION (UNAUDITED)

The Eastern West Virginia Community and Technical College Foundation, Inc. (the Foundation), which was incorporated in fiscal year 2001, is a separate nonprofit organization incorporated in the State and has as its purpose "to support, encourage and assist in the development and growth of the College, to render service and assistance to the College, and through it to the citizens of the State of West Virginia." Oversight of the Foundation is the responsibility of a separate and independently elected Board of Directors, not otherwise affiliated with the College. In carrying out its responsibilities, the Board of Directors of the Foundation employs management, forms policy, and maintains fiscal accountability over funds administered by the Foundation. Accordingly, the financial statements of the Foundation are not included in the accompanying financial statements because they are not controlled by the College and because they are not significant.

The Foundation's net assets totaled $166,907 and $289,499 at June 30, 2020 and 2019, respectively. The Foundation's net assets include amounts which are restricted by donors to use for specific projects or departments of the College and its affiliated organizations. Contributions to the Foundation, which are not reflected in the accompanying financial statements, totaled $10,787 and $279,573 for the years ended June 30, 2020 and 2019, respectively. No contributions were made to the College during either of the years ended June 30, 2020 or 2019.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 14 - AFFILIATED ORGANIZATION

The College has an affiliation agreement with Eastern Workforce Opportunity Regional Center and Services (Eastern WORCS). Although Eastern WORCS has been created “to foster and support applied research and workforce development” at the College, it is a separate nonprofit organization incorporated in the State of West Virginia. Oversight of Eastern WORCS is the responsibility of a separate and independently elected Board of Directors. Accordingly, the financial statements of Eastern WORCS are not included in the accompanying financial statements because the economic resources held by Eastern WORCS do not entirely or almost entirely benefit the College. No contributions were made to the College during either of the years ended June 30, 2020 or 2019.

NOTE 15 - CONTINGENCIES

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

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

Beginning in the first quarter of 2020, the nation and the College's primary market area was affected by the consequences from the COVID-19 (coronavirus) pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies of many states, including the geographical area in which the College operates. It is unknown how long these conditions will last and what the complete financial effect will be to the College. Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, adversely impacted in the near-term as a result of these conditions.

NOTE 16 - NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

The following tables represent operating expenses within both natural and functional classifications for the years ended June 30, 2020 and 2019:

2020

	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships	Depreciation	Fees Assessed by the Commission	Total
Instruction	$ 535,082	$ 91,799	$ 240,321	$ -	$ -	$ -	$ -	$ 867,202
Public service	20,040	7,075	4,981	-	-	-	-	32,096
Academic support	618,465	149,774	731,772	-	-	-	-	1,500,011
Student services	256,131	59,975	65,392	-	-	-	-	381,498
General institutional support	573,014	59,303	660,666	-	-	-	-	1,292,983
Operations and maintenance of plant	14,802	13,614	97,323	127,894	-	-	-	253,633
Student financial aid	-	-	443,392	-	446,636	-	-	890,028
Auxiliary	-	-	549	-	-	-	-	549
Depreciation	-	-	-	-	-	417,946	-	417,946
Other	-	-	-	-	-	-	13,625	13,625
Total	$ 2,017,534	$ 381,540	$ 2,244,396	$ 127,894	$ 446,636	$ 417,946	$ 13,625	$ 5,649,571

2019

	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships	Depreciation	Fees Assessed by the Commission	Total
Instruction	$ 511,522	$ 79,587	$ 179,797	$ -	$ -	$ -	$ -	$ 770,906
Public service	11,711	3,725	639	-	-	-	-	16,075
Academic support	517,716	129,688	679,384	-	-	-	-	1,326,788
Student services	224,609	54,526	76,520	-	-	-	-	355,655
General institutional support	454,875	85,185	638,918	-	-	-	-	1,178,978
Operations and maintenance of plant	13,975	13,571	106,057	111,857	-	-	-	245,460
Student financial aid	-	-	387,458	-	351,521	-	-	738,979
Auxiliary	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	459,925	-	459,925
Other	-	-	-	-	-	-	15,834	15,834
Total	$ 1,734,408	$ 366,282	$ 2,068,773	$ 111,857	$ 351,521	$ 459,925	$ 15,834	$ 5,108,600

EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
JUNE 30, 2020

Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Eastern's proportion of the net OPEB liability (asset) (percentage)	0.026736631%	0.028515865%	0.029400918%							
Eastern's proportionate share of the net OPEB liability (asset)	$ 443,596	$ 611,790	$ 722,965							
State's proportionate share of the net OPEB liability (asset)	90,780	126,441	148,498							
Total proportionate share of the net OPEB liability (asset)	$ 534,376	$ 738,231	$ 871,463							
Eastern's covered-employee payroll	$ 1,306,804	$ 1,354,270	$ 1,453,976							
Eastern's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	33.95%	45.17%	49.72%							
Plan fiduciary net position as a percentage of the total OPEB liability	39.69%	30.98%	25.10%							

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year (measurement date)

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

EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
JUNE 30, 2020

Last 10 Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily required contribution	$ 56,970	$ 55,085	$ 54,927							
Contributions in relation to the statutorily required contributior	(56,970)	(55,085)	(54,927)							
Contribution deficiency (excess)	$ -	$ -	$ -							
Eastern's covered-employee payroll	$ 1,440,860	$ 1,306,804	$ 1,354,270							
Contributions as a percentage of covered-employee payrol	3.95%	4.22%	4.06%							

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

Actuarial Changes Other Postemployment Benefits Plan

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

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

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

Board of Governors
Eastern West Virginia Community and Technical College
Moorefield, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Eastern West Virginia Community and Technical College (the College), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 1, 2020.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Suttle & Stalnaker, PLLC

Charleston, West Virginia
October 1, 2020