BLUEFIELD STATE COLLEGE

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2020 AND 2019

BLUEFIELD STATE COLLEGE
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2020 AND 2019

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Bluefield State College
Bluefield, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, and the discretely presented component units of Bluefield State College, a component unit of the West Virginia Higher Education Policy Commission, as of and for the year ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the discretely presented component units of Bluefield State College Foundation, Inc. (a component unit of the College) for the years ended June 30, 2020 and 2019, which represents 100% of the total assets, total net assets and total revenues of the discretely presented Component unit. Additionally, we did not audit the financial statements of the Applied Research Foundation of West Virginia, a blended component unit of Bluefield State College, which represents 1.0%, 1.0%, and 1.0%, respectively of the assets, net position, and revenues of the statements of Bluefield State College. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for Bluefield State College and the discretely presented component unit, are based solely on the reports of the other auditors. We and the auditors of the Applied Research Foundation of West Virginia, conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Bluefield State College Foundation, Inc., which were audited by other auditors, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

Summary of Opinions

Opinion Unit	Type of Opinion
Business-Type Activities	Unmodified
Discretely Presented Component Units	Adverse

Basis for Adverse Opinion on Discretely Presented Component Units

The financial statements do not include financial data for the College's legally separate component unit, Bluefield State College Research and Development Corporation (Corporation). Accounting principles generally accepted in the United States of America require the financial data for the Corporation to be reported with the financial data of the College unless the College also issues financial statements for the financial reporting entity that include the financial data for the Corporation. The College has not issued such reporting entity financial statements. Qualifications of the effects on the financial statements of the preceding omission is not practicable.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on the Discretely Presented Component Units” paragraph, the financial statements referred to above do not present fairly, the financial position of the discretely presented component unit of the College, as of June 30, 2020 and 2019, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

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

Emphasis-of-Matter

As discussed in Note 1, the financial statements present only Bluefield State College and do not purport to, and do not present fairly the financial position of the West Virginia Higher Education Policy Commission as of June 30, 2020 and 2019, the changes in its financial position, or cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Board of Governors
Bluefield State College

Emphasis of Matter Regarding Restatement

As discussed in Note 19 to the financial statements, certain errors resulting in overstatement of amounts previously reported for supplies and other services and understatement of amounts previously reported as capital assets as of June 30, 2019, were discovered during the current year audit. Accordingly, amounts reported for supplies and other services and capital assets have been restated in the 2019 financial statements now presented, and an adjustment has been made to net position as of June 30, 2019, to correct the error. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules and contributions, and schedule of proportionate share of net OPEB liability and schedule of contributions as listed in the table of contents 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 and other auditors 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 16, 2020, on our consideration of the Bluefield State College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of 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 Bluefield State College's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bluefield, West Virginia
October 16, 2020

Our discussion and analysis of Bluefield State College's (the College) financial performance provides an overview of the College's financial activities during the years ended June 30, 2020, 2019, and 2018. Since this discussion and analysis is designed to focus on current activities, resulting changes, and currently known facts, please refer to the College's basic financial statements on pages 13 to 19 and the notes to financial statements on pages 20 to 73.

During the fiscal year 2003, the College adopted Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and an amendment to GASB Statement No. 14. As a result, the audited financial statements of the Bluefield State College Foundation, Incorporated (the Foundation) are presented here with the College's financial statements for the fiscal years ended June 30, 2020 and 2019. For the years ended June 30, 2020 and 2019, the College determined that the Bluefield State College Research and Development Corporation (the Corporation) resources were significant and required presentation in accordance with the GASB statements. The Foundation and the Corporation are private nonprofit organizations that report under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features.

Complete financial statements of the Foundation can be obtained from the Treasurer of the Bluefield State College Foundation at 1629 College Drive, Bluefield, West Virginia 24701. Complete financial statements of the Corporation can be obtained from the Bluefield State College Research and Development Corporation at 219 Rock Street, Bluefield, West Virginia 24701.

Financial Highlights from Bluefield State College

The following are brief summaries for the College:

- The College's assets and deferred outflows of resources exceeded its liabilities at the end of fiscal year 2020 by approximately $10.4 million, compared to approximately $9.3 million and $9.7 million in 2019 and 2018, respectively.
- The other postemployment benefits (OPEB) liability at fiscal year-end 2020 was approximately $3.1 million, all recorded as unrestricted.
- The net pension liability that was added for the first time in FY 2015 for GASB 68 increased approx. $0.01 million in FY 2020 from FY 2019 to reflect the College's portion of the Teacher's Retirement System liability (see Notes 2 and 11).

Overview of the Financial Statements

The College has implemented GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities* beginning with fiscal year 2003. GASB Statement No. 35 requires the College to present financial information as a whole rather than focusing on individual funds. Two major changes were the recording of depreciation for capital assets and reclassifying certain loan program equity balances as liabilities. In addition, federal and state loan and grant programs are no longer reported as revenues and expenses in the financial statements since the transactions are directly with the student receiving the loan or grant.

This report consists of management's discussion and analysis, the basic financial statements, and the notes to the financial statements. The basic financial statements include the statement of net position; statement of revenues, expenses and changes in net position; and statement 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.

Financial Analysis of the College

Of the College's net position of approximately $10.4 million, $15.3 million represents its net investment in capital assets of land, land improvements, buildings, equipment, and library books. These capital assets are utilized to provide educational and related services to students and the communities and are not available for future spending. Unrestricted net position is available to meet the College's obligations. The unrestricted net position increased to a reduced deficit of approximately ($4.7) million compared to ($6.0) million in 2019. There is approximately $3.1 million of unrestricted assets related to OPEB liability. The State of West Virginia has adopted a plan for elimination of the OPEB liability by 2035 for all state agencies. The unrestricted cash represents the amount not restricted via plant operations, auxiliaries, grant and loan funds, and state code restrictions.

The College's net position from 2020 and 2019 increased by approximately $1.1 million with net capital assets decreasing by approximately $0.5 million.

Condensed Statements of Net Position
June 30, 2020, 2019, and 2018
(in millions)

	2020	2019	2018
Cash	$ 2.0	$ 1.0	$ 1.6
Other Current Assets	1.0	0.7	1.0
Total Current Assets	3.0	1.6	2.6
Capital Assets	15.3	15.9	15.6
Other Noncurrent Assets	0.6	0.6	0.7
Total Noncurrent Assets	15.9	16.5	16.3
Total Assets	18.9	18.1	18.9
Deferred Outflows of Resources	0.5	0.5	0.6
Total	$ 19.4	$ 18.6	$ 19.5
Current Liabilities	$ 3.7	$ 3.3	$ 3.2
Noncurrent Liabilities	3.7	4.6	5.4
Total Liabilities	7.4	7.9	8.6
Deferred Inflows of Resources	1.60	1.4	1.2
Net Position:			
Net Investment in Capital Assets	15.3	15.8	15.5
Restricted	(0.2)	(0.5)	0.4
Unrestricted Deficit	(4.7)	(6.0)	(6.2)
Total Net Position	10.4	9.3	9.7
Total	$ 19.4	$ 18.6	$ 19.5

For the year ended June 30, 2020 there was an increase of approximately $1.1 million in net position. The OPEB liability as of June 30, 2020 was approximately $3.1 million compared to the approximately $4.0 million at June 30, 2019. Total assets and deferred outflows of resources increased by $0.8 million. Total liabilities and deferred inflows of resources decreased approximately $0.3 million mainly due to the decrease in the OPEB liability.

The following table summarizes the operating results and nonoperating revenue for the past three fiscal years.

Condensed Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2020, 2019, and 2018 (in millions)

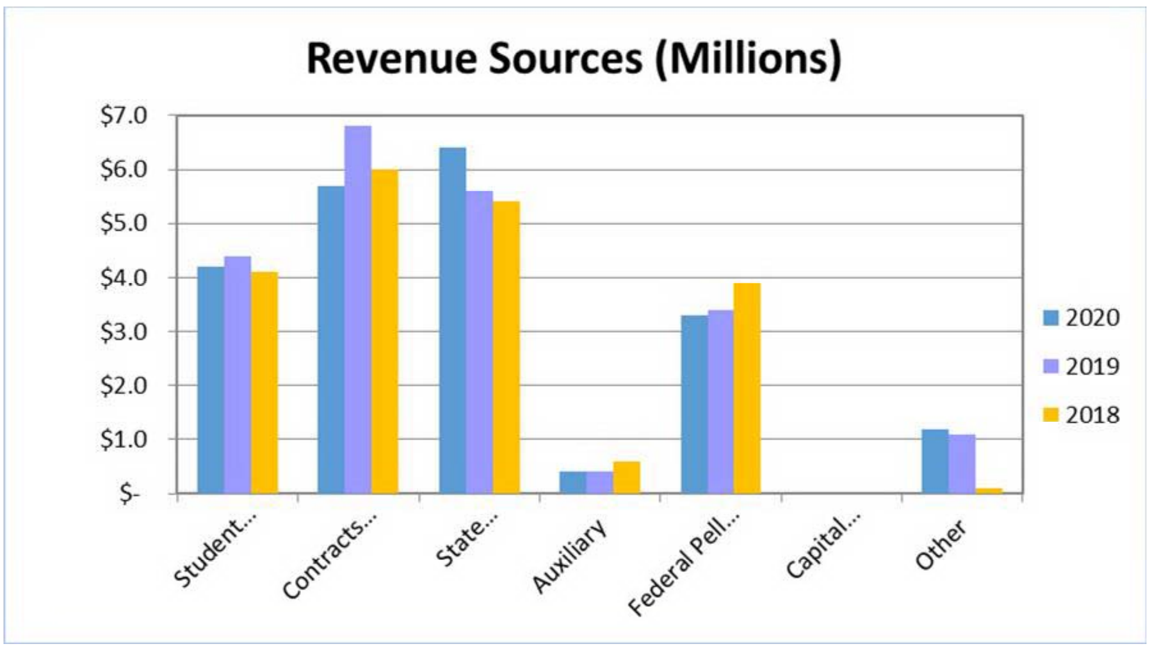
	2020	2019	2018
Operating Revenues:			
Tuition and Fees	$ 4.2	$ 4.4	$ 4.1
Contracts and Grants	5.9	6.8	6.0
Auxiliary	0.4	0.4	0.6
Other	0.1	0.1	0.2
	10.6	11.7	10.9
Less: Operating Expenses	20.1	22.3	21.0
Operating Loss	(9.5)	(10.6)	(10.1)
Nonoperating Revenues (Expenses):			
State Appropriations	6.4	5.6	5.4
Federal Pell Grants	3.3	3.4	3.8
Other	1.1	1.0	0.4
Net Nonoperating Revenue	10.8	10.0	9.6
Income (Loss) Before Other Revenues, Expenses, Gains, and Losses	1.3	(0.6)	(0.5)
Capital Proceeds from the Commission	-	-	-
Restatement July 1, 2019 Capital Assets		0.3	
Restatement July 1, 2017 OPEB Liability			0.8
Total Change in Net Position	$ 1.3	$ (0.3)	$ (0.3)

Gross tuition and fees decreased slightly to $4.2 in 2020 from approximately $4.4 million in 2019. The scholarship allowance increased from approximately $5.1 million in 2019 to approximately $5.5 million in 2020.

Total operating expenses decreased slightly from 2019 from $22.3 million to $20.1 million in 2020.

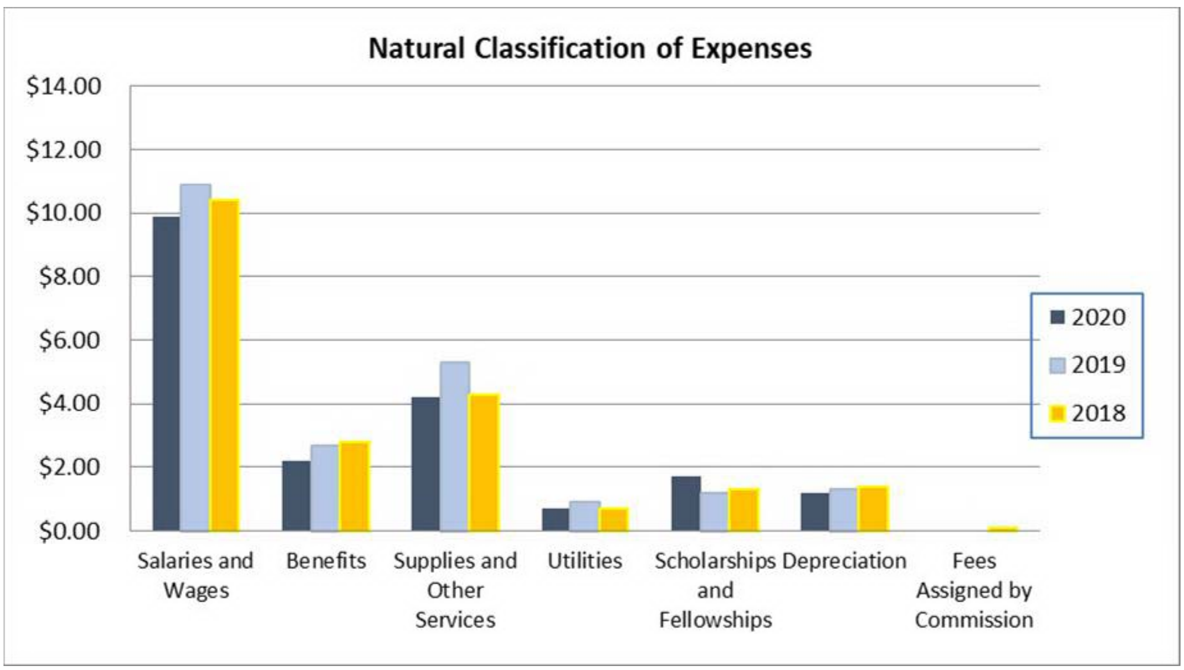
Revenue Sources
Years Ended June 30, 2020, 2019, and 2018
(in millions)

	2020	2019	2018
Student Tuition and Fees	$ 4.2	$ 4.4	$ 4.1
Contracts and Grants	5.9	6.8	6.0
State Appropriations	6.4	5.6	5.4
Auxiliary	0.4	0.4	0.6
Federal Pell Grants	3.3	3.4	3.9
Capital Projects and Bond Proceeds	-	-	-
Other	1.2	1.1	0.1
Total Revenue Sources	$ 21.4	$ 21.7	$ 20.1



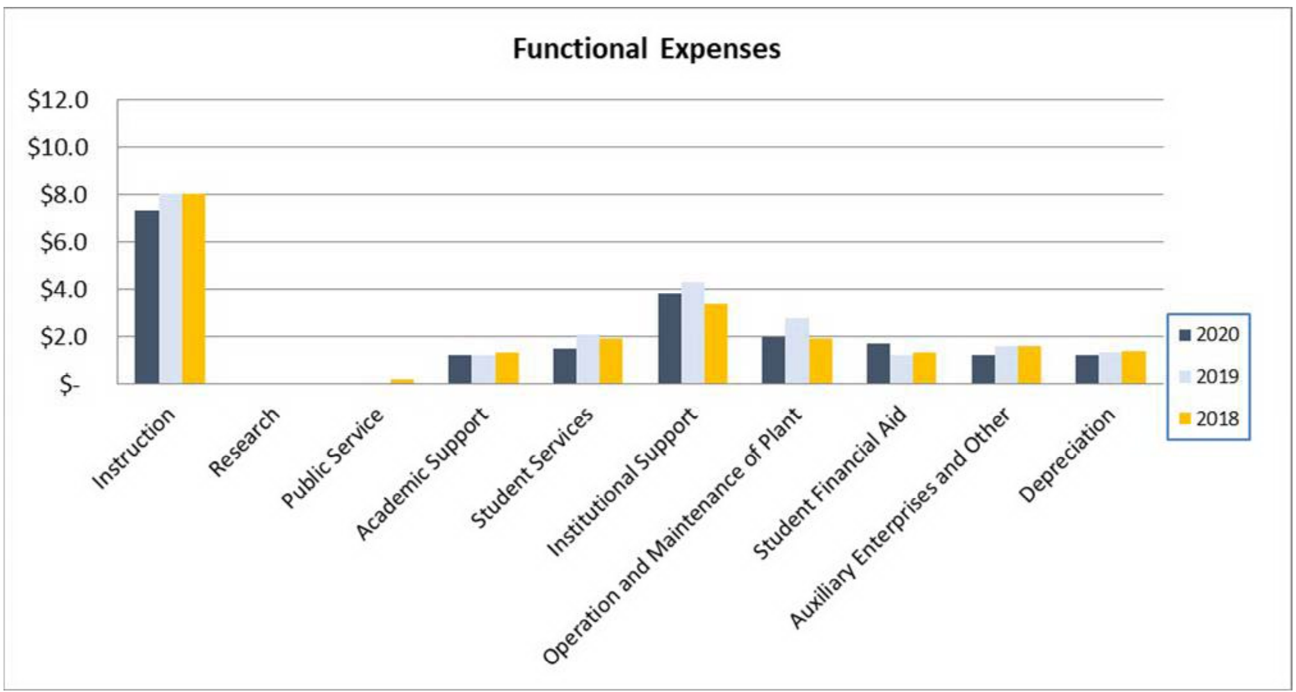
Operating Expenses
Years Ended June 30, 2020, 2019, and 2018
(in millions)

Natural Classification	2020	2019	2018
Salaries and Wages	$ 10.0	$ 10.9	$ 10.4
Benefits	2.2	2.7	2.8
Supplies and Other Services	4.3	5.4	4.3
Utilities	0.7	0.9	0.7
Scholarships and Fellowships	1.7	1.2	1.3
Depreciation	1.2	1.3	1.4
Fees Assigned by Commission	-	-	0.1
Total Operating Expenses	$ 20.1	$ 22.3	$ 21.0



Functional Expenses
Years Ended June 30, 2020, 2019, and 2018
(in millions)

Functional Classification	2020	2019	2018
Instruction	$ 7.4	$ 8.0	$ 8.0
Research	-	0.1	-
Public Service	-	-	0.2
Academic Support	1.2	1.2	1.3
Student Services	1.5	2.1	1.9
Institutional Support	3.8	4.3	3.4
Operation and Maintenance of Plant	2.0	2.8	1.9
Student Financial Aid	1.7	1.2	1.3
Auxiliary Enterprises and Other	1.2	1.6	1.6
Depreciation	1.2	1.3	1.4
Total Functional Expenses	$ 20.0	$ 22.3	$ 21.0



The statement of cash flows presents detailed information about the cash activities of Bluefield State 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 nonoperating, noninvesting, 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, and purchases and sales of investments. 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 increased by approximately $1.1 million for the year ended June 30, 2020.

Condensed Statements of Cash Flows
Years Ended June 30, 2020, 2019, and 2018
(in millions)

	2020	2019	2018
Cash Provided by (Used in):			
Operating Activities	$ (8.5)	$ (9.0)	$ (7.6)
Noncapital Financing Activities	10.3	9.0	9.1
Capital Financing Activities	(0.8)	(0.7)	1.0
Investing Activities	0.0	0.0	-
Increase (Decrease) in Cash and Cash Equivalents	1.1	(0.7)	0.6
Cash and Cash Equivalents - Beginning of Year	1.0	1.7	1.0
Cash and Cash Equivalents - End of Year	$ 2.1	$ 1.0	$ 1.6

Capital Asset and Debt Administration

The debt service obligation payable to the Commission for the College for the years ended June 30, 2020, 2019, and 2018 was approximately $21 thousand, $62 thousand, and $103 thousand, respectively. The College entered into a loan agreement with the Commission during fiscal year 2011 to fund capital projects. The outstanding balance on the loan at June 30, 2020 was approximately $21 thousand.

The following is a brief summary of capital asset activity for the College as a whole:

- Construction in progress (CIP) additions of $0.4 million due for Ned Shott PE Building electrical upgrade.
- There was $0.8 million in land improvements in fiscal year 2020, and $0.1 million in Hatter Hall roof upgrade.
- Equipment purchases totaled $0.1 million and disposals of equipment during the year were $0.2 million.
- Library book purchases were minimal.
- Depreciation expense was $1.2 million.

Readers interested in more detailed information regarding capital assets and debt administration should review the accompanying Notes 7 and 8 to the financial statements.

Economic Outlook

The College's overall financial position is stable. The College's enrollment is stabilizing.

With the national economy continuing to be challenging, the College continues to be mindful of our students, keeping tuition at the level lowest in the State for baccalaureate institutions, and competitive with nearby Virginia counties. The "Other Postemployment Benefit" liability also will continue to be a challenge for a few years until the liability is fully funded. We are very appreciative for the State of West Virginia addressing this issue.

Contacting the College's Financial Management

This financial report is designed to provide a general overview of Bluefield State College's finances. Questions concerning any of the information provided in this report should be addressed to the Vice President of Financial and Administrative Affairs at Bluefield State College, 219 Rock Street, Bluefield, West Virginia 24701.

BLUEFIELD STATE COLLEGE
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	2020	2019 (Restated)
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 2,019,050	$ 964,231
Accounts Receivable, Net of Allowance of $300,000 and $1,030,150	678,466	564,167
Prepaid Expenses	5,933	4,013
Due from the Commission	70,057	1,211
Inventories	244,951	101,737
Total Current Assets	3,018,457	1,635,359
NONCURRENT ASSETS		
Cash and Cash Equivalents - Restricted	41,073	41,073
Investments	536,205	533,647
Capital Assets, Net of Accumulated Depreciation	15,284,822	15,889,151
Total Noncurrent Assets	15,862,100	16,463,871
Total Assets	18,880,557	18,099,230
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows OPEB	391,438	409,646
Deferred Outflows TRS Plan	136,728	139,643
Total Deferred Outflows of Resources	528,166	549,289
Total Assets and Deferred Outflows of Resources	$ 19,408,723	$ 18,648,519
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	$ 1,340,389	$ 1,721,357
Due to the Commission	798,460	4,468
Accrued Liabilities	972,668	1,042,573
Unearned Revenue	177,503	119,520
Compensated Absences, Current Portion	380,108	386,338
Debt Service Obligation Payable to the Commission, Current Portion	20,500	41,000
Total Current Liabilities	3,689,628	3,315,256
NONCURRENT LIABILITIES		
Compensated Absences	190,823	206,875
Other Post Employment Benefits Liability	3,088,898	4,001,084
Net Pension Liability	392,693	379,167
Debt Service Obligation Payable to the Commission, Net of Current Liabilities	-	20,500
Total Noncurrent Liabilities	3,672,414	4,607,626
Total Liabilities	7,362,042	7,922,882
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows OPEB	1,510,370	1,168,785
Deferred Inflows TRS Plan	161,554	242,252
Total Deferred Inflows of Resources	1,671,924	1,411,037
Total Liabilities and Deferred Inflows of Resources	9,033,966	9,333,919
NET POSITION		
Net Investment in Capital Assets	15,264,322	15,827,651
Restricted for:		
Nonexpendable Endowment	577,705	575,147
Expendable Scholarships	438,972	158,504
Expendable Loans	41,073	41,073
Expendable Grants	(1,228,595)	(1,294,449)
Unrestricted Deficit	(4,718,720)	(5,993,326)
Total Net Position	10,374,757	9,314,600
Total Liabilities, Deferred Inflows, and Net Position	$ 19,408,723	$ 18,648,519

See accompanying Notes to Financial Statements.

BLUEFIELD STATE COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
OPERATING REVENUES		
Student Tuition and Fees (Net of Scholarship Allowance of $5,482,931 and $5,115,425)	$ 4,238,237	$ 4,374,893
Contracts and Grants:		
Federal	3,768,580	4,758,740
State	1,714,697	1,598,345
Private	440,815	484,495
Sales and Services of Educational Activities	98,014	70,081
Auxiliary Enterprise Revenue (Net of Scholarship Allowance of $258,358 and $242,724	344,796	393,399
Miscellaneous - Net	25,571	26,038
Total Operating Revenues	10,630,710	11,705,991
OPERATING EXPENSES		
Salaries and Wages	10,048,261	10,898,882
Benefits	2,168,733	2,693,080
Supplies and Other Services	4,271,143	5,399,493
Utilities	707,291	900,747
Student Financial Aid - Scholarships and Fellowships	1,673,152	1,153,543
Depreciation	1,219,658	1,297,988
Total Operating Expenses	20,088,238	22,343,733
OPERATING LOSS	(9,457,528)	(10,637,742)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	6,383,221	5,600,993
Cares Act	463,525	
Federal Pell Grants	3,267,307	3,393,922
Investment Income	45,374	50,959
Payments on Behalf of the College	307,981	339,475
Assessments by the Commission for Debt Service	(5,926)	(5,627)
Sale of Property - Donation	148,320	-
Loss on Disposal of Assets	(26,663)	-
Capital Grant	210,371	639,629
Net Nonoperating Revenues	10,793,510	10,019,351
INCREASE (DECREASE) IN NET POSITION	1,335,982	(618,391)
Net Position - Beginning of Year	9,038,775	9,657,166
Restatement - See Note 16	-	275,825
Net Position - Beginning of Year Restated	9,038,775	9,932,991
NET POSITION - END OF YEAR	$ 10,374,757	$ 9,314,600

See accompanying Notes to Financial Statements.

BLUEFIELD STATE COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Student Tuition and Fees	$ 4,095,537	$ 4,267,639
Contracts and Grants	6,080,577	7,105,512
Payments to and on Behalf of Employees	(12,497,552)	(13,524,476)
Payments to Suppliers	(4,403,087)	(5,374,715)
Payments to Utilities	(784,685)	(900,747)
Payments for Scholarships and Fellowships	(1,673,152)	(1,153,543)
Collections of Loans to Students	-	46,447
Sales and Service of Educational Activities	183,826	70,081
Auxiliary Enterprise Charges	344,785	393,399
Fees Assessed by Commission	-	-
Other Receipts, Net	157,753	26,038
Net Cash Used by Operating Activities	(8,495,998)	(9,044,365)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	6,383,221	5,600,993
Federal Pell Grants	3,267,307	3,393,922
Federal Cares Act	463,525	-
Contribution	148,320	-
Direct Lending Receipts	4,626,905	4,963,368
Direct Lending Payments	(4,626,905)	(4,963,368)
Net Cash Provided by Noncapital Financing Activities	10,262,373	8,994,915
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchases of Capital Assets	(707,446)	(671,692)
Payments to Commission for Debt Service	(5,926)	(5,627)
Payments to Commission for Loan	(41,000)	(41,000)
Net Cash Used by Financing Activities	(754,372)	(718,319)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	42,816	28,479
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,054,819	(739,290)
Cash and Cash Equivalents - Beginning of Year	1,005,304	1,744,594
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,060,123	$ 1,005,304
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating Loss	$ (9,457,528)	$ (10,637,742)
Adjustments to Reconcile Net Operating Loss to Net Cash Used in Operating Activities:		
Depreciation Expense	1,219,658	1,297,988
Pension Expense- Special Funding Situation	120,713	86,715
OPEB Expense - Special Funding Situation	187,268	252,760
Effect of Changes in Operating Assets and Liabilities:		
Accounts Receivables, Net	(114,299)	252,625
Due from the Commission	725,146	12,598
Loans to Students, Net	-	46,447
Prepaid Expenses	(1,920)	(812)
Inventories	(143,214)	97,229
Deferred Outflows of Resources	21,123	3,640
Accounts Payable	(380,968)	(71,639)
Accrued Liabilities	(69,905)	90,764
Compensated Absences	(22,282)	19,693
Other Postemployment Benefits	(912,186)	(479,759)
Net Pension Liability	13,526	(119,524)
Unearned Revenue	57,983	(1,291)
Advances from Federal Sponsors	-	(107,254)
Deferred Inflows of Resources	260,887	213,197
Net Cash Used by Operating Activities	$ (8,495,998)	$ (9,044,365)

See accompanying Notes to Financial Statements.

BLUEFIELD STATE COLLEGE
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019 (Restated)
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS		
Expenses Paid on Behalf of the College	$ 307,981	$ 339,475
Cash and Cash Equivalents	$ 2,019,050	$ 964,231
Cash and Cash Equivalents - Restricted	41,073	41,073
Total Cash and Cash Equivalents	$ 2,060,123	$ 1,005,304

See accompanying Notes to Financial Statements.

BLUEFIELD STATE COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF BLUEFIELD STATE COLLEGE
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Short-Term Investments	$ 505,023	$ 676,064
Interest Receivable	4,409	6,393
Contributions Receivable, Net of Discount and Allowance	290,273	306,078
Cash Restricted for Long-Term Investment	130,415	63,657
Investments	12,842,907	12,820,178
Note Receivable	-	2,000,000
Assets Held for Others	50,865	43,054
Other Assets, Net of Allowance	3,941	1,189
Total Assets	$ 13,827,833	$ 15,916,613
LIABILITIES AND NET ASSETS		
LIABILITIES		
Amounts Held on Behalf of Others	$ 50,865	$ 43,054
NET ASSETS		
Without Donor Restrictions	10,334,691	12,360,213
With Donor Restrictions	3,442,277	3,513,346
Total Net Assets	13,776,968	15,873,559
Total Liabilities and Net Assets	$ 13,827,833	$ 15,916,613

See accompanying Notes to Financial Statements.

BLUEFIELD STATE COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF BLUEFIELD STATE COLLEGE
STATEMENT OF ACTIVITIES
YEAR JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Net Gifts	$ 22,789	$ 43,132	$ 65,921
Interest Income	31,711	-	31,711
Dividend Income	198,844	63,248	262,092
Fundraising Income	19,925	-	19,925
Net Realized and Unrealized Gains	(24,815)	54,468	29,653
Net Assets Released from Restrictions	231,917	(231,917)	-
Total Revenues and Other Support	480,371	(71,069)	409,302
EXPENSES AND SUPPORT			
College Support:			
Student Support	238,222	-	238,222
Institutional Support	135,671	-	135,671
Conferences, Meetings, and Travel	3,511	-	3,511
Other	97,701	-	97,701
Total College Support	475,105	-	475,105
Deed of Trust Forgiveness	2,000,000	-	2,000,000
Fundraising Expenses	2,632	-	2,632
Management Expenses	28,156	-	28,156
Total Expenses and Support	2,505,893	-	2,505,893
CHANGE IN NET ASSETS	(2,025,522)	(71,069)	(2,096,591)
NET ASSETS			
Beginning of Year	12,360,213	3,513,346	15,873,559
End of Year	$ 10,334,691	$ 3,442,277	$ 13,776,968

See accompanying Notes to Financial Statements.

BLUEFIELD STATE COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF BLUEFIELD STATE COLLEGE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Net Gifts	$ 25,888	$ 41,663	$ 67,551
Interest Income	34,651	-	34,651
Dividend Income	196,316	65,519	261,835
Fundraising Income	30,448	-	30,448
Net Realized and Unrealized Gains	704,303	157,246	861,549
Net Assets Released from Restrictions	117,721	(117,721)	-
Total Revenues and Other Support	1,109,327	146,707	1,256,034
EXPENSES AND SUPPORT			
College Support:			
Student Support	238,269	-	238,269
Institutional Support	5,292	-	5,292
Conferences, Meetings, and Travel	3,216	-	3,216
Other	73,280	-	73,280
Total College Support	320,057	-	320,057
Donations to BSC R&D	-	-	-
Fundraising Expenses	9,027	-	9,027
Management Expenses	29,576	-	29,576
Total Expenses and Support	358,660	-	358,660
CHANGE IN NET ASSETS	750,667	146,707	897,374
NET ASSETS			
Beginning of Year	11,609,546	3,366,639	14,976,185
End of Year	$ 12,360,213	$ 3,513,346	$ 15,873,559

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

Bluefield State College (the College) is governed by the Bluefield State 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) and the West Virginia Higher Education Fund (the Fund). The Commission is responsible for developing, gaining consensus around and overseeing the implementation and development of a higher education public policy agenda.

The accompanying financial statements present all funds under the authority of the College, including its blended component unit, the Applied Research Foundation of West Virginia, a nonprofit, nonstock corporation. 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 the Applied Research Foundation of West Virginia.

As a requirement of Governmental Accounting Standards Board standards (GASB), the College has included information from the Bluefield State College Foundation, Incorporated (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. See Note 13 for additional disclosure.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the College have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by 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.

Reporting Entity

The College is a blended component unit of the West Virginia Higher Education Fund and represents separate funds of the State of West Virginia (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 West Virginia Network for Educational Telecomputing), and West Virginia Council for Community and Technical College Education 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 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 accompanying financial statements present all funds under the authority of the College, including its blended component unit, the Applied Research Foundation of West Virginia State (the ARF), a nonprofit, nonstock corporation. 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 the ARF.

The Center for Applied Research and Technology of Bluefield State College and the Bluefield State College Alumni Association are not part of the College reporting entity and are not included in the accompanying financial statements as the College has no ability to designate management, cannot significantly influence operations of the entity and is not accountable for the fiscal matters of the entity under GASB.

As of July 1, 2003, the College adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an amendment to GASB Statement No. 14. As a result, the audited financial statements of the Foundation are presented as a discrete component unit with the College's financial statements in accordance with GASB. The Foundation is a private nonprofit organization that reports under FASB standards, including the Presentation of Financial Statements for Not-for-Profit Entities Topic of the FASB Accounting Standards Codification. 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

GASB establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented 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 that 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 West Virginia State Legislature, as a regulatory body outside the reporting entity, has restricted the use of certain funds by Article 10, *Fees and Other Money Collected as State Institutions of Higher Education* of the West Virginia State Code. House Bill 101 passed in March 2004 simplified the tuition and fee structure and removed the restrictions but included designations associated with auxiliary and capital items. These activities are fundamental to the normal ongoing operations of the institution. These restrictions are subject to change by future actions of the State Legislature.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

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.

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 expenditures when materials or services are received. All intercompany accounts and transactions have been eliminated.

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 at the time of purchase to be cash equivalents.

Cash and cash equivalents balances on deposit with the State of West Virginia Treasurer's Office (the State Treasurer) are pooled by the State Treasurer with other available funds of the State for investment purposes by the West Virginia Board of Treasury Investments (the 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (Continued)

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 position 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 the annual audited financial report can be obtained from the following address: 1900 Kanawha Boulevard East, Room E-122, Charleston, West Virginia 25305 or http://www.wvbti.com.

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; certificate 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are stated at the lower-of-cost or market, cost being determined on the first-in, first-out method.

Noncurrent Cash, Cash Equivalents, and Investments

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

Investments

GASB requires the College to record certain investment balances at fair value. The College's investments were on deposit with First Community Bank, Inc. and First Century Bank, Inc. These funds represented the George M. Cruise Endowed Chair of Health Sciences/Nursing and the James H. Shott Endowed Chair of Business, respectively. Funds on deposit are invested in Federal Agency Bonds, money market funds, the underlying securities of which are securities of the U.S. Government, Federated Prime Value Obligation Funds, equity market funds, fixed income securities, and other mutual funds invested in high-quality fixed income securities. These funds are classified as long term due to the restrictions on expenditure. Amounts held for restricted expenditures are available for immediate withdrawal.

Investments measured and reported at fair value are classified according to the following hierarchy. Level 1, investments reflect prices quoted in active markets. Level 2, investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active. Level 3, investments reflect prices based upon unobservable inputs. The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Investments are made in accordance with and subject to the provisions of the Uniform Prudent Investor Act codified as article six-C, chapter forty-four of the West Virginia Code.

Capital Assets

Capital assets include property, plant, and equipment, books and materials that are part of a catalogued library and infrastructure assets. Capital assets are stated at cost at the date of acquisition or construction, or at acquisition 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 and infrastructure, 20 years for land improvements, seven years for library books and three to 10 years for furniture and equipment. The College's capitalization threshold is $5,000. There was no interest capitalized during 2020 or 2019. The accompanying financial statements reflect all adjustments required by GASB.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Postemployment Benefits (OPEB)

GASB provides for the measurement, recognition, and display of OPEB expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State. The College is required to participate in this multiple-employer, cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State of West Virginia. Details regarding this plan and its stand-alone financial statements can be obtained by contacting the West Virginia Public Employees Insurance Agency (PEIA), 601 57th St. SE, Suite 2, Charleston, West Virginia 25304-2345 or http://www.wvpeia.com.

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. Full-time employees also earn 1 1/2 sick leave days for each month of service and are entitled to extend their health or life insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. Generally, two days of accrued sick leave extend health insurance for one month of single coverage, and three days extend health insurance for one month of family coverage. For employees hired after 1988, or who were hired before 1988 but did not choose such coverage until after 1988 but before July 1, 2001, the employee shares in the cost of the extended benefit coverage to the extent of 50% of the premium required for the extended coverage. Employees hired July 1, 2001, or later will no longer receive sick leave credit toward insurance premiums when they retire. Additionally, all retirees have the option to purchase continued coverage regardless of their eligibility for premium credits. This liability is now provided for under the multiple-employer, cost-sharing plan sponsored by the State.

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 1 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences and Other Postemployment Benefits (OPEB) (Continued)

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 (TRS), administered by the West Virginia Consolidated Public Retirement Board (CPRB), and additions to/reductions from the TRS fiduciary net position have been determined on the same basis as they are reported in the TRS financial statements, which can be found at ttps://www.wvretirement.com/Publications.html#CAFR. The plan schedules of TRS are prepared using the accrual basis of accounting and economic resources measurement focus in accordance with accounting principles generally accepted in the United States of America 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 TRS financial statements. Management of TRS has made certain estimates and assumptions relating to employer allocation schedules, and actual results could differ (see Note 11.)

Deferred Outflows of Resources

Consumption of net position by the College that is applicable to a future fiscal year is reported as a deferred outflow of resources on the statement of net position. As of June 30, 2020 and 2019, the College had deferred outflows of resources related to pension of $136,728 and $139,643, respectively (see Note 11). As of June 30, 2020 and 2019, the College had deferred outflows of resources related to OPEB of $391,438 and $409,646, respectively (see Note 8).

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. As of June 30, 2020 and 2019, the College had deferred inflows related to pensions of $161,554 and $242,252, respectively (see Note 11). As of June 30, 2020 and 2019, the College had deferred inflows of resources related to OPEB of $1,510,370 and $1,168,785, respectively (see Note 8).

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)

Risk Management (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 the West Virginia Public Employees Insurance Agency (PEIA) and a third-party insurer, the College has obtained health, life, prescription drug coverage, and coverage for job related injuries for its employees. In exchange for payment of premiums PEIA and the third-party insurer, the College has transferred its risks related to health, life, prescription drug coverage, and job related injuries.

West Virginia had a single private insurance company, BrickStreet Insurance, which provided workers' compensation coverage to all employers in the state. BrickStreet retains the risk related to the compensation of injured employees under the program.

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) sales and services of auxiliary enterprises, (3) most federal, state, local, and nongovernmental grants and contracts, and (4) sales and services of educational activities.
- **Nonoperating Revenues**
  Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB, such as state appropriations, Federal Pell Grants, and investment income, and sale of capital assets (including natural resources).
- **Other Revenue**
  Other revenues consist primarily of capital grants and gifts.

Use of Restricted Net Position

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Financial Assistance Programs

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 2020 and 2019, respectively, the College received and disbursed approximately $4.6 million and $5.0 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.

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 Federal Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2020 and 2019, the College received and disbursed approximately $3.4 million and $3.6 million, respectively, 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 (NACUBO). Certain aid such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a College basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third-party aid.

Government Grants and Contracts

Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to audit. 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 as described in Section 115 of the Internal Revenue Code.

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.

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.

Newly Adopted Statements Issued by the Governmental Accounting Standards Board (GASB)

GASB has issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for fiscal years beginning after June 15, 2020. The requirements of this Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain asset retirement obligations (AROs), including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. The adoption of GASB Statement No. 83 had no impact on the June 30, 2020 financial statements.

GASB 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, 2020. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government’s future resource flows. The adoption of GASB Statement No. 88 had no impact on the June 30, 2020 financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Statements Issued by the Governmental Accounting Standards Board (GASB)

GASB has issued Statement No. 84, *Fiduciary Activities*, effective for fiscal years beginning after December 15, 2020, as amended by GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*". The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The College has not yet determined the effect that the adoption of GASB Statement No. 84 may have on its financial statements.

GASB has also issued Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2020, as amended by GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*". The requirements of this Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The College has not yet determined the effect that the adoption of GASB Statement No. 87 may have on its financial statements.

GASB has 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, 2020, as amended by GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*". 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Statements Issued by the Governmental Accounting Standards Board (GASB) (Continued)

GASB has also issued Statement No. 90, *Majority Equity Interests*, which is effective for fiscal years beginning after December 15, 2020, as amended by GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*". 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.

GASB has also issued Statement No. 91, *Conduit Debt Obligations*, which is effective for fiscal years beginning after December 15, 2021, as amended by GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*". The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations. The College has not yet determined the effect that the adoption of GASB Statement No. 91 may have on its financial statements.

The GASB has also issued Statement No. 92, "*Omnibus 2020*". This statement addresses various issues that have been identified during the implementation of certain GASB statements and establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements related to leases, risk financing and insurance-related activities of public entity risk pools and derivative instruments are effective upon issuance. The requirements for intra-entity transfers of assets and the requirements related to reporting assets accumulated for defined benefit postemployment benefits provided through plans that are not administered through trusts that meet specified criteria are effective for fiscal years beginning after June 15, 2021, as amended by GASB Statement No. 95, , which was effective immediately.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Statements Issued by the Governmental Accounting Standards Board (GASB) (Continued)

The requirements related to the applicability of certain requirements of Statement No. 84, "*Fiduciary Activities"*, to postemployment benefit arrangements and the requirements related to fair value measurements are effective for are effective for reporting periods beginning after June 15, 2021, as amended by GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", which was effective immediately. The requirements for government acquisitions are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021, as amended by GASB Statement No. 95, of the Effective Dates of Certain Authoritative Guidance, which was effective immediately. The College has not yet determined the effect that the adoption of GASB Statement No. 92 may have on its financial statements.

The GASB has also issued Statement No. 93, "*Replacement of Interbank Offered Rates"*. This statement establishes accounting and financial reporting requirements related to the replacement of interbank offered rates in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this statement are effective for reporting periods beginning after June 15, 2020, with the exception of the guidance regarding appropriate benchmark interest rates for derivative instruments that hedge the interest rate risk of taxable debt, which is effective for reporting periods beginning after December 31, 2021, and the guidance regarding lease modifications, which is effective for fiscal years beginning after June 15, 2021, as amended by GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", which was effective immediately. The College has not yet determined the effect that the adoption of GASB Statement No. 93 may have on its financial statements. The GASB has also issued Statement No. 94, "*Private and Public-Public Partnerships and Availability Payment Arrangements*". This statement establishes accounting and financial reporting requirements for public-private and public-public partnerships and availability payment arrangements. This statement is effective for fiscal years beginning after June 15, 2022. The College has not yet determined the effect that the adoption of GASB Statement No. 94 may have on its financial statements.

The GASB has also issued Statement No. 96, "*Subscription-Based Information Technology Arrangements*". This statement establishes accounting and financial reporting requirements for subscription-based information technology arrangements by a government end user. This statement is effective for fiscal years beginning after June 15, 2022. The College has not yet determined the effect that the adoption of GASB Statement No. 96 may have on its financial statements.

The requirements of Statement No. 97 that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this statement that provide for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform are effective for reporting periods beginning after June 15, 2021. The College has not yet determined the effect that the adoption of these requirements may have on its financial statements.

NOTE 3 CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents held was as follows:

	June 30, 2020		
	Current	Noncurrent	Total
State Treasurer	$ 1,386,260	$ 41,073	$ 1,427,333
In Bank	628,140		628,140
On Hand	4,650	-	4,650
Total	$ 2,019,050	$ 41,073	$ 2,060,123

	June 30, 2019		
	Current	Noncurrent	Total
State Treasurer	$ 694,690	$ 41,073	$ 735,763
In Bank	262,241		262,241
On Hand	7,300	-	7,300
Total	$ 964,231	$ 41,073	$ 1,005,304

Cash held by the State Treasurer includes $1,636,024 and $622,886 at June 30, 2020 and 2019, respectively, of restricted cash for sponsored projects, loans, and other purposes.

The combined carrying amount of cash in bank at June 30, 2020 and 2019, was $628,140 and $262,241 as compared with the combined bank balance of $737,958 and $481,279, respectively. The difference is primarily caused by outstanding checks and items in transit. The bank balances were covered by federal depository insurance or were collateralized by securities held by the State's agent. Regarding federal depository insurance, interest bearing accounts are insured by the Federal Deposit Insurance Corporation up to $250,000. Noninterest-bearing accounts were 100% insured through December 31, 2018.

Amounts with the State Treasurer as of June 30, 2020 and 2019, are comprised of three investment pools, the WV Money Market Pool, the WV Government Money Market Pool, and the WV Short Term Bond Pool.

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

	2020		2019	
External Pool	Carrying Value (in Thousands)	S&P Ratings	Carrying Value (in Thousands)	S&P Ratings
WV Money Market Pool	$ 1,227	AAAm	$ 551	AAAm
WV Government Money Market Pool	-	AAAm	-	AAAm
WV Short-Term Bond Pool	28	Not Rated	13	Not Rated

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

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

Interest Rate Risk — Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All the amounts with the State Treasurer are subject to interest rate risk.

The following table provides information on the weighted-average maturities for the WV Money Market Pool and the WV Government Money Market Pool:

	2020		2019	
External Pool	Carrying Value (in Thousands)	WAM (Days)	Carrying Value (in Thousands)	WAM (Days)
WV Money Market Pool	$ 1,227	44	$ 551	34

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

	2020		2019	
External Pool	Carrying Value (in Thousands)	Effective Duration (Days)	Carrying Value (in Thousands)	Effective Duration (Days)
WV Short-Term Bond Pool	$ 28	620	$ 13	723

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

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the College will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The College does not have a formal custodial credit risk policy.

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.

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

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.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College's investment policy limits investment maturities from potential fair value losses due to increasing interest rates. No more than 5% of the money market fund's total market value may be invested in the obligations of a single issuer, with the exception of the U.S. government and its agencies.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable were as follows at June 30:

Description	2020	2019
Student Tuition and Fees, Net of Allowance for Doubtful Accounts of $475,927 and $1,030,150 in 2020 and 2019, Respectively	$ 236,106	$ 239,259
Grants and Contracts Receivable, Net of Allowance for Doubtful Accounts of $-0- in 2020 and 2019	325,503	-
Other Accounts Receivable	116,857	324,908
Accounts Receivable, Net	$ 678,466	$ 564,167

NOTE 5 INVESTMENTS

The College categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The College had the following recurring fair value measurements comprised of investments as of June 30:

	2020			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market	$ 8,448	$ 8,448	$ -	$ -
Corporate Bonds	31,131	31,131	-	-
U.S. Government Agency Securities	138,578	138,578	-	-
Bond Mutual Funds:				
Fixed Income	109,684	109,684	-	-
High Yield	9,260	9,260	-	-
Equity Mutual Funds:				
Domestic Large Cap	113,037	113,037	-	-
Domestic Mid-Cap	17,361	17,361	-	-
Domestic Small Cap	33,739	33,739	-	-
International	61,398	61,398	-	-
Mid-Cap Blend	13,569	13,569	-	-
Total	$ 536,205	$ 536,205	$ -	$ -

	2019			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market	$ 10,470	$ 10,470	$ -	$ -
Bond Mutual Funds:				
Fixed Income	283,074	283,074	-	-
High Yield	-		-	-
Equity Mutual Funds:				
Domestic Large Cap	116,977	116,977	-	-
Domestic Mid-Cap	31,857	31,857	-	-
Domestic Small Cap	31,089	31,089	-	-
International	60,180	60,180	-	-
Total	$ 533,647	$ 533,647	$ -	$ -

NOTE 5 INVESTMENTS (CONTINUED)

The investments are held with a third-party trustee. The money market funds invest in U.S. Government Securities and Federated Prime Value Obligation Funds. These funds are rated AAA by Standard & Poor's. The U.S. Government Securities are also rated Aaa by Moody's. The Federal Government Bonds are rated AAA by Standard & Poor's and Aaa by Moody's. The fixed income securities invest in Federal Home Loan Bank Bonds, Freddie Mac Notes and certificates of deposit under the CDARS program. The equity market securities, fixed income securities, and limited partnerships are rated AAA by Standard & Poor's. Management believes that there is no significant custodial credit risk nor interest rate risk for any of the funds. Furthermore, the funds are not exposed to any significant concentration of credit risk nor any foreign currency risk.

NOTE 6 CAPITAL ASSETS

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

	2020				
	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital Assets not being Depreciated:					
Land	$ 277,942	$ -	$ -	$ -	$ 277,942
Construction in Progress	750,031	416,799		(730,449)	436,381
Total Capital Assets not being Depreciated	$ 1,027,973	$ 416,799	$ -	$ (730,449)	$ 714,323
Capital Assets Being Depreciated:					
Land Improvements	$ 4,381,817	$ 146,439	$ -	$ 730,449	$ 5,258,705
Buildings	32,771,366	151,651	-		32,923,017
Equipment	4,791,217	101,276	(200,995)	-	4,691,498
Library Books	1,436,045	179	-	-	1,436,224
Total Other Capital Assets	43,380,445	399,545	(200,995)	730,449	44,309,444
Less Accumulated Depreciation for:					
Land Improvements	3,731,662	229,686	-	-	3,961,348
Buildings	19,731,575	956,797	-	-	20,688,372
Equipment	3,636,357	203,788	(174,332)	-	3,665,813
Library Books	1,419,673	3,719	-	-	1,423,392
Total Accumulated Depreciation	28,519,267	1,393,990	(174,332)	-	29,738,925
Capital Assets Being Depreciated - Net	$ 14,861,178	$ (994,445)	$ (26,663)	$ 730,449	$ 14,570,519
Capital Asset Summary:					
Capital Assets not being Depreciated	$ 1,027,973	$ 416,779	$ -	$ (730,449)	$ 714,303
Other Capital Assets	43,380,445	399,545	(200,995)	730,449	44,309,444
Total Cost of Capital Assets	44,408,418	816,324	(200,995)	-	45,023,747
Less: Accumulated Depreciation	28,519,267	1,393,990	(174,332)	-	29,738,925
Capital Assets - Net	$ 15,889,151	$ (577,666)	$ (26,663)	$ -	$ 15,284,822

NOTE 6 CAPITAL ASSETS (CONTINUED)

	2019				
	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital Assets not being Depreciated:					
Land	$ 277,942	$ -	$ -	$ -	$ 277,942
Construction in Progress	652,352	734,906	(621,327)	(15,900)	750,031
Total Capital Assets not being Depreciated	$ 930,294	$ 734,906	$ (621,327)	$ (15,900)	$ 1,027,973
Capital Assets Being Depreciated:					
Land Improvements	$ 4,381,817	$ -	$ -	$ -	$ 4,381,817
Buildings	31,658,058	1,097,408	-	15,900	32,771,366
Equipment	4,420,286	451,050	80,119	-	4,791,217
Library Books	1,430,817	5,228	-	-	1,436,045
Total Other Capital Assets	41,890,978	1,553,686	80,119	15,900	43,380,445
Less Accumulated Depreciation for:					
Land Improvements	3,530,751	200,911	-	-	3,731,662
Buildings	18,724,430	1,007,145	-	-	19,731,575
Equipment	3,552,314	164,162	80,119	-	3,636,357
Library Books	1,413,784	5,889	-	-	1,419,673
Total Accumulated Depreciation	27,221,279	1,378,107	80,119	-	28,519,267
Capital Assets Being Depreciated - Net	$ 14,669,699	$ 175,579	$ -	$ 15,900	$ 14,861,178
Capital Asset Summary:					
Capital Assets not being Depreciated	$ 930,294	$ 734,906	$ (621,327)	$ (15,900)	$ 1,027,973
Other Capital Assets	41,890,978	1,553,686	80,119	15,900	43,380,445
Total Cost of Capital Assets	42,821,272	2,288,592	(541,208)	-	44,408,418
Less: Accumulated Depreciation	27,221,279	1,378,107	80,119	-	28,519,267
Capital Assets - Net	$ 15,599,993	$ 910,485	$ (621,327)	$ -	$ 15,889,151

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.

Title for certain real property is with the Commission. Title for some land was with the original Board of Directors. Those deeds/records have not been converted to BSC. At some point in the future, title can be changed to BSC.

At June 30, 2020, the College had no outstanding contractual commitments for property, plant, and equipment expenditures.

NOTE 7 LONG-TERM LIABILITIES

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

	2020				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Advances from Federal Sponsors	$ -	$ -	$ -	$ -	$ -
Accrued Compensated Absences	593,213	-	22,282	570,931	380,108
OPEB Liability	4,001,084	330,967	1,243,153	3,088,898	-
Net Pension Liability	379,167	74,227	60,701	392,693	-
Debt Obligation Due Commission	61,500	-	41,000	20,500	20,500
Total Noncurrent Liabilities	$ 5,034,964	$ 405,194	$ 1,367,136	$ 4,073,022	$ 400,608

	2019				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Advances from Federal Sponsors	$ 107,254	$ -	$ 107,254	$ -	$ -
Accrued Compensated Absences	573,520	19,693	-	593,213	386,338
OPEB Liability	4,480,843	281,566	761,325	4,001,084	-
Net Pension Liability	498,691	60,299	179,823	379,167	-
Debt Obligation Due Commission	102,500	-	41,000	61,500	41,000
Total Noncurrent Liabilities	$ 5,762,808	$ 361,558	$ 1,089,402	$ 5,034,964	$ 427,338

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS

As related to the implementation of GASB Statement No. 75, following are the College's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, revenues, and the OPEB expense and expenditures for the fiscal years ended June 30:

	2020	2019
Net OPEB Liability	$ 3,088,898	$ 4,001,084
Deferred Outflows of Resources	391,438	409,646
Deferred Inflow of Resources	1,510,370	1,168,785
Revenues	187,268	252,760
OPEB Expense	(34,158)	281,566
Contributions Made to the College	330,966	327,294

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Description

The West Virginia Other Postemployment Benefit (OPEB) Plan (the Plan) is a cost-sharing, multiemployer, 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 accounting principles generally accepted in the United States of America for fiduciary funds as prescribed or permitted by the GASB. The primary sources of revenue are plan members and employer contributions. Members' contributions are recognized in the period in which the contributions are due. Employer contributions and related receivables to the trust are recognized pursuant to a formal commitment from the employer or statutory or contractual requirement, when there is a reasonable expectation of collection. Benefits and refunds are recognized when due and payable.

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

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

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

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

Contributions

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

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, 2018 were:

	Jul 2019-Jun 2019 2019	Jul 2018-Jun 2018 2018	Jul 2016-Dec 2016 2017
Paygo Premium	$ 183	$ 177	$ 196

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

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

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

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

The College's contributions to the OPEB plan for the years ended June 30, 2020, 2019, and 2018, were $330,966, $327,294, and $381,097, respectively.

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions

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

- Actuarial Cost Method: Entry age normal.
- Asset Valuation Method: Investments are reported at fair (market) value.
- Amortization Method: Level percentage of payroll, closed.
- Remaining Amortization Period: 20 years closed as of June 30, 2017.
- Investment Rate of Return: 7.15%, net of OPEB plan investment expense, including inflation.
- Healthcare Cost Trend Rates: Trend rate for pre-Medicare capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
- Projected Salary Increases: Dependent upon pension system ranging from 3.0-6.5%, including inflation.
- Inflation Rate: 2.75%.
- Mortality rates based on RP-2000 Mortality Tables.

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

Certain assumptions have been changed since the prior measurement date. The assumption changes that most significantly impacted the net OPEB liability are as follows: $11.8 million decrease in the per capita claims costs for Pre-Medicare and Medicare, as well as an approximate $224.2 million decrease due to capped subsidy costs implemented in December 2019. Certain other assumption changes were noted but did not materially impact the net OPEB liability.

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

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

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

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, 2020 and 2019 are summarized below.

2020

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Global Equity	4.8 %	49.5 %
Core Plus Fixed Income	2.1	13.5
Hedge Fund	2.4	9.0
Private Equity	6.8	9.0
Core Real Estate	4.1	9.0
Cash and Cash Equivalents	0.3	10.0

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

2019

Asset Class	Long-Term Expected Real Rate of Return
Global Equity	17.0 %
Nonlarge Cap Domestic	22.0
International Qualified	24.6
International Nonqualified	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

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, 2033, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

Sensitivity	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Net OPEB Liability - 2020	$ 3,686,508	$ 3,088,898	$ 2,588,799
Net OPEB Liability - 2019	$ 4,702,478	$ 4,001,084	$ 3,416,397

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

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

Cost Trend Rate	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability - 2020	$ 2,490,750	$ 3,088,898	$ 3,814,750
Net OPEB Liability - 2019	$ 3,310,682	$ 4,001,084	$ 4,842,316

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

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

At June 30, 2020, the College's proportionate share of the net OPEB liability was $3,721,024. Of this amount, the College's recognized $3,088,898 as its proportionate share on the statement of net position. The remainder of $632,126 denotes the College's proportionate share of net OPEB liability attributable to the special funding.

At June 30, 2019, the College's proportionate share of the net OPEB liability was $4,828,001. Of this amount, the College's recognized $4,001,084 as its proportionate share on the statement of net position. The remainder of $826,917 denotes the College's proportionate share of net OPEB liability attributable to the special funding.

The allocation percentage assigned to each participating employer and nonemployer contributing entity is based on its proportionate share of employer and nonemployer contributions to OPEB for each of the fiscal years ended June 30, 2019 and 2018. Employer contributions are recognized when due. At the June 30, 2019 measurement date, the College's proportion was 0.186175482%, a decrease of .000317358% from its proportion of 0.186492840% calculated as of June 30, 2018. At the June 30, 2018 measurement date, the College's proportion was 0.186492840%, an increase of 0.04269855% from its proportion of 0. 182222985% calculated as of June 30, 2017.

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

For the year ended June 30, 2020, the College recognized OPEB expense of ($34,158). Of this amount, ($221,426) was recognized as the College's proportionate share of OPEB expense and $187,268 as the amount of OPEB expense attributable to special funding from a nonemployer contributing entity. The College also recognized revenue of $187,268 for support provided by the State.

For the year ended June 30, 2019, the College recognized OPEB expense of $281,566. Of this amount, $28,806 was recognized as the College's proportionate share of OPEB expense and $252,760 as the amount of OPEB expense attributable to special funding from a nonemployer contributing entity. The College also recognized revenue of $252,760 for support provided by the State.

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

June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ -	$ 360,253
Changes in Proportion and Difference between Employer Contributions and Proportionate Share of Contributions	60,471	490,015
Net Difference between Projected and Actual Investment Earnings	-	33,649
Changes in Assumptions		626,453
Contributions after the Measurement Date	330,967	-
Total	$ 391,438	$ 1,510,370

June 30, 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ -	$ 59,184
Changes in Proportion and Difference between Employer Contributions and Proportionate Share of Contributions	82,352	636,040
Net Difference between Projected and Actual Investment Earnings	-	74,059
Changes in Assumptions	-	399,502
Contributions after the Measurement Date	327,294	-
Total	$ 409,646	$ 1,168,785

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

The College will recognize the $330,967 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Amortization
2021	$ 582,643
2022	513,450
2023	290,097
2024	33,802
Total	$ 1,419,992

Payables to the OPEB Plan

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

NOTE 9 STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

The College is a state institution of higher education. 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.

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.

The Commission assesses each public institution of higher education for funds to meet the payment of debt service on these various bonds. The tuition and registration fees of the members of the former State College System are generally pledged as collateral for the Commission's bond indebtedness. Student fees collected by the institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. Although the bonds remain as a capital obligation of the Commission, an estimate of the obligation of each institution is reported as a long-term payable by each institution and as a receivable by the Commission. Amounts due to Commission at June 30, 2020 and 2019 is $-0-.

NOTE 9 STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS (CONTINUED)

During fiscal year 2011, the College entered into two capital project loans with the Higher Education Policy Commission in the amounts of $410,000 and $340,000 to fund an HVAC replacement project. Under these agreements, there is no interest charged to the College. The loan for $410,000 is to be repaid over 10 years in semi-annual payments of $20,500 while the loan for $340,000 is to be repaid over five years in semi-annual payments of $34,000. During 2020 and 2019, the College paid $41,000 and $41,000, respectively, to the Commission against the loans.

The scheduled maturities of amounts due to the Commission at June 30, 2020 are as follows:

Year Ending June 30,	Amount
2021	$ 20,500
2022	-
Total	$ 20,500

NOTE 10 UNRESTRICTED DEFICIT

The College's unrestricted net position at June 30, 2020 and 2019 includes certain undesignated net position, as follows:

	2020	2019
Designated for Repair and Replacement	$ 52,473	$ 54,285
Undesignated	(1,682,295)	(2,046,527)
Total Unrestricted Net Position before OPEB Liability	(1,629,822)	(1,992,242)
Less: OPEB Liability	3,088,898	4,001,084
Total Unrestricted Net Position (Deficit)	$ (4,718,720)	$ (5,993,326)

NOTE 11 RETIREMENT PLANS

Substantially all full-time employees of the College participate in either the West Virginia Teachers' Retirement System (the TRS) or the Teachers' Insurance and Annuities Association – College Retirement Equities Fund (the TIAA-CREF). Previously, upon full-time employment, all employees were required to make an irrevocable selection between the TRS and TIAA-CREF. Effective July 1, 1991, the TRS was closed to new participants. Current participants in the TRS 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.

NOTE 11 RETIREMENT PLANS (CONTINUED)

Defined Contribution Benefit Plans

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

Total contributions to the TIAA-CREF for the years ended June 30, 2020, 2019, and 2018, were $1,009,050, $1,074,884, and $1,330,160, which consisted of equal contributions of $504,525, $537,442, and $665,080, respectively, from both the College and covered employees.

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

The Great West benefit program is also available to new employees. Total contributions to Great West for the years ended June 30, 2020, 2019, and 2018 were $10,224, $10,908, and $9,498, which consisted of equal contributions of $5,112, $5,454, and $4,749, respectively, from both the College and employees.

The College's total payroll for the years ended June 30, 2020 and 2019, and 2018 was $10,005,208, $10,766,260, and $10,685,985, respectively. Total covered employees' salaries in the TIAA-CREF and Great West were $8,408,700 and $85,200, respectively, in 2020, $8,957,367 and $90,900, respectively, in 2019; and $8,554,900 and $115,700, respectively, in 2018.

Defined Benefit Pension Plan

Some employees of the College are enrolled in a defined benefit pension plan, the West Virginia Teachers' Retirement System (TRS), which is administered by the West Virginia Consolidated Public Retirement Board (CPRB).

Following is the College's pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, revenues, and the pension expense and expenditures for the fiscal years ended June 30, 2020 and 2019:

	2020	2019
Net Pension Liability	$ 392,693	$ 379,167
Deferred Outflows of Resources	136,728	139,643
Deferred Inflows of Resources	161,554	242,252
Revenues	114,335	86,717
Pension Expense	112,954	60,299
Contributions Made by BSC	56,438	57,177

NOTE 11 RETIREMENT PLANS (CONTINUED)

TRS

Plan Description

TRS 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. TRS closed membership to new hires effective July 1, 1991.

TRS 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. TRS 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 TRS website at https://www.wvretirement.com/Publications.html#CAFR.

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 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: TRS 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:

1. 15% of gross salary of their State-employed members hired prior to July 1, 1991;
2. 15% of School Aid Formula (SAF) covered payroll of county-employed members;
3. 7.5% of SAF-covered payroll of members of the TDCRS;
4. a certain percentage of fire insurance premiums paid by State residents; and
5. 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 TRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2019 and 2018, the College's proportionate share attributable to this special funding subsidy was $114,335 and $86,715, respectively.

NOTE 11 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Contributions (Continued)

The College's contributions to TRS for the years ended June 30, 2020, 2019, and 2018, were $56,438, $57,177, and $59,754, respectively.

Assumptions

For the year ended June 30, 2020, the total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2018 and rolled forward to June 30, 2019. For the year ended June 30, 2018, the total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2017 and rolled forward to June 30, 2018. 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 nonteachers 3.00–6.50%, based on age.
- Inflation rate of 3.0%.
- Discount rate of 7.50%.
- Mortality rates based on RP-2000 Mortality Tables.
- Withdrawal rates: Teachers 0.8-35% and nonteachers 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 State 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.

NOTE 11 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Assumptions (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 geometric real rates of return for each major asset class included in TRS' target asset allocation as of June 30, 2020 and 2019, are summarized below.

2020

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Global Equity	5.8 %	27.5 %
Core Plus Fixed Income	7.7	27.5
Hedge Fund	3.3	15.0
Private Equity	6.1	10.0
Core Real Estate	8.8	10.0
Cash and Cash Equivalents	4.4	10.0

2019

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Global Equity	4.5 %	27.5 %
Core Plus Fixed Income	86.0	27.5
Hedge Fund	3.3	15.0
Private Equity	6.0	10.0
Core Real Estate	6.4	10.0
Cash and Cash Equivalents	4.0	10.0

Discount Rate. The discount rate used to measure the total TRS 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, TRS' 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 TRS' 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 TRS net pension liability as of June 30, 2020 and 2019 calculated using the discount rate of 7.50%, as well as what the College's TRS 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 (8.5%) than the current rate.

NOTE 11 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Assumptions (Continued)

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability - 2020	$ 535,988	$ 392,693	$ 270,118
Net Pension Liability - 2019	$ 511,806	$ 379,167	$ 265,770

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

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

At June 30, 2020, the College's proportionate share of the TRS net pension liability was $1,340,699. Of this amount, the College recognized $392,693 as its proportionate share on the statement of net position. The remainder of $948,006 denotes the College's proportionate share of net pension liability attributable to the special funding.

At June 30, 2019, the College's proportionate share of the TRS net pension liability was $1,361,618. Of this amount, the College recognized $379,167 as its proportionate share on the statement of net position. The remainder of $982,451 denotes the College's proportionate share of net pension liability attributable to the special funding.

The allocation percentage assigned to each participating employer and nonemployer contributing entity is based on its proportionate share of employer and nonemployer contributions to TRS for each of the fiscal years ended June 30, 2019 and 2018. Employer contributions are recognized when due. At June 30, 2020, the College's proportion was 0.013199%, an increase of 0.001055% from its proportion of 0.012144% calculated as of June 30, 2019. At June 30, 2019, the College's proportion was 0.012144%, a decrease of 0.002290% from its proportion of 0.014434% calculated as of June 30, 2018.

For the year ended June 30, 2020, the College recognized TRS pension expense of $112,954. Of this amount, $(1,381) was recognized as the College's proportionate share of the TRS expense and $114,335 as the amount of pension expense attributable to special funding from a nonemployer contributing entity. The College also recognized revenue of $114,335 for support provided by the State.

NOTE 11 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

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

For the year ended June 30, 2019, the College recognized TRS pension expense of $60,299. Of this amount, $(26,416) was recognized as the College's proportionate share of the TRS expense and $86,715 as the amount of pension expense attributable to special funding from a nonemployer contributing entity. The College also recognized revenue of $86,715 for support provided by the State.

At June 30, 2020, deferred outflows of resources and deferred inflows of resources related to the TRS pension are as follows:

June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	$ 68,849	$ 137,452
Net Difference Between Projected and Actual Experience	1,962	13,422
Net Difference Between Projected and Actual Investment Earnings	-	10,680
Changes in Assumptions	8,479	-
Contributions After the Measurement Date	57,438	-
Total	$ 136,728	$ 161,554

At June 30, 2019, deferred outflows of resources and deferred inflows of resources related to the TRS pension are as follows:

June 30, 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	$ 67,957	$ 214,868
Net Difference Between Projected and Actual Experience	2,727	7,644
Net Difference Between Projected and Actual Investment Earnings	-	19,740
Changes in Assumptions	12,521	-
Contributions After the Measurement Date	56,438	-
Total	$ 139,643	$ 242,252

NOTE 11 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

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

The College will recognize the $57,438 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the TRS net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in TRS pension expense as follows.

Fiscal Year Ending June 30,	Amortization
2021	13,159
2022	41,072
2023	46,133
2024	11,832
2025	660
Total	$ 112,856

Payables to the Pension Plan

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

NOTE 12 LEASES

The College leases a branch campus facility in the State. Rental payments for the facility were $209,900 for the year-end June 30, 2020. Following is a schedule of future minimum lease payments for the term of this operating lease.

Year Ending June 30,	Amount
2021	$ 209,900

NOTE 13 DISCRETELY PRESENTED COMPONENT UNIT

The Bluefield State College Foundation, Inc. (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 are 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 therefore discretely presented with the College's financial statements in accordance with GASB. Complete financial statements for the Foundation can be obtained from the President of the Bluefield State College Foundation at College Avenue, Bluefield, Virginia 24605.

During the years ended June 30, 2020 and 2019, the Foundation contributed $251,465 and $241,523 respectively, to the College for scholarships and grants and employee compensation.

The Corporation is a separate nonprofit organization incorporated in the State of West Virginia and has as its purpose "…form partnerships and develop commitments for assistance from a wide spectrum of community based organizations in both the public and private sectors. The corporation will work to identify and eliminate barriers that inhibit access to technology training and market based development activities in communities served by the College…" Oversight of the Corporation 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 Corporation employs management, forms policy, and maintains fiscal accountability over funds administered by the Corporation. Although the College does not control the timing or amount of receipts from the Corporation, the majority of resources, or income thereon, that the Corporation holds and invests are restricted to the activities of the College by donors or grant restrictions. Because these restricted resources held by the Corporation can only be used by, or for the benefit of, the College, the Corporation can only be used by, or for the benefit of, the College, the Corporation is considered a component unit of the College and is therefore discretely presented with the College's financial statements in accordance with GASB. Complete financial statements for the Corporation can be obtained from the President of the

Bluefield State College Research and Development Corporation at 219 Rock Street, Bluefield, Virginia 24701.

NOTE 14 AFFILIATED ORGANIZATIONS (UNAUDITED)

There are separately incorporated organizations affiliated with the College which include the Center for Applied Research and Technology of Bluefield State College and the Bluefield State College Alumni Association. Oversight responsibility for these entities rests with independent boards and management not otherwise affiliated with the College. Accordingly, the financial statements of such organizations are not included in the accompanying financial statements under the blended component unit requirements. They are not included in the College's accompanying financial statements as, they (1) are not material or (2) have dual purposes (i.e., not entirely, or almost entirely for the benefit of the College).

NOTE 15 CONTINGENCIES

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

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 16 PRIOR PERIOD ADJUSTMENT

During the current year it was determined that a prior year expense in the amount of $275,825 should have been recorded as a capital assets. To correct this error, beginning net position of the College was restated by an increase of $275,825.

NOTE 17 NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

These tables represent operating expenses within both natural and functional classifications for the years ended June 30:

	2020							
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Fees Assessed by Commission	Total
Instruction	$ 5,456,281	$ 1,178,418	$ 772,335	$ 533	$ -	$ -	$ -	$ 7,407,567
Research	1,108	139	4,982	-	-	-	-	6,229
Public Service	-	180	-	-	-	-	-	180
Academic Support	669,696	143,713	351,766	1,974	-	-	-	1,167,149
Student Services	929,538	207,600	410,096	-	-	-	-	1,547,234
General Institutional Support	2,118,353	383,671	1,304,307	26,084	-	-	-	3,832,415
Operations and Maintenance of Plant	390,268	140,520	859,000	597,638	-	-	-	1,987,426
Student Financial Aid	-	-	-	-	1,673,152	-	-	1,673,152
Auxiliary Enterprises	483,017	114,492	568,657	81,061	-	-	-	1,247,227
Depreciation	-	-	-	-	-	1,219,658	-	1,219,658
Other	-	-	-	-	-	-	-	-
Total	$ 10,048,261	$ 2,168,733	$ 4,271,143	$ 707,290	$ 1,673,152	$ 1,219,658	$ -	$ 20,088,237

	2019							
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Fees Assessed by Commission	Total
Instruction	$ 5,879,849	$ 1,461,459	$ 619,127	$ 139	$ -	$ -	$ -	$ 7,960,574
Research	37,759	11,161	25,316	54	-	-	-	74,290
Public Service	1,066	10,373	(6,600)	-	-	-	-	4,839
Academic Support	702,595	170,101	278,082	1,655	-	-	-	1,152,433
Student Services	1,270,107	279,089	530,718	150	-	-	-	2,080,064
General Institutional Support	2,152,608	494,185	1,542,455	77,427	-	-	-	4,266,675
Operations and Maintenance of Plant	379,593	140,545	1,531,428	735,473	-	-	-	2,787,039
Student Financial Aid	-	-	-	-	1,153,543	-	-	1,153,543
Auxiliary Enterprises	475,304	126,167	878,969	85,850	-	-	-	1,566,290
Depreciation	-	-	-	-	-	1,297,986	-	1,297,986
Other	-	-	-	-	-	-	-	-
Total	$ 10,898,881	$ 2,693,080	$ 5,399,495	$ 900,748	$ 1,153,543	$ 1,297,986	$ -	$ 22,343,733

NOTE 18 COMPONENT UNIT DISCLOSURES – BLUEFIELD STATE COLLEGE FOUNDATION, INC.

The following are the notes taken directly from the Foundation's financial statements.

NOTE 18.1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Foundation

Bluefield State College Foundation, Inc. (the Foundation) is incorporated as a nonprofit corporation under the laws of the State of West Virginia. The purpose of the Foundation is to provide for student scholarships and faculty and staff development at Bluefield State College (the College).

The Foundation is managed by an independently elected Board of Directors not otherwise affiliated with the College. All contributions generally are for the benefit of the College and are administered by the Foundation.

Basis of Financial Statement Presentation and Accounting

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America. 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

The accompanying financial statements present information regarding the Foundation's financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The three classes are differentiated based on the existence or absence of donor-imposed restrictions, as described below:

Net assets without donor restrictions are net assets available for use in general operations and not subject to donor restrictions. These net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Board-designated endowment funds are not subject to donor restrictions and are included in net assets without donor restrictions. Revenues, gains, and losses that are not net assets with donor restrictions are included in this classification. Expenses are reported as decreases in this classification.

NOTE 18.1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Financial Statement Presentation and Accounting (Continued)

Net assets with donor restrictions are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or that can be fulfilled by action of the Foundation pursuant to those stipulations. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

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 certain reported amounts and disclosures. Accordingly, actual results could vary from those estimates.

Cash and Short-Term Investments

The Foundation considers all highly liquid investments with maturity of three months or fewer when purchased to be cash and cash equivalents. At June 30, 2020 and 2019, cash equivalents of $555,888 and $719,118, respectively, were securities of the U.S. government, its agencies, authorities and instrumentalities, and obligations of U.S. banks.

Cash equivalents are stated at cost, which approximates market value. Cash held for long-term investment is classified as cash restricted for long-term investment and by agency relationships.

The money market investment accounts are approximately and the principal underlying assets. The estimated fair value of short-term investments approximates cost.

Fund Descriptions

General Administrative Account – Funds that were released from Title III restrictions and internally restricted by the Foundation’s Board for the purpose of ensuring funds be available for future administrative costs. Most donors elect to endow funds to be permanently restricted for scholarships and, following the market’s downturns, the Board felt it necessary to set aside funds to cover needed future administrative costs.

Endowed Account – Funds permanently set aside by donors for specific uses with the majority designated for scholarships. The Robertson endowment; however, is for use by the library.

NOTE 18.1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Descriptions (Continued)

Peters Engineering Chair – Account endowed for use as directed by the Head of the Engineering Division.

FCB Title III and FCBT Title III – Restrictions have been satisfied and the funds have now been released for the Foundation to use in any manner it feels is beneficial to Bluefield State College. The Board has determined to use seventy-five percent (75%) income for disbursements and has internally restricted the use of the remaining funds for future needs.

BSC General Foundation Account – Unrestricted funds and property held by the Foundation. Monies are used for administrative costs, discretionary funds for use by the President and Executive Director of the Foundation as approved by the Board and any other day-to-day costs of maintaining the Foundation.

Note Receivable

Note receivable is reported at its principal outstanding balance. The Board has approved for the receivable to be nonaccrual.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. The fair value of investments in equities, bonds, U.S. securities, exchange traded mutual funds, REIT and short-term assets is determined by reference to quoted market prices. Net unrealized and realized gains or losses are reflected in the Statements of Activities. Certain land and other investments, which are not readily marketable, are carried at cost.

Gifts of investments are recorded at their fair value (based on quotations or appraisals) at date of gift. Purchases and sales of investments are recorded on the trade date.

Income and realized and unrealized net gains on investments of endowment and similar net asset classes are reported as follows:

- As changes in net assets with donor restrictions if the terms of the gift require that they be added to the principal of an endowment fund to be held in perpetuity or if the terms of the gift impose restrictions on the use of the income, including income earned on donor-restricted endowment funds;
- As changes in net assets without donor restrictions in all other cases.

NOTE 18.1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets Whose Use is Limited

Assets whose use is limited consist of assets internally designated by the Foundation for specific use. The Foundation retains control over these assets and may, at its discretion, subsequently use the assets for other purposes. These assets consist of cash and cash equivalents, investments, and other property. Cash and cash equivalents and investments within this category follow the same policies noted earlier for regular cash and cash equivalents (those whose use is not limited).

Amounts Held on Behalf of Others

Amounts held on behalf of others are used to account for assets held by the Foundation as an agent for other organizations. These funds are custodial by nature (assets equal liabilities) and do not involve measurement of operations; therefore, the related assets are included in "investments" and "cash restricted for long-term investments and by agency relationships" and related obligations are included in "amounts held on behalf of others" in the accompanying financial statements.

Revenue Recognition

Contributions

Contributions of cash and other assets, including unconditional promises to give or contributions receivable, are recognized as contribution revenue without donor restrictions or with donor restrictions depending on the existence or nature of donor stipulations. Contributions designated for future periods or restricted by the donor for a specific purpose are reported as contributions with donor restrictions.

Contributions of long-lived assets with no donor-imposed time restrictions are reported as contributions without donor restrictions. Contributions of cash and other assets restricted to the acquisition of long-lived assets are reported as revenues in net assets with donor restrictions. Those restrictions are considered to be released when the long-lived assets are placed in service.

Unconditional promises to give that are expected to be collected in future years are recorded at fair value (pursuant to the fair value option included in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurement*), which is determined by discounting the estimated future cash flows at rates that reflect, among other things, market interest rates and the contributors' overall credit standing. The discounts on those amounts are computed using estimated discount rates at the measurement date applicable to the years in which the promises to give are expected to be received.

Conditional promises to give are not recognized until the conditions are substantially met.

NOTE 18.1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services

The Foundation occasionally uses office space located in a College-owned building and receives assistance in development and administration of the Foundation by an employee of the College.

The value of these services as well as other donated volunteer services are not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services.

Income Tax Status

The Foundation is a nonprofit organization exempt from federal income taxes under *Internal Revenue Code* Section 501(c)(3) based upon its determination letter dated October 16, 1969. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation within the meaning of Section 509(a) of the *Internal Revenue Code*.

Credit Risk Concentration

Financial instruments, which potentially subject the Foundation to concentrations of credit risk, consist principally of cash and cash equivalents and investments. The Foundation places its temporary cash investments with high credit quality financial institutions and does not believe it is exposed to any significant credit risk on cash and cash equivalents. Concentration of credit risk for investments is limited by the Foundation’s policy of diversification of investments.

Functional Reporting

Expenses are reported on a functional basis that discloses the purposes for which the expenses have been incurred. A brief description of each of the functional classifications follows:

- **College Support** – Funds expended primarily to provide support services for Bluefield State College. 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.
- **Fundraising Expenses** – Expenses related to community and alumni relations, including development and fundraising.
- **Management Expenses** – 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 (3) administrative data processing.

NOTE 18.1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Hierarchy

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority: Level 2 inputs consist of observable inputs other than quoted prices for identical assets; and Level 3 inputs consist of unobservable inputs and have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Level 1 – Fair Value Measurements

Cash and short-term investments have principal underlying assets which are securities of the U.S. government, its agencies, authorities and instrumentalities, and obligations of U.S. banks. The estimated fair value approximates cost. Cash restricted for long term is classified as investment and is stated at cost, which approximates fair value. The fair value of investments in certificates of deposit, corporate and municipal bonds and notes, equities, mutual funds, REIT, and limited partnerships is determined by reference to quoted market prices.

Net Asset Classifications of Institutional Funds

The Foundation holds institutional funds, principally endowment funds, subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted in the state of West Virginia. “Endowment” is a commonly used term to refer to the resources that have been restricted by the donor or designated by the Board that will be invested to provide future revenue to support the Foundation’s activities. The Foundation’s endowment consists of individual funds established for a variety of purposes. As titled, UPMIFA provides guidance and applicable regulations relative to the management of applicable funds.

In response to UPMIFA, the Foundation adopted the provisions of authoritative accounting guidance for the net asset classification of donor restricted endowment funds for an organization that is subject to UPMIFA and including the required related financial statement disclosures.

NOTE 18.1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interpretation of UPMIFA

The Board of Directors of the Foundation has interpreted UPMIFA 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. The Foundation classifies as net assets with donor restrictions the historical value of donor-restricted “true” endowment funds, which (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of investment returns to the permanent endowment made in accordance with the direction of the applicable donor gift instrument, when applicable, at the time the accumulation is added to the fund.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation recognizes that unsupervised assets will probably be subjected to an inflationary loss of purchasing power; therefore the funds should be managed in a way that will minimize the effect of inflation. Fixed income-like investments will be used to reduce volatility of the overall portfolio while providing a predictable stream of income.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation employs a total return endowment spending policy that establishes the amount of endowment investment return that is available to support current needs and restricted purposes. This policy is designed to insulate program spending from capital market fluctuations and to increase the amount of return that is reinvested in the corpus of the fund in order to enhance its long-term value.

Funds with Deficiencies (Underwater Funds)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature reported in unrestricted net assets were $-0- as of June 30, 2020 and 2019.

NOTE 18.2 RECEIVABLES

Contributions Receivable

	2020	2019
Unconditional Promises to Give	$ 308,030	$ 325,030
Less:		
Unamortized Discount of 2.3% for 2020 and 2019	(17,757)	(18,952)
Net Unconditional Promises to Give	$ 290,273	$ 306,078

	2020	2019
Expected to be Collected In:		
Less Than One Year	$ 126,630	$ 80,558
One to Five Years	163,643	225,520
Total	$ 290,273	$ 306,078

	2020	2019
Temporarily Restricted	$ 290,273	$ 306,078

Note Receivable

On December 16, 2015, the Hugh I. Shott, Jr. Foundation, Inc. agreed to donate to the Foundation a $2 million note receivable secured by certain real estate known as the Mountain View Real Estate owned by the Bluefield State College Research & Development Corporation (BSC R&D). The Foundation recognized that BSC R&D's current financial condition made it impossible to pay the principal and unpaid interest due by the original maturity date; therefore, the promissory note was modified extending the maturity to January 3, 2021 with annual installments of $100,000 and carrying an annual interest rate of 5%. In July 2019, the Board approved forgiveness of the note receivable in order to facilitate the sale of the property securing the note.

NOTE 18.3 INVESTMENTS

Investments were comprised of the following:

	2020		2019	
	Amount	Percent	Amount	Percent
Measured at Fair Value:				
Certificates of Deposits	$ -	- %	$ 50,085	0.39 %
Corporate and Municipal Bonds and Notes	1,539,918	12.00	2,005,895	15.65
Equity Investments	5,485,956	42.72	5,951,147	46.42
Mutual Funds	5,472,263	42.60	4,457,581	34.77
REIT	-	-	-	-
Limited Partnership	18,170	0.14	28,870	0.23
Total Measured at Fair Vlaue	12,516,307	97.46%	12,493,578	97.46
Measured at Cost				
Real Estate	326,600	2.54	326,600	2.54
Total Investments	$ 12,842,907	100.00	$ 12,820,178	100.00

Corporate notes are concentrated in the financial services sector. Municipal bonds consist principally of obligations to the U.S. Treasury and agencies. Equity investments and mutual funds are diversified, with no significant industry concentrations.

NOTE 18.4 FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following represents the Foundation's financial assets at June 30, 2020 and 2019:

	2020	2019
Financial Assets:		
Cash and Cash Equivalents	$ 505,023	$ 676,064
Contributions Receivable, Net	290,273	306,078
Dividends and Interest Receivable	4,409	6,393
Cash Restricted for Long-Term Investment and by Agency Relationships	130,415	63,657
Investments	12,842,907	12,820,178
Other Assets Net of Allowance	3,941	1,189
Total Financial Assets	13,776,968	13,873,559
Less Amounts Not Available to be Used within One Year:		
Endowments and Accumulated Earnings Subject to Appropriation Beyond One Year	2,902,384	3,027,498
Board-Designated Endowment	9,114,544	9,076,746
Contributions Receivable Collectible Beyond One Year	163,643	225,520
Cash Restricted for Long-Term Investment and by Agency Relationship	130,415	63,657
Total Amounts Not Available	12,310,986	12,393,421
Financial Assets Available to Meet General Expenditures Over the Next Fiscal Year	$ 1,465,982	$ 1,480,138

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 18.5 NET ASSETS

Net assets as of June 30, consisted of the following:

	2020	2019
Without Donor Restrictions:		
Board Designated Endowment Funds	$ 9,114,544	$ 9,076,746
Investment in Land, Leased for Charitable Purposes	250,000	250,000
Investment in Land	92,600	92,600
Undesignated	877,547	2,940,867
Total Without Donor Restrictions	10,334,691	12,360,213
With Donor Restrictions:		
Subject to Expenditure for Specific Purpose and Time:		
Engineering Technology Department	217,380	228,673
Student Support	1,265,433	1,339,237
Total With Donor Restrictions	1,482,813	1,567,910
Permanent Endowment Funds:		
Engineering Technology Department	150,000	150,000
Student Financial Support	1,809,464	1,795,436
Total Permanent Endowment Funds	1,959,464	1,945,436
Total Net Assets	$ 13,776,968	$ 15,873,559

Land is leased to another nonprofit entity for $1 per year to assist in its charitable purpose. The lease renews in 10-year terms, but automatically terminates May 31, 2083 or if the land is not used for the stated purpose. The lease provides that the lessee must maintain liability coverage of $1 million to protect the Foundation.

Undesignated funds included the $2 million deed of trust with the BSC R&D Corporation at June 30, 2019.

NOTE 18.6 OPERATING EXPENSES

The table below presents expenses by both their nature and function for the fiscal year 2020 and by their nature for fiscal year 2019.

	Program							
	Student Support	Institutional Support	Conferences, Meetings, and Travel	Other Expenses	Financial Management	Fundraising	2020 Total	2019 Total
Compensation	$ -	$ -	$ -	$ 62,799	$ -	$ -	$ 62,799	$ 53,135
Scholarships	238,222	-	-	-	-	-	238,222	238,269
Discretionary	-	8,391	-	-	-	-	8,391	3,500
Executive Director	-	102	-	-	-	-	102	(2,936)
Awards	-	3,200	-	-	-	-	3,200	4,728
Capital Improvements	-	105,000	-	-	-	-	105,000	-
College Support	-	18,978	-	-	-	-	18,978	-
Miscellaneous	-	-	-	13,403	-	-	13,403	-
Advertising	-	-	-	-	-	-	-	50
Professional Services	-	-	-	16,525	-	-	16,525	18,203
Travel and Conferences	-	-	3,511	-	-	-	3,511	3,216
Office Expense	-	-	-	4,974	-	-	4,974	1,892
Fiduciary Fees	-	-	-	-	28,156	-	28,156	29,446
Maintenance	-	-	-	-	-	-	-	130
Fundraising	-	-	-	-	-	2,632	2,632	9,027
Deed of Trust Forgiveness	-	-	-	-	2,000,000	-	2,000,000	-
Total	$ 238,222	$ 135,671	$ 3,511	$ 97,701	$ 2,028,156	$ 2,632	$ 2,505,893	$ 358,660

NOTE 18.7 FAIR VALUE MEASUREMENTS

		Fair Value Measurements at Reporting Date Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2020				
Cash and Short-Term Investments	$ 505,023	$ 505,023	$ -	$ -
Cash Restricted for Long-Term Investment	130,415	130,415	-	-
Investments:				
Certificates of Deposits	-	-	-	-
Corporate and Municipal Bonds and Notes	1,539,918	1,539,918	-	-
Equity Investments	5,485,956	5,485,956	-	-
Mutual Funds	5,472,263	5,472,263	-	-
Limited Partnership	18,170	18,170	-	-
Total	$ 13,151,745	$ 13,151,745	$ -	$ -
June 30, 2019				
Cash and Short-Term Investments	$ 676,064	$ 676,064	$ -	$ -
Cash Restricted for Long-Term Investment	63,657	63,657	-	-
Investments:				
Certificates of Deposits	50,085	100,076	-	-
Corporate and Municipal Bonds and Notes	2,005,894	2,005,894	-	-
Equity Investments	5,951,147	5,951,147	-	-
Mutual Funds	4,457,581	4,457,581	-	-
Limited Partnership	28,870	28,870	-	-
Total	$ 13,233,298	$ 13,283,289	$ -	$ -

NOTE 19 RELATED PARTY TRANSACTION

Certain local financial institutions hold substantially all the Foundation's assets in their trust departments. Some of the Foundation's board members also serve as officers and directors of these institutions. The Foundation paid $28,156 and $29,446 in management fees to these related parties for the years ended June 30, 2020 and 2019, respectively. BSC R&D is related to the Foundation through the common purpose of supporting Bluefield State College. Both entities are consolidated into the College's financial statements.

NOTE 20 SUBSEQUENT EVENTS

In December 2019, a novel strain of coronavirus (COVID-19) was reported, and the full impact of the outbreak continues to evolve as of the date of this report. The World Health Organization (WHO) declared the COVID-19 outbreak a "Public Health Emergency of International Concern" on January 30, 2020. The Foundation's operations have been affected by closures and stay-at-home orders issued in March and April 2020 by government officials in response to the COVID-19 outbreak. The extent of the impact of the COVID-19 outbreak on the Foundation's operations will depend on the duration and spread of COVID-19, which is uncertain and cannot be predicted. The extent to which the COVID-19 outbreak may impact Foundation activity cannot be reasonably estimated at this time.

On July 17, 2020, the Foundation became Guarantors for Collegiate Housing Corporation of Bluefield, Inc.'s loan totaling the principal amount of $3.2 million. Foundation assets of $4.575 million have been designated as the loan's collateral. The loan matures July 17, 2021.

The Foundation has evaluated subsequent events for potential recognition and/or disclosure in the June 30, 2020 financial statements through October 16, 2020, the date the financial statements were available to be issued.

BLUEFIELD STATE COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPORTIONATE SHARE OF
NET PENSION LIABILITY AND CONTRIBUTIONS
YEARS ENDED JUNE 30, 2020 AND 2019
(UNAUDITED)

Schedule of Proportionate Share of TRS Net Pension Liability

Measurement Date	Colleges Proportionate Share as a Percentage of Net Pension Liability	College's Proportionate Share	State's Proportionate Share	Total Proportionate Share	College's Covered Employee Payroll	College's Proportionate Share as a Percentage of Covered Payroll	College's Plan Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2015	0.016479%	$ 571,039	$ 1,303,004	$ 1,874,043	$ 495,570	115%	66.25%
June 30, 2016	0.019228%	$ 790,228	$ 1,505,173	$ 2,295,401	$ 500,367	158%	65.95%
June 30, 2017	0.014434%	$ 498,691	$ 1,102,827	$ 1,601,518	$ 519,608	96%	67.85%
June 30, 2018	0.012144%	$ 379,167	$ 982,451	$ 1,361,618	$ 381,180	99%	71.20%
June 30, 2019	0.013199%	$ 392,693	$ 948,006	$ 1,340,699	$ 381,175	103%	72.64%

Schedule of Employer Contributions

Measurement Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actuarial Contribution as a Percentage of Covered Payroll
June 30, 2015	$ 72,747	$ 73,656	$ (909)	$ 491,040	15%
June 30, 2015	$ 74,933	$ 80,855	$ (5,922)	$ 495,570	16%
June 30, 2016	$ 75,055	$ 81,371	$ (6,316)	$ 500,367	16%
June 30, 2017	$ 59,754	$ 65,163	$ (5,409)	$ 519,608	13%
June 30, 2018	$ 57,177	$ 57,177	$ -	$ 381,180	15%
June 30, 2019	$ 56,438	$ 56,438	$ -	$ 381,175	15%

These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Required Supplementary Information

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.

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Inflation	3.0%	3.0%	3.0%	1.9%	2.2%
Salary Increases	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For nonteacher 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 nonteacher 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 nonteacher 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 nonteacher 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 nonteacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.40 to 6.50%.
Investment Rate of Return	7.5%, net of pension plan investment expense, including inflation.	7.5%, net of pension plan investment expense, including inflation.	7.5%, net of pension plan investment expense, including inflation.	7.5%, net of pension plan investment expense, including inflation.	7.5%, net of pension plan investment expense, including inflation.
Mortality	Active: RP2000, nonannuitant 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	Active: RP2000, nonannuitant 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	Active: RP2000, nonannuitant 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	Active: RP2000, nonannuitant monthly mortality table. Retired: RP2000 healthy annuitant, scale AA; Disabled: RP2000 disabled annuitant mortality table, scale AA.	Active: RP2000, nonannuitant monthly mortality table; Retired: RP2000 healthy annuitant, scale AA; Disabled: RP2000 disabled annuitant mortality table, scale AA.

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
	Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.		
Discount Rate	7.5%	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.

BLUEFIELD STATE COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB
YEARS ENDED JUNE 30, 2020 AND 2019

Certain assumptions have been changed since the prior measurement date. The assumption changes that most significantly impacted the net OPEB liability are as follows: the inclusion of waived annuitants increased the liability by approximately $17 million; a 15% reduction in the retirement rate assumption decreased the liability by approximately $68 million; a change in certain healthcare-related assumptions decreased the liability by approximately $232 million; and an update to the mortality tables increased the liability by approximately $25 million. Certain other assumption changes were noted but did not materially impact the net OPEB liability. Additional information, if necessary, can be obtained from the RHBT audited Financial Statements, Required Supplementary Information, and Other Financial Information for the years ended June 30, 2020 and 2019.

Schedule of Proportionate Share of Net OPEB Liability

Measurement Date	College's Proportionate Share as a Percentage of net OPEB Liability	College's Proportionate Share	States's Proportionate Share	Total Proportionate Share	College's Covered Employee Payroll	College's Proportionate Share as a Percentage of Covered Payroll	College's Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
June 30, 2019	0.186175%	$ 3,088,898	$ 632,126	$ 3,721,024	$ 3,204,235	1.037339206	39.69%
June 30, 2018	0.186493%	4,001,084	826,917	4,828,001	3,824,286	104.62%	30.98%
June 30, 2017	0.182223%	4,480,843	920,370	5,401,213	4,007,193	111.82%	25.10%

Schedule of Employer Contributions

Measurement Date	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actuarial Contribution as a Percentage of Covered Payroll
June 30, 2019	$ 327,294	$ 330,967	$ (3,673)	$ 3,204,235	10.33%
June 30, 2018	381,097	327,294	53,803	3,824,286	8.56%
June 30, 2017	374,283	381,097	(6,814)	4,007,193	9.34%

These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

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INDEPENDENT AUDITORS' 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 Directors
Bluefield State College
Bluefield, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, and the aggregate discretely presented component units of Bluefield State College (the College), a blended component unit of the West Virginia Higher Education Fund, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Bluefield State College's basic financial statements, and have issued our report thereon dated October 16, 2020. Our report includes a reference to other auditors who audited the financial statements of the Bluefield State College Foundation, Inc. and the Applied Foundation of West Virginia, as described in our report on the College's financial statements. The financial statements of the Bluefield State College Foundation, Inc. he were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying schedule of findings and recommendations, we did identify certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and recommendations as item 2020-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and recommendations as item 2020-002 to be a significant deficiency.

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*.

Bluefield State College's Response to Findings

The College's response to the finding identified in our audit is described below. 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 16, 2020

2020-001 – Prior Period Adjustment

Type of Finding: Material Weakness in Internal Control Over Financial Reporting

Condition

During the audit, it was determined that at June 30, 2019, there were supplies and other services expense that should have been capitalized in fiscal year ending June 30, 2019 in the amount of $275,825.

Criteria or Specific Requirement

Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the Statement of Net Position, Statement of Revenue, Expenses, and Changes in Net Position, and Statement of Cash Flows, including the notes to the financial statements, in conformity with accounting principles generally accepted in the United States of America. Their responsibilities include recording significant financial reporting process, including controls over procedures used to enter transaction totals into the general ledger; initiate, authorize, record, and process journal entries into the general ledger; and record recurring and nonrecurring adjustments to the financial statements.

Context

The College has a process to review supplies and other services to ensure any expense incurred within the fiscal year that is over their capitalization threshold is properly recorded as capital assets.

Effect

This omission resulted in a restatement to increase the net position and capital assets by $275,825 as of June 30, 2019.

Cause

The expense in question was not caught in the College's capitalization review process and therefore an expense was incurred instead of being capitalized as of June 30, 2019.

Repeat Finding

No

Auditors' Recommendation

We recommend management review policies and procedures regarding the review of expenses to ensure all items over their capitalization threshold is properly capitalized.

Views of Responsible Officials and Planned Corrective Actions:

Bluefield State College recognizes the importance of accurate financial reporting. Within our year-end processes, transactions such as these are extremely unusual. Going forward, Bluefield State personnel will make corrective action for this not to occur again.

2020-002 – Federal Grant Receivables and Unearned Revenue

Significant Deficiency in Internal Control Over Financial Reporting

Condition

Federal grant receivables and unearned revenue subledgers include amounts with no activity in the current year and some which date back as far as 1997/1998.

Criteria or Specific Requirement

Sound internal control policies under the Committee of Sponsoring Organizations (COSO) framework requires that all accounts be reconciled to their underlying subsidiary ledger or other supporting documentation on a timely periodic basis. Such reconciliations should include a review for stale dated items for timely clearing.

Context

The Veterans Upward Bound grant was closed on 9/30/07 and carried a receivable balance of $59,808 with no activity in the current year.

Effect

Federal grant accounts receivable and unearned revenue may be overstated for amounts that are uncollectible or no longer available for spending.

Cause

Reconciliation procedures do not include a review of stale or old amounts for resolution.

Repeat Finding

Yes

Auditors' Recommendation

We recommend the College review Federal grant accounts receivable and unearned revenue subledgers to ensure that only collectible amounts are recorded as receivable and that unearned revenue balances are still within the period of availability for spending. Any amounts deemed uncollectible or not spendable should be written off or returned to the respective agencies, as applicable.

Views of Responsible Officials and Planned Corrective Actions:

Bluefield State College considers any concerns brought forward by the independent auditors important. Personnel at the institution have worked on correcting some balances in some of the grants in previous years and ongoing. Finance personnel will make a concentrated effort in the next months to correct other outstanding balances.