
BridgeValley Community and Technical College

Financial Statements
Years Ended June 30, 2019 and 2018
and
Independent Auditor's Reports



**Suttle &
Stalnaker**

Certified
Public
Accountants

A Professional Limited Liability Company



BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
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INDEPENDENT AUDITOR'S REPORT

Board of Governors
BridgeValley Community and Technical College
South Charleston, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of BridgeValley Community and Technical College (BridgeValley or 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, 2019 and 2018, and the related notes to the financial statements which collectively comprise the College's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the discretely presented BridgeValley Community and Technical College Foundation, Inc. (a component unit of the College). Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the discretely presented financial statements of the BridgeValley Community and Technical College Foundation, Inc., is based solely on the report of the other auditors. 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. The financial statements of BridgeValley Community and Technical College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*. 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 opinion.

Opinions

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the the business-type activities and discretely presented component unit of BridgeValley Community and Technical College, as of and for the years ended June 30, 2019 and 2018, 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 through 16, the schedule of proportionate share of the net pension liability, schedule of pension contributions, the schedule of proportionate share of the net OPEB liability, the schedule of OPEB contributions, and related footnotes on pages 67 through 73 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 standard 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 September 30, 2019, 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, 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 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.

A handwritten signature in cursive script, reading "Suttle & Stalaker, PLLC".

Charleston, West Virginia
September 30, 2019

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019

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History

BridgeValley Community and Technical College (BridgeValley or the College), formed in 2014 with the consolidation of Bridgemont and Kanawha Valley Community and Technical Colleges, is accredited by the Higher Learning Commission as a higher education institution that awards associate and certificate degrees within the West Virginia Community and Technical College System. The service region for the multi-campus consolidated institution includes Fayette, Kanawha, Clay, Putnam, Nicholas, and Raleigh counties.

The new community college evolved in response to the educational and economic development needs for the State of West Virginia. Associate degree program offerings in the region began in the late 1940s and early 1950s at West Virginia State College and West Virginia Institute of Technology (WVU Tech). In the 1960s, each of these baccalaureate institutions created "community college components" on the respective campuses. In 1999, the state legislature created a separate community and technical college system. Community college components hosted by baccalaureate institutions began the process of becoming independent colleges.

In 2004, each community college achieved separate accreditation forming The Community and Technical College at West Virginia University Institute of Technology and West Virginia State Community and Technical College. Legislation in 2008 required that these new community colleges form their own respective Board of Governors and change their names by 2009 to emphasize their unique mission and create distinction from their "host" baccalaureate colleges. In 2009, The Community and Technical College at WVU Tech became Bridgemont Community and Technical College (Bridgemont); West Virginia State Community and Technical College became Kanawha Valley Community and Technical College (Kanawha Valley). The two colleges worked collaboratively to avoid duplication of programs in their overlapping service regions.

During the 2013 legislative session, passage of Senate Bill 438 approved the consolidation of Bridgemont and Kanawha Valley to form a stronger, more comprehensive multi-campus institution for the six-county region. A Board of Governors was appointed to oversee the consolidation; the name BridgeValley was selected to represent the fusion of the institutions. The Higher Learning Commission, at its February 27, 2014 meeting, approved the change of control request submitted, and the official founding date of BridgeValley, March 20, 2014, signified the completion of all accreditation requirements for the multi-campus institution.

Overview

The Management's Discussion and Analysis is required supplementary information and has been prepared in accordance with the requirements of Governmental Accounting Standards Board (GASB) standards. This section of BridgeValley's annual financial report provides an overview of the College's financial performance during the fiscal years ended June 30, 2019, 2018, and 2017, with a focus on 2019. A comparative analysis is presented for fiscal year 2019 compared to fiscal year 2018.

BridgeValley's annual report consists of three basic financial statements: the statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows. These statements focus on the financial condition of the College, the results of operations, and cash flows of the College as a whole. Each of these statements is discussed below.

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

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Financial Highlights

At June 30, 2019, BridgeValley's total net position was \$33,718,879 representing an increase of \$2,098,058. This increase in net position was primarily attributable to acquisition of capital assets.

Total operating revenues decreased approximately 4% over prior year primarily due to decreases in federal grants and contracts. Total operating expenses increased approximately 2% over prior year mainly due to increases in salaries and wages and scholarships and fellowships and supplies and other services. Net nonoperating revenue increased by nearly 2% primarily due to the increase in State appropriations.

Net Position

The statement of net position presents the assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position (assets and deferred outflows minus liabilities and deferred inflows) of the College as of the end of the fiscal year. Assets denote the resources available to continue the operations of the College. Liabilities indicate how much the College owes vendors, employees, and lenders. Net position measures the equity or the availability of funds of the College for future periods.

Net position is displayed in three major categories:

Net investment in capital assets. This category represents the College's total investment in capital assets, net of accumulated 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 net investment in capital assets.

Restricted net position. This category includes net position, the use of which is restricted either due to externally imposed constraints or because of restrictions imposed by law. They are further divided into two additional components — nonexpendable and expendable. Nonexpendable restricted net position includes endowment and similar type funds for which donors or other outside sources have stipulated, as a condition of the gift 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. Expendable restricted net position includes resources for which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

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

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

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Condensed Schedules of Net Position
June 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Assets and Deferred Outflows			
Current Assets	\$ 7,818,284	\$ 6,893,666	\$ 9,208,724
Noncurrent Assets	35,240,077	33,964,716	35,928,348
Total Assets	43,058,361	40,858,382	45,137,072
Deferred Outflows	740,678	455,285	214,515
Total	<u>\$ 43,799,039</u>	<u>\$ 41,313,667</u>	<u>\$ 45,351,587</u>
 Liabilities, Deferred Inflows, and Net Position			
Current Liabilities	\$ 4,776,088	\$ 4,285,367	\$ 7,900,052
Noncurrent Liabilities	3,942,868	4,244,489	4,793,399
Total Liabilities	8,718,956	8,529,856	12,693,451
Deferred Inflows	1,361,204	1,162,990	47,166
 Net Position			
Net Investment in Capital Assets	34,654,921	33,267,441	35,128,016
Restricted for:			
Nonexpendable	50,000	50,000	50,000
Unrestricted	(986,042)	(1,696,620)	(2,567,046)
Total Net Position	33,718,879	31,620,821	32,610,970
Total	<u>\$ 43,799,039</u>	<u>\$ 41,313,667</u>	<u>\$ 45,351,587</u>

Total 2019 assets and deferred outflows of resources increased by \$2,485,372 over 2018. Primary reasons for this increase in 2019 over 2018 are as follows:

- Capital assets, net increased by \$1,301,402 primarily related to the acquisition of the three buildings and land from WVU Tech.
- Accounts receivable, net increased by \$240,389 related to federal grants.

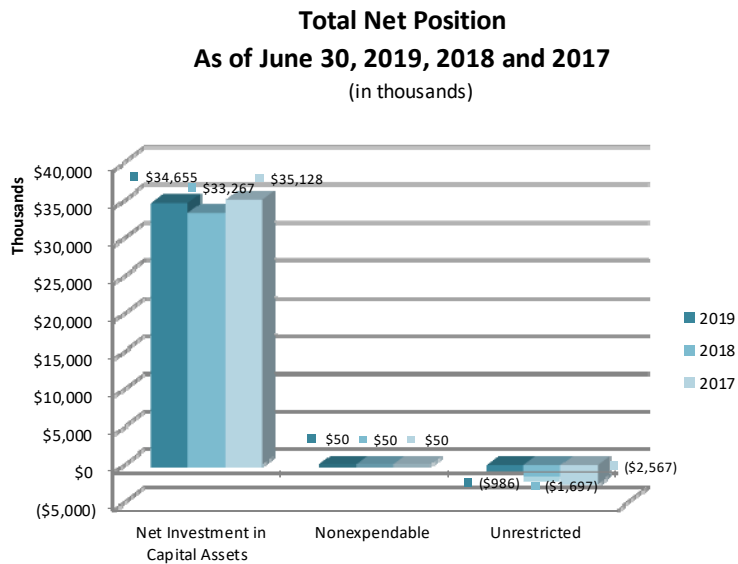
Total liabilities and deferred inflows of resources in 2019 increased by \$387,314 compared with 2018. The primary reasons for this increase in 2019 compared with 2018 are as follows:

- Unearned revenue increased \$515,372 primarily attributable to increases in grant funds that were unspent at year-end.
- Other post employment benefits liability (OPEB) decreased by \$122,225 due to changes in estimates.
- Compensated absences increased by \$10,101 due to the implementation of changing employees to non-classified status which results in a higher accrual rate.
- Net pension liability decreased \$92,604 primarily due to changes in estimates.
- Accrued liabilities decreased \$26,995 due to less salaries owed at year-end.

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

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The following is a comparative illustration of net position.



Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents the operating revenues, operating expenses, nonoperating revenues and expenses, and other revenues, expenses, gains, or losses of BridgeValley for each fiscal year.

State appropriations while budgeted for operations are considered and reported as nonoperating revenues. This is because State appropriations are provided by the Legislature to the College without the Legislature directly receiving commensurate goods and services for those revenues. Likewise, Pell grants are reported as nonoperating, because of specific guidance in the American Institute of Certified Public Accountants industry audit guide.

Student tuition and fees are reported net of scholarship discounts and allowances. Financial aid to students is reported using the National Association of College and University Business Officers alternative method. Under this method certain aid, such as loans and federal direct lending, is accounted for as a third party payment, while all other aid is reflected either as operating expenses or scholarship allowances, which reduce revenues. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019

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

	2019	2018	2017
Operating Revenues	\$ 9,674,744	\$ 10,050,259	\$ 11,341,966
Operating Expenses	<u>22,532,625</u>	<u>22,135,999</u>	<u>23,986,779</u>
Operating Loss	(12,857,881)	(12,085,740)	(12,644,813)
Net Nonoperating Revenues	<u>11,160,148</u>	<u>10,961,897</u>	<u>11,122,451</u>
Decrease in Net Position before Other Revenues, Expenses, Gains, or Losses	(1,697,733)	(1,123,843)	(1,522,362)
Capital Grants and Gifts, Capital Bond Proceeds and Payments on Behalf of the College	<u>3,795,791</u>	<u>799,712</u>	<u>429,163</u>
Increase (decrease) in Net Position	<u>2,098,058</u>	<u>(324,131)</u>	<u>(1,093,199)</u>
Net Position at Beginning of Year, as previously stated	31,620,821	32,610,970	33,704,169
Adjustment for change in accounting principle	<u>-</u>	<u>(666,018)</u>	<u>-</u>
Net position at Beginning of Year, as restated	<u>31,620,821</u>	<u>31,944,952</u>	<u>33,704,169</u>
Net Position at End of Year	<u>\$ 33,718,879</u>	<u>\$ 31,620,821</u>	<u>\$ 32,610,970</u>

Operating revenue decreased in fiscal year 2019 by \$375,515 over fiscal year 2018. Operating expenses increased by \$396,626 over fiscal year 2018, resulting in a fiscal year 2019 net operating loss increase of \$772,141 compared with fiscal year 2018. Net nonoperating revenue increased in fiscal year 2019 by \$198,251 compared with fiscal year 2018.

The pie charts below reflect the percentage allocation of total revenue from all sources in fiscal year 2019 compared with fiscal year 2018. Following these charts is a discussion regarding the changes in fiscal year 2019 revenue compared with fiscal year 2018.

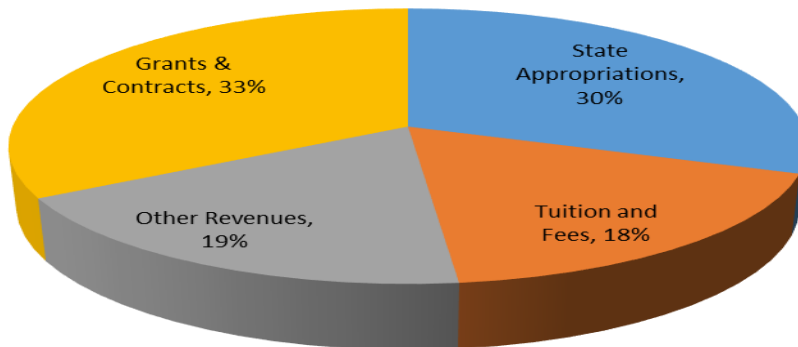
**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

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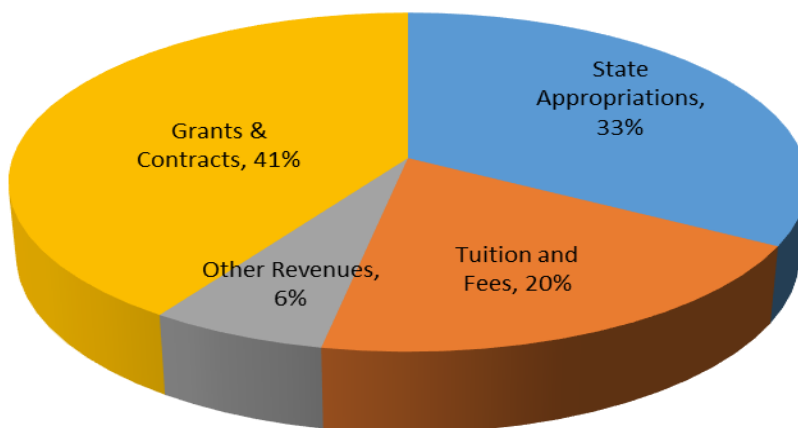
Revenues:

The following charts illustrate the composition of revenues by source for 2019 and 2018.

**Total Revenues
For the Year Ended June 30, 2019**



**Total Revenues
For the Year Ended June 30, 2018**



**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

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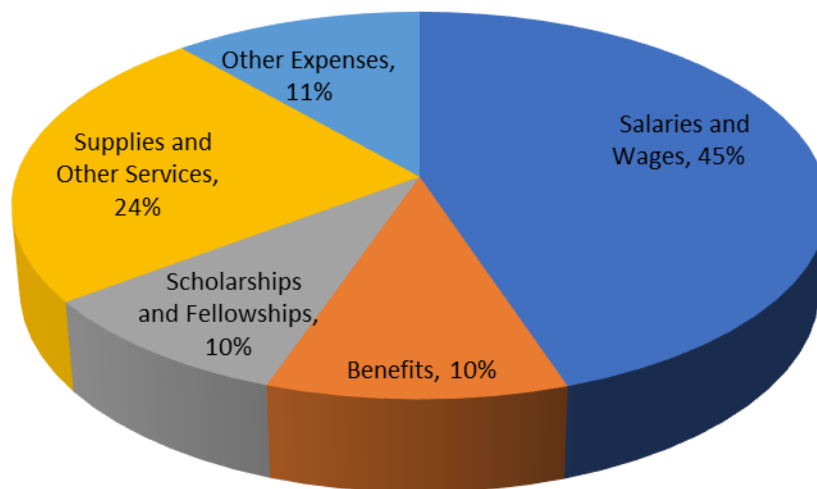
Some highlights of the changes in fiscal year 2019 revenues compared with fiscal year 2018 are as follows:

- State appropriations increased by \$262,593.
- Net tuition and fee revenue increased by \$86,044 primarily related to a slight fee increase.
- Capital grants and gifts revenue increased by \$3,143,821 due to the acquisition of three buildings and associated land from WVU Tech.
- Grants and Contracts decreased by \$556,432. There was a decrease in Federal grants and contracts revenue of \$368,837 primarily related to the ending of the Bridging the Gap Grant and the NSF Stem grant. State grants and contracts decreased by \$285,617 as less state grants were received during fiscal year 2019. Nongovernmental grants and contracts increased \$98,022.

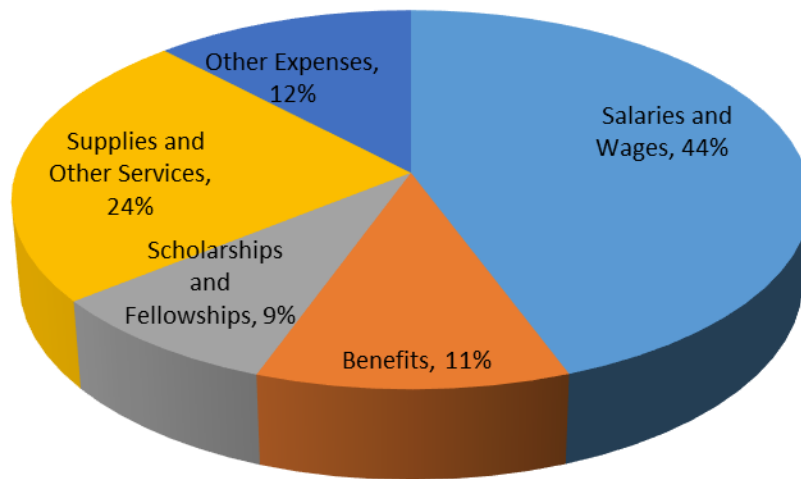
Expenses:

The following is a graphic illustration of total expenses by source for fiscal years 2019 and 2018.

**Total Expenses
For the Year Ended June 30, 2019**



Total Expenses For the Year Ended June 30, 2018



Total expenses for fiscal year 2019 were \$22,532,625 with an increase of \$396,626 over fiscal year 2018. Some highlights of the changes in fiscal year 2019 expenses compared with fiscal year 2018 are as follows:

- Salaries and wages increased by \$295,500 primarily related to an across-the-board raise for full-time employees.
- Benefits decreased by \$122,323 primarily related to the decrease of pension and OPEB liabilities.
- Scholarships and fellowships increased by \$209,547 due to a reduction in scholarship allowance and an increase in outside scholarships.
- Supplies and other services increased by \$117,881 due to necessary building repairs.

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019

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Cash Flows

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

The statement of cash flows is divided into five sections:

Cash flows from operating activities. This section shows the net cash used by the operating activities of the College.

Cash flows from noncapital financing activities. This section reflects the cash received and paid for nonoperating, noninvesting, and noncapital financing purposes.

Cash flows from capital financing activities. This section includes cash used for the acquisition and construction of capital and related items.

Cash flows from investing activities. This section shows the purchases, proceeds, and interest received from investing activities.

Reconciliation of operating loss to net cash used in operating activities. This section provides a schedule that reconciles the accrual-based operating income (loss) and net cash used in operating activities.

Condensed Statements of Cash Flows
Years Ended June 30,

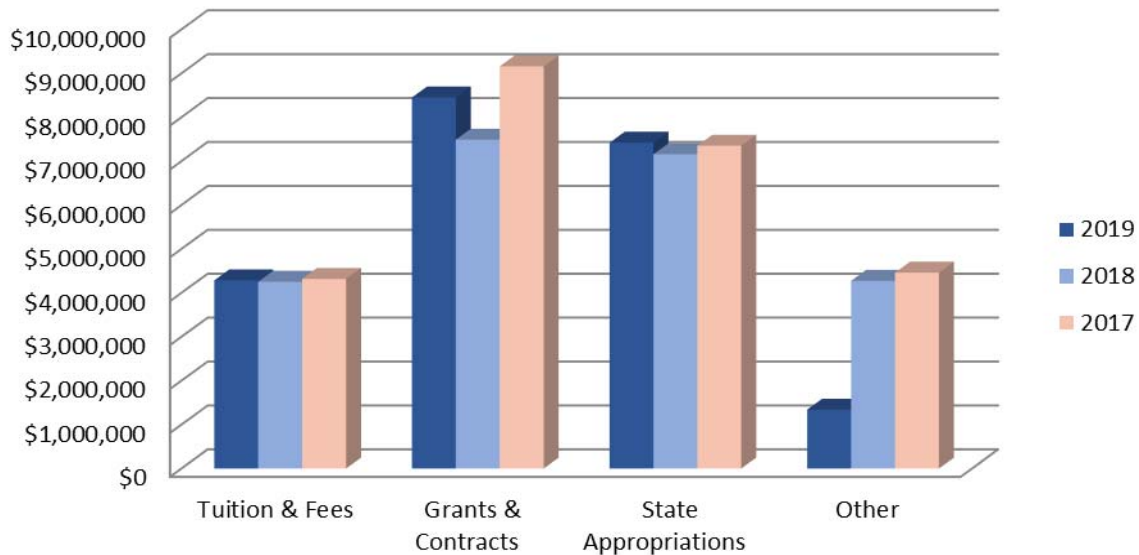
Cash Provided By (Used In):	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating Activities	\$(10,315,495)	\$(13,004,840)	\$ (9,700,166)
Noncapital Financing Activities	11,046,249	10,877,067	11,079,728
Capital Financing Activities	(157,848)	(68,091)	(374,513)
Investing Activities	<u>114,512</u>	<u>87,244</u>	<u>51,475</u>
Increase (Decrease) in Cash and Cash Equivalents	687,418	(2,108,620)	1,056,524
Cash and Cash Equivalents, Beginning of Year	<u>6,234,611</u>	<u>8,343,231</u>	<u>7,286,707</u>
Cash and Cash Equivalents, End of Year	<u>\$ 6,922,029</u>	<u>\$ 6,234,611</u>	<u>\$ 8,343,231</u>

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

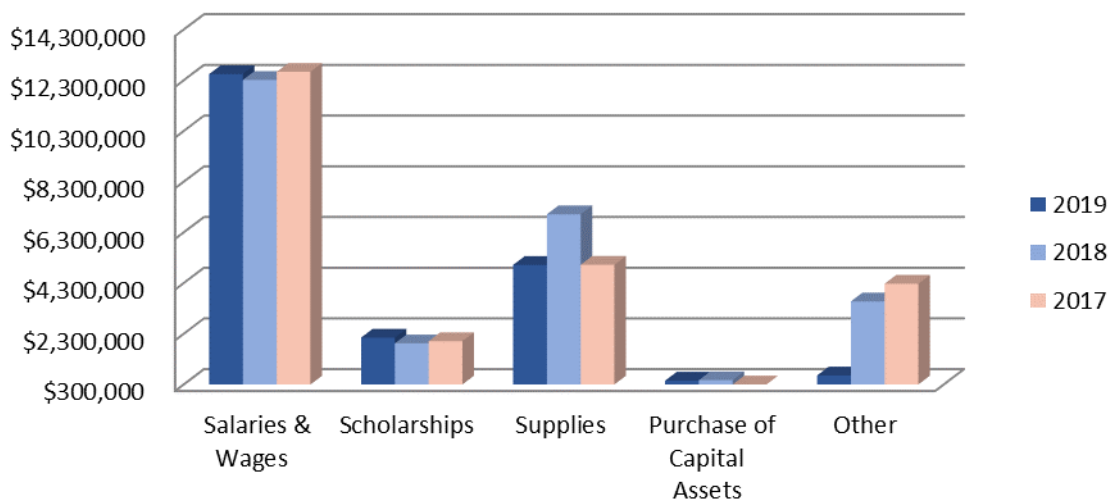
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The following graphs illustrate the sources and uses of cash:

**SOURCES OF CASH
Fiscal Years 2019, 2018 and 2017**



**USES OF CASH
Fiscal Years 2019, 2018 and 2017**



Capital Asset and Long Term Debt Activity

During fiscal year 2017, the construction in progress projects were completed, transferred to capital assets, and the College began depreciating these assets. These projects were specific to each campus. Discussed previously in prior fiscal years as Bridgemont projects are now referenced as BridgeValley Montgomery campus projects. Additionally, the previously discussed Kanawha Valley projects will now be referenced as BridgeValley South Charleston campus projects.

BridgeValley South Charleston campus Building 2000 (Main Hall) renovations began during fiscal year 2012 with \$1,334,596 spent for design and renovation of Main Hall located in the West Virginia Regional Technology Park. Renovations continued in 2014 and 2015 with final payment in 2016. The total amount of this project was \$14,494,654. During fiscal year 2015, BridgeValley completed the previous Bridgemont project renovations on Building 704 (Annex) also at the West Virginia Regional Technology Park. These renovations, which totaled \$735,619, included new HVAC to make the building more energy efficient and other renovations to allow BridgeValley to provide expanded academic and workforce programs at the South Charleston location.

Lottery funds are paying the system debt associated with the Council's \$13.5 million bonds (South Charleston campus) and \$3 million (Montgomery campus) projects. The \$1.75 million (Montgomery campus expansion project) funded with special lottery revenue has no associated debt. BridgeValley incurred new College debt for the Montgomery campus totaling \$410,000 to help fund additional renovations related to the Davis Hall Renovations Project. Payment of this debt includes a total of \$340,000 paid over five years with final payment in 2016 and a total of \$70,000 paid over ten years with final payment in 2021. For the South Charleston campus, the College entered into a new energy savings loan with the Commission in the amount of \$500,000 in fiscal year 2014 and an additional \$500,000 in fiscal year 2015 to help further fund construction. During fiscal year 2016 after the final reconciliation of the Main Hall renovations, the need for all of the second \$500,000 was unnecessary and this loan was reduced by \$279,280. This made the revised combined loan for the South Charleston campus a total of \$720,720 to be paid over ten years with final payment in 2022.

Economic Outlook

The financial position of BridgeValley is closely tied to that of the State of West Virginia. During 2018-2019, state revenue collections remained stable and no reductions were imposed. Fiscal year 2019 state appropriations reflected an increase of 3.67% over 2018. The State Budget Office projections for fiscal year 2020 are being closely monitored. Should these projections for fiscal year 2020 change and BridgeValley experiences a reduction in state appropriations, the college has developed plans to address the reductions.

Projections for Fall 2019 enrollment reflect an increase in both headcount and full-time equivalent enrollment. This student growth is in part related to the WV Invests Program passed by the State Legislature in 2019. BridgeValley anticipates increased enrollment for the next year as the WV Invests Program grows. The College is dependent upon tuition and fee revenue to maintain the large percentage of high-cost allied health and technical programs; for Fiscal Year 2020, BridgeValley's Board of Governors approved a 1% increase for resident students.

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019

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External funding, primarily State grants and contracts and a federal Department of Labor (DOL) grant, are providing important dollars to initiate new academic programs and workforce initiatives. BridgeValley was awarded a 4-year \$4 million DOL Tech Hire grant effective July 1, 2017. New projects are consistently proposed for the use of State grants available for community and technical college education through legislative appropriations to the West Virginia Council for Community and Technical College Education. In 2019, BridgeValley was awarded two federal grants for the Workforce Construction, Telecommunications, & Energy Training Center. The grants are approximately \$749,000 each from the Economic Development Administration and the Appalachian Regional Commission.

Another external revenue enhancement is the BridgeValley Community and Technical College Foundation (Foundation); contributions to the Foundation have grown over the past four years from slightly over \$500,000 to over \$2.4 million. The Foundation provides scholarship dollars to attract and retain students as well as to support select academic programs.

Through strategic planning for energy efficiencies in buildings, cost containment with sustainability measures, careful deliberation on personnel decisions, enhanced grant activity, encouraging external gifting through an established Foundation, and focusing on student recruitment and retention, College leadership is engaged in a solution-focused dialogue designed to meet future economic challenges. These changes will result in cost savings and revenue enhancements for the College to provide greater financial stability. The College remains focused on expanding enrollment through increased on-line offerings, concurrent class and program offerings between the South Charleston and Montgomery locations, and continued development of industry partnerships such as the Toyota Advanced Manufacturing program and customized training through the Workforce Development Division. With the consolidation savings, new grants, and national recognition, BridgeValley will continue to prosper and grow.

Requests for Information

The design of this financial report is to provide an overview of the finances of the College for those with an interest in this organization. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to BridgeValley Community and Technical College at 2001 Union Carbide Drive – South Charleston, West Virginia 25303.

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF NET POSITION
JUNE 30, 2019 AND 2018

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	<u>2019</u>	<u>2018</u>
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 6,872,029	\$ 6,184,611
Accounts receivable, net of allowance for doubtful accounts	783,083	542,694
Due from the Council/Commission	163,172	166,361
Total current assets	<u>7,818,284</u>	<u>6,893,666</u>
NONCURRENT ASSETS:		
Cash and cash equivalents	50,000	50,000
Other receivables	35,745	44,866
Other assets	191,760	208,680
Capital assets, net	34,962,572	33,661,170
Total noncurrent assets	<u>35,240,077</u>	<u>33,964,716</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows relating to the net pension liability	78,991	107,002
Deferred outflows relating to the net OPEB liability	661,687	348,283
Total deferred outflows of resources	<u>740,678</u>	<u>455,285</u>
TOTAL	<u>\$ 43,799,039</u>	<u>\$ 41,313,667</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	\$ 231,424	\$ 236,636
Due to State agencies	317	2,076
Accrued liabilities	1,198,974	1,225,969
Unearned revenue	2,906,267	2,390,895
Due to the Council/Commission	-	1,500
Compensated absences	352,314	342,213
Debt payable to the Commission — current portion	68,479	68,479
Leases payable — current portion	18,313	17,599
Total current liabilities	<u>4,776,088</u>	<u>4,285,367</u>
NONCURRENT LIABILITIES:		
Other post employment benefits liability	3,623,346	3,745,571
Net pension liability	98,663	191,267
Debt payable to the Commission, net of current portion	145,325	213,804
Leases payable, net of current portion	75,534	93,847
Total noncurrent liabilities	<u>3,942,868</u>	<u>4,244,489</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows relating to the net pension liability	331,819	342,208
Deferred inflows relating to the net OPEB liability	1,029,385	820,782
Total deferred inflows of resources	<u>1,361,204</u>	<u>1,162,990</u>
NET POSITION:		
Net investment in capital assets	34,654,921	33,267,441
Restricted for—nonexpendable	50,000	50,000
Unrestricted deficit	(986,042)	(1,696,620)
Total net position	<u>33,718,879</u>	<u>31,620,821</u>
TOTAL	<u>\$ 43,799,039</u>	<u>\$ 41,313,667</u>

The Accompanying Notes Are An Integral
Part Of These Financial Statements

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

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	<u>2019</u>	<u>2018</u>
OPERATING REVENUES:		
Student tuition and fees — net of scholarship allowances of \$2,461,513 and \$2,604,524 in 2019 and 2018, respectively	\$ 4,350,552	\$ 4,264,508
Federal grants and contracts	1,343,592	1,712,429
State grants and contracts	1,956,615	2,242,232
Nongovernmental grants and contracts	1,181,379	1,083,357
Sales and services of educational departments	59,602	47,343
Auxiliary enterprises — net of scholarship allowances of \$157,118 and \$108,522 in 2019 and 2018, respectively	656,370	626,787
Other operating revenues	126,634	73,603
Total operating revenues	<u>9,674,744</u>	<u>10,050,259</u>
OPERATING EXPENSES:		
Salaries and wages	10,121,483	9,825,983
Benefits	2,340,316	2,462,639
Scholarships and fellowships	2,124,151	1,914,604
Utilities	335,161	331,844
Supplies and other services	5,053,545	4,935,664
Depreciation	2,351,276	2,439,310
Assessments by the Commission for operations	85,833	86,529
Net service agreement expense to WVU/WVSU	120,860	139,426
Total operating expenses	<u>22,532,625</u>	<u>22,135,999</u>
OPERATING LOSS	<u>(12,857,881)</u>	<u>(12,085,740)</u>
NONOPERATING REVENUES (EXPENSES):		
State appropriations	7,420,648	7,158,055
Federal Pell grants	3,631,876	3,723,129
Investment income	118,088	89,719
Fees assessed by the Commission	(6,275)	(4,117)
Interest on capital asset-related debt	(4,189)	(4,889)
Net nonoperating revenues	<u>11,160,148</u>	<u>10,961,897</u>
DECREASE IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(1,697,733)	(1,123,843)
CAPITAL GRANTS AND GIFTS	3,560,521	416,700
BOND PROCEEDS	-	105,831
PAYMENTS MADE AND EXPENSES INCURRED ON BEHALF OF THE COLLEGE - STATE OF WV	<u>235,270</u>	<u>277,181</u>
INCREASE (DECREASE) IN NET POSITION	<u>2,098,058</u>	<u>(324,131)</u>
NET POSITION - Beginning of year, (As previously reported)	31,620,821	32,610,970
NET EFFECT OF CHANGE IN ACCOUNTING POLICY	-	(666,018)
NET POSITION - Beginning of year (Restated)	<u>31,620,821</u>	<u>31,944,952</u>
NET POSITION - End of year	<u>\$ 33,718,879</u>	<u>\$ 31,620,821</u>

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

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	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	\$ 4,284,853	\$ 4,256,143
Grants and contracts	4,817,510	3,767,520
Payments to and on behalf of employees	(12,542,913)	(12,311,903)
Payments to suppliers	(5,015,951)	(7,013,204)
Payments to utilities	(349,864)	(302,700)
Payments for scholarships and fellowships	(2,145,052)	(1,922,474)
Auxiliary enterprise charges	656,370	626,787
Sales and service of educational departments	59,601	47,313
Payments of operating expenses to WVU	(120,860)	(139,426)
Fees retained by the Commission	(85,833)	(86,529)
Other payments	126,644	73,633
Net cash used in operating activities	<u>(10,315,495)</u>	<u>(13,004,840)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	7,420,648	7,158,055
Federal Pell grants	3,631,876	3,723,129
Federal student loan program — direct lending receipts	2,808,666	2,942,491
Federal student loan program — direct lending payments	(2,808,666)	(2,942,491)
Fees assessed by the Commission	(6,275)	(4,117)
Net cash provided by noncapital financing activities	<u>11,046,249</u>	<u>10,877,067</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Payments on Commission debt	(68,479)	(75,479)
Capital gifts and grants received	383,744	391,700
Bond Proceeds	-	105,831
Purchases of capital assets	(451,325)	(467,597)
Payments on leases payable	(17,599)	(17,657)
Interest paid on capital debt and leases	(4,189)	(4,889)
Net cash used in capital financing activities	<u>(157,848)</u>	<u>(68,091)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	<u>114,512</u>	<u>87,244</u>
Net cash provided by investing activities	<u>114,512</u>	<u>87,244</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	687,418	(2,108,620)
CASH AND CASH EQUIVALENTS - Beginning of year	<u>6,234,611</u>	<u>8,343,231</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 6,922,029</u>	<u>\$ 6,234,611</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED		
IN OPERATING ACTIVITIES:		
Operating loss	\$ (12,857,881)	\$ (12,085,740)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	2,351,276	2,439,310
Pension expense - special funding situation	6,283	41,011
OPEB expense - special funding situation	228,987	236,170
Net effect of change in accounting principle	-	(666,018)
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable — net	(240,342)	159,693
Due from the Council/Commission	6,718	49,218
Other receivables	9,121	-
Other assets	16,920	16,920
Deferred outflows of resources	(285,393)	(240,770)
Accounts payable	(29,788)	(2,119,898)
Accrued liabilities	(26,995)	19,394
Unearned revenue	515,372	(1,398,926)
Service agreement payable to WVU	-	-
Due to State Agencies	(1,759)	2,044
Due to the Council/Commission	(1,500)	(42,229)
Other postemployment benefits liability	(122,225)	(8,913)
Net pension liability	(92,604)	(453,918)
Compensated absences	10,101	(68,012)
Deferred inflows of resources	198,214	1,115,824
Net cash used in operating activities	<u>\$ (10,315,495)</u>	<u>\$ (13,004,840)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT		
OF NET POSITION:		
Cash and cash equivalents classified as current	\$ 6,872,029	\$ 6,184,611
Cash and cash equivalents classified as noncurrent	50,000	50,000
	<u>\$ 6,922,029</u>	<u>\$ 6,234,611</u>

The Accompanying Notes Are An Integral
Part Of These Financial Statements

STATEMENTS OF FINANCIAL POSITION

ASSETS		
	2019	JUNE 30, 2018
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 285,260	\$ 798,710
Investments	1,330,785	607,215
Promises to Give Receivable	7,500	204,133
Accounts Receivable	1,754	52
Accrued Interest Receivable	6,111	-
Prepaid Expenses	790	1,201
Total Current Assets	\$ 1,632,200	\$ 1,611,311
LONG-TERM ASSETS:		
Investments - Endowment	810,648	807,694
TOTAL ASSETS	<u>\$ 2,442,848</u>	<u>\$ 2,419,005</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable	\$ 6,437	\$ 12,727
Amounts Held on Behalf of Others	12,165	6,401
Deferred Revenue	10,296	5,410
Total Current Liabilities	\$ 28,898	\$ 24,538
NET ASSETS:		
Without Donor Restrictions	\$ 34,730	\$ 817
With Donor Restrictions:		
Purpose Restrictions	1,646,376	1,660,806
Perpetual in Nature	732,844	732,844
Total Net Assets	\$ 2,413,950	\$ 2,394,467
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,442,848</u>	<u>\$ 2,419,005</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019**

	Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, LOSSES AND OTHER SUPPORT:			
Contributions - In-kind	\$ 19,822	\$ 1,064,208	\$ 1,084,030
Contributions	14,303	26,495	40,798
Investment Income, net of investment fees of \$14,126	42,745	32,454	75,199
Special Events, Less Direct Expenses of \$24,307	(9,956)	-	(9,956)
Miscellaneous Revenue	1,117	-	1,117
Net Assets Released from Restrictions:			
Purpose Restrictions Accomplished	<u>1,137,587</u>	<u>(1,137,587)</u>	<u>-</u>
 Total Revenues, Gains, Losses and Other Support	 <u>\$ 1,205,618</u>	 <u>\$ (14,430)</u>	 <u>\$ 1,191,188</u>
EXPENSES:			
Program Services - College and Student Support	\$ 1,132,894	-	\$ 1,132,894
Supporting Services:			
Management and General	37,383	-	37,383
Fundraising	<u>1,428</u>	<u>-</u>	<u>1,428</u>
 Total Expenses	 <u>\$ 1,171,705</u>	 <u>-</u>	 <u>\$ 1,171,705</u>
CHANGES IN NET ASSETS	\$ 33,913	\$ (14,430)	\$ 19,483
NET ASSETS, JULY 1	<u>817</u>	<u>2,393,650</u>	<u>2,394,467</u>
NET ASSETS, JUNE 30	<u>\$ 34,730</u>	<u>\$ 2,379,220</u>	<u>\$ 2,413,950</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018**

	Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, LOSSES AND OTHER SUPPORT:			
Contributions - In-kind	\$ 17,814	\$ 31,475	\$ 49,289
Contributions	4,294	69,940	74,234
Investment Income, net of investment expenses \$11,076	18,209	56,777	74,986
Special Events, Less Direct Expenses of \$26,568	(15,892)	-	(15,892)
Net Assets Released from Restrictions:			
Purpose Restrictions Accomplished	<u>110,999</u>	<u>(110,999)</u>	<u>-</u>
 Total Revenues, Gains, Losses and Other Support	 <u>\$ 135,424</u>	 <u>\$ 47,193</u>	 <u>\$ 182,617</u>
EXPENSES:			
Program Services - College and Student Support	\$ 83,086	-	\$ 83,086
Supporting Services:			
Management and General	<u>31,284</u>	<u>-</u>	<u>31,284</u>
 Total Expenses	 <u>\$ 114,370</u>	 <u>-</u>	 <u>\$ 114,370</u>
CHANGES IN NET ASSETS	\$ 21,054	\$ 47,193	\$ 68,247
NET ASSETS (DEFICIT), JULY 1	<u>(20,237)</u>	<u>2,346,457</u>	<u>2,326,220</u>
NET ASSETS, JUNE 30	<u>\$ 817</u>	<u>\$ 2,393,650</u>	<u>\$ 2,394,467</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

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NOTE 1 - ORGANIZATION

BridgeValley Community and Technical College (BridgeValley or the College) is governed by BridgeValley Community and Technical College Board of Governors (the Board). The Board was established by Senate Bill 438, effective June 30, 2014, which approved the consolidation of the previous Bridgemont and Kanawha Valley Community and Technical Colleges. The previous Boards for each college were established by House Bill 3215 (H.B. 3215), effective July 1, 2008, which clarified and redefined relationships between and among certain higher education boards and institutions.

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 BridgeValley under its jurisdiction, the duty to develop a master plan for BridgeValley, the power to prescribe the specific functions and BridgeValley's budget request, the duty to review at least every five years all academic programs offered at BridgeValley, and the power to fix tuition and other fees for the different classes or categories of students enrolled at BridgeValley.

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

As a requirement of Governmental Accounting Standards Board standards (GASB), the College has included information from the BridgeValley Community College Foundation, Inc. (the Foundation).

Although the College benefits from the activities of the Foundation, the Foundation is independent of the College in all respects. The Foundation is not a subsidiary of the College and is not directly or indirectly controlled by the College. The Foundation has its own separate, independent Board of Directors. Moreover, the assets of the Foundation are the exclusive property of the Foundation and do not belong to the College. The College is not accountable for, and does not have ownership of, any of the financial and capital resources of the Foundation. The College does not have the power or authority to mortgage, pledge, or encumber the assets of the Foundation. The Board of Directors of the Foundation is entitled to make all decisions regarding the business and affairs of the Foundation, including, without limitation, distributions made to the College. Under State law, neither the principal nor income generated by the assets of the Foundation can be taken into consideration in determining the amount of State-appropriated funds allocated to the College. Third parties dealing with the College, the Board, and the State of West Virginia (the State) (or any agency thereof) should not rely upon the financial statements of the Foundation for any purpose without consideration of all the foregoing conditions and limitations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity - BridgeValley 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. BridgeValley is a separate entity, which, along with all State institutions of higher education, the Council, and 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 BridgeValley. The basic criterion for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from BridgeValley's ability to significantly influence operations and accountability for fiscal matters of related entities.

The audited financial statements of the Foundation are presented here as a discrete component unit with the College financial statements in accordance with GASB. The Foundation is a private non-profit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's audited financial information as it is presented herein (see also Notes 13 and 15).

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

Net investment in capital assets - This represents BridgeValley's total investment in capital assets, net of accumulated 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 net investment in capital assets.

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

The West Virginia 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 fees restrictions to auxiliaries and capital items. These activities are fundamental to the normal ongoing operations of BridgeValley. These restrictions are subject to change by future actions of the West Virginia Legislature. At June 30, 2019 and 2018, BridgeValley had no restricted balances remaining in these funds.

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.

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unrestricted net position - Unrestricted net position includes resources that are not subject to externally imposed stipulations. Such resources represent those derived from student tuition and fees (not restricted as to use), state appropriations, and sales and services of educational activities. Unrestricted net position is used for transactions relating to the educational and general operations of BridgeValley and may be designated for specific purposes by action of the Board.

Basis of Accounting - For financial reporting purposes, BridgeValley is considered a special-purpose government engaged only in business-type activities. Accordingly, BridgeValley'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 are reported when materials or services are received.

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

Cash and cash equivalents balances on deposit with the State of West Virginia Treasurer's Office (the Treasurer) are pooled by the Treasurer with other available funds of the State for investment purposes by the West Virginia Board of Treasury Investments (the BTI). These funds are transferred to the BTI, and the BTI is directed by the Treasurer to invest the funds in specific external investment pools in accordance with West Virginia Code, policies set by the BTI, provisions of bond indentures, and the 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. The BTI was established by the West Virginia Legislature (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 West Virginia 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 multi-participant variable net asset funds to reduce risk and offer investment liquidity diversification to the Fund participants. Funds not required to meet immediate disbursement needs are invested for longer periods. A more detailed discussion of the BTI's investment operations pool can be found in the BTI's annual audited financial report. A copy of the BTI's annual report can be obtained from the following address: 1900 Kanawha Blvd, Room E-122, Charleston, WV 25305 or <http://www.wvbt.org>.

Cash and cash equivalents also include all outside bank accounts and cash on hand.

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.

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 BridgeValley's policy to provide for future losses on uncollectible accounts and loans receivable based on an evaluation of the underlying account and loan balances, the historical collectability experienced by BridgeValley on such balances, and such other factors which, in BridgeValley's judgment, require consideration in estimating doubtful accounts.

Noncurrent Cash, Cash Equivalents, and Investments - Cash and cash equivalents that are (1) externally restricted to make debt service payments or long-term loans to students or to purchase capital or other noncurrent assets and (2) permanently restricted net position are classified as a noncurrent asset in the statement of net position.

Capital Assets - Capital assets include property, plant, and equipment. 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 15 to 50 years for buildings and land improvements, and 3 to 15 years for furniture and equipment. BridgeValley's capitalization threshold is \$5,000.

Unearned Revenue - Revenue for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenue, including items such as tuition, orientation fees, financial aid deposits, and advance payments on sponsored awards. Financial aid deposits are separately classified.

Compensated Absences and Other Postemployment Benefits (OPEB) - 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. The College is required to participate in this multiple-employer, cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State of West Virginia. Details regarding this plan and its stand alone financials can be obtained by contacting the West Virginia Public Employees Insurance Agency (PEIA), State Capitol Complex, Building 5, Room 1001, 1900 Kanawha Boulevard, East, Charleston, WV 25305-0710 or <http://peia.wv.gov>.

GASB requires entities to accrue for employees' rights to receive compensation for vacation leave or payments in lieu of accrued vacation or sick leave as such benefits are earned and payment becomes probable. 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 7 for further discussion.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Pension Liability - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Teachers' Retirement System (STRS), administered by the West Virginia Consolidated Public Retirement Board (CPRB), and additions to/reductions from the STRS fiduciary net position have been determined on the same basis as they are reported in the STRS financial statements, which can be found at <https://www.wvretirement.com/Publications.html#CAFR>. The plan schedules of STRS are prepared using the accrual basis of accounting and economic resources measurement focus in accordance with U.S. GAAP as prescribed by GASB. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Investments are reported at fair value. Detailed information on investment valuation can be found in the STRS financial statements. Management of STRS has made certain estimates and assumptions relating to employer allocation schedules, and actual results could differ. (See Note 11.)

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.

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 liability, property, and auto insurance coverage, to BridgeValley and its employees. Such coverage is provided to BridgeValley by BRIM through a self-insurance program maintained by BRIM for general liability and auto insurance coverage. BRIM maintains a self-insurance program to pay the first \$1,000,000 of each property insurance claim and purchases excess property insurance from the commercial insurance market to cover individual claims that exceed \$1,000,000. The BRIM self-insurance programs may involve experience and exposure related premiums.

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

In addition, through its participation in the West Virginia Public Employees Insurance Agency (PEIA) and a third-party insurer, 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.

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

West Virginia had a single private insurance company, BrickStreet Insurance, which provided workers' compensation coverage to all employers in the state. Other private insurance companies began to offer coverage to private-sector employers beginning July 1, 2009 and to government employers beginning July 1, 2010. Nearly every employer in the State, who has payroll must have coverage. The cost of all coverage is paid by the employers. BrickStreet retains the risk related to the compensation of injured employees under the program.

Classification of Revenues - BridgeValley 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) most federal, state, local, and nongovernmental grants and contracts, and (3) 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 and investment income, and gains on the sale of capital assets (including natural resources).

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

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

Federal Financial Assistance Programs - In fiscal year 2010, Bridgemont and Kanawha Valley Community and Technical Colleges switched to the William D. Ford Direct Loan program for making loans to students from the Federal Stafford Loan Program provided to students. Under the William D. Ford Direct Loan program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through colleges. Direct Loan student receivables are not included in BridgeValley's statement of net position, as the loans are repayable directly to the U.S. Department of Education. BridgeValley received and disbursed approximately \$2.8 million and \$3.0 million, respectively, during fiscal years 2019 and 2018 under the Direct Loan Program on behalf of the U.S. Department of Education. These amounts are not included as revenues and expenses on the statement of revenues, expenses, and changes in net position.

BridgeValley also distributes student financial assistance funds on behalf of the federal government to students under the federal Pell Grant, Supplemental Educational Opportunity Grant, Academic Competitive Grant, and College Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2019 and 2018, BridgeValley received and disbursed approximately \$3.8 million and \$3.9 million, respectively, under these federal student aid programs.

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Scholarship Allowances - Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the statement of revenues, expenses, and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by BridgeValley, 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 (NACUBO). Certain aid such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship 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. BridgeValley 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 three years.

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

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 statement of cash flows.

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

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.

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Governmental Accounting Standards Board has also issued Statement No. 90, *Majority Equity Interests*, which is effective for fiscal years beginning after December 15, 2018. The requirements of this Statement will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and will improve the relevance of financial statement information for certain component units. This Statement also provides guidance for reporting a component unit if a government acquires a 100% equity interest in that component unit. An equity interest is a financial interest in a legally separate organization evidenced by the ownership of shares of the organization's stock or by otherwise having an explicit, 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 College has not yet determined the effect that the adoption of GASB Statement No. 90 may have on its financial statements.

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

NOTE 3 - CASH AND CASH EQUIVALENTS

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

	2019		
	Current	Noncurrent	Total
Cash on deposit with the Treasurer/BTI			
Nonauxiliaries	\$ 6,536,948	\$ 50,000	\$ 6,586,948
Auxiliaries	153,139	-	153,139
Cash on hand	600	-	600
Cash in bank	<u>181,342</u>	<u>-</u>	<u>181,342</u>
	<u>\$ 6,872,029</u>	<u>\$ 50,000</u>	<u>\$ 6,922,029</u>

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

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NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

	2018		
	Current	Noncurrent	Total
Cash on deposit with the Treasurer/BTI			
Nonauxiliaries	\$ 5,776,860	\$ 50,000	\$ 5,826,860
Auxiliaries	170,777	-	170,777
Cash on hand	600	-	600
Cash in bank	<u>236,374</u>	<u>-</u>	<u>236,374</u>
	<u>\$ 6,184,611</u>	<u>\$ 50,000</u>	<u>\$ 6,234,611</u>

These bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by securities held as collateral by the bank in the name of the State. Cash held by the Treasurer includes \$50,000 and \$50,000 of restricted cash at June 30, 2019 and 2018, respectively.

The combined carrying amount of cash in the bank at June 30, 2019 and 2018, was \$181,342 and \$236,374, respectively, as compared with the combined bank balance of \$188,112 and \$225,336 for the years ended June 30, 2019 and 2018. 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 \$6,740,087 and \$5,997,637 as of June 30, 2019 and 2018, respectively. Of these amounts \$6,102,627 and \$5,364,177 were invested in the WV Money Market Pool and the WV Short Term Bond Pool as of June 30, 2019 and 2018, respectively. The remainder of the cash held with the State Treasurer was not invested at June 30, 2019 and 2018.

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

External Pool	2019		2018	
	Carrying Value	S & P Rating	Carrying Value	S & P Rating
WV Money Market Pool	\$ 5,961,527	AAAm	\$ 5,242,549	AAAm
WV Short Term Bond Pool	\$ 141,100	Not Rated	\$ 121,628	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.

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

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NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

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

External Pool	2019		2018	
	Carrying Value	WAM (Days)	Carrying Value	WAM (Days)
WV Money Market Pool	\$ 5,961,527	42	\$ 5,242,549	34

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

External Pool	2019		2018	
	Carrying Value	Effective Duration (Days)	Carrying Value	Effective Duration (Days)
WV Short Term Bond Pool	\$ 141,100	723	\$ 121,628	372

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

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, 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.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a consolidated fund pool or account investment in a single corporate issuer. The BTI's investment policy prohibits these 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.

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

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NOTE 4 - ACCOUNTS RECEIVABLE

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

	2019	2018
Student tuition and fees, net of allowances for doubtful accounts of \$266,606 and \$421,986 in 2019 and 2018, respectively	\$ 323,033	\$ 267,060
Grants and contracts receivable	360,106	170,429
Due from third party for payment of tuition & fees	18,060	22,298
Due from other State Agencies	81,884	82,907
	<u>\$ 783,083</u>	<u>\$ 542,694</u>

NOTE 5 - CAPITAL ASSETS

The following, as of June 30, 2019 and 2018, is a summary of capital assets transactions for BridgeValley:

	2019			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 470,273	\$ 387,200	\$ -	\$ 857,473
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>\$ 470,273</u>	<u>\$ 387,200</u>	<u>\$ -</u>	<u>\$ 857,473</u>
Other capital assets:				
Buildings	\$ 25,450,399	\$ 2,843,704	\$ -	\$ 28,294,103
Leasehold improvements	13,812,159	-	-	13,812,159
Equipment	<u>9,656,709</u>	<u>421,774</u>	-	<u>10,078,483</u>
Total other capital assets	<u>48,919,267</u>	<u>3,265,478</u>	-	<u>52,184,745</u>
Less accumulated depreciation for:				
Buildings	(5,933,051)	(806,027)	-	(6,739,078)
Leasehold improvements	(3,984,213)	(690,608)	-	(4,674,821)
Equipment	<u>(5,811,106)</u>	<u>(854,641)</u>	-	<u>(6,665,747)</u>
Total accumulated depreciation	<u>(15,728,370)</u>	<u>(2,351,276)</u>	-	<u>(18,079,646)</u>
Other capital assets – net	<u>\$ 33,190,897</u>	<u>\$ 914,202</u>	<u>\$ -</u>	<u>\$ 34,105,099</u>
Capital asset summary:				
Capital assets not being depreciated	\$ 470,273	\$ 387,200	\$ -	\$ 857,473
Other capital assets	<u>48,919,267</u>	<u>3,265,478</u>	-	<u>52,184,745</u>
Total cost of capital assets	49,389,540	3,652,678	-	53,042,218
Less accumulated depreciation	<u>(15,728,370)</u>	<u>(2,351,276)</u>	-	<u>(18,079,646)</u>
Capital assets, net	<u>\$ 33,661,170</u>	<u>\$ 1,301,402</u>	<u>\$ -</u>	<u>\$ 34,962,572</u>

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

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NOTE 5 - CAPITAL ASSETS (Continued)

	2018		
	Beginning Balance	Additions	Ending Balance
Capital assets not being depreciated:			
Land	\$ 470,273	\$ -	\$ 470,273
Construction in progress	-	-	-
Total capital assets not being depreciated	<u>\$ 470,273</u>	<u>\$ -</u>	<u>\$ 470,273</u>
Other capital assets:			
Buildings	\$ 25,450,399	\$ -	\$ 25,450,399
Leasehold improvements	13,812,159	-	13,812,159
Equipment	<u>9,164,111</u>	<u>492,598</u>	<u>9,656,709</u>
Total other capital assets	<u>48,426,669</u>	<u>492,598</u>	<u>48,919,267</u>
Less accumulated depreciation for:			
Buildings	(5,176,571)	(756,480)	(5,933,051)
Leasehold improvements	(3,293,605)	(690,608)	(3,984,213)
Equipment	<u>(4,818,884)</u>	<u>(992,222)</u>	<u>(5,811,106)</u>
Total accumulated depreciation	<u>(13,289,060)</u>	<u>(2,439,310)</u>	<u>(15,728,370)</u>
Other capital assets – net	<u>\$ 35,137,609</u>	<u>\$ (1,946,712)</u>	<u>\$ 33,190,897</u>
Capital asset summary:			
Capital assets not being depreciated	\$ 470,273	\$ -	\$ 470,273
Other capital assets	<u>48,426,669</u>	<u>492,598</u>	<u>48,919,267</u>
Total cost of capital assets	48,896,942	492,598	49,389,540
Less accumulated depreciation	<u>(13,289,060)</u>	<u>(2,439,310)</u>	<u>(15,728,370)</u>
Capital assets, net	<u>\$ 35,607,882</u>	<u>\$ (1,946,712)</u>	<u>\$ 33,661,170</u>

BridgeValley 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, historical treasures, and literature that are held for exhibition, education, research, and public service. These collections are neither disposed of for financial gain nor encumbered in any means.

There was no capitalized interest for fiscal year 2019 or 2018.

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
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NOTE 6 - LONG-TERM LIABILITIES

A summary of long-term obligation transactions for BridgeValley for the years ended June 30, 2019 and 2018, is as follows:

	2019				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 342,213	\$ 10,101	\$ -	\$ 352,314	\$ 352,314
Other postemployment benefits liability	3,745,571	625,134	(747,359)	3,623,346	-
Debt payable to the Commission	282,283	-	(68,479)	213,804	68,479
Net pension liability	191,267	10,389	(102,993)	98,663	-
Leases payable	<u>111,446</u>	<u>-</u>	<u>(17,599)</u>	<u>93,847</u>	<u>18,313</u>
Total long-term liabilities	<u>\$ 4,672,780</u>	<u>\$ 645,624</u>	<u>\$ (936,430)</u>	<u>\$ 4,381,974</u>	<u>\$ 439,106</u>

	2018				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 410,225	\$ -	\$ (68,012)	\$ 342,213	\$ 342,213
Other postemployment benefits liability	3,754,484	145,851	(154,764)	3,745,571	-
Debt payable to the Commission	350,762	-	(68,479)	282,283	68,479
Net pension liability	645,185	361	(454,279)	191,267	-
Leases payable	<u>129,104</u>	<u>-</u>	<u>(17,658)</u>	<u>111,446</u>	<u>17,599</u>
Total long-term liabilities	<u>\$ 5,289,760</u>	<u>\$ 146,212</u>	<u>\$ (763,192)</u>	<u>\$ 4,672,780</u>	<u>\$ 428,291</u>

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS

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,:

	2019	2018
Net OPEB liability	\$ 3,623,346	\$ 3,745,571
Deferred outflows of resources	661,687	348,283
Deferred inflows of resources	1,029,385	820,782
Revenues	228,897	236,170
OPEB expense	333,027	382,021
Contributions made by the College	342,206	348,283

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (Continued)

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, to certain retirees of State agencies, colleges and universities, county boards of education, and other government entities who receive pension benefits under the PERS, STRS, TDCRS, TIAA-CREF, Plan G, Troopers Plan A, or Troopers Plan B pension systems, as administered by the West Virginia Consolidated Public Retirement Board (CPRB). The plan is closed to new entrants.

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

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

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

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NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Contributions

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

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

	Jul 2017-Jun 2018 2018	Jul 2016-Dec 2016 2017	Jan 2017-Jun 2017 2017
Paygo premium	\$ <u>177</u>	\$ <u>196</u>	\$ <u>135</u>

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, 2019, 2018, and 2017, were \$342,206, \$348,283, and \$312,120, respectively.

Assumptions

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

- Actuarial cost method: Entry age normal.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method: Level percentage of payroll, closed.
- Remaining amortization period: 20 years closed as of June 30, 2017.
- Investment rate of return: 7.15%, net of OPEB plan investment expense, including inflation.

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
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NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (Continued)

- Healthcare cost trend rates: Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 10.00% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims cost beginning in 2022 to account for the Excise Tax.
- Projected salary increases: Dependent upon pension system ranging from 3.0-6.5%, including inflation.
- Inflation rate: 2.75%.
- Mortality rates based on RP-2000 Mortality Tables.

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

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

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

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

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
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NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

Discount rate. The discount rate used to measure the total OPEB liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that RHBT contributions will continue to follow the current funding policies. Based on those assumptions and that the OPEB plan is expected to be fully funded by the fiscal year ended June 30, 2037, 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.

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
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NOTE 7 - 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, 2019 and 2018 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 2019	\$ 4,258,522	\$ 3,623,346	\$ 3,093,859
Net OPEB liability 2018	4,361,287	3,745,571	3,233,738

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, 2019 and 2018 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 2019	\$ 2,998,124	\$ 3,623,346	\$ 4,385,158
Net OPEB liability 2018	3,146,333	3,745,571	4,478,472

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

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

At June 30, 2019, the College's proportionate share of the net OPEB liability was \$4,372,195. Of this amount, the College recognized \$3,623,346 as its proportionate share on the statement of net position. The remainder of \$748,849 denotes the College's proportionate share of net OPEB liability attributable to the special funding.

At June 30, 2018, the College's proportionate share of the net OPEB liability was \$4,514,915. Of this amount, the College recognized \$3,745,571 as its proportionate share on the statement of net position. The remainder of \$769,344 denotes the College's proportionate share of net OPEB liability attributable to the special funding.

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
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NOTE 7 - 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, 2018 and 2017. Employer contributions are recognized when due. At the June 30, 2018 measurement date, the College's proportion was .1689%, an increase of .0166% from its proportion of .1523% calculated as of June 30, 2017. At the June 30, 2017 measurement date, the College's proportion was .1523%, a decrease of .0382% from its proportion of .1905% calculated as of June 30, 2016.

For the year ended June 30, 2019, the College recognized OPEB expense of \$333,027. Of this amount, \$104,130 was recognized as the College's proportionate share of OPEB expense and \$228,897 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of \$228,897 for support provided by the State.

For the year ended June 30, 2018, the College recognized OPEB expense of \$382,021. Of this amount, \$145,851 was recognized as the College's proportionate share of OPEB expense and \$236,170 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of \$236,170 for support provided by the State.

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

<u>June 30, 2019</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 53,596
Changes in proportion and difference between employer contributions and proportionate share of contributions	319,481	546,935
Net difference between expected and actual investment earnings	-	67,068
Changes in assumptions	-	361,786
Contributions after the measurement date	<u>342,206</u>	<u>-</u>
Total	<u>\$ 661,687</u>	<u>\$ 1,029,385</u>

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (Continued)

<u>June 30, 2018</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 12,542
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	748,548
Net difference between expected and actual investment earnings	-	59,782
Contributions after the measurement date	<u>348,283</u>	<u>-</u>
Total	<u>\$ 348,283</u>	<u>\$ 820,782</u>

The College will recognize the \$661,687 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:

<u>Fiscal Year Ended June 30,</u>	<u>Amortization</u>
2020	\$ (228,778)
2021	(228,778)
2022	(228,772)
2023	<u>(23,578)</u>
	<u>\$ (709,904)</u>

Payables to the OPEB Plan

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

NOTE 8 - LEASES PAYABLE

Operating - BridgeValley has entered into various operating lease agreements. Future annual minimum lease payments for years subsequent to June 30, 2019 are \$12.

Total rent expense for these operating leases for the years ended June 30, 2019 and 2018, was approximately \$16,920 and \$16,920, respectively. BridgeValley does not have any non-cancelable leases. Payments through 2031 are \$1 per year. Due to the long-term implications of this lease (25 years) and the fact that the last 19 years are at \$1 annually, BridgeValley reports an amortized amount of lease payments for 2018 and subsequent years of \$16,920 annually and reflects the difference between cash payouts and accrued expenses against prepaid expenses over the life of the lease.

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 - LEASES PAYABLE (Continued)

Capital - BridgeValley leases certain property, plant, and equipment through capital leases. The net book value of assets obtained through capital leases was \$191,055 and \$204,278 for June 30, 2019 and 2018, respectively. Future annual minimum lease payments on capital assets are as follows:

Years Ending June 30,	
2020	\$ 21,788
2021	21,788
2022	21,788
2023	21,788
2024	16,343
Thereafter	-
Future minimum lease payments	103,495
Less interest	(9,648)
Total	93,847
Current portion	(18,313)
Long-term portion	\$ 75,534

NOTE 9 - STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

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

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

The Municipal Bond Commission has the authority to assess each public institution of higher education for funds to meet the payment of debt service on these various bonds. Certain tuition and registration fees (referred to as system fees) of the members of the former State University System are generally pledged as collateral for the Commission's bond indebtedness. Student fees collected by an institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. The bonds remain a capital obligation of the Commission; however, effective June 30, 2002, an amount of principal related to each institution was reported as debt service assessment payable to the Commission by each institution and as a receivable by the Commission. These system bonds were fully paid off by what was then Bridgemont and Kanawha Valley in prior years.

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
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NOTE 9 - STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS (Continued)

During December 2009, the Commission, on behalf of the Council, issued \$78,295,000 of Community and Technical Colleges Improvement Revenue Bonds, 2009 Series A (the 2009 Bonds). Lottery funds are paying the system debt associated with the Council's \$13.5 million bonds (South Charleston campus) and \$3 million (Montgomery campus) projects.

The \$1.75 million (Montgomery campus expansion project) funded with special lottery revenue has no associated debt. BridgeValley incurred new College debt for the Montgomery campus totaling \$410,000 to help fund additional renovations related to the Davis Hall Renovations Project. Payment of this debt includes a total of \$340,000 paid over five years with final payment in 2016 and a total of \$70,000 paid over ten years with final payment in 2021. For the South Charleston campus, the College entered into a new energy savings loan with the Commission in the amount of \$500,000 in fiscal year 2013 and an additional \$500,000 in fiscal year 2015 to help further fund construction. During fiscal year 2015 after the final reconciliation of the Main Hall renovations, the need for all of the second \$500,000 was unnecessary and this loan was reduced by \$279,280. This made the revised combined loan for the South Charleston campus a total of \$720,720 to be paid over ten years with final payment in 2022.

NOTE 10 - UNRESTRICTED NET POSITION (DEFICIT)

	2019	2018
Total unrestricted net position before OPEB liability and net pension liability	\$ 3,356,493	\$ 2,947,923
Less: OPEB liability	3,623,346	3,745,571
Less: Net pension liability	98,663	191,267
Less: Deferred inflows of resources - pension	331,819	342,208
Add: Deferred outflows of resources - pension	78,991	107,002
Less: Deferred inflows of resources - OPEB	1,029,385	820,782
Add: Deferred outflows of resources - OPEB	661,687	348,283
Total unrestricted deficit	<u>\$ (986,042)</u>	<u>\$ (1,696,620)</u>

NOTE 11 - RETIREMENT PLANS

Substantially all full-time employees of BridgeValley participate in either the West Virginia Teachers' Retirement System (the STRS) or the Teachers' Insurance and Annuities Association - College Retirement Equities Fund (the TIAA-CREF). Previously, upon full-time employment, all employees were required to make an irrevocable selection between the STRS and TIAA-CREF. Effective July 1, 1991, the STRS was closed to new participants. Current participants in the STRS are permitted to make a one-time election to cease their participation in that plan and commence contributions to the West Virginia Teachers' Defined Contribution Plan.

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 new Educators Money 401(a) basic retirement plan (Educators Money). New hires have the choice of either plan.

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
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NOTE 11 - RETIREMENT PLANS (Continued)

DEFINED BENEFIT PENSION PLAN

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

Following is BridgeValley's pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, revenues, and the pension expense and expenditures for the fiscal years ended June 30,:

STRS	2019	2018
Net pension liability	\$ 98,663	\$ 191,267
Deferred outflows of resources	78,991	107,002
Deferred inflows of resources	331,819	342,208
Revenues	6,283	41,011
Pension expense	(53,475)	6,039
Contributions made by BridgeValley	14,645	14,331

Plan Description

STRS is a multiple employer defined benefit cost-sharing public employee retirement system providing retirement benefits as well as death and disability benefits. It covers all full-time employees of the 55 county public school systems in the State of West Virginia (the State) and certain personnel of the 13 State-supported institutions of higher education, State Department of Education, and the Higher Education Policy Commission hired prior to July 1, 1991. Employees of the State-supported institutions of higher education and the Higher Education Policy Commission hired after June 30, 1991 are required to participate in the Higher Education Retirement System. STRS closed membership to new hires effective July 1, 1991.

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

Benefits Provided

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

NOTE 11 - RETIREMENT PLANS (Continued)

Contributions

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

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

Employer Contributions: Employers make the following contributions:

The State (including institutions of higher education) contributes:

- 15% of gross salary of their State-employed members hired prior to July 1, 1991;
- 15% of School Aid Formula (SAF) covered payroll of county-employed members for entities other than institutions of higher education;
- 7.5% of SAF-covered payroll of members of the Teachers' Defined Contributions Retirement System for entities other than institutions of higher education;
- a certain percentage of fire insurance premiums paid by State residents; and
- under WV State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the STRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2019 and 2018, BridgeValley's proportionate share attributable to this special funding subsidy was \$6,283 and \$41,011.

BridgeValley's contributions to STRS for the years ended June 30, 2019, 2018, and 2017, were approximately \$14,645, \$14,331, and \$22,918, respectively.

Assumptions

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

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

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
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NOTE 11 - RETIREMENT PLANS (Continued)

- Withdrawal rates: Teachers .8-35% and non-teachers 1.316-24.75%.
- Disability rates: 0.008-0.704%.
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Retirement rates: 15-100%.
- Ad hoc cost-of-living increases in pensions are periodically granted by the Legislature. However, the retirement system makes no automatic provision for such increases.

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

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

Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	7.0%	27.5%
International equity	7.7%	27.5%
Core fixed income	2.7%	7.5%
High-yield fixed income	5.5%	7.5%
Real estate	7.0%	10.0%
Private equity	9.4%	10.0%
Hedge funds	4.7%	10.0%

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

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
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NOTE 11 - RETIREMENT PLANS (Continued)

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability 2019	<u>\$ 133,177</u>	<u>\$ 98,663</u>	<u>\$ 69,156</u>
Net pension liability 2018	<u>\$ 251,812</u>	<u>\$ 191,267</u>	<u>\$ 139,536</u>

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

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

At June 30, 2019, BridgeValley's proportionate share of the STRS net pension liability was \$169,851. Of this amount, BridgeValley recognized approximately \$98,663 as its proportionate share on the statement of net position. The remainder of \$71,188 denotes BridgeValley's proportionate share of net pension liability attributable to the special funding.

At June 30, 2018, BridgeValley's proportionate share of the STRS net pension liability was \$614,244. Of this amount, BridgeValley recognized approximately \$191,267 as its proportionate share on the statement of net position. The remainder of \$422,977 denotes BridgeValley's proportionate share of net pension liability attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on their proportionate share of employer and non-employer contributions to STRS for each of the fiscal years ended June 30, 2018 and 2017. Employer contributions are recognized when due. At the June 30, 2018 measurement date, BridgeValley's proportion was 0.003160%, a decrease of 0.002376% from its proportion of 0.005536% calculated as of June 30, 2017. At the June 30, 2017 measurement date, the College's proportion was 0.005536% an increase of 0.010163% from its proportion of 0.015699% calculated as of June 30, 2016.

For the year ended June 30, 2019, BridgeValley recognized STRS pension expense of \$(53,475). Of this amount, \$(59,758) was recognized as BridgeValley's proportionate share of the STRS expense and \$6,283 as the amount of pension expense attributable to special funding from a non-employer contributing entity. BridgeValley also recognized revenue of \$6,283 for support provided by the State.

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
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NOTE 11 - RETIREMENT PLANS (Continued)

For the year ended June 30, 2018, BridgeValley recognized STRS pension expense of \$6,039. Of this amount, \$(34,972) was recognized as BridgeValley's proportionate share of the STRS expense and \$41,011 as the amount of pension expense attributable to special funding from a non-employer contributing entity. BridgeValley also recognized revenue of \$41,011 for support provided by the State.

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

<u>June 30, 2019</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ 60,571	\$ 324,693
Changes in assumptions	3,066	-
Net difference between projected and actual investment earnings	-	5,137
Differences between expected and actual experience	709	1,989
Contributions after the measurement date	14,645	-
Total	<u>\$ 78,991</u>	<u>\$ 331,819</u>
<u>June 30, 2018</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ 83,823	\$ 332,789
Changes in assumptions	7,185	-
Net difference between projected and actual investment earnings	-	6,012
Differences between expected and actual experience	1,663	3,407
Contributions after the measurement date	14,331	-
Total	<u>\$ 107,002</u>	<u>\$ 342,208</u>

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
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NOTE 11 - RETIREMENT PLANS (Continued)

BridgeValley will recognize the \$14,645 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the STRS net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction in STRS pension expense as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Amortization</u>
2020	\$ (54,258)
2021	(50,651)
2022	(70,484)
2023	(78,568)
2024	<u>(13,512)</u>
Total	<u>\$ (267,473)</u>

Payables to the Pension Plan

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

DEFINED CONTRIBUTION BENEFIT PLANS

The TIAA-CREF and Educators Money are defined contribution plans in which benefits are based upon amounts contributed, plus investment earnings. Each employee who elects to participate in these plans is required to make a contribution equal to 6% of total annual compensation. BridgeValley simultaneously matches the employees' 6% contribution. Contributions are immediately and fully vested.

Total contributions to the TIAA-CREF for the years ended June 30, 2019, 2018, and 2017 were approximately \$1,088,700, \$1,049,350, and \$1,049,100, respectively, which consisted of approximately \$544,350, \$524,675, and \$524,550, respectively, from BridgeValley and approximately \$544,350, \$524,675, and \$524,550, respectively, from covered employees.

Total contributions to Educators Money for the years ended June 30, 2019, 2018, and 2017 were approximately \$0, \$6,900, and \$9,900, respectively, which consisted of approximately \$0, \$3,450, and \$4,950, respectively, from BridgeValley and approximately \$0, \$3,450, and \$4,950, respectively, from covered employees.

BridgeValley's total payroll for the years ended June 30, 2019, 2018, and 2017 was approximately \$9.2 million, \$9 million, and \$9 million, respectively, and total covered employees' salaries in the TIAA-CREF, and Educators Money were approximately \$9,081,000 and \$0, respectively, for the year ended June 30, 2019, approximately \$8,744,000 and \$57,550, respectively, for the year ended June 30, 2018, and approximately \$8,742,200 and \$82,600, respectively, for the year ended June 30, 2017.

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
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NOTE 12 - AFFILIATED ORGANIZATIONS AND OTHER STATE AGENCIES

BridgeValley and the West Virginia University Institute of Technology (WVU Tech), a division of the West Virginia University (WVU), share the Montgomery, West Virginia campus. BridgeValley continues to have service agreements for use of certain facilities and support services for BridgeValley's students.

Additionally, Kanawha Valley shared a campus with West Virginia State University (WV State) until 2012 when the College moved its campus to the West Virginia Regional Technology Park. BridgeValley continues to make payments on WV State's Student Union building as student tuition from both institutions were obligated per the bond agreements. Final payments will occur in fiscal year 2022.

In addition to the relationships and transactions previously described, BridgeValley receives funding or grants from and provides services to other state agencies, and utilizes services, supplies and equipment provided by other state agencies. Amounts due from and due to other state agencies at June 30, are as follows:

	<u>2019</u>	<u>2018</u>
Due from:		
Division of Highways	\$ 37,031	\$ 41,618
Department of Health & Human Resources	29,115	6,492
Department of Veterans Affairs	8,301	-
Vocational Rehabilitation	194	-
Workforce WV	6,955	29,756
Board of Treasury Investments	288	241
Department of Environmental Protection	-	4,800
	<u>\$ 81,884</u>	<u>\$ 82,907</u>
Due to:		
Department of Administration	\$ 30	\$ 71
Attorney General	54	-
Marshall University	-	1,990
State Treasurer's Office	233	15
	<u>\$ 317</u>	<u>\$ 2,076</u>

NOTE 13 - BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE FOUNDATION, INCORPORATED

BridgeValley Community and Technical College Foundation, Incorporated (Foundation) is a separate non-profit organization incorporated in the State of West Virginia as a tax exempt 501(c)(3) entity. During fiscal year 2015 Boards for both the Bridgemont and Kanawha Valley Community and Technical College Foundations approved the consolidation of the respective foundations into BridgeValley Community and Technical College Foundation, Inc. and amended the federal and state organizational documents for the change.

NOTE 14 - CONTINGENCIES

The nature of the educational industry is such that, from time to time, claims will be presented against colleges and universities 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 BridgeValley would not impact seriously on the financial status of BridgeValley.

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. Management believes disallowances, if any, would not have a significant financial impact on BridgeValley's financial position.

BridgeValley owns various buildings that are known to contain asbestos. BridgeValley is not required by Federal, State, or Local Law to remove the asbestos from the buildings. BridgeValley is required by Federal Environmental, Health, and Safety Regulations to manage the presence of asbestos in the buildings in a safe condition. Significant problems of dangerous asbestos conditions are abated as the condition becomes known. BridgeValley also addresses the presence of asbestos as building renovation or demolition projects are undertaken and through asbestos operation and maintenance programs directed at containing, managing, or operating with the asbestos in a safe condition.

NOTE 15 - COMPONENT UNIT DISCLOSURES

The following are the notes taken directly from the Foundation's financial statements starting on the following page:

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Mission:

The BridgeValley Community & Technical College Foundation, Inc. is a private non-profit foundation whose mission is to promote the academic excellence, growth, progress, and general welfare of BridgeValley Community & Technical College by raising funds and providing support to strengthen and develop the College and its objectives.

Basis of Presentation:

The accompanying financial statements include only those accounts and transactions of BridgeValley Community & Technical College Foundation, Inc. (the Foundation). The accompanying statements have been prepared on the accrual basis of accounting.

Classification of Net Assets:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor or grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents:

The Foundation considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

Income Taxes:

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Foundation has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2019 and 2018. Fiscal years on or after June 30, 2015 remain subject to examination by federal and state tax authorities.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes: (Continued)

Contributions made to the Foundation qualify for the charitable contribution deduction under Section 509(a)(1) and 170(b)(1)(A)(iv) of the Internal Revenue Code and the Foundation has been determined not to be a Private Foundation under IRC sections 509(a)(1) and (3), respectively.

Investments:

Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value based upon quoted market prices. Investments donated to the Foundation are initially recorded at fair value on the date of the gift. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the change in net assets without donor restrictions unless the income or loss is restricted by the donor or law.

Investment income is recorded net of investment expenses. Realized gains or losses on investments are determined by comparison of specific cost of acquisition to proceeds at the time of disposal. Unrealized gains or losses are calculated by comparing cost to market values at the statement of financial position date.

Risks and Uncertainties:

The Foundation invests in mutual funds and exchange traded funds that, in general, are exposed to various risks such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Financial Instruments and Credit Risk:

In the regular course of business, the Foundation maintains cash balances at a financial institution located in West Virginia which may at times, exceed the federally insured amount. Accounts at the financial institution are insured to the limits established by the Federal Deposit Insurance Corporation. Additionally, amounts held in liquid asset funds of a certain financial institution are not FDIC insured, however, the funds are collateralized by the financial institution's Treasury-owned Investment Grade Securities. The Foundation has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk with respect to its cash and cash equivalents.

Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from corporations supportive of the Foundation's mission. Investments are made by diversified investment managers whose performance is monitored by management and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenue and Revenue Recognition:

The Foundation records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. There were no conditional promises to give at June 30, 2019 and 2018.

Amounts Held on Behalf of Others:

Amounts held on behalf of others represent assets held by the Foundation as an agent for the BridgeValley Community & Technical College Alumni Association and other student groups. These funds are custodial by nature and do not effect the results of operations.

Promises to Give:

Unconditional promises to give are recognized as revenue when the donor commits the gift. Conditional promises to give are recognized as revenue when the specified conditions are substantially met and the promises become unconditional. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, using a credit risk adjusted discount rate of return appropriate for the expected term of the promise to give. Amortization of the discounts is recorded as contribution revenue in accordance with donor restrictions on the contributions.

Expense Allocation:

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are charged to programs and supporting services on the basis of time and allocable expenses. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

Donated Services, and In-Kind Contributions:

Contributions of services are recognized if the services received create or enhance nonfinancial assets, or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet the above criteria are not recognized. Contributed services which are recognized are valued at the estimated cost that would have been incurred by the Foundation to purchase similar services. Donated goods are recorded at fair value at the date of the donation.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE 2 - RELATED PARTY TRANSACTIONS:

During the years ended June 30, 2019 and 2018, the Foundation made transfers of funds to BridgeValley Community & Technical College, a related party. Those transfers related to the scholarships, academic programs and community outreach programs and totaled \$1,143,594 and \$93,131, respectively. The amounts payable to BridgeValley Community & Technical College at June 30, 2019 and 2018 were \$5,418 and \$11,549, respectively. Additionally, a board member provides discounted accounting and bookkeeping services. The portion representing in-kind services are recognized in the financial statements as in-kind contribution revenue and professional fees expense and totaled \$19,822 and \$17,814 for the years ended June 30, 2019 and 2018, respectively. Total accounting and bookkeeping fees were \$24,029 and 17,814 for the years ended June 30, 2019 and 2018, respectively.

NOTE 3 - INVESTMENTS:

A summary of investments held by the Foundation as of June 30, 2019 and 2018 is as follows:

	2019		
	Fair Value	Cost	Net Unrealized Gain
Money Market Funds	\$ 15,422	\$ 15,422	\$ -
Mutual Funds	1,033,441	932,505	100,936
Exchange Traded Funds	88,251	83,877	4,374
Certificates of Deposit	502,272	500,000	2,272
U.S. Treasury Notes	502,047	499,565	2,482
	<u>\$ 2,141,433</u>	<u>\$ 2,031,369</u>	<u>\$ 110,064</u>
	2018		
	Fair Value	Cost	Net Unrealized Gain
Money Market Funds	\$ 29,441	\$ 29,441	\$ -
Mutual Funds	945,248	868,310	76,938
Exchange Traded Funds	140,220	133,049	7,171
Certificates of Deposit	300,000	300,000	-
	<u>\$ 1,414,909</u>	<u>\$ 1,330,800</u>	<u>\$ 84,109</u>

Investments are presented as follows in the statements of financial position at June 30, :

	2019	2018
Current assets	\$ 1,330,785	\$ 607,215
Long term assets (Endowment)	810,648	807,694
	<u>\$ 2,141,433</u>	<u>\$ 1,414,909</u>

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE 3 - INVESTMENTS: (Continued)

Investment income for the years ended June 30, is as follows:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and Dividends	\$ 34,615	\$ 17,518	\$ 52,133
Net Realized and Unrealized			
Gain on Investments	14,313	22,879	37,192
Investment Fees	(6,183)	(7,943)	(14,126)
Investment Income	<u>\$ 42,745</u>	<u>\$ 32,454</u>	<u>\$ 75,199</u>
	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and Dividends	\$ 7,106	\$ 22,117	\$ 29,223
Net Realized and Unrealized			
Gain on Investments	13,827	43,012	56,839
Investment Fees	(2,724)	(8,352)	(11,076)
Investment Income	<u>\$ 18,209</u>	<u>\$ 56,777</u>	<u>\$ 74,986</u>

NOTE 4 - FAIR VALUE MEASUREMENTS AND DISCLOSURES:

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that management can access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 - Unobservable inputs for the assets or liability. In these situations, inputs are developed using the best information available in the circumstances.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE 4 - FAIR VALUE MEASUREMENTS AND DISCLOSURES: (Continued)

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of the Foundation's investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values. The Foundation invests in Certificates of Deposit and U.S. Government Obligations traded in the financial markets. Those Certificates of Deposit and U.S. Government Obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2.

The following table presents assets and liabilities measured at fair value on a recurring basis, except those measured at cost as identified in the following, at June 30, 2019:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating Investments:				
U.S. Government Obligations	\$ 502,047	\$ -	\$ 502,047	\$ -
Certificates of Deposit	502,272	-	502,272	-
Mutual Funds	300,781	300,781	-	-
Exchange Traded Funds	<u>25,685</u>	<u>25,685</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,330,785</u>	<u>\$ 326,466</u>	<u>\$ 1,004,319</u>	<u>\$ -</u>
Endowment Investments:				
Money Market Funds	\$ 15,422	\$ 15,422	\$ -	\$ -
Mutual Funds	732,660	732,660	-	-
Exchange Traded Funds	<u>62,566</u>	<u>62,566</u>	<u>-</u>	<u>-</u>
	<u>\$ 810,648</u>	<u>\$ 810,648</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE 4 - FAIR VALUE MEASUREMENTS AND DISCLOSURES: (Continued)

The following table presents assets and liabilities measured at fair value on a recurring basis, except those measured at cost as identified in the following, at June 30, 2018:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating Investments:				
Certificates of Deposit	\$ 300,000	\$ -	\$ 300,000	\$ -
Mutual Funds	267,529	267,529	-	-
Exchange Traded Funds	39,686	39,686	-	-
	<u>\$ 607,215</u>	<u>\$ 307,215</u>	<u>\$ 300,000</u>	<u>\$ -</u>
Endowment Investments:				
Money Market Funds	\$ 29,441	\$ 29,441	\$ -	\$ -
Mutual Funds	677,719	677,719	-	-
Exchange Traded Funds	100,534	100,534	-	-
	<u>\$ 807,694</u>	<u>\$ 807,694</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 5 - ENDOWMENT FUNDS:

The Foundation's endowment consists of several individual funds established for scholarships and are donor-restricted perpetual endowment funds. As required by generally accepted accounting principles in the United States of America, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions and the Foundation's interpretation of relevant law.

Interpretation of Relevant Law:

The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift of the donor-restricted endowment funds. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions that are perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the donor restricted perpetual endowment, and (c) accumulations to the donor restricted perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Earnings from donor-restricted endowment funds are classified as net assets with donor restrictions that are purpose restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE 5 - ENDOWMENT FUNDS: (continued)

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Changes in endowment net assets for the years ended June 30 are as follows:

	2019		
	Purpose Restrictions	Perpetual Restrictions	Total
Endowment Net Assets, Beginning of Year	\$ 104,840	\$ 732,844	\$ 837,684
Investment Income	32,454	-	32,454
Student Aid - Scholarships	(29,500)	-	(29,500)
Endowment Net Assets, End of Year	<u>\$ 107,794</u>	<u>\$ 732,844</u>	<u>\$ 840,638</u>
	2018		
	Purpose Restrictions	Perpetual Restrictions	Total
Endowment Net Assets, Beginning of Year	\$ 66,127	\$ 732,844	\$ 798,971
Investment Income	56,777	-	56,777
Student Aid - Scholarships	(18,064)	-	(18,064)
Endowment Net Assets, End of Year	<u>\$ 104,840</u>	<u>\$ 732,844</u>	<u>\$ 837,684</u>

In addition to endowment net assets, the Foundation also manages other non-endowment funds. The following table

	2019	2018
Endowment Funds	\$ 840,638	\$ 837,684
Non-Endowment Funds	<u>1,538,582</u>	<u>1,555,966</u>
Total Net Assets	<u>\$ 2,379,220</u>	<u>\$ 2,393,650</u>

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE 5 - ENDOWMENT FUNDS: (Continued)

Funds with Deficiencies:

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the state UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no funds with deficiencies of this nature as of June 30, 2019 and 2018, respectively. Deficiencies can result from unfavorable market fluctuations that occurred after the investment of contributions with donor restrictions that are perpetual in nature and continued appropriation for certain programs that was deemed prudent by the Board of Directors. Subsequent gains that restore the fair value of the assets of the endowment funds to the required level will be classified as an increase in net assets without donor restrictions or net assets with donor restrictions, as applicable.

Return Objectives and Risk Parameter:

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the Investment Policy benchmark index, over short and long term periods, while assuming a moderate level of investment risk.

The Foundation expects its endowment funds, over time, to rise at least as rapidly as inflation, net of fees. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives:

To satisfy its long term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy:

Subject to the terms of any Endowment agreement, contract, donor request, grant and/or West Virginia law, the amount that the Foundation makes available for grants and scholarships from each asset will be determined by the management of the Foundation.

Should the total market value of any fund fall below the initial corpus plus additional contributions to the corpus, no distributions will be made unless authorized by the fund agreement or the Board of Directors, as permitted by law.

The Foundation recognizes that extremely unusual circumstances with respect either to financial markets or to the needs of the communities it serves may, in rare instances, require temporary departures from the strict application of these Investment Policies.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following purposes as of June 30,:

Purpose Restrictions:	2019	2018
Academic Departments	\$ 177,724	\$ 171,763
Advanced Tech Capital Campaign	988,808	993,808
Donor Advised Endowments	107,794	104,840
Fiscal Agent Accounts	51,865	49,889
Major College Divisions	14,941	19,535
Non-Endowed Scholarships	291,138	304,170
Special Events or Purposes	14,106	16,801
	<u>\$ 1,646,376</u>	<u>\$ 1,660,806</u>
Restricted in Perpetuity	<u>732,844</u>	<u>732,844</u>
Total	<u><u>\$ 2,379,220</u></u>	<u><u>\$ 2,393,650</u></u>

NOTE 7 - EVALUATION OF SUBSEQUENT EVENTS:

The Foundation's management has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued. No significant events were noted requiring adjustment to or disclosure in the financial statements.

NOTE 8 - PROMISES TO GIVE:

Unconditional promises to give at June 30, are as follows:

	2019	2018
Receivable in Less Than One Year	<u>\$ 7,500</u>	<u>\$ 204,133</u>

Unconditional promises to give based on donors' intent at June 30, 2019 and 2018 are as follows:

	2019	2018
Advanced Technology Center Maintenance and Training	\$ -	\$ 200,000
Workforce Development	-	4,133
Without Restrictions	<u>7,500</u>	<u>-</u>
	<u><u>\$ 7,500</u></u>	<u><u>\$ 204,133</u></u>

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE 9 - DONATED PROFESSIONAL SERVICES AND MATERIALS:

The Foundation received donated professional services and equipment as follows during the years ended June 30, 2019 and 2018:

	Program Services	Management and General	Total
<u>June 30, 2019</u>			
College Support- Equipment	\$ 1,064,208	\$ -	\$ 1,064,208
Accounting and Bookkeeping Services	-	19,822	19,822
	<u>\$ 1,064,208</u>	<u>\$ 19,822</u>	<u>\$ 1,084,030</u>
<u>June 30, 2018</u>			
College Support:			
Equipment	\$ 28,000	\$ -	\$ 28,000
Services	3,475	-	3,475
Accounting and Bookkeeping Services	-	17,814	17,814
	<u>\$ 31,475</u>	<u>\$ 17,814</u>	<u>\$ 49,289</u>

During the years ended June 30, 2019 and 2018, the Foundation received donated equipment that was subsequently donated to the College for use in the following departments:

	2019	2018
Equipment for use in:		
Business Department	\$ 1,052,758	\$ -
Workforce Development	10,000	1,500
Community Education	1,450	-
Diesel Technology	-	1,500
Engineering Technology	-	25,000
	<u>\$ 1,064,208</u>	<u>\$ 28,000</u>

NOTE 10 - LIQUIDITY AND AVAILABILITY:

For the purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities of providing support to the College, as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Cash and Cash Equivalents	\$ 285,260
Operating Investments	1,330,785
Accounts Receivable	1,754
Promises to Give	7,500
Accrued Interest Receivable	6,111
	<u>\$ 1,631,410</u>

The Foundation's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes. Donor-restricted endowment funds are not available for general expenditure.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE 11 - RECENT ACCOUNTING GUIDANCE:

On August 18, 2016 FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

In August 2016, FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*. This guidance is intended to reduce the diversity in practice in how certain transactions are classified in the statement of cash flows. In addition, in November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230), Restricted Cash*. This ASU provides additional guidance related to transfers between cash and restricted cash and how entities present, in their statements of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts and have been adopted in the accompanying financial statements.

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue and have implemented and the presentation adjusted in these financial statements. The amendments have been applied retrospectively to all periods presented, with no effect on net assets.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluation whether transactions should be accounted as contributions or exchange transactions and determining whether a contribution is conditional and has been implemented and applied to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 16 - FUNCTIONAL CLASSIFICATION OF EXPENSES

BridgeValley's operating expenses by functional and natural classification are as follows:

	2019								
	Salaries and Wages	Benefits	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation	Assessments by the Commission	Net Service Agreement Expense	Total
Instruction	\$ 5,438,987	\$ 1,287,730	\$ -	\$ -	\$ 1,797,495	\$ -	\$ -	\$ -	\$ 8,524,212
Public service	924,493	158,654	-	1,331	534,051	-	-	-	1,618,529
Academic support	530,319	107,373	-	-	386,104	-	-	-	1,023,796
Student services	897,789	204,034	-	85	287,762	-	-	-	1,389,670
Operation and maintenance of plant	325,367	101,325	-	333,450	799,711	-	-	-	1,559,853
General institutional support	1,928,867	481,200	-	295	1,248,422	-	-	-	3,658,784
Student financial aid	75,661	-	2,124,151	-	-	-	-	-	2,199,812
Depreciation	-	-	-	-	-	2,351,276	-	-	2,351,276
Fees assessed by the Commission	-	-	-	-	-	-	85,833	-	85,833
Net service agreement expense	-	-	-	-	-	-	-	120,860	120,860
Total expenses	\$ 10,121,483	\$ 2,340,316	\$ 2,124,151	\$ 335,161	\$ 5,053,545	\$ 2,351,276	\$ 85,833	\$ 120,860	\$ 22,532,625

	2018								
	Salaries and Wages	Benefits	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation	Assessments by the Commission	Net Service Agreement Expense	Total
Instruction	\$ 5,293,382	\$ 1,283,678	\$ -	\$ -	\$ 1,299,736	\$ -	\$ -	\$ -	\$ 7,876,796
Public service	894,226	162,174	-	924	972,615	-	-	-	2,029,939
Academic support	702,487	148,148	-	-	430,955	-	-	-	1,281,590
Student services	749,982	171,051	-	757	102,379	-	-	-	1,024,169
Operation and maintenance of plant	294,107	86,218	-	329,844	850,318	-	-	-	1,560,487
General institutional support	1,817,167	611,370	-	319	1,274,271	-	-	-	3,703,127
Student financial aid	74,632	-	1,914,604	-	5,390	-	-	-	1,994,626
Depreciation	-	-	-	-	-	2,439,310	-	-	2,439,310
Fees assessed by the Commission	-	-	-	-	-	-	86,529	-	86,529
Net service agreement expense	-	-	-	-	-	-	-	139,426	139,426
Total expenses	\$ 9,825,983	\$ 2,462,639	\$ 1,914,604	\$ 331,844	\$ 4,935,664	\$ 2,439,310	\$ 86,529	\$ 139,426	\$ 22,135,999

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2019

State Teachers' Retirement System
Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
BridgeValley's proportion of the net pension liability (asset) (percentage)	0.003160%	0.005536%	0.015699%	0.013300%	0.012705%					
BridgeValley's proportionate share of the net pension liability (asset)	\$ 98,663	\$ 191,267	\$ 645,185	\$ 463,976	\$ 438,284					
State's proportionate share of the net pension liability (asset)	<u>71,188</u>	<u>422,977</u>	<u>1,228,906</u>	<u>1,051,622</u>	<u>990,323</u>					
Total proportionate share of the net pension liability (asset)	<u>\$ 169,851</u>	<u>\$ 614,244</u>	<u>\$ 1,874,091</u>	<u>\$ 1,515,598</u>	<u>\$ 1,428,607</u>					
BridgeValley's covered payroll	\$ 95,540	\$ 152,785	\$ 405,739	\$ 403,194	\$ 392,000					
BridgeValley's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	103.27%	125.19%	159.01%	115.08%	111.81%					
Plan fiduciary net position as a percentage of the total pension liability	71.20%	67.85%	61.42%	66.25%	65.95%					

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

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
June 30, 2019

State Teachers' Retirement System
Last 10 Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 14,645	\$ 14,331	\$ 22,918	\$ 60,861	\$ 60,479					
Contributions in relation to the contractually required contribution	<u>(14,645)</u>	<u>(14,331)</u>	<u>(22,918)</u>	<u>(60,861)</u>	<u>(60,479)</u>					
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
Government's covered payroll	\$ 97,634	\$ 95,540	\$ 152,785	\$ 405,739	\$ 403,194					
Contributions as a percentage of covered payroll	15.00%	15.00%	15.00%	15.00%	15.00%					

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

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

Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
BridgeValley's proportion of the net OPEB liability (asset) (percentage)	0.168886231%	0.152321576%								
BridgeValley's proportionate share of the net OPEB liability (asset)	\$ 3,623,346	\$ 3,745,571								
State's proportionate share of the net OPEB liability (asset)	<u>748,849</u>	<u>769,344</u>								
Total proportionate share of the net OPEB liability (asset)	<u>\$ 4,372,195</u>	<u>\$ 4,514,915</u>								
BridgeValley's covered-employee payroll	\$ 7,239,356	\$ 7,233,271								
BridgeValley's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	50.05%	51.78%								
Plan fiduciary net position as a percentage of the total OPEB liability	30.98%	25.10%								

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

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
JUNE 30, 2019

Last 10 Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Statutorily required contribution	\$ 342,206	\$ 348,283								
Contributions in relation to the statutorily required contribution	<u>(342,206)</u>	<u>(348,283)</u>								
Contribution deficiency (excess)	\$ -	\$ -								
BridgeValley's covered-employee payroll	\$ 7,415,524	\$ 7,239,356								
Contributions as a percentage of covered-employee payroll	4.61%	4.81%								

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

BRIDGEVALLEY COMMUNITY & TECHNICAL COLLEGE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2019 AND 2018

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Changes in Assumptions

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

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

BRIDGEVALLEY COMMUNITY & TECHNICAL COLLEGE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2019 AND 2018

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Discount Rate	7.5%	7.5%	7.5%	7.5%	7.5%
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There are no other significant factors that affect trends in the amounts reported, such as a change of benefit terms or other assumptions. Additional information, if necessary, can be obtained from the CPRB Comprehensive Annual Financial Report for the corresponding year.

BRIDGEVALLEY COMMUNITY & TECHNICAL COLLEGE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB
YEARS ENDED JUNE 30, 2019 AND 2018

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

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
BridgeValley Community and Technical College
South Charleston, 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 and discretely presented component unit of BridgeValley Community and Technical College (the College), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 30, 2019 which states reliance on other auditors for the discretely presented component unit. Our report includes a reference to other auditors who audited the financial statements of The BridgeValley Community and Technical College Foundation, Inc., as described in our report on the College's financial statements. The financial statements of the BridgeValley Community and Technical College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*, and accordingly this report does not include reporting on internal control over financial reporting or instances of noncompliance associated with the BridgeValley Community and Technical College Foundations, Inc.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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.

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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.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Seattle & Stalnak, PLLC".

Charleston, West Virginia
September 30, 2019