

New River
Community and Technical College

Financial Statements
Years Ended June 30, 2018 and 2017

and

Independent Auditor's Reports

**NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
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INDEPENDENT AUDITOR'S REPORT

Board of Governors
New River Community and Technical College
Beaver, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of New River Community and Technical College (the College), a component unit of the West Virginia Council for Community and Technical Education, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the discretely presented New River Community and Technical College Foundation, Inc. (a component unit of the College). Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the discretely presented financial statements of the New River Community and Technical College Foundation, Inc. is based solely on the report of the other auditor. 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 New River 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.

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

Opinions

In our opinion, based on our audits and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of the College as of June 30, 2018 and 2017, and the respective changes in financial position, and where applicable, cash flows, thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 3 to the financial statements, in 2018, the College adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11, the schedule of proportionate share of the net pension liability, the schedule of pension contributions, the schedule of proportionate share of the net OPEB liability, the schedule of OPEB contributions, and related notes on pages 66 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2018, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



Charleston, West Virginia
October 10, 2018

**NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Our discussion and analysis of New River Community and Technical College's (the College) financial performance provides an overview of the College's financial activities during the years ended June 30, 2018 and 2017. Since this discussion and analysis is designed to focus on current activities, resulting changes, and currently known facts, please refer to the College's financial statements on pages 12 to 17 and the notes to financial statements on pages 18 to 64.

Financial Highlights

With the passage of Senate Bill 448, the College was established and attained independent accreditation in February 2005, separating from Bluefield State College (BSC). Senate Bill 401 defined the process for separation of assets and liabilities from BSC to the College and BSC. The attached statements represent separate financial information for the College. The following are brief summaries for the College:

- The College's assets exceeded its liabilities by approximately \$22.3 million for FY2018 and approximately \$26.9 million for FY2017.
- Net operating loss was approximately \$9.4 million in FY2018 and approximately \$9.6 million in FY2017.

Overview of the Financial Statements

The College has implemented Governmental Accounting Standards Board (GASB) Statement Number 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. GASB 35 requires the College to present financial information as a whole rather than focusing on individual funds.

This report consists of management's discussion and analysis, the financial statements, the notes to the financial statements, and the required supplementary information. The financial statements include the statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows.

The statement of net position presents the College's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Increases or decreases in net position can be an indicator of improvement or deterioration of the College's financial position.

Changes in net position during the year are reported in the statement of revenues, expenses, and changes in net position. All revenues, expenses, and changes are reported as the underlying event occurs that results in the revenue, expense, or change. The statement of cash flows presents information on actual cash inflows or outflows as they occur.

The New River Community and Technical College Foundation, Inc. (the Foundation) is significant enough to be included in the financial statements of the College in accordance with GASB 39. As such, the Foundation's audited financial statements are discretely presented as part of the College's financial statements. The assets of the Foundation are controlled by an independent board.

**NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Financial Analysis of the College

Total net position of the College for FY2018 and FY2017 was approximately \$22.3 million and approximately \$26.9 million, with net investment in capital assets comprising approximately \$27.6 million and approximately \$31.9 million of the total, respectively, a decrease of 14% from FY2017 to FY2018. These capital assets are utilized to provide educational and related services to students and the communities, but are not readily available for future spending. The unrestricted net position was approximately \$5.3 million deficit (24%) and approximately \$5.0 million deficit (19%) of the total net position for FY2018 and FY2017, respectively. The deficit in unrestricted net position is primarily due to the accumulation of the net OPEB liability. The unrestricted net position represents amounts not restricted by plant operations, grant and loan funds, and State code restrictions.

**Condensed Schedules of Net Position
June 30, 2018, 2017 and 2016
(in millions)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Cash	\$ 1.0	\$ 0.7	\$ 0.5
Other current assets	<u>0.5</u>	<u>0.5</u>	<u>0.6</u>
Total current assets	<u>1.5</u>	<u>1.2</u>	<u>1.1</u>
Capital assets	<u>27.7</u>	<u>32.1</u>	<u>33.0</u>
Total noncurrent assets	<u>27.7</u>	<u>32.1</u>	<u>33.0</u>
Total assets	<u>29.2</u>	<u>33.3</u>	<u>34.1</u>
Deferred outflows of resources	<u>0.3</u>	<u>0.1</u>	<u>-</u>
Total	<u>\$ 29.5</u>	<u>\$ 33.4</u>	<u>\$ 34.1</u>
Current liabilities	\$ 2.7	\$ 3.1	\$ 3.7
Noncurrent liabilities	<u>3.5</u>	<u>3.4</u>	<u>3.0</u>
Total liabilities	<u>6.2</u>	<u>6.5</u>	<u>6.7</u>
Deferred inflows of resources	<u>1.0</u>	<u>-</u>	<u>0.1</u>
Net position			
Investment in capital assets	27.6	31.9	33.0
Unrestricted net position (deficit)	<u>(5.3)</u>	<u>(5.0)</u>	<u>(5.7)</u>
Total net position	<u>22.3</u>	<u>26.9</u>	<u>27.3</u>
Total	<u>\$ 29.5</u>	<u>\$ 33.4</u>	<u>\$ 34.1</u>

**NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

For the years ended June 30, 2018 and 2017, the decrease in net position before other revenues, expenses, gains or losses was approximately \$0.8 million and \$0.5 million, respectively. Net tuition revenue increased for FY2018 by approximately \$0.1 million to approximately \$2.2 million due to an increase in the rate charged for tuition. Financial aid assistance is reflected in the appropriate Federal, State, or Pell grant revenue source from which the financial aid was issued. Federal Pell grant revenue decreased by approximately \$0.3 million to approximately \$3.4 million for FY2018 due to a decrease in enrollment. State appropriations decreased by approximately \$0.2 million to approximately \$5.2 million.

**Condensed Schedules of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2018, 2017 and 2016
(in millions)**

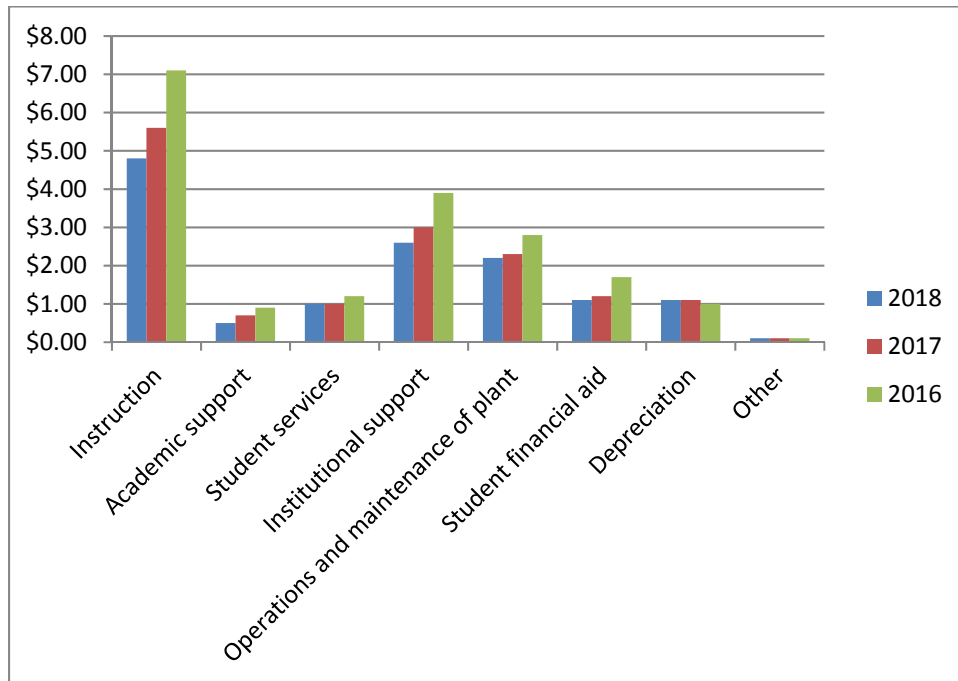
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating revenues			
Tuition and fees	\$ 2.2	\$ 2.1	\$ 2.3
Contracts and grants	1.4	2.5	3.4
Other	<u>0.4</u>	<u>0.8</u>	<u>0.6</u>
Total operating revenues	4.0	5.4	6.3
Less: operating expenses	<u>13.4</u>	<u>15.0</u>	<u>18.7</u>
Operating loss	(9.4)	(9.6)	(12.4)
Nonoperating revenues			
State appropriation	5.2	5.4	5.4
Pell grant revenue	<u>3.4</u>	<u>3.7</u>	<u>4.3</u>
Net nonoperating revenue	<u>8.6</u>	<u>9.1</u>	<u>9.7</u>
Decrease in net position before other revenues, expenses, gains or losses	(0.8)	(0.5)	(2.7)
Payments on behalf of the College	-	-	0.2
Other payments on behalf of the College	0.2	0.1	-
Transfer of donated property	<u>(3.3)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(3.9)</u>	<u>(0.4)</u>	<u>(2.5)</u>
Net position - beginning of year	26.9	27.3	29.8
Net effect of change in accounting policy	<u>(0.7)</u>	<u>-</u>	<u>-</u>
Net position - beginning of year (restated)	<u>26.2</u>	<u>27.3</u>	<u>29.8</u>
Net position - end of year	<u>\$ 22.3</u>	<u>\$ 26.9</u>	<u>\$ 27.3</u>

**NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

**Schedules of Operating Expenses
Years Ended June 30, 2018, 2017 and 2016
(in millions)**

FUNCTIONAL CLASSIFICATION OF EXPENSES	<u>2018</u>	<u>2017</u>	<u>2016</u>
Instruction	\$ 4.8	\$ 5.6	\$ 7.1
Academic support	0.5	0.7	0.9
Student services	1.0	1.0	1.2
Institutional support	2.6	3.0	3.9
Operations and maintenance of plant	2.2	2.3	2.8
Student financial aid	1.1	1.2	1.7
Depreciation	1.1	1.1	1.0
Other	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
 Total	 <u>\$ 13.4</u>	 <u>\$ 15.0</u>	 <u>\$ 18.7</u>

**New River Community and Technical College
Functional Classifications of Expenditures**

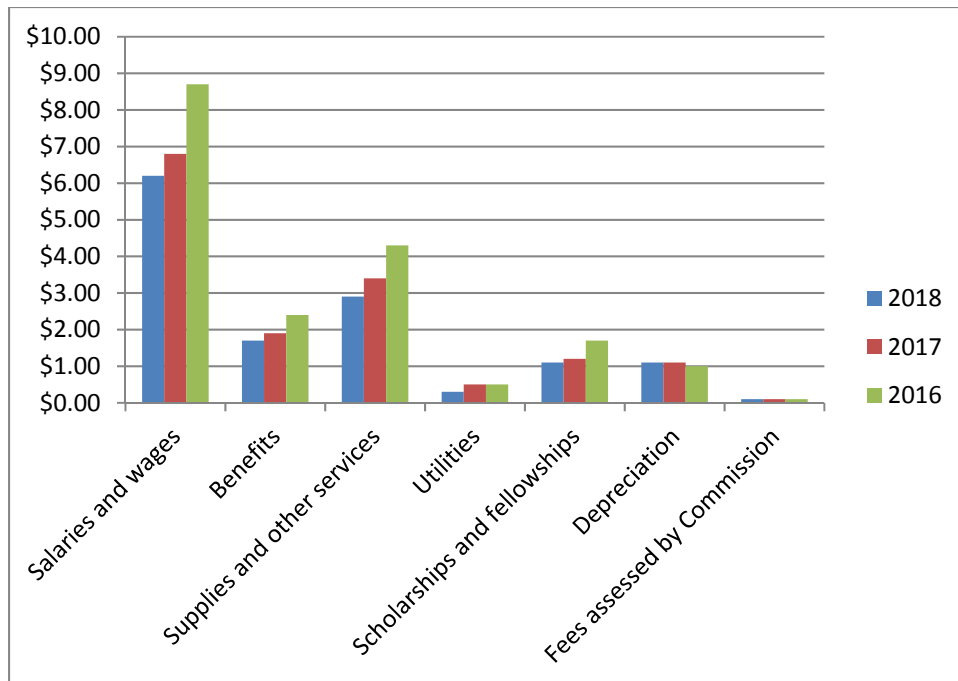


**NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

**Schedules of Natural Expenses
Years Ended June 30, 2018, 2017 and 2016
(in millions)**

NATURAL CLASSIFICATION OF EXPENSES	<u>2018</u>	<u>2017</u>	<u>2016</u>
Salaries and wages	\$ 6.2	\$ 6.8	\$ 8.7
Benefits	1.7	1.9	2.4
Supplies and other services	2.9	3.4	4.3
Utilities	0.3	0.5	0.5
Scholarships and fellowships	1.1	1.2	1.7
Depreciation	1.1	1.1	1.0
Fees assessed by Commission	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
 Total	 <u>\$ 13.4</u>	 <u>\$ 15.0</u>	 <u>\$ 18.7</u>

**New River Community and Technical College
Natural Classifications of Expenditures**



**NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

The Statement of Cash Flows presents detailed information about the cash activities of the College during the year. The statement is divided into five parts. The first section deals with operating cash flows and shows the net cash used in the operating activities. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and noncapital financing purposes. The third section deals with the cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital assets and related items and related funding received. The fourth section reflects the cash flows from investing activities and shows interest received from investing activities. The fifth section reconciles the net cash used in operating activities to the operating loss reflected in the statement of revenues, expenses, and changes in net position. Cash and cash equivalents for the years ended June 30, 2018 and 2017 were approximately \$1.0 million and approximately \$0.7 million, an increase of approximately \$0.3 million from FY2018 to FY2017.

**Condensed Schedules of Cash Flows
Years Ended June 30, 2018, 2017 and 2016
(in millions)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Cash provided by (used in)			
Operating activities	\$ (8.4)	\$ (8.8)	\$ (9.6)
Non capital financing activities	8.8	9.1	9.8
Capital and related financing activities	<u>(0.1)</u>	<u>(0.1)</u>	<u>(0.4)</u>
Increase (decrease) in cash and cash equivalents	0.3	0.2	(0.2)
Cash and cash equivalents, beginning of year	<u>0.7</u>	<u>0.5</u>	<u>0.7</u>
Cash and cash equivalents, end of year	<u>\$ 1.0</u>	<u>\$ 0.7</u>	<u>\$ 0.5</u>

Capital Asset and Debt Administration

During December 2009, the Higher Education Policy Commission, on behalf of the Council for Community and Technical College Education, issued approximately \$78 million in bonds which will be repaid from excess Lottery Funds. The College's share of the bond issuance was approximately \$16.5 million, which was used to finance the construction of the Beckley Higher Education Center completed in FY2015 and classroom renovations at the College's Greenbrier campus completed during FY2017.

In FY2018, the College purchased approximately \$32 thousand in equipment and retired approximately \$26 thousand in equipment. The College transferred the USDA building and land that was donated in FY2015 back to the federal government in FY2018. The cost of the building and land transferred totaled \$2.8 million and \$700 thousand, respectively.

In FY2018, the College entered into an operating loan with the Council to repay three loans received in FY2016 to fund payroll. The loan is to be repaid over a fifteen year period with payments commencing on June 15, 2018 with final payment due March 15, 2033.

In FY2018, the College also entered into a payment plan with West Virginia Network for Educational Telecomputing (WVNET) to pay off their outstanding balances. The balance is to be repaid over an eighteen month period with payments commencing on August 15, 2018 with final payment due January 15, 2020. Readers interested in more detailed information regarding capital assets and debt administration should review the accompanying notes 5, 6 and 9 to the financial statements.

**NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

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Economic Outlook

Accreditation for the College was approved for a ten year period from the Higher Learning Commission following an institutional visitation in October 2015 providing for solid academic standards that potential students will likely consider when selecting a school to attend. Management is monitoring both the national and State economic conditions for changes which may impact the ability to meet the College mission. During times of economic distress, community colleges traditionally experience growth and management is confident that the College will be able to withstand economic downturns.

The net other post employment benefit liability continues to present a challenge state wide. However, during the 2012 legislative session the State of West Virginia took proactive measures to address the unfunded liability which will take effect in future years and fully fund the liability by 2036.

Contacting the College's Financial Management

This financial report is designed to provide a general overview of the College's finances. Questions concerning any of the information provided in this report should be addressed to the Chief Financial Officer, 280 University Drive, Beaver, West Virginia 25813. For additional information on the New River Community and Technical College Foundation, Inc. please see their separately issued financial statements.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF NET POSITION
JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 998,116	\$ 724,518
Accounts receivable, net of allowance of \$1,082,281 and \$1,051,098	320,595	350,366
Due from Commission/Council	191,806	89,391
Due from Federal government	<u>30,738</u>	<u>21,941</u>
Total current assets	<u>1,541,255</u>	<u>1,186,216</u>
NONCURRENT ASSETS		
Capital assets - net	27,683,006	32,115,967
Other accounts receivable	<u>36,092</u>	<u>38,717</u>
Total noncurrent assets	<u>27,719,098</u>	<u>32,154,684</u>
 Total assets	 <u>29,260,353</u>	 <u>33,340,900</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows relating to the net pension liability	49,312	118,201
Deferred outflows relating to the net OPEB liability	<u>219,561</u>	<u>-</u>
Total deferred outflows of resources	<u>268,873</u>	<u>118,201</u>
 Total	 <u>\$ 29,529,226</u>	 <u>\$ 33,459,101</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 285,979	\$ 303,965
Due to Federal government	24,957	4,410
Accrued liabilities	641,844	810,339
Debt service obligation payable to the Council - current portion	30,668	460,000
Debt service obligation payable to WVNET - current portion	207,002	180,102
Unearned revenue	1,126,799	964,243
Compensated absences - current portion	323,848	360,518
Capital lease payable - current portion	<u>52,836</u>	<u>56,813</u>
Total current liabilities	<u>2,693,933</u>	<u>3,140,390</u>
NONCURRENT LIABILITIES		
Compensated absences	115,856	161,162
Debt service obligation payable to the Council	421,665	-
Debt service obligation payable to WVNET	139,249	-
Net pension liability	321,900	392,776
Capital lease payable	47,719	100,555
Net other post employment benefits liability	<u>2,520,364</u>	<u>2,700,136</u>
Total noncurrent liabilities	<u>3,566,753</u>	<u>3,354,629</u>
 Total liabilities	 <u>6,260,686</u>	 <u>6,495,019</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows relating to the net pension liability	53,504	45,282
Deferred inflows relating to the net OPEB liability	<u>906,450</u>	<u>-</u>
Total deferred inflows of resources	<u>959,954</u>	<u>45,282</u>
NET POSITION		
Net investment in capital assets	27,582,451	31,958,599
Unrestricted net position (deficit)	<u>(5,273,865)</u>	<u>(5,039,799)</u>
Total net position	<u>22,308,586</u>	<u>26,918,800</u>
 Total	 <u>\$ 29,529,226</u>	 <u>\$ 33,459,101</u>

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2018 AND 2017

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	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Student tuition and fees, net of scholarship allowance of \$3,499,537 and \$3,846,684	\$ 2,184,659	\$ 2,083,798
Contracts and grants		
Federal	376,047	927,907
State	1,069,334	1,583,930
Sales and services of educational activities	164,784	379,444
Miscellaneous - net	<u>212,178</u>	<u>407,680</u>
Total operating revenues	<u>4,007,002</u>	<u>5,382,759</u>
OPERATING EXPENSES		
Salaries and wages	6,244,650	6,782,280
Benefits	1,688,865	1,893,629
Supplies and other services	2,882,603	3,401,646
Utilities	361,098	494,853
Student financial aid - scholarships and fellowships	1,064,187	1,263,508
Depreciation	1,128,154	1,117,273
Assessments by the Policy Commission for operations	<u>67,442</u>	<u>69,988</u>
Total operating expenses	<u>13,436,999</u>	<u>15,023,177</u>
OPERATING LOSS	<u>(9,429,997)</u>	<u>(9,640,418)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	5,247,765	5,389,150
Federal Pell grants	3,385,810	3,784,582
Investment income	<u>8,992</u>	<u>5,462</u>
Net nonoperating revenues	<u>8,642,567</u>	<u>9,179,194</u>
DECREASE IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(787,430)	(461,224)
PAYMENTS MADE AND EXPENSES INCURRED BY THE STATE ON BEHALF OF THE COLLEGE	227,935	66,409
PAYMENTS MADE AND EXPENSES INCURRED ON BEHALF OF THE COLLEGE	9,509	38,210
TRANSFER OF DONATED CAPITAL ASSETS	<u>(3,336,335)</u>	<u>-</u>
CHANGE IN NET POSITION	<u>(3,886,321)</u>	<u>(356,605)</u>
NET POSITION, beginning of year	26,918,800	27,275,405
NET EFFECT OF CHANGE IN ACCOUNTING POLICY	<u>(723,893)</u>	<u>-</u>
NET POSITION — beginning of year (restated)	<u>26,194,907</u>	<u>27,275,405</u>
NET POSITION, end of year	<u>\$ 22,308,586</u>	<u>\$ 26,918,800</u>

**NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017**

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	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	\$ 2,214,430	\$ 2,160,806
Contracts and grants	381,531	1,588,190
Payments to and on behalf of employees	(8,163,967)	(8,657,013)
Payments to suppliers	(2,883,059)	(4,352,476)
Payments to utilities	(369,119)	(518,577)
Payments for scholarships and fellowships	71,554	263,459
Sales and service of educational activities	164,784	379,444
Fees assessed by Commission	(67,442)	(69,988)
Other receipts (payments)-net	<u>212,178</u>	<u>407,680</u>
Net cash (used) in operating activities	<u>(8,439,110)</u>	<u>(8,798,475)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	5,247,765	5,389,150
Pell grants	3,385,810	3,784,582
Payments to the Commission on debt obligator	(7,667)	-
Proceeds from WVNET on debt obligation	166,149	-
William D. Ford direct lending receipts	1,135,741	1,526,967
William D. Ford direct lending payment	<u>(1,135,741)</u>	<u>(1,526,967)</u>
Net cash provided by noncapital financing activities	<u>8,792,057</u>	<u>9,173,732</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchases of capital assets	(31,528)	(27,830)
Principal payments on capital leases	<u>(56,813)</u>	<u>(78,965)</u>
Net cash (used) in capital financing activities	<u>(88,341)</u>	<u>(106,795)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>8,992</u>	<u>5,462</u>
Net cash provided by investing activities	<u>8,992</u>	<u>5,462</u>
INCREASE IN CASH AND CASH EQUIVALENTS	273,598	273,924
CASH AND CASH EQUIVALENTS - beginning of year	<u>724,518</u>	<u>450,594</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 998,116</u>	<u>\$ 724,518</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH (USED) IN OPERATING ACTIVITIES		
Operating loss	\$ (9,429,997)	\$ (9,640,418)
Adjustments to reconcile operating loss to net cash (used) in operating activities		
Depreciation expense	1,128,154	1,117,273
Pension expense-special funding situatior	69,018	66,409
OPEB expense-special funding situatior	158,917	-
Payments made on behalf of the College	9,509	-
Net effect of change in accounting policy	(723,893)	-
Changes in assets and liabilities:		
Accounts receivables - net	29,771	77,008
Due from Commission	(102,415)	73,465
Grants receivable	-	14,764
Due from Federal government	(8,797)	(14,994)
Other accounts receivable	2,625	9,842
Deferred outflows of resources	(150,672)	(77,756)
Accounts payable	(17,986)	(973,956)
Due to Federal government	20,547	(598)
Accrued liabilities	(168,495)	(170,934)
Due to the Commission/Council	-	135,930
Unearned revenue	162,556	394,155
Compensated absences	(81,976)	18,275
Net pension liability	(70,876)	90,239
Net other post employment benefits liability	(179,772)	108,311
Deferred inflows of resources	<u>914,672</u>	<u>(25,490)</u>
Net cash (used) in operating activities	<u>\$ (8,439,110)</u>	<u>\$ (8,798,475)</u>
NONCASH TRANSACTION		
Capital payments made on behalf of New River Community and Technical College	<u>\$ -</u>	<u>\$ 38,210</u>
Transfer of donated capital assets	<u>\$ 3,336,335</u>	<u>\$ -</u>

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 191,261	\$ 279,906
Marketable securities, at fair market value	952,548	636,173
Restricted marketable securities, at fair market value	394,674	373,264
Beneficial interest in assets held by community foundation	1,241,042	1,215,320
Other asset	<u>9</u>	<u>9</u>
Total assets	<u>\$ 2,779,534</u>	<u>\$ 2,504,672</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 200	\$ 2,568
Scholarships payable	120,500	89,100
Accrued expenses	<u>24,647</u>	<u>12,525</u>
Total liabilities	<u>145,347</u>	<u>104,193</u>
NET ASSETS		
Unrestricted	37,210	123,935
Temporarily restricted	829,144	690,945
Permanently restricted	<u>1,767,833</u>	<u>1,585,599</u>
Total net assets	<u>2,634,187</u>	<u>2,400,479</u>
Total liabilities and net assets	<u>\$ 2,779,534</u>	<u>\$ 2,504,672</u>

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Public Support and Revenue</u>				
Grants and contributions	\$ 9,371	\$ 134,555	\$ 176,246	\$ 320,172
Contributed services and supplies revenue	97,101	-	-	97,101
<u>Net Earnings on Investments</u>				
Interest and dividends income	1,842	52,942	-	54,784
Realized gains on investment securities, net	254	6,768	-	7,022
Unrealized gain on investment securities, net	2,369	78,538	-	80,907
Bank and investment fees	(687)	(19,002)	-	(19,689)
Net assets released from restrictions due to expiration of spending purpose restrictions	136,574	(136,574)	-	-
Total public support and revenue	<u>246,824</u>	<u>117,227</u>	<u>176,246</u>	<u>540,297</u>
<u>Expenses</u>				
Student support and program services	201,689	-	-	201,689
Management and general	40,263	-	-	40,263
Fundraising	64,637	-	-	64,637
Total expenses	<u>306,589</u>	<u>-</u>	<u>-</u>	<u>306,589</u>
Excess of (Expenses Over Public and Support and Revenue) Public Support and Revenue Over Expenses	(59,765)	117,227	176,246	233,708
Net Assets, Beginning of Year	123,935	690,945	1,585,599	2,400,479
Transfer between net asset classifications	<u>(26,960)</u>	<u>20,972</u>	<u>5,988</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 37,210</u>	<u>\$ 829,144</u>	<u>\$ 1,767,833</u>	<u>\$ 2,634,187</u>

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Public Support and Revenue</u>				
Rental revenue	\$ 56,712	\$ -	\$ -	\$ 56,712
Contributed services and supplies revenue	117,097	-	-	117,097
Grants and contributions	7,465	40,242	139,624	187,331
<u>Net Earnings on Investments</u>				
Interest and dividends income	4,251	28,986	-	33,237
Realized gains on investment securities, net	919	9,967	-	10,886
Unrealized gain on investment securities, net	7,891	85,472	-	93,363
Bank and investment fees	(2,090)	(15,977)	-	(18,067)
Fundraising activities revenues	4,996	-	-	4,996
Gain on sale of land and building	31,408	-	-	31,408
Net assets released from restrictions due to expiration of spending purpose restrictions	90,035	(90,035)	-	-
Total public support and revenue	<u>318,684</u>	<u>58,655</u>	<u>139,624</u>	<u>516,963</u>
<u>Expenses</u>				
Student support and program services	136,309	-	-	136,309
Rental activity	9,626	-	-	9,626
Management and general	33,415	-	-	33,415
Fundraising	70,882	-	-	70,882
Total expenses	<u>250,232</u>	<u>-</u>	<u>-</u>	<u>250,232</u>
Excess of Public Support and Revenue Over Expenses	68,452	58,655	139,624	266,731
Net Assets, Beginning of Year	76,988	640,312	1,416,448	2,133,748
Transfer between net asset classifications	<u>(21,505)</u>	<u>(8,022)</u>	<u>29,527</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 123,935</u>	<u>\$ 690,945</u>	<u>\$ 1,585,599</u>	<u>\$ 2,400,479</u>

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

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NOTE 1 - ORGANIZATION

New River Community and Technical College (the College) is governed by the New River Community and Technical College Board of Governors (the Board). The Board was established by Senate Bill 653 (S.B. 653).

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

S.B. 653 also created the West Virginia Higher Education Policy Commission (the Commission), which is responsible for developing, gaining consensus around and overseeing the implementation and development of a higher education public policy agenda. 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's Public Policy agenda as it relates to community and technical college education. Senate Bill 401 required the transfer of certain net position from Bluefield State College to its separately governed community and technical college after the community and technical college received its independent accreditation. The College received its accreditation on February 8, 2005.

As a requirement of Governmental Accounting Standards Board (GASB), the College has included information from the New River Community and Technical 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.

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

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accompanying financial statements present all funds under the authority of the College. The basic criteria for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from the College's ability to significantly influence operations and accountability for fiscal matters of related entities.

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's audited financial statements were as of and for the years ended June 30, 2018 and 2017. The Foundation is a private nonprofit 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 except that in accordance with governmental accounting standards, the Foundation's statements of cash flows are not presented.

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

- *Net investment in capital assets* - This represents the College's total investment in capital assets, net of depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets, net of related debt.
- *Restricted net position, expendable* - This includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. The College had a deficit in restricted net position, expendable at the end of June 30, 2018 and 2017; therefore, the balance was reported as unrestricted net position.
- *Restricted net position, nonexpendable* - This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal. The College does not have any restricted nonexpendable net position at June 30, 2018 and 2017.

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 are derived from tuition and fees (not restricted as to use), state appropriations, sales and services of educational activities and auxiliary enterprises. Unrestricted net position is used for transactions related to the educational and general operations of the College and may be designated for specific purposes by action of the Board of Governors.

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

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

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

The BTI maintains the Consolidated Fund investment fund, which consists of eight investment pools and participant-directed accounts, three of which the College may invest in. These pools have been structured as 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 its annual audited financial report. A copy of this annual report can be obtained from the following address: 1900 Kanawha Boulevard East, Room E-122, Charleston, West Virginia 25305 or <http://www.wvbt.com>.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 (SLGS); and other investments. Other investments consist primarily of investments in accordance with the Linked Deposit Program, a program using financial institutions in West Virginia to obtain certificates of deposit, loans approved by the legislature and any other program investments authorized by the legislature.

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

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

Capital Assets - Capital assets include property, plant and equipment, and books and materials that are part of a catalogued library. Capital assets are stated at cost at the date of acquisition or construction or fair market value at the date of donation in the case of gifts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 20 to 50 years for buildings, 20 years for land improvements, 7 years for library books, and 3 to 10 years for furniture and equipment. The College's capitalization threshold is \$5,000. There was no interest capitalized during 2018 or 2017.

Unearned Revenue - Revenues for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenue, including items such as orientation fees and room and board. Financial aid and other deposits are separately classified as deposits.

Compensated Absences and Other Post Employment 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 (RHBT), sponsored by the State of West Virginia. Details regarding this plan and its stand-alone financial statements can be obtained by contacting the West Virginia Public Employees Insurance Agency (PEIA), 601 57th Street, SE, Suite 2, Charleston, WV 25304 or <http://peia.wv.gov>.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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

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 for further discussion.

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 - 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, property and casualty, and medical malpractice liability coverage to the College and its employees. Such coverage may be provided to the College by BRIM through self-insurance programs maintained by BRIM or policies underwritten by BRIM that may involve experience-related premiums or adjustments to BRIM.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In addition, through its participation in PEIA and 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.

Classification of Revenues - The College has classified its revenues as either operating or nonoperating 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 non-exchange 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 sale of capital assets (including natural resources).
- ***Other Revenue*** - Other revenues consist primarily of capital gains and gifts.

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

Federal Financial Assistance Programs - The College makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through the College. Direct student loan receivables are not included in the College's statement of net position as the loans are repayable directly to the U.S. Department of Education. In 2018 and 2017, respectively, the College received and disbursed approximately \$1.1 million and \$1.5 million under the Federal Direct Student Loan Program on behalf of the U.S. Department of Education, which is not included as revenue and expense on the statements of revenues, expenses and changes in net position.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The College also distributes other student financial assistance funds on behalf of the federal government to students under the Federal Pell Grant, Supplemental Educational Opportunity Grant, and College Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2018 and 2017, respectively, the College received and disbursed approximately \$3.5 million and \$3.9 million, under these federal student aid programs.

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

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

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

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

Cash Flows - Any cash and cash equivalents escrowed, restricted for noncurrent assets or in funded reserves have not been included as cash and cash equivalents for the purpose of the statements of cash flows.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Reclassifications - Certain amounts in the 2017 financial statements have been reclassified to conform with the 2018 presentation. Such reclassifications had no effect on the 2017 net position or changes in net position.

Newly Adopted Statements Issued by the Governmental Accounting Standards Board - The Governmental Accounting Standards Board has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after June 15, 2017. The requirements of this Statement will improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The adoption of GASB Statement No. 75 reclassified some items previously reported as expenses as deferred outflows of resources and deferred inflows of resources. This statement also changed the valuation methodology used to record the net other postemployment benefits liability. See note 3 for a discussion of the effect and additional disclosures at note 7.

The Governmental Accounting Standards Board has also issued Statement No. 85, *Omnibus 2017*, effective for fiscal years beginning after June 15, 2017. The requirements of this Statement will enhance consistency in the application of accounting and financial reporting requirements. Consistent reporting will improve the usefulness of information for users of state and local government financial statements. The adoption of GASB Statement No. 85 had no impact on the June 30, 2018 financial statements.

Recent 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 College has not yet determined the effect that the adoption of GASB Statement No. 83 may have on its financial statements.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Governmental Accounting Standards Board has also 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. 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 College has not yet determined the effect that the adoption of GASB Statement No. 88 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.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Governmental Accounting Standards Board has also issued Statement No. 90, Major 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.

NOTE 3 - CHANGE IN ACCOUNTING POLICY AND RESTATEMENT OF BEGINNING NET POSITION

The College changed its method of accounting for the following items in order to comply with accounting principles generally accepted in the United States of America:

GASB 75 – As of July 1, 2017, the College implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This Statement reclassified some items previously reported as expenses as deferred outflows of resources and deferred inflows of resources. This Statement also changed the valuation methodology used to record the net other postemployment benefits (OPEB) liability.

Employer contributions to the West Virginia Retiree Health Benefit Trust Fund (RHBT) made subsequent to the measurement date are now recorded as deferred outflows of resources. As of June 30, 2018, the College reported \$219,561 as deferred outflows of resources relating to these payments. Additionally, the net difference between the projected and actual investment earnings is required to be recorded as deferred inflows of resources or deferred outflows of resources and is amortized over 5 years. All other deferred outflows of resources and deferred inflows of resources relating to the net OPEB liability are amortized over 4.71 years, the average expected remaining service life. For the fiscal year ended June 30, 2018, The College reported deferred inflows of resources relating to OPEB of \$906,450.

Net effect of the change in accounting policy on beginning net position is as follows:

Net position - beginning of year, as previously stated	\$ 26,918,800
Net effect of change in accounting policy	<u>(723,893)</u>
Net position - beginning of year, restated	<u>\$ 26,194,907</u>

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 4 - CASH AND CASH EQUIVALENTS

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

	2018	2017
Cash on deposit with the Treasurer/BTI	\$ 969,558	\$ 702,338
Cash in bank	26,308	19,930
Cash on hand	2,250	2,250
	\$ 998,116	\$ 724,518

Cash held by the Treasurer and cash in bank includes \$824,475 and \$690,005 of restricted cash at June 30, 2018 and 2017, respectively.

The combined carrying amount of cash in the bank at June 30, 2018 and 2017, was \$26,308 and \$19,930, respectively, as compared with the combined bank balance of \$96,782 and \$83,253; respectively. The difference is primarily caused by outstanding checks and items in transit. The bank balances were covered by federal depository insurance as noted below or were collateralized by securities held by the State's agent. Regarding federal depository insurance, accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Amounts with the State Treasurer were \$969,558 and \$702,338 as of June 30, 2018 and 2017, respectively. Of these amounts, \$887,559 and \$666,149 were invested in the WV Money Market Pool and the WV Short Term Bond Pool as of June 30, 2018 and 2017, respectively. The remainder of the cash held with the State Treasurer was not invested at June 30, 2018 and 2017.

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:

	2018		2017	
	Carrying Value	S & P Rating	Carrying Value	S & P Rating
WV Money Market Pool	\$ 867,434	AAAm	\$ 651,161	AAAm
WV Short Term Bond Pool	\$ 20,125	Not Rated	\$ 14,988	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.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 4 - 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:

<u>External Pool</u>	<u>2018</u>		<u>2017</u>	
	<u>Carrying Value</u>	<u>WAM (Days)</u>	<u>Carrying Value</u>	<u>WAM (Days)</u>
WV Money Market Pool	\$ 867,434	34	\$ 651,161	36

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

<u>External Pool</u>	<u>2018</u>		<u>2017</u>	
	<u>Carrying Value</u>	<u>Effective Duration (Days)</u>	<u>Carrying Value</u>	<u>Effective Duration (Days)</u>
WV Short Term Bond Pool	\$ 20,125	372	\$ 14,988	426

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's investment in a single corporate issuer. The BTI investment policy prohibits those pools and accounts permitted to hold corporate securities from investing more than 5% of their assets in any one corporate name or one corporate issue.

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

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 5 - CAPITAL ASSETS

The following is a summary of capital asset transactions for the College for the years ended June 30:

	2018			Ending Balance
	Beginning Balance	Additions	Reductions	
Capital assets not being depreciated:				
Land	\$ 1,884,000	\$ -	\$ 700,000	\$ 1,184,000
Total capital assets not being depreciated	<u>\$ 1,884,000</u>	<u>\$ -</u>	<u>\$ 700,000</u>	<u>\$ 1,184,000</u>
Other capital assets:				
Land improvements	\$ 97,937	\$ -	\$ -	\$ 97,937
Buildings	33,229,625	-	2,800,000	30,429,625
Equipment	3,401,703	31,528	26,200	3,407,031
Library books	<u>522,027</u>	<u>-</u>	<u>-</u>	<u>522,027</u>
Total other capital assets	<u>37,251,292</u>	<u>31,528</u>	<u>2,826,200</u>	<u>34,456,620</u>
Less accumulated depreciation for:				
Land improvements	81,407	6,529	-	87,936
Buildings	4,587,563	750,176	163,665	5,174,074
Equipment	1,853,065	360,881	26,200	2,187,746
Library books	<u>497,290</u>	<u>10,568</u>	<u>-</u>	<u>507,858</u>
Total accumulated depreciation	<u>7,019,325</u>	<u>1,128,154</u>	<u>189,865</u>	<u>7,957,614</u>
Other capital assets, net	<u>\$ 30,231,967</u>	<u>\$ (1,096,626)</u>	<u>\$ 2,636,335</u>	<u>\$ 26,499,006</u>
Capital asset summary:				
Capital assets not being depreciated	\$ 1,884,000	\$ -	\$ 700,000	\$ 1,184,000
Other capital assets	<u>37,251,292</u>	<u>31,528</u>	<u>2,826,200</u>	<u>34,456,620</u>
Total cost of capital assets	39,135,292	31,528	3,526,200	35,640,620
Less accumulated depreciation	<u>7,019,325</u>	<u>1,128,154</u>	<u>189,865</u>	<u>7,957,614</u>
Capital assets, net	<u>\$ 32,115,967</u>	<u>\$ (1,096,626)</u>	<u>\$ 3,336,335</u>	<u>\$ 27,683,006</u>

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 5 - CAPITAL ASSETS (Continued)

	2017			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,884,000	\$ -	\$ -	\$ 1,884,000
Construction in progress	<u>3,350,113</u>	<u>38,210</u>	<u>3,388,323</u>	<u>-</u>
Total capital assets not being depreciated	<u>\$ 5,234,113</u>	<u>\$ 38,210</u>	<u>\$ 3,388,323</u>	<u>\$ 1,884,000</u>
Other capital assets:				
Land improvements	\$ 97,937	\$ -	\$ -	\$ 97,937
Buildings	29,913,534	3,316,091	-	33,229,625
Equipment	3,094,616	336,395	29,308	3,401,703
Library books	<u>522,027</u>	<u>-</u>	<u>-</u>	<u>522,027</u>
Total other capital assets	<u>33,628,114</u>	<u>3,652,486</u>	<u>29,308</u>	<u>37,251,292</u>
Less accumulated depreciation for:				
Land improvements	74,878	6,529	-	81,407
Buildings	3,874,593	712,970	-	4,587,563
Equipment	1,503,939	378,434	29,308	1,853,065
Library books	<u>477,950</u>	<u>19,340</u>	<u>-</u>	<u>497,290</u>
Total accumulated depreciation	<u>5,931,360</u>	<u>1,117,273</u>	<u>29,308</u>	<u>7,019,325</u>
Other capital assets, net	<u>\$ 27,696,754</u>	<u>\$ 2,535,213</u>	<u>\$ -</u>	<u>\$ 30,231,967</u>
Capital asset summary:				
Capital assets not being depreciated	\$ 5,234,113	\$ 38,210	\$ 3,388,323	\$ 1,884,000
Other capital assets	<u>33,628,114</u>	<u>3,652,486</u>	<u>29,308</u>	<u>37,251,292</u>
Total cost of capital assets	38,862,227	3,690,696	3,417,631	39,135,292
Less accumulated depreciation	<u>5,931,360</u>	<u>1,117,273</u>	<u>29,308</u>	<u>7,019,325</u>
Capital assets, net	<u>\$ 32,930,867</u>	<u>\$ 2,573,423</u>	<u>\$ 3,388,323</u>	<u>\$ 32,115,967</u>

The College maintains certain collections of inexhaustible assets to which no value can be practically determined. Accordingly, such collections are not capitalized or recognized for financial statement purposes. Such collections include contributed works of art, 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.

At June 30, 2018, the College had no outstanding contractual commitments for property, plant, and equipment expenditures.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 6 - LONG-TERM LIABILITIES

The following is a summary of long-term obligation transactions for the College for the years ended June 30:

	2018				
	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Current <u>Portion</u>
Compensated absences	\$ 521,680	\$ -	\$ 81,976	\$ 439,704	\$ 323,848
Net OPEB liability	2,700,136	936,700	1,116,472	2,520,364	-
Capital lease payable	157,368	-	56,813	100,555	52,836
Net pension liability	392,776	26,794	97,670	321,900	-
Debt obligation due to the Council	460,000	-	7,667	452,333	30,668
Debt obligation due to WVNET	<u>180,102</u>	<u>166,149</u>	<u>-</u>	<u>346,251</u>	<u>207,002</u>
Total noncurrent liabilities	<u>\$ 4,412,062</u>	<u>\$ 1,129,643</u>	<u>\$ 1,360,598</u>	<u>\$ 4,181,107</u>	<u>\$ 614,354</u>

	2017				
	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Current <u>Portion</u>
Compensated absences	\$ 503,405	\$ 18,275	\$ -	\$ 521,680	\$ 360,518
Net OPEB liability	2,591,825	322,284	213,973	2,700,136	-
Capital lease payable	-	236,333	78,965	157,368	56,813
Net pension liability	302,537	133,498	43,259	392,776	-
Debt obligation due to the Council	460,000	-	-	460,000	460,000
Debt obligation due to WVNET	<u>-</u>	<u>180,102</u>	<u>-</u>	<u>180,102</u>	<u>180,102</u>
Total noncurrent liabilities	<u>\$ 3,857,767</u>	<u>\$ 890,492</u>	<u>\$ 336,197</u>	<u>\$ 4,412,062</u>	<u>\$ 1,057,433</u>

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS

As related to the implementation of GASB 75, following are The College's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, revenues, and the OPEB expense and expenditures for the fiscal year ended June 30, 2018:

	<u>2018</u>
Net OPEB liability	\$ 2,520,364
Deferred outflows of resources	219,561
Deferred inflows of resources	906,450
Revenues	158,917
OPEB expense	161,702
Contributions made by the College	219,561

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

The Plan's fiduciary net position has been determined on the same basis used by the Plan. The RHBT is accounted for as a fiduciary fund, and its financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with GAAP for fiduciary funds as prescribed or permitted by the GASB. The primary sources of revenue are plan member 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.

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

**NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2018 AND 2017**

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 date of June 30, 2017 were:

	July 2016-December 2016 2017	January 2017-June 2017 2017
Paygo premium	\$ 196	\$ 135

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.

Certain faculty employees (generally those with less than a 12-month contract) earn a similar extended health or life insurance coverage retirement benefit based on years of service. Generally, 3 1/3 years of teaching service extend health insurance for one year of single coverage, and five years extend health insurance for one year of family coverage. Faculty hired after July 1, 2009, will no longer receive years of service credit toward insurance premiums when they retire. Employees hired after July 1, 2010, receive no health insurance premium subsidy from the College. Two groups of employees hired after July 1, 2010, will not be required to pay the unsubsidized rate: 1) active employees who were originally hired before July 1, 2010, who have a break in service of fewer than two years after July 1, 2010; and 2) retired employees who retired before July 1, 2010, return to active service after July 1, 2010, and then go back into retirement. In those cases, the original hire date will apply.

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.

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (Continued)

The College's contributions to the OPEB plan for the years ended June 30, 2018, 2017, and 2016, were \$219,561, \$210,525, and \$250,335, respectively.

Assumptions

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

- Actuarial cost method: Entry age normal cost method.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method: Level percentage of payroll over a 21 year closed period.
- Remaining amortization period: 21 years closed as of June 30, 2016.
- Investment rate of return: 7.15%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates: Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.50% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims cost beginning in 2020 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.

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.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (Continued)

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future 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, 2017, 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, 2036, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

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, 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	\$ <u>2,934,675</u>	\$ <u>2,520,364</u>	\$ <u>2,175,956</u>

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, 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	\$ <u>2,117,142</u>	\$ <u>2,520,364</u>	\$ <u>3,013,528</u>

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

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, 2018, the College's proportionate share of the net OPEB liability was \$3,038,049. Of this amount, the College recognized \$2,520,364 as its proportionate share on the statement of net position. The remainder of \$517,685 denotes The College's proportionate share of net OPEB liability attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to OPEB for each of the fiscal years ended June 30, 2017 and 2016. Employer contributions are recognized when due. At the June 30, 2017 measurement date, the College's proportion was 0.102495956%, a decrease of 0.043842146% from its proportion of 0.146338102% calculated as of June 30, 2016.

For the year ended June 30, 2018, the College recognized OPEB expense of \$161,702. Of this amount, \$2,785 was recognized as the College's proportionate share of OPEB expense and \$158,917 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of \$158,917 for support provided by the State.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (Continued)

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

<u>June 30, 2018</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 8,439
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	857,784
Net difference between projected and actual investment earnings	-	40,227
Contributions after the measurement date	<u>219,561</u>	<u>-</u>
Total	<u>\$ 219,561</u>	<u>\$ 906,450</u>

The College will recognize the \$219,561 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Amortization</u>
2019	\$ (226,613)
2020	(226,613)
2021	(226,613)
2022	<u>(226,611)</u>
	<u>\$ (906,450)</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, 2018.

NOTE 8 - STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

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

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

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NOTE 8 - STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS (Continued)

The State has chartered the Commission with the responsibility to construct or renovate, finance and maintain various academic and other facilities of the State's universities and colleges, including certain facilities of the College. Financing for these facilities was provided through revenue bonds issued by the former Board of Regents or the former Boards of the College and College Systems (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.

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"). The proceeds of the 2009 Bonds were used to finance the acquisition, construction, equipping, or improvement of community and technical college facilities in West Virginia. The bond projects listed in the bond offering for the 2009 Bonds proposes bond funding of \$16,500,000 for the College. State lottery funds will be used to repay the debt. As of June 30, 2018, the College had drawn down all of these funds to pay for capital projects.

NOTE 9 - LONG-TERM DEBT

During fiscal year 2016, the College received a loan from the Council totaling \$460,000 to fund payroll. On April 5, 2018 the College entered into a formal repayment agreement with the Council to repay the loan. Under the terms of the agreement, the loan is to be repaid over a fifteen year period with payments commencing on June 15, 2018. The loan is payable in quarterly installments of \$7,667 with the final payment due on March 15, 2033. The outstanding balance on the loan was \$452,333 and \$460,000 for the years ended June 30, 2018 and 2017, respectively. Since a formal repayment agreement was not in place until fiscal year 2018, the entire loan balance was classified as current at June 30, 2017.

During fiscal year 2018, the College entered into a formal payment plan with the West Virginia Network for Educational Telecomputing (WVNET) to repay outstanding balances owed to WVNET for services. Under the terms of the agreement, the balance is to be repaid over an eighteen month period with payments commencing on August 15, 2018. The balance is payable in monthly installments with the final payment due on January 15, 2020. The monthly payment varies and is dependent on prior invoice amounts. The outstanding balance due to WVNET was \$346,251 and \$180,102 for the years ended June 30, 2018 and 2017, respectively. Since a formal repayment plan was not in place until fiscal year 2018, the entire balance was classified as current at June 30, 2017.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 9 - LONG-TERM DEBT (Continued)

Future payments required under these agreements as of June 30, 2018 are as follows:

<u>Year Ending June 30</u>	<u>Payments</u>
2019	\$ 237,670
2020	169,917
2021	30,668
2022	30,668
2023	30,668
Thereafter	<u>298,993</u>
Total	<u>\$ 798,584</u>

NOTE 10 - UNRESTRICTED NET POSITION (DEFICIT)

The College's unrestricted net position (deficit) at June 30, 2018 and 2017 includes certain undesignated net position, as follows:

	<u>2018</u>	<u>2017</u>
Total unrestricted net position (deficit) before net OPEB liability	\$ (2,753,501)	\$ (2,339,663)
Less: net OPEB liability	<u>2,520,364</u>	<u>2,700,136</u>
Total unrestricted net position (deficit)	<u>\$ (5,273,865)</u>	<u>\$ (5,039,799)</u>

The College has taken numerous steps to work toward eliminating the net asset deficit. In an effort to reduce operating costs, the College has reduced the personnel services budget by eliminating most extra-help positions and not filling vacancies in certain full-time positions. Additional policies have been implemented to monitor purchases and all purchases require approval by the Chief Financial Officer, Controller, and/or the Director of Purchasing. Only essential travel is being authorized. The College is implementing the Strategic and Master Plans which clearly highlight strategies and initiatives to recruit, serve, and retain students.

NOTE 11 - RETIREMENT PLANS

Substantially all full-time employees of the College participate in either the West Virginia Teachers' Retirement System (STRS) or the Teachers' Insurance and Annuities Association - College Retirement Equities Fund (TIAA-CREF). Previously, upon full-time employment, all employees were required to make an irrevocable selection between the STRS and TIAA-CREF. Effective July 1, 1991, the STRS was closed to new participants. Current participants in the STRS are permitted to make a one-time election to cease their participation in that plan and commence contributions to the West Virginia Teachers' Defined Contribution Plan. Contributions to and participation in the West Virginia Teachers' Defined Contribution Plan by College employees have not been significant to date.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 11 - RETIREMENT PLANS (Continued)

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. New hires have a choice of either plan.

DEFINED BENEFIT PENSION PLAN

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

Following are the College's net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, revenues, and the pension expense and expenditures for the fiscal years ended June 30, 2018 and 2017:

STRS	2018	2017
Net pension liability	\$ 321,900	\$ 392,776
Deferred outflows of resources	49,312	118,201
Deferred inflows of resources	53,504	45,282
Revenues	69,018	66,409
Pension expense	90,476	95,747
Contributions made by the College	12,693	39,531

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>.

NOTE 11 - RETIREMENT PLANS (Continued)

Benefits Provided

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

Contributions

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

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

Employer Contributions: Employers make the following contributions:

The State (including institutions of higher education) contributes:

- 15% of gross salary of their State-employed members hired prior to July 1, 1991;
- 15% of School Aid Formula (SAF) covered payroll of county-employed members;
- 7.5% of SAF-covered payroll of members of the TDCRS;
- a certain percentage of fire insurance premiums paid by State residents; and
- under WV State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the STRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2018 and 2017, the College's proportionate share attributable to this special funding subsidy was \$69,018 and \$66,409, respectively.

The College's contributions to STRS for the years ended June 30, 2018, 2017, and 2016, were approximately \$12,693, \$39,531, and \$40,445, respectively.

NOTE 11 - RETIREMENT PLANS (Continued)

Assumptions

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2016 and 2015 and rolled forward to June 30, 2017 and 2016, 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 of 3.0%.
- Discount rate of 7.5%.
- Mortality rates based on RP-2000 Mortality Tables.
- Withdrawal rates: Teachers 0.8-35% 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.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 11 - RETIREMENT PLANS (Continued)

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 real rates of return for each major asset class included in STRS' target asset allocation as of June 30, 2017 and 2016, 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.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the College's proportionate share of the STRS net pension liability as of June 30, 2018 and 2017 calculated using the discount rate of 7.50%, as well as what the College'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 2018	\$ 423,795	\$ 321,900	\$ 234,837
Net pension liability 2017	496,896	392,776	303,780

NOTE 11 - RETIREMENT PLANS (Continued)

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

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. The June 30, 2017 STRS net pension liability was measured as of June 30, 2016, and the total pension liability was determined by an actuarial valuation as of June 30, 2015, rolled forward to the measurement date of June 30, 2016.

At June 30, 2018, the College's proportionate share of the STRS net pension liability was \$1,033,734. Of this amount, the College recognized \$321,900 as its proportionate share on the statement of net position. The remainder of \$711,834 denotes the College's proportionate share of net pension liability attributable to the special funding.

At June 30, 2017, the College's proportionate share of the STRS net pension liability was \$1,140,910. Of this amount, the College recognized approximately \$392,776 as its proportionate share on the statement of net position. The remainder of \$748,134 denotes the College'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, 2017 and 2016. Employer contributions are recognized when due. At June 30, 2017, the College's proportion was 0.009317%, a decrease of 0.0002% from its proportion of 0.009557% calculated as of June 30, 2016. At June 30, 2016, the College's proportion was 0.009557%, an increase of 0.000898% from its proportion of 0.008659% calculated as of June 30, 2015.

For the year ended June 30, 2018, the College recognized STRS pension expense of \$90,476. Of this amount, \$21,458 was recognized as the College's proportionate share of the STRS expense and \$69,018 as the amount of pension expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of \$69,018 for support provided by the State.

For the year ended June 30, 2017, the College recognized STRS pension expense of \$95,747. Of this amount, \$29,338 was recognized as the College's proportionate share of the STRS expense and \$66,409 as the amount of pension expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of \$66,409 for support provided by the State.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 11 - RETIREMENT PLANS (Continued)

At June 30, 2018 and 2017, deferred outflows of resources and deferred inflows of resources related to the STRS pension are as follows.

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>June 30, 2018</u>		
Changes in proportion and differences in pension contributions	\$ 21,727	\$ 37,652
Differences between expected and actual experience	2,799	5,734
Changes in assumptions	12,093	-
Net difference between projected and actual earnings on pension plan investments	-	10,118
Contributions after the measurement date	12,693	-
Total	\$ 49,312	\$ 53,504
	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>June 30, 2017</u>		
Changes in proportion and differences in pension contributions	\$ 27,214	\$ 42,988
Differences between expected and actual experience	3,596	2,294
Changes in assumptions	15,537	-
Net difference between projected and actual earnings on pension plan investments	32,323	-
Contributions after the measurement date	39,531	-
Total	\$ 118,201	\$ 45,282

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 11 - RETIREMENT PLANS (Continued)

The College will recognize the \$12,693 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 in STRS pension expense as follows.

Fiscal Year Ended June 30,	Amortization
2019	\$ (10,809)
2020	778
2021	(2,369)
2022	(2,379)
2023	(2,106)
	\$ (16,885)

Payables to the Pension Plan

The College did not report any amounts payable for normal contributions to the STRS as of June 30, 2018 and 2017.

DEFINED CONTRIBUTION BENEFIT PLANS

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

Total contributions to the TIAA-CREF for the years ended June 30, 2018, 2017 and 2016 were \$669,104, \$703,788, and \$819,968, respectively, which consisted of equal contributions of \$334,552, \$351,894, and \$409,984, from both the College and covered employees.

Total contributions to Educators Money for the years ended June 30, 2018, 2017 and 2016 were \$18,892, \$10,832 and \$12,498, respectively, which consisted of equal contributions of \$9,446, \$5,416 and \$6,249 from both the College and covered employees.

The College's total payroll for the years ended June 30, 2018, 2017 and 2016 respectively, was \$6,244,650, \$6,782,280 and \$8,686,250. Total covered employees' salaries in STRS, TIAA-CREF and Educators Money were \$5,817,922, \$6,218,679 and 7,329,657, respectively.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 12 - LEASES

Operating Leases

The College leases various equipment, software and buildings under operating leases. Rental payments for operating leases were \$283,731 and \$288,555 for the years ended June 30, 2018 and 2017, respectively. Following is a schedule of future minimum lease payments for the term of these operating leases.

<u>Year Ending June 30</u>	<u>Rental Payments</u>
2019	\$ 94,268
2020	67,344
2021	11,224

Capital Leases

The College leases certain equipment and vehicles under agreements that are classified as capital leases. The cost of these assets is included in the statements of financial position as property, plant and equipment and was \$236,333 at June 30, 2018 and 2017. Accumulated depreciation on the leased assets at June 30, 2018 and 2017 was \$123,845 and \$76,579, respectively. Depreciation of assets under capital lease is included in depreciation expense.

Future minimum lease payments required under capital leases as of June 30, 2018 are as follows:

<u>Year Ending June 30</u>	<u>Lease Payments</u>
2019	\$ 52,836
2020	40,902
2021	<u>6,817</u>
Total	<u>\$ 100,555</u>

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

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NOTE 13 - FOUNDATION

The Foundation is a separate nonprofit organization incorporated in the State of West Virginia and has as its purpose "...to aid, strengthen and further in every proper and useful way, the work and services of the College and its affiliated nonprofit organizations..." Oversight of the Foundation is the responsibility of a separate and independently elected Board of Directors, not otherwise affiliated with the College. In carrying out its responsibilities, the Board of Directors of the Foundation employs management, forms policy, and maintains fiscal accountability over funds administered by the Foundation. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented with the College's financial statements in accordance with GASB. Based on the Foundation's audited financial statements for the years ended June 30, 2018 and 2017, the Foundation's net assets (including unrealized gains) totaled \$2,634,187 and \$2,400,479, respectively.

Complete financial statements for the Foundation can be obtained from the President of the New River Community and Technical College Foundation, Inc.

Gifts, grants, pledges, and bequests to the College totaled \$320,172 and \$187,331 for the years ended June 30, 2018 and 2017, respectively.

The College pays for certain services, supplies, and operating expenses for the Foundation. The total amount of services, supplies, and operating expenses contributed by the College were \$97,101 and \$117,097 for the years ended June 30, 2018 and 2017, respectively.

NOTE 14 - CONTINGENCIES

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

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

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 14 - CONTINGENCIES (Continued)

The College owns various buildings which are known to contain asbestos. The College is not required by Federal, state or local law to remove the asbestos from its buildings. The College is required under Federal Environmental, Health, and Safety Regulations to manage the presence of asbestos in its buildings in a safe condition. The College addresses its responsibility to manage the presence of asbestos in its buildings on a case by case basis. Significant problems of dangerous asbestos conditions are abated as the condition becomes known. The College 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 - AFFILIATED ORGANIZATIONS AND OTHER STATE AGENCIES

The College 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 to other state agencies at June 30, are as follows:

	<u>2018</u>	<u>2017</u>
Due to:		
RHBT	\$ 1,615	\$ 2,102
PEIA	173	3,159
State Treasurer's Office	221	-
Division of Rehabilitation	1,801	19
Department of Administration	<u>1,488</u>	<u>95</u>
	<u>\$ 5,298</u>	<u>\$ 5,375</u>

NOTE 16 - 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, 2018 AND 2017

Note 1 — Description of the Organization

New River Community and Technical College Foundation, Inc. (“**the Organization**”) is a non-profit West Virginia corporation organized to promote educational and fraternal opportunities for current students and alumni of New River Community and Technical College (“**New River**”), located and operating in various communities in central and southeastern, West Virginia. It has been organized to serve New River, its faculty, students and alumni through fundraising, managing funds, overseeing the distribution of these funds, the undertaking of capital and other educational projects. The Organization currently accomplishes these by engaging in the following principal activities:

- Solicitation of restricted and unrestricted charitable contributions.
- Investment of available liquid assets.
- Awarding to qualifying students, faculty or staff of New River certain grants or scholarships.
- Formerly operation of rental real estate in Lewisburg, West Virginia (**See Note 10**).

Note 2 — Summary of Significant Accounting Policies

Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation: The Organization has implemented the financial statement presentation required by the *Financial Accounting Standards Board Codification of Accounting Standards No. 958* the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted, temporarily restricted, and permanently restricted, described as follows:

- **Unrestricted:** Resources over which the Board of Directors has discretionary control as a result of not being restricted by donors or for which the restrictions have been satisfied or expired.
- **Temporarily Restricted:** Resources resulting from contributions whose use is limited by donor-imposed stipulations that either expire by the passage of time or by actions of the Organization. Temporarily restricted net assets consist principally of donor-imposed stipulations related to student financial aid or capital projects.
- **Permanently restricted:** Resources resulting from contributions whose use is limited by donor stipulations that neither expire through the passage of time nor by actions of the Organization. Such net assets consist of endowments which are subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity; spending of the related investment income is limited to the actual income earned.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 2 — Summary of Significant Accounting Policies (continued)

Financial Statement Presentation (continued): Contributions of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

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

Cash and Equivalents: Cash and equivalents include cash, demand deposits with financial institutions and other short-term investments with original maturities of three months or less.

Unconditional Promises to Give: Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience concerning the general trends of collection, and managements' analysis of specific promises made. At June 30, 2018 and 2017 there were no unconditional promises to give.

Beneficial Interest In Assets Held By Community Foundation: The Organization has placed with the Greater Greenbrier Valley Community Foundation, Inc. ("GGVCF") certain assets in the form of a "Donor Designated Sub-Fund Agreements" ("the Agreements"). The substance of these agreements provides for the resulting investment returns from the investment of the assets to be distributed to the Organization. One of these agreements further provides for the Organization to have at its discretion the ability to invade 100% of the principal (corpus) placed with GGVCF, whereas the others do not. The assets subject to this agreement amount to approximately 1% and 1% of the total of such assets at June 30, 2018 and 2017, respectively. Notwithstanding this, GGVCF does have variance power with respect to these funds whereby the Board of GGVCF by majority vote has the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organizations, if in the sole judgment of the GGVCF Board (without the approval of any trustee, custodian or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with charitable needs of the area served by the GGVCF.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 2 — Summary of Significant Accounting Policies (continued)

Beneficial Interest In Assets Held By Community Foundation (continued): The applicable accounting standards require that if a community foundation accepts a contribution from an Agency and agrees to transfer those assets, the return on investment of those assets or both back to the Agency, then these contributions and accumulated net earnings are presented as an asset in financial statements of the agency (in this case the Organization). Accordingly, the value of the assets held by GGVCF as of June 30, 2018 and 2017 are presented in the accompanying statements of financial position in the amount of \$1,241,042 and \$1,215,320, respectively.

As of December 31, 2017, the latest audited financial statements of GGVCF reflect total investment assets, at market value of \$14,135,361 comprised of the following:

	Market Value
Fixed income securities	\$ 5,999,155
Fixed income mutual funds	72,244
Common stocks	6,193,742
Equity mutual funds	1,870,220
	<u>\$ 14,135,361</u>

A condensed statement of financial position as of December 31, 2017, the most recent reviewed financial statements of GGVCF is as follows:

<u>Assets</u>	
Cash and equivalents	\$ 471,924
Accrued interest and dividends	36,398
Marketable securities	14,135,361
Other assets	5,281
Total Assets	<u>\$ 14,648,964</u>
<u>Liabilities and Net Assets</u>	
Funds held for benefit of others	\$ 10,925,685
Accounts payable and accrued expenses	23,463
Net assets	3,699,816
Total Liabilities and Net Assets	<u>\$ 14,648,964</u>

These assets essentially represent the fair value of the underlying assets held by GGVCF for the benefit of the Organization.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 2 — Summary of Significant Accounting Policies (continued)

Rental Real Estate and Buildings: Rental real estate and buildings were carried at cost. Amortization of the buildings was computed on the straight-line method over the estimated useful lives of the buildings, which was twenty-years, using the straight-line method (See Note 10).

Amortization expense (which was entirely amortization of lease purchase buildings) for the year ended June 30, 2017 amounted to \$10,258.

Donated Goods, Facilities and Services: Contributions of donated services that create or enhance non-financial assets, or that require specialized skills and would typically need to be purchased, if not provided by donation, are recorded at their fair values in the period received as donations revenues with a corresponding expense (See Note 5).

Risks and Uncertainties: A substantial portion of the Organization's assets consist of investment securities and beneficial interest in assets held by the community foundation, which is supported by investment securities held by the respective community foundation. These investment securities held by the Organization and community foundation are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the value of both of these assets reported in the statements of financial position, and the realized and unrealized losses in the statements of activities.

Income Taxes: There is no provision for federal or state income taxes on income since the Organization is an exempt nonprofit association under Internal Revenue Code Section 501(c)(3). Management believes there is no unrelated business taxable income associated with the Organization. The Organization adopted Financial Accounting Standards Codification Topic "Accounting for Uncertainty in Income Taxes", which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has greater than 50% likelihood of being realized upon ultimate settlement.

The Organization is generally no longer subject to examination by income taxing authorities for years ending prior to June 30, 2014.

Concentrations: The Organization places its cash and cash equivalents with high credit quality financial institutions and brokerage firms. Deposits with these financial institutions may exceed the amount of insurance provided on such deposits; however, these deposits typically may be redeemed upon demand and therefore, bear minimal risk.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 2 — Summary of Significant Accounting Policies (continued)

Investment Risk: The Organization's investments subject it to various levels of risk associated with economic, operating, and political events beyond management's control. Consequently, management's judgment as to the level of losses that currently exist or may develop in the future involves the consideration of current and anticipated conditions and their potential effects on the Organization's investments. Due to the level of risk associated with investments and the level of uncertainty related to changes in the value of investments, it is possible that changes in risks could materially impact the amounts reflected in the accompanying financial statements.

Economic Geographic and Other Dependencies: The Organization generates a significant amount of its support and revenue (including fundraising activities) from within the state of West Virginia. Its economy is largely dependent upon the mineral extraction (coal), timbering, farming, and recreation/resort industries. Changes in economies of these industries could significantly influence the Organization's ability to provide its services.

The Organization is also dependent upon significant amounts of support in the form of salaries, wages and employee benefits and other operating assets and costs provided by New River. The ability or desire of New River to continue to provide this support could significantly influence the Organization's ability to provide its services (**See Note 5**).

Functional Reporting: The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated based on management's estimates among program services and supporting services benefited. A brief description of each of the functional classifications is as follows:

- Student Support and Program Services – Funds expended primarily to provide support services for students, alumni and faculty of New River. It includes scholarships awarded to the students and the provision of services that directly assist the academic functions, such as faculty development, as well as capital projects.
- Rental Activity – Expenses related to the operation of the real property rental which was located in Lewisburg, West Virginia (**See Note 10**).
- Management and General – Expenses incurred principally for (1) central executive-level activities concerned with management of day-to-day operations and long-range planning, (2) legal and fiscal operations, and administrative data processing.
- Fundraising – Expenses related to community and alumni relations, including development and fundraising.

Compensated Absences: Compensated absences are not provided for in the accompanying statement of financial position as New River Community and Technical College provides all compensation and benefits for employees who serve/operate the Organization (**See Note 5**).

Date of Management Review: Subsequent events (events or transactions that have occurred which may have a material effect on the financial statements and that require adjustment to or disclosure in the financial statements) have been evaluated through September 14, 2018, which is the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 3 — Marketable Securities**Marketable securities**

Marketable securities amounting \$952,548 and \$636,173 at June 30, 2018 and 2017, respectively consisted of the following:

As of June 30, 2018

<u>Securities Category</u>	<u>Investment Cost</u>	<u>Market Value</u>
U.S. Government Agency Securities	\$ 35,046	\$ 35,230
Municipal Bonds and Notes	19,962	19,938
Corporate Bonds and Notes	323,695	317,155
Preferred Stocks	22,350	22,648
Common Stock	413,262	436,374
Foreign equities	5,161	4,181
Domestic Equity Mutual Funds	11,862	12,943
International Equity Mutual Funds	38,387	39,880
Large Capitalization Mutual Funds	20,000	21,817
Small Capitalization Mutual Funds	20,000	22,834
Midlevel Capitalization Mutual Funds	20,000	19,548
Totals	<u>\$ 929,725</u>	<u>\$ 952,548</u>

As of June 30, 2017

<u>Securities Category</u>	<u>Investment Cost</u>	<u>Market Value</u>
U.S. Government Agency Securities	\$ 20,046	\$ 20,057
Municipal Bonds and Notes	19,962	19,959
Corporate Bonds and Notes	234,367	234,233
Preferred Stocks	22,350	22,849
Common Stock	256,778	257,690
Domestic Equity Mutual Funds	7,617	7,822
International Equity Mutual Funds	25,586	26,582
Large Capitalization Mutual Funds	10,000	10,326
Small Capitalization Mutual Funds	20,000	21,154
Midlevel Capitalization Mutual Funds	15,000	15,501
Totals	<u>\$ 631,706</u>	<u>\$ 636,173</u>

Restricted Marketable Securities

Restricted marketable securities amounting to \$394,674 and \$373,264, respectively at June 30, 2018 and 2017 consisted entirely of fixed income and equity mutual fund investments which are tradable in active markets and are stated at their market values. These assets are restricted under the terms of the Title III Grant (See Note 9).

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 4 — Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following or are available for the following purposes as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Ongoing capital campaign	\$ 88,174	\$ 74,793
Current scholarships	206,043	165,797
Endowments	183,624	120,504
Grants	<u>351,303</u>	<u>329,851</u>
Totals	<u>\$ 829,144</u>	<u>\$ 690,945</u>

Note 5 — Related Party Transactions

New River provides furniture, fixtures and equipment which are used by the Organization. The value of the usage of these items has not been recorded in the accompanying financial statements, as there is no objective basis to determine their value.

New River also provides all the compensation, payroll taxes and employee benefits for the personnel who operate the Organization as well as supplies and other operational needs principally the usage of space in New River's Beaver, West Virginia facility. These are recorded as contributed services and supplies revenue and contributed salaries, wages, payroll taxes and employee benefits and supplies and operating expenses in the accompanying statements of activities. The total amount of the services, supplies and operating expenses provided were \$97,101 and \$117,097 for the years ended June 30, 2018 and 2017, respectively.

Note 6 — Endowments and Permanently Restricted Net Assets

Substantially all of permanently restricted net assets are made up of endowments. Endowments consist of fifty-six individual funds established principally for the purposes of awarding scholarships. These represent entirely donor-restricted endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments (if any), are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the State of West Virginia Uniform Prudent Management of Institutional Funds Act (WVUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of the subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by WVUPMIFA.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 6 — Endowments and Permanently Restricted Net Assets (continued)

In accordance with WVUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and 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 Organization
7. The investment policies of the Organization.

Certain of these permanently restricted scholarship funds are held and specifically designated and invested by the Greater Greenbrier Valley Community Foundation, Inc. in the form of Donor Designated Sub-Fund Agreements (**See Note 2**). Only the distributions/disbursements received from GGVCF for these funds have been used to pay scholarships during the year, which management believes have been determined in accordance with the provisions of the WVUPMIFA. The investable assets associated with the other permanently restricted scholarship funds are held and invested with a high quality financial institution in various investable assets (**See Note 3**). The earnings from these along with earnings from the not specifically designated Donor Designated Sub-Fund Agreements (**see above**) are allocated to scholarship funds and undesignated net assets using a “pooled approach”.

The endowment net assets consisted of the following types of funds as of June 30, 2018 and 2017:

<u>June 30, 2018</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Donor restricted endowment funds	\$ <u>183,624</u>	\$ <u>1,764,356</u>
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
<u>June 30, 2017</u>		
Donor restricted endowment funds	\$ <u>120,504</u>	\$ <u>1,582,121</u>

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 6 — Endowments and Permanently Restricted Net Assets (continued)

Changes in endowment net assets for the years ended June 30, 2018 and 2017 were as follows:

	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>
Endowment net assets, June 30, 2016	\$ <u>81,347</u>	\$ <u>1,442,497</u>
Contributions	<u>-</u>	<u>139,624</u>
Investment return:		
Interest and dividends	28,999	-
Net realized and unrealized gains	53,685	-
Bank and investment fees	<u>(15,827)</u>	<u>-</u>
Total additions	<u>66,857</u>	<u>-</u>
Scholarship awards	<u>27,700</u>	<u>-</u>
Endowment net assets, June 30, 2017	<u>120,504</u>	<u>1,582,121</u>
Contributions	<u>-</u>	<u>182,235</u>
Investment return:		
Interest and dividends	58,397	-
Net realized and unrealized gains	85,306	-
Bank and investment fees	<u>(19,002)</u>	<u>-</u>
Total additions	<u>124,701</u>	<u>-</u>
Scholarship awards	61,581	-
Transfers	<u>-</u>	<u>-</u>
Total reductions	<u>61,581</u>	<u>-</u>
Endowment net assets, June 30, 2018	<u>\$ 183,624</u>	<u>\$ 1,746,356</u>

From time to time the fair value of assets associated with individual donor restricted endowment funds have fallen below the level that the individual donor or WVUPMIFA requires the Organization to retain as a fund of perpetual duration, these are remedied in the normal course of business.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 7 — Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer as liability in an orderly transaction between market participants at the measurement date. Generally Accepted Accounting Principles (**GAAP**) require the Organization to disclose fair value of all financial instruments for which it is practicable to estimate fair value, including those which are not reported at fair value in the statements of financial position. At June 30, 2018 and 2017, the fair values of all financial instruments were substantially equal to the carrying values.

The carrying value of certain financial assets and liabilities such as cash, cash equivalents, miscellaneous receivables and deposits, prepaid expenses, accounts payable, accrued expenses, scholarships payable is a reasonable estimate of fair value due to the short term nature of these instruments. Following is a description of the techniques used for the fair values of all other financial instruments. There have been no changes in the techniques used during the year ended June 30, 2018 and 2017.

Beneficial Interest in Assets Held by Community Foundation: This is determined by the community foundation based on the Organization's representative share of the underlying investment and other assets of the community foundation (**See Note 2**).

Marketable investments: This is determined based on quoted market prices based in active markets.

Financial Instruments Recorded at Fair Value

For financial instruments recorded at fair value on a recurring basis, GAAP provides a framework for measuring fair value using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value based upon whether the inputs to those valuation techniques are observable or unobservable. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments and the lowest priority to unobservable inputs. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The financial instrument's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements.

The inputs are summarized in the three broad levels listed below:

- **Level 1:** Unadjusted quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- **Level 2:** Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets and liabilities.
- **Level 3:** Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 7 — Fair Value Measurements (continued)

The estimated fair value amounts of financial instruments have been determined by the Organization using available market information and appropriate valuation methodologies. However, considerable judgment is required to interpret data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Organization could realize in current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The following table presents the Organization's fair value hierarchy for the financial assets measured at fair value on a recurring basis:

	Fair Value Measurement at Reporting Date of June 30, 2018 Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Marketable investments	\$ 1,347,222	\$ 1,347,222	\$ -
Beneficial interest in assets held by community Foundation	\$ 1,241,042	\$ -	\$ 1,241,042

	Fair Value Measurement at Reporting Date of June 30, 2017 Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Marketable investments	\$ 1,009,437	\$ 1,009,437	\$ -
Beneficial interest in assets held by community Foundation	\$ 1,215,320	\$ -	\$ 1,215,320

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 8 — Transfer Between Net Asset Classifications

During the year ended June 30, 2018, management determined that certain net assets previously classified as unrestricted net assets in the amount of \$26,960 were more appropriately classified as temporarily and permanently restricted net assets in the amount of \$20,972 and \$5,988, respectively. This is reflected in the accompanying statement of changes in net assets for the year ended June 30, 2018.

During the year ended June 30, 2017, certain net assets that were originally classified as unrestricted net assets and temporarily restricted net assets in the amount of \$21,505 and \$8,022 respectively were determined to be more appropriately classified as permanently restricted net assets in the total amount of \$29,527. This reclassification is reflected in the accompanying statement of changes in net assets for the year ended June 30, 2017.

Note 9 — Title III Grant

During the year ended June 30, 2013 the Organization received \$115,000, in the form of a grant from United States Department of Education under the Title III program, which is officially known as the “English Language Acquisition, Language Enhancement and Academic Achievement Act.” The purpose of this grant is to allow for the establishment of an endowment with a specified term of twenty years. The corpus and earnings of this “quasi endowment” are to be used for the professional development of the faculty at New River. The terms of this grant require the Organization to do the following:

- Receive grants which are expected to total \$170,500 and raise matching funds of an equal amount.
- Invest the grant and matching amounts in certain low risk segregated investment assets.
- During the twenty year grant period, one-half of the investment earnings may be used for the purposes of the grant summarized above. The remainder of investment earnings will be utilized to add to the quasi endowed fund.
- At the end of the twenty year grant period the entire corpus and residual earnings may be used for the purposes of the grant as summarized above.

The endowed component of these amounts along with the applicable investment earnings are and will be reflected as a component of temporarily restricted net assets due to the non-permanent nature of the grantor restrictions.

At June 30, 2018 and 2017 the Organization had restricted marketable investments totaling \$394,674 and \$373,264, respectively related to this grant (**See Note 3**).

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 10 — Property Lease Purchase, Related Party Lease and Subsequent SaleLease Purchase

On February 18, 2013 the Organization entered into a lease purchase agreement with the Board of Education of Greenbrier County, West Virginia Board of Education (**the Board**) for certain real property located on North Lee Street, Lewisburg, West Virginia (formerly the Lewisburg Elementary School). The property consisted of 4.725 acres of land along with 6 buildings having 79,600 square feet of space. The lease called for the purchase of the subject property by payments to the Board of four annual installments of \$100,000 each, which commenced May 11, 2013 and ceased May 1, 2016. Upon full payment the subject property became the property of the Organization. During the term of the lease, the Organization was responsible for all expenses related to its upkeep, such as, but not limited to insurance, utilities, maintenance, repairs and any renovations.

There was no stated interest rate in this agreement. However, an implied interest rate of 4% was used to determine the present value of the future lease payments. This present value amounted to \$374,554 and was bifurcated into land having a cost of \$66,808 and buildings having a cost of \$307,746.

Concurrent with the signing of the above lease purchase the Organization entered into an agreement to lease the identical property to New River (a related party). This was done in consideration for four equal annual lease payments of \$90,000 which commenced May 1, 2013 and ended July 27, 2016. The annual lease term began each February 15th and ended each February 14th of the following year. Rental revenue related to this arrangement amounted to \$56,712 for the year ended June 30, 2017 as reflected in the accompanying statement of activities.

The transfer of title/ownership of the property occurred during the year ended June 30, 2017.

On August 5, 2016, New River, by way of a letter from its President indicated its intention to not renew the lease at the end of the lease term of February 14, 2017.

Subsequent Sale of Property

On February 28, 2017, the Organization sold this property to an unrelated commercial entity for the total sales price \$344,413. The property had a net book value at this time of \$313,005, resulting in a gain on the sale of \$31,408, which is reported as a gain on the sale of land and building in the accompanying statement of activities for the year ended June 30, 2017.

**NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 17 - NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

This table represents operating expenses within both natural and functional classifications for the years ended June 30:

	2018							
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Fees Assessed by Commission	Total
Instruction	\$ 3,170,171	\$ 898,231	\$ 752,916	\$ 1,667	\$ -	\$ -	\$ -	\$ 4,822,985
Academic support	347,116	104,382	50,576	-	-	-	-	502,074
Student services	690,035	234,666	59,322	-	-	-	-	984,023
General institutional support	1,417,320	273,036	991,300	7,194	-	-	-	2,688,850
Operations and maintenance of plant	620,008	178,550	1,028,489	352,237	-	-	-	2,179,284
Student financial aid	-	-	-	-	1,064,187	-	-	1,064,187
Depreciation	-	-	-	-	-	1,128,154	-	1,128,154
Other	-	-	-	-	-	-	67,442	67,442
Total	\$ 6,244,650	\$ 1,688,865	\$ 2,882,603	\$ 361,098	\$ 1,064,187	\$ 1,128,154	\$ 67,442	\$ 13,436,999

	2017							
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Fees Assessed by Commission	Total
Instruction	\$ 3,591,352	\$ 849,883	\$ 1,134,571	\$ -	\$ -	\$ -	\$ -	\$ 5,575,806
Academic support	379,550	92,303	233,645	370	-	-	-	705,868
Student services	679,699	190,649	82,530	649	-	-	-	953,527
General institutional support	1,481,835	603,951	923,464	13,370	-	-	-	3,022,620
Operations and maintenance of plant	649,844	156,843	1,027,436	480,464	-	-	-	2,314,587
Student financial aid	-	-	-	-	1,263,508	-	-	1,263,508
Depreciation	-	-	-	-	-	1,117,273	-	1,117,273
Other	-	-	-	-	-	-	69,988	69,988
Total	\$ 6,782,280	\$ 1,893,629	\$ 3,401,646	\$ 494,853	\$ 1,263,508	\$ 1,117,273	\$ 69,988	\$ 15,023,177

REQUIRED SUPPLEMENTARY INFORMATION

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2018

State Teachers' Retirement System
 Last 10 Fiscal Years*

	<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>	<u>2009</u>
College's proportion of the net pension liability (asset) (percentage)	0.009317%	0.009557%	0.008659%	0.010161%						
College's proportionate share of the net pension liability (asset)	\$ 321,900	\$ 392,776	\$ 302,537	\$ 350,532						
State's proportionate share of the net pension liability (asset)	<u>711,834</u>	<u>748,134</u>	<u>684,644</u>	<u>792,052</u>						
Total proportionate share of the net pension liability (asset)	<u>\$ 1,033,734</u>	<u>\$ 1,140,910</u>	<u>\$ 987,181</u>	<u>\$ 1,142,584</u>						
College's covered payroll	\$ 263,539	\$ 269,633	\$ 312,047	\$ 312,047						
College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	122.15%	145.67%	96.95%	112.33%						
Plan fiduciary net position as a percentage of the total pension liability	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, governments should present information for those years for which information is available.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2018

State Teachers' Retirement System
 Last 10 Fiscal Years

	<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>	<u>2009</u>
Contractually required contribution	\$ 12,693	\$ 39,531	\$ 40,445	\$ 46,807						
Contributions in relation to the contractually required contribution	<u>(12,693)</u>	<u>(39,531)</u>	<u>(40,445)</u>	<u>(46,807)</u>						
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>						
College's covered payroll	\$ 84,623	\$ 263,539	\$ 269,633	\$ 312,047						
Contributions as a percentage of covered payroll	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, governments should present information for those years for which information is available.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
June 30, 2018

Last 10 Fiscal Years*

	<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>	<u>2009</u>
College's proportion of the net OPEB liability (asset) (percentage)	0.102496%									
College's proportionate share of the net OPEB liability (asset)	\$ 2,520,364									
State's proportionate share of the net OPEB liability (asset)	<u>517,685</u>									
Total proportionate share of the net OPEB liability (asset)	<u>\$ 3,038,049</u>									
College's covered-employee payroll	\$ 5,147,789									
College's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	48.96%									
Plan fiduciary net position as a percentage of the total OPEB liability	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, governments should present information for those years for which information is available.

**NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
June 30, 2018**

Last 10 Fiscal Years

	<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>	<u>2009</u>
Statutorily required contribution	\$ 219,561									
Contributions in relation to the statutorily required contribution	<u>(219,561)</u>									
Contribution deficiency (excess)	<u>\$ -</u>									
College's covered-employee payroll	\$ 4,883,613									
Contributions as a percentage of covered-employee payroll	4.50%									

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

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2018 AND 2017

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, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Inflation	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 3.75 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.
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 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.
Discount Rate	7.5%	7.5%	7.5%	7.5%

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

**NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB
YEARS ENDED JUNE 30, 2018 AND 2017**

There were no other factors that affect trends in the amounts reported, such as a change of benefit terms, size or composition of the population covered by the benefit terms, or other assumptions. Additional information, if necessary, can be obtained from the RHBT audited Financial Statements, Required Supplementary Information, and Other Financial Information for the year ended June 30, 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
New River Community and Technical College
Beaver, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the 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 New River Community and Technical College (the College), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 10, 2018, which states reliance on another auditor for the discretely presented component unit. Our report includes a reference to another auditor who audited the financial statements of The New River Community and Technical College Foundation, Inc., as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by that auditor. The financial statements of The New River Community and Technical College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*. Our report also includes an emphasis of a matter for the adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion was not modified with respect to this matter.

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 the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as 2018-001 that we consider to be a material weakness.

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*.

The College's Response to Findings

The College's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Charleston, West Virginia
October 10, 2018

**NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2018**

2018-001 FINANCIAL REPORTING

Criteria: Management of the College is responsible for establishing an internal control structure that reduces to an acceptable level the risk of errors and fraud occurring and not being detected. The College is also responsible for having a financial management system in place to account for the receipt and expenditure of grant and other funds, prepare accurate financial reports and be able to trace funds to a level of expenditures adequate to establish that such funds have not been used in violation of applicable laws and regulations, in a timely manner.

Condition: As noted in the prior year, several accounts in the general ledger required material adjustments to reconcile to supporting documentation.

Context: Total assets, deferred outflows, liabilities, deferred inflows, net position, revenues, and expenses of the College are \$29.2 million, \$269 thousand, \$6.2 million, \$960 thousand, \$22.3 million, \$12.8 million, and \$16.7 million, respectively. The impact of adjustments to assets, deferred outflows, liabilities, deferred inflows, net position, revenues, and expenses was \$463 thousand, \$0, \$227 thousand, \$0, \$0, \$836 thousand, and \$1.1 million, respectively. The overall impact of the audit adjustments on the change in net position was \$236 thousand.

Cause: Inaccuracies in recording yearend accruals, and reconciling supporting schedules to the fiscal year 2018 trial balance resulted in material adjustments to the financial statements.

Effect: The financial statements required material audit adjustments in order to be presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Recommendation: We recommend that management review the daily accounting functions, staffing, and financial reporting processes to ensure adequate policies and procedures are in place to ensure accurate and timely financial reporting. Management should ensure that account reconciliations are prepared and reviewed in a timely manner and supporting schedules are maintained for all account balances.

Views of Responsible Officials: *We agree with the findings and will take the necessary corrective actions as noted in the corrective action plan attached.*



NEW RIVER

Community and Technical College

October 11, 2018

Suttle and Stalnaker
1411 Virginia St. East
Suite 100
Charleston, WV 25301

Dear Suttle and Stalnaker,

The college continued to be plagued by staffing shortages and the challenges of two (2) software systems (Banner and WV Network) that have problems transmitting data input between both systems. Account reconciliations and financial reporting had been completed. However, due to the issues involving the two (2) software systems and double entry processing with limited staff - reconciliations were processed outside of Banner, nonetheless still completed to maintain accountability for the fiscal operation.

Whereas New River Community and Technical College accepts the finding based on the dollar threshold of recording inaccuracies and failure to input the supporting schedules – we recognize additional training for the staff with both software systems should correct this deficiency in fiscal 19. Both Banner and WV Network have made changes and upgrades that the college finance staff will improve their knowledge to improve the reconciliation and recording within the Banner system.

The college hired an Interim Chief Financial Officer the last quarter of the fiscal year to provide analysis of the fiscal operations, guidance, and leadership to the staff.

Respectfully,



Gerald D. Shields
Interim - Chief Financial Officer (CFO)
New River Community & Technical College
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