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# BridgeValley Community and Technical College

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



A Professional Limited Liability Company



**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE**  
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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the discretely presented BridgeValley Community and Technical College Foundation, Inc. (a component unit of the College). Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the discretely presented financial statements of the BridgeValley Community and Technical College Foundation, Inc., is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of BridgeValley Community and Technical College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the the business-type activities and discretely presented component unit of BridgeValley Community and Technical College, as of and for the years ended June 30, 2020 and 2019, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 5 through 16, the schedule of proportionate share of the net pension liability, schedule of pension contributions, the schedule of proportionate share of the net OPEB liability, the schedule of OPEB contributions, and related footnotes on pages 71 through 77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standard generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

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



Charleston, West Virginia  
October 1, 2020

## **History**

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

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

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

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

## **Overview**

The Management's Discussion and Analysis is required supplementary information and has been prepared in accordance with the requirements of Governmental Accounting Standards Board (GASB) standards. This section of BridgeValley's annual financial report provides an overview of the College's financial performance during the fiscal years ended June 30, 2020, 2019, and 2018, with a focus on 2020. A comparative analysis is presented for fiscal year 2020 compared to fiscal year 2019.

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

## **Financial Highlights**

At June 30, 2020, BridgeValley's total net position was \$32,929,557 representing a decrease of \$789,322. This decrease in net position was primarily attributable to capital grants and gifts.

Total operating revenues increased approximately 2% over prior year primarily due to increases in federal grants and contracts and student tuition and fees. Total operating expenses increased approximately 6% over prior year mainly due to increases in salaries and wages and scholarships and fellowships and supplies and other services. Net nonoperating revenue increased approximately 13% primarily due to the increase in State Appropriations, Pell Grant and CARES Act funding.

## **Net Position**

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

Net position is displayed in three major categories:

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

*Restricted net position.* This category includes net position, the use of which is restricted either due to externally imposed constraints or because of restrictions imposed by law. They are further divided into two additional components — nonexpendable and expendable. Nonexpendable restricted net position includes endowment and similar type funds for which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal. Expendable restricted net position includes resources for which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

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

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

Condensed Schedules of Net Position  
June 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Assets and Deferred Outflows</b>			
Current Assets	\$ 9,267,481	\$ 7,818,284	\$ 6,893,666
Noncurrent Assets	<u>33,858,766</u>	<u>35,240,077</u>	<u>33,964,716</u>
<b>Total Assets</b>	<u>43,126,247</u>	<u>43,058,361</u>	<u>40,858,382</u>
<b>Deferred Outflows</b>	<u>625,469</u>	<u>740,678</u>	<u>455,285</u>
<b>Total</b>	<u>\$ 43,751,716</u>	<u>\$ 43,799,039</u>	<u>\$ 41,313,667</u>
<b>Liabilities, Deferred Inflows, and Net Position</b>			
Current Liabilities	\$ 5,881,860	\$ 4,776,088	\$ 4,285,367
Noncurrent Liabilities	<u>3,306,964</u>	<u>3,942,868</u>	<u>4,244,489</u>
<b>Total Liabilities</b>	<u>9,188,824</u>	<u>8,718,956</u>	<u>8,529,856</u>
<b>Deferred Inflows</b>	<u>1,633,335</u>	<u>1,361,204</u>	<u>1,162,990</u>
<b>Net Position</b>			
Net Investment in Capital Assets	32,970,513	34,654,921	33,267,441
Restricted for:			
Nonexpendable	50,000	50,000	50,000
Unrestricted	<u>(90,956)</u>	<u>(986,042)</u>	<u>(1,696,620)</u>
<b>Total Net Position</b>	<u>32,929,557</u>	<u>33,718,879</u>	<u>31,620,821</u>
<b>Total</b>	<u>\$ 43,751,716</u>	<u>\$ 43,799,039</u>	<u>\$ 41,313,667</u>

Total 2020 assets and deferred outflows of resources decreased by \$47,323 over 2019. Primary reasons for this increase in 2020 over 2019 are as follows:

- Capital assets, net decreased by \$1,360,408 primarily related to continued depreciation on capital assets with no offsetting addition in the current year.
- Accounts receivable, net increased by \$185,387 related to student accounts.
- Deferred outflows for pension and OPEB decreased by \$115,209 due to market changes.

Total liabilities and deferred inflows of resources in 2020 increased by \$741,999 compared with 2019. The primary reasons for this increase in 2020 compared with 2019 are as follows:

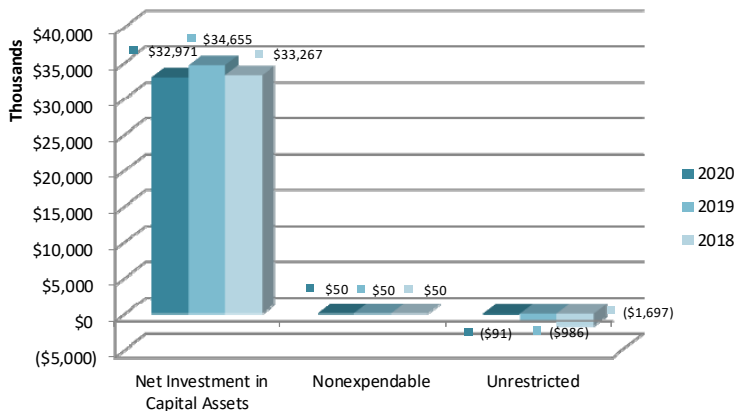
- Unearned revenue increased \$825,141 primarily attributable to increases in grant funds that were unspent at year-end.
- Other post employment benefits liability (OPEB) decreased by \$868,219 due to changes in estimates.
- Compensated absences increased by \$66,152 due to the higher salaries and accrual balances.
- Leases payable current and non-current increased by \$93,613 and \$298,866, respectively. The increase is due to a new lease purchase agreement for IT infrastructure upgrade.

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

- Accrued liabilities increased \$61,309 due to salaries owed at year-end.
- Deferred inflows increased \$272,131 due to market changes for OPEB.

The following is a comparative illustration of net position.

**Total Net Position  
As of June 30, 2020, 2019 and 2018  
(in thousands)**



**Revenues, Expenses, and Changes in Net Position**

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

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

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



**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

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

	2020	2019	2018
Operating Revenues	\$ 9,887,264	\$ 9,674,744	\$ 10,050,259
Operating Expenses	<u>23,813,390</u>	<u>22,532,625</u>	<u>22,135,999</u>
<b>Operating Loss</b>	<b>(13,926,126)</b>	<b>(12,857,881)</b>	<b>(12,085,740)</b>
Net Nonoperating Revenues	<u>12,647,105</u>	<u>11,160,148</u>	<u>10,961,897</u>
<b>Decrease in Net Position before Other Revenues, Expenses, Gains, or Losses</b>	<b>(1,279,021)</b>	<b>(1,697,733)</b>	<b>(1,123,843)</b>
Capital Grants and Gifts, Capital Bond Proceeds and Payments on Behalf of the College	<u>489,699</u>	<u>3,795,791</u>	<u>799,712</u>
<b>Increase (decrease) in Net Position</b>	<b>(789,322)</b>	<b>2,098,058</b>	<b>(324,131)</b>
<b>Net Position at Beginning of Year, as previously stated</b>	<b>33,718,879</b>	<b>31,620,821</b>	<b>32,610,970</b>
<b>Adjustment for change in accounting principle</b>	<u>-</u>	<u>-</u>	<u>(666,018)</u>
<b>Net position at Beginning of Year, as restated</b>	<b><u>33,718,879</u></b>	<b><u>31,620,821</u></b>	<b><u>31,944,952</u></b>
<b>Net Position at End of Year</b>	<b><u>\$ 32,929,557</u></b>	<b><u>\$ 33,718,879</u></b>	<b><u>\$ 31,620,821</u></b>

Operating revenue increased in fiscal year 2020 by \$212,520 over fiscal year 2019. Operating expenses increased by \$1,280,765 over fiscal year 2019, resulting in a fiscal year 2020 net operating loss increase of \$1,068,245 compared with fiscal year 2019. Net nonoperating revenue increased in fiscal year 2020 by \$1,486,957 compared with fiscal year 2019.

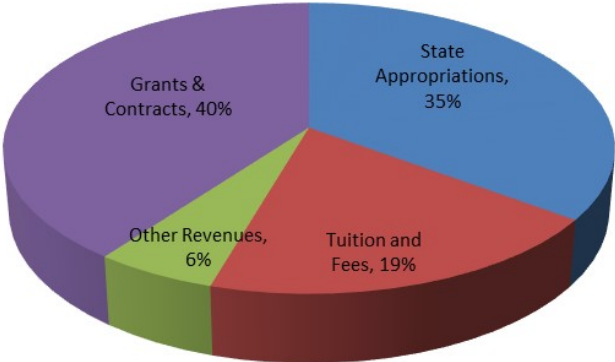
The pie charts below reflect the percentage allocation of total revenue from all sources in fiscal year 2020 compared with fiscal year 2019. Following these charts is a discussion regarding the changes in fiscal year 2020 revenue compared with fiscal year 2019.

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

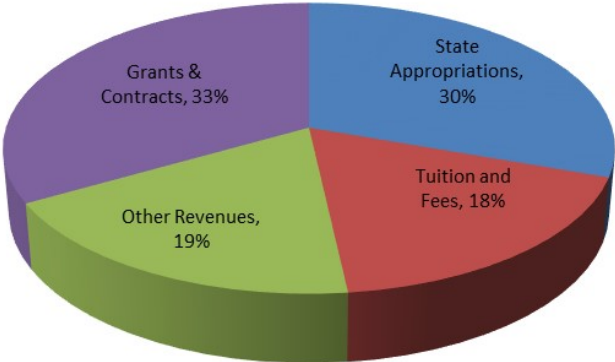
Revenues:

The following charts illustrate the composition of revenues by source for 2020 and 2019.

**Total Revenues  
For the Year Ended June 30, 2020**



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



**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

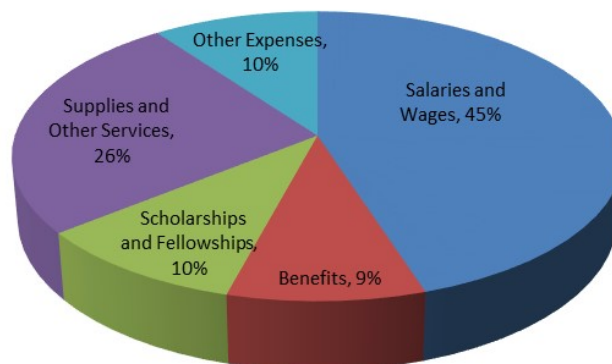
Some highlights of the changes in fiscal year 2020 revenues compared with fiscal year 2019 are as follows:

- State appropriations increased by \$678,163.
- Net tuition and fee revenue increased by \$126,914 primarily related to a slight fee increase.
- Capital grants and gifts revenue decreased by \$3,258,753 due to the acquisition of three buildings and associated land from WVU Tech in 2019.
- Grants and Contracts increased by \$222,576. There was an increase in Federal grants and contracts revenue of \$262,229 primarily related to the EDA/ARC grants. State grants and contracts decreased slightly by \$12,564. Nongovernmental grants and contracts decreased by \$27,089.
- Pell grants increased by \$154,515.
- CARES Act funds are new for 2020. The student portion of revenue is \$531,150 and the institutional portion is \$158,256.

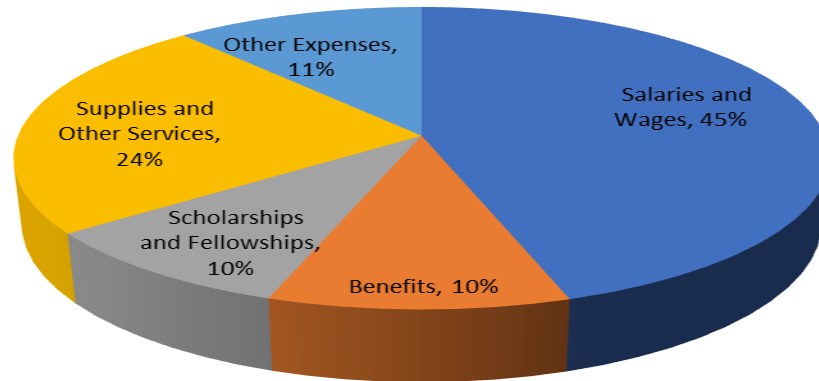
Expenses:

The following is a graphic illustration of total expenses by source for fiscal years 2020 and 2019.

**Total Expenses  
For the Year Ended June 30, 2020**



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



Total expenses for fiscal year 2020 were \$23,813,390 with an increase of \$1,280,765 over fiscal year 2019. Some highlights of the changes in fiscal year 2020 expenses compared with fiscal year 2019 are as follows:

- Salaries and wages increased by \$612,399 primarily related to an across-the-board raise for full-time employees and new hires.
- Benefits decreased by \$153,006 primarily related to the decrease of OPEB liability.
- Scholarships and fellowships increased by \$272,342 due to an increase in Pell Grant and CARES awards.
- Supplies and other services increased by \$647,766 due to necessary building repairs and COVID related expenses.
- Depreciation decreased by \$188,201 related to fully depreciated assets.

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

13

**Cash Flows**

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

The statement of cash flows is divided into five sections:

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

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

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

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

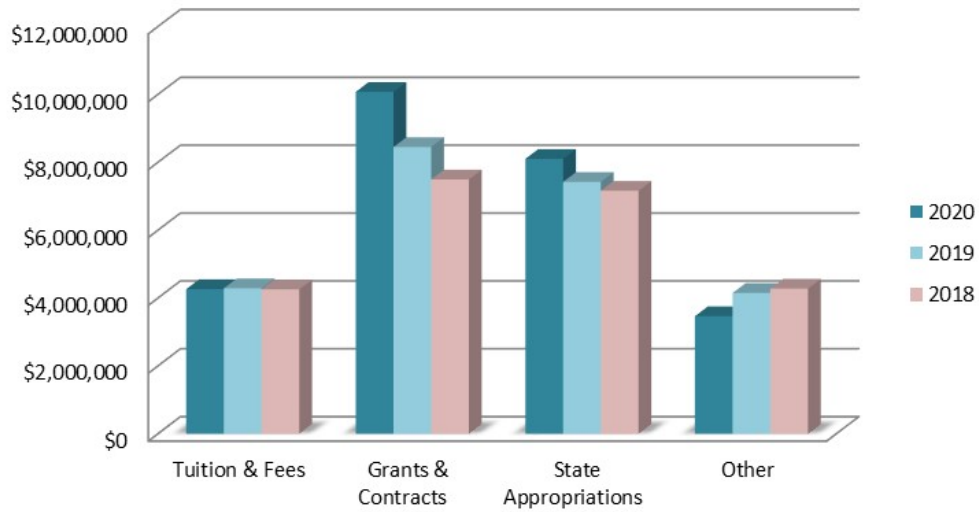
*Reconciliation of operating loss to net cash used in operating activities.* This section provides a schedule that reconciles the accrual-based operating income (loss) and net cash used in operating activities.

**Condensed Statements of Cash Flows  
Years Ended June 30,**

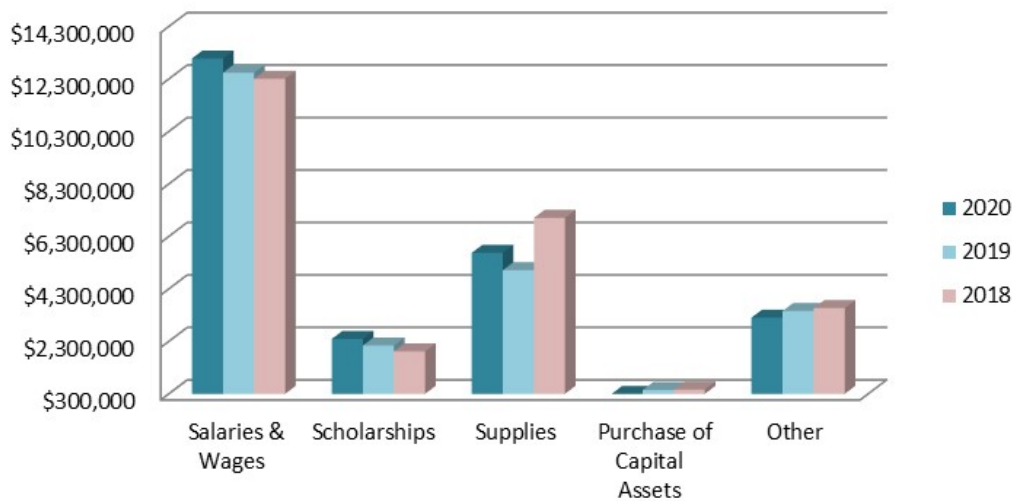
<b>Cash Provided By (Used In):</b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Operating Activities	\$(11,040,565)	\$(10,315,495)	\$(13,004,840)
Noncapital Financing Activities	12,409,744	11,046,249	10,877,067
Capital Financing Activities	(211,932)	(157,848)	(68,091)
Investing Activities	<u>117,677</u>	<u>114,512</u>	<u>87,244</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,274,924</b>	<b>687,418</b>	<b>(2,108,620)</b>
Cash and Cash Equivalents, Beginning of Year	<u>6,922,029</u>	<u>6,234,611</u>	<u>8,343,231</u>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 8,196,953</u></b>	<b><u>\$ 6,922,029</u></b>	<b><u>\$ 6,234,611</u></b>

The following graphs illustrate the sources and uses of cash:

**SOURCES OF CASH  
Fiscal Years 2020, 2019 and 2018**



**USES OF CASH  
Fiscal Years 2020, 2019 and 2018**



### **Capital Asset and Long Term Debt Activity**

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

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

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

### **COVID**

In March 2020, the COVID-19 outbreak caused colleges and universities to change delivery methods of instruction to students. BridgeValley Community & Technical College quickly switched all classes to online delivery for the remainder of the Spring semester. Summer School instruction remained online as well. Fall classes are scheduled to be remote, online, or in-person for laboratory classes (in small groups). The operation of the college continues without interruption. Student activities and camps are being held virtually. Even though no one knows when this pandemic will end, the College is doing everything possible to provide a safe environment for students and employees. BridgeValley's COVID-19 Response Plan is available on the college website.

## **Economic Outlook**

The financial position of BridgeValley is closely tied to that of the State of West Virginia. During 2019-2020, state revenue collections remained stable and no reductions were imposed. Fiscal year 2020 state appropriations reflected an increase of 6.05% over 2019. The State Budget Office projections for fiscal year 2021 are being closely monitored. Should these projections for fiscal year 2021 change and BridgeValley experiences a reduction in state appropriations, the college has developed plans to address the reductions.

Projections for Fall 2021 enrollment are anticipated to remain flat in both headcount and full-time equivalent enrollment. The College is dependent upon tuition and fee revenue to maintain the large percentage of high-cost allied health and technical programs; for Fiscal Year 2021, BridgeValley's Board of Governors approved a 2% increase for resident students.

External funding, primarily State grants and contracts and federal grants, are providing important dollars to initiate new academic programs and workforce initiatives. New projects are consistently proposed for the use of State grants available for community and technical college education through legislative appropriations to the West Virginia Council for Community and Technical College Education. In 2020, BridgeValley was awarded two federal grants for the Workforce Construction, Telecommunications, & Energy Training Center. The grants are approximately \$749,000 each from the Economic Development Administration and the Appalachian Regional Commission.

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

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

## **Requests for Information**

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



**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2020 AND 2019**

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	<u>2020</u>	<u>2019</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 8,146,953	\$ 6,872,029
Accounts receivable, net of allowance for doubtful accounts	968,470	783,083
Due from the Council/Commission	152,058	163,172
Total current assets	9,267,481	7,818,284
NONCURRENT ASSETS:		
Cash and cash equivalents	50,000	50,000
Other receivables	31,762	35,745
Other assets	174,840	191,760
Capital assets, net	33,602,164	34,962,572
Total noncurrent assets	33,858,766	35,240,077
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows relating to the net pension liability	60,776	78,991
Deferred outflows relating to the net OPEB liability	564,693	661,687
Total deferred outflows of resources	625,469	740,678
<b>TOTAL</b>	<b>\$ 43,751,716</b>	<b>\$ 43,799,039</b>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>		
CURRENT LIABILITIES:		
Accounts payable	\$ 274,753	\$ 231,424
Due to State agencies	350	317
Accrued liabilities	1,260,283	1,198,974
Unearned revenue	3,731,408	2,906,267
Due to the Council/Commission	16,195	-
Compensated absences	418,466	352,314
Debt payable to the Commission — current portion	68,479	68,479
Leases payable — current portion	111,926	18,313
Total current liabilities	5,881,860	4,776,088
NONCURRENT LIABILITIES:		
Other post employment benefits liability	2,755,127	3,623,346
Net pension liability	100,591	98,663
Debt payable to the Commission, net of current portion	76,846	145,325
Leases payable, net of current portion	374,400	75,534
Total noncurrent liabilities	3,306,964	3,942,868
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows relating to the net pension liability	241,762	331,819
Deferred inflows relating to the net OPEB liability	1,391,573	1,029,385
Total deferred inflows of resources	1,633,335	1,361,204
NET POSITION:		
Net investment in capital assets	32,970,513	34,654,921
Restricted for—nonexpendable	50,000	50,000
Unrestricted deficit	(90,956)	(986,042)
Total net position	32,929,557	33,718,879
<b>TOTAL</b>	<b>\$ 43,751,716</b>	<b>\$ 43,799,039</b>

The Accompanying Notes Are An Integral  
Part Of These Financial Statements

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

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	<u>2020</u>	<u>2019</u>
<b>OPERATING REVENUES:</b>		
Student tuition and fees — net of scholarship allowances of \$2,674,406 and \$2,461,513 in 2020 and 2019, respectively	\$ 4,477,466	\$ 4,350,552
Federal grants and contracts	1,605,821	1,343,592
State grants and contracts	1,944,051	1,956,615
Nongovernmental grants and contracts	1,154,290	1,181,379
Sales and services of educational departments	37,208	59,602
Auxiliary enterprises — net of scholarship allowances of \$140,758 and \$157,118 in 2020 and 2019, respectively	620,782	656,370
Other operating revenues	47,646	126,634
Total operating revenues	<u>9,887,264</u>	<u>9,674,744</u>
<b>OPERATING EXPENSES:</b>		
Salaries and wages	10,733,882	10,121,483
Benefits	2,187,310	2,340,316
Scholarships and fellowships	2,396,493	2,124,151
Utilities	428,317	335,161
Supplies and other services	5,701,311	5,053,545
Depreciation	2,163,075	2,351,276
Assessments by the Commission for operations	83,706	85,833
Net service agreement expense to WVU/WVSU	119,296	120,860
Total operating expenses	<u>23,813,390</u>	<u>22,532,625</u>
<b>OPERATING LOSS</b>	<u>(13,926,126)</u>	<u>(12,857,881)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
State appropriations	8,098,811	7,420,648
Federal Pell grants	3,786,391	3,631,876
Investment income	108,598	118,088
CARES Act - institutional portion revenue	158,256	-
CARES Act - student portion revenue	531,150	-
Fees assessed by the Commission	(6,608)	(6,275)
Interest on capital asset-related debt	(29,493)	(4,189)
Net nonoperating revenues	<u>12,647,105</u>	<u>11,160,148</u>
<b>DECREASE IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES</b>	<u>(1,279,021)</u>	<u>(1,697,733)</u>
<b>CAPITAL GRANTS AND GIFTS</b>	<u>301,768</u>	<u>3,560,521</u>
<b>PAYMENTS MADE AND EXPENSES INCURRED ON BEHALF OF THE COLLEGE - STATE OF WV</b>	<u>187,931</u>	<u>235,270</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<u>(789,322)</u>	<u>2,098,058</u>
<b>NET POSITION - Beginning of year</b>	<u>33,718,879</u>	<u>31,620,821</u>
<b>NET POSITION - End of year</b>	<u>\$ 32,929,557</u>	<u>\$ 33,718,879</u>

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Student tuition and fees	\$ 4,259,233	\$ 4,284,853
Grants and contracts	5,756,783	4,817,510
Payments to and on behalf of employees	(13,085,576)	(12,542,913)
Payments to suppliers	(5,678,873)	(5,015,951)
Payments to utilities	(398,753)	(349,864)
Payments for scholarships and fellowships	(2,396,013)	(2,145,052)
Auxiliary enterprise charges	620,782	656,370
Sales and service of educational departments	37,208	59,601
Payments of operating expenses to WVU	(119,296)	(120,860)
Fees retained by the Commission	(83,706)	(85,833)
Other payments	47,646	126,644
Net cash used in operating activities	(11,040,565)	(10,315,495)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
State appropriations	8,098,811	7,420,648
Federal Pell grants	3,786,391	3,631,876
CARES Act - student portion revenue	531,150	-
Federal student loan program — direct lending receipts	2,393,753	2,808,666
Federal student loan program — direct lending payments	(2,393,753)	(2,808,666)
Fees assessed by the Commission	(6,608)	(6,275)
Net cash provided by noncapital financing activities	12,409,744	11,046,249
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>		
Payments on Commission debt	(68,479)	(68,479)
Capital gifts and grants received	245,305	383,744
Purchases of capital assets	(254,127)	(451,325)
Payments on leases payable	(105,138)	(17,599)
Interest paid on capital debt and leases	(29,493)	(4,189)
Net cash used in capital financing activities	(211,932)	(157,848)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income	117,677	114,512
Net cash provided by investing activities	117,677	114,512
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,274,924	687,418
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	6,922,029	6,234,611
<b>CASH AND CASH EQUIVALENTS - End of year</b>	\$ 8,196,953	\$ 6,922,029
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED</b>		
<b>IN OPERATING ACTIVITIES:</b>		
Operating loss	\$ (13,926,126)	\$ (12,857,881)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	2,163,075	2,351,276
Pension expense - special funding situation	8,578	6,283
OPEB expense - special funding situation	167,033	228,987
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable — net	(27,360)	(240,342)
Due from the Council/Commission	2,264	6,718
Other receivables	3,983	9,121
Other assets	16,920	16,920
Deferred outflows of resources	115,209	(285,393)
Accounts payable	61,189	(29,788)
Accrued liabilities	61,309	(26,995)
Unearned revenue	825,141	515,372
Due to State Agencies	33	(1,759)
Due to the Council/Commission	16,195	(1,500)
Other postemployment benefits liability	(868,219)	(122,225)
Net pension liability	1,928	(92,604)
Compensated absences	66,152	10,101
Deferred inflows of resources	272,131	198,214
Net cash used in operating activities	\$ (11,040,565)	\$ (10,315,495)
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT</b>		
<b>OF NET POSITION:</b>		
Cash and cash equivalents classified as current	\$ 8,146,953	\$ 6,872,029
Cash and cash equivalents classified as noncurrent	50,000	50,000
	\$ 8,196,953	\$ 6,922,029

STATEMENTS OF FINANCIAL POSITION

<b>ASSETS</b>		
	<b>JUNE 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>CURRENT ASSETS:</b>		
Cash and Cash Equivalents	\$ 442,065	\$ 285,260
Investments	1,147,072	1,330,785
Promises to Give Receivable	7,500	7,500
Accounts and Grants Receivable	17,216	1,754
Accrued Interest Receivable	3,108	6,111
Prepaid Expenses	-	790
Total Current Assets	1,616,961	1,632,200
<b>LONG-TERM ASSETS:</b>		
Investments - Endowment	794,540	810,648
<b>TOTAL ASSETS</b>	<b>\$ 2,411,501</b>	<b>\$ 2,442,848</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts Payable	\$ 19,865	\$ 6,437
Amounts Held on Behalf of Others	8,158	12,165
Deferred Revenue	-	10,296
Total Current Liabilities	28,023	28,898
<b>NET ASSETS:</b>		
Without Donor Restrictions	66,037	34,730
With Donor Restrictions:		
Purpose Restrictions	1,584,597	1,646,376
Perpetual in Nature	732,844	732,844
Total Net Assets	2,383,478	2,413,950
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,411,501</b>	<b>\$ 2,442,848</b>

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

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Net Assets</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES, GAINS, LOSSES AND OTHER SUPPORT:</b>			
Contributions - In-kind	\$ 8,336	\$ 76,968	\$ 85,304
Contributions	27,108	25,815	52,923
Investment Income, net of investment expenses \$15,497	42,095	19,802	61,897
Special Events, Less Direct Expenses of \$10,573	3,443	-	3,443
Net Assets Released from Restrictions:			
Purpose Restrictions Accomplished	184,364	(184,364)	-
	<u>265,346</u>	<u>(61,779)</u>	<u>203,567</u>
Total Revenues, Gains, Losses and Other Support			
<b>EXPENSES:</b>			
Program Services - College and Student Support	202,740	-	202,740
Supporting Services:			
Management and General	29,471	-	29,471
Fundraising	1,828	-	1,828
	<u>234,039</u>	<u>-</u>	<u>234,039</u>
Total Expenses			
<b>CHANGES IN NET ASSETS</b>	<b>31,307</b>	<b>(61,779)</b>	<b>(30,472)</b>
<b>NET ASSETS, JULY 1</b>	<b><u>34,730</u></b>	<b><u>2,379,220</u></b>	<b><u>2,413,950</u></b>
<b>NET ASSETS, JUNE 30</b>	<b><u>\$ 66,037</u></b>	<b><u>\$ 2,317,441</u></b>	<b><u>\$ 2,383,478</u></b>

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED JUNE 30, 2019**

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

**NOTE 1 - ORGANIZATION**

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

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

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

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

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

The West Virginia Legislature, as a regulatory body outside the reporting entity, has restricted the use of certain funds by Article 10, *Fees and Other Money Collected at State Institutions of Higher Education* of the West Virginia State Code. House Bill 101, passed in March 2004, simplified the tuition and fees restrictions to auxiliaries and capital items. These activities are fundamental to the normal ongoing operations of BridgeValley. These restrictions are subject to change by future actions of the West Virginia Legislature. At June 30, 2020 and 2019, BridgeValley had no restricted balances remaining in these funds.

*Restricted net position, nonexpendable* - This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.



**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

**Capital Assets** - Capital assets include property, plant, and equipment. Capital assets are stated at cost at the date of acquisition or construction, or fair market value at the date of donation in the case of gifts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and land improvements, and 3 to 15 years for furniture and equipment. BridgeValley's capitalization threshold is \$5,000.

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

**Compensated Absences and Other Postemployment Benefits (OPEB)** - GASB provides for the measurement, recognition, and display of OPEB expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State. The College is required to participate in this multiple-employer, cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State of West Virginia. Details regarding this plan and its stand alone financials can be obtained by contacting the West Virginia Public Employees Insurance Agency (PEIA), State Capitol Complex, Building 5, Room 1001, 1900 Kanawha Boulevard, East, Charleston, WV 25305-0710 or <http://peia.wv.gov>.

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

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by West Virginia Retiree Health Benefit Trust Fund (RHBT). For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 7 for further discussion.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Classification of Revenues** - BridgeValley has classified its revenues according to the following criteria:

*Operating Revenues* - Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) most federal, state, local, and nongovernmental grants and contracts, and (3) sales and services of educational activities.

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

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

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

**Federal Financial Assistance Programs** - In fiscal year 2010, Bridgemont and Kanawha Valley Community and Technical Colleges switched to the William D. Ford Direct Loan program for making loans to students from the Federal Stafford Loan Program provided to students. Under the William D. Ford Direct Loan program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through colleges. Direct Loan student receivables are not included in BridgeValley's statement of net position, as the loans are repayable directly to the U.S. Department of Education. BridgeValley received and disbursed approximately \$2.4 million and \$2.8 million, respectively, during fiscal years 2020 and 2019 under the Direct Loan Program on behalf of the U.S. Department of Education. These amounts are not included as revenues and expenses on the statement of revenues, expenses, and changes in net position.

BridgeValley also distributes student financial assistance funds on behalf of the federal government to students under the federal Pell Grant, Supplemental Educational Opportunity Grant, Academic Competitive Grant, and College Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2020 and 2019, BridgeValley received and disbursed approximately \$3.9 million and \$3.8 million, respectively, under these federal student aid programs.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Newly Adopted Statements Issued by the Governmental Accounting Standards Board -**

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

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

**Recent Statements Issued by the Governmental Accounting Standards Board -**

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

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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. The requirements of this Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The College has not yet determined the effect that the adoption of GASB Statement No. 89 may have on its financial statements.

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

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

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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



**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**NOTE 3 - CASH AND CASH EQUIVALENTS**

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

	2020		
	Current	Noncurrent	Total
Cash on deposit with the Treasurer/BTI			
Nonauxiliaries	\$ 7,834,451	\$ 50,000	\$ 7,884,451
Auxiliaries	92,558	-	92,558
Cash on hand	600	-	600
Cash in bank	219,344	-	219,344
	\$ 8,146,953	\$ 50,000	\$ 8,196,953

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)**

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

These bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by securities held as collateral by the bank in the name of the State. Cash held by the Treasurer includes \$50,000 and \$50,000 of restricted cash at June 30, 2020 and 2019, respectively.

The combined carrying amount of cash in the bank at June 30, 2020 and 2019, was \$219,344 and \$181,342, respectively, as compared with the combined bank balance of \$215,009 and \$188,112 for the years ended June 30, 2020 and 2019. The difference is primarily caused by outstanding checks and items in transit. The bank balances were covered by federal depository insurance as noted below or were collateralized by securities held by the State's agent. Regarding federal depository insurance, accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Amounts with the State Treasurer were \$7,977,009 and \$6,740,087 as of June 30, 2020 and 2019, respectively. Of these amounts \$7,070,748 and \$6,102,627 were invested in the WV Money Market Pool and the WV Short Term Bond Pool as of June 30, 2020 and 2019, respectively. The remainder of the cash held with the State Treasurer was not invested at June 30, 2020 and 2019.

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

External Pool	2020		2019	
	Carrying Value	S & P Rating	Carrying Value	S & P Rating
WV Money Market Pool	\$ 6,903,120	AAAm	\$ 5,961,527	AAAm
WV Short Term Bond Pool	167,628	Not Rated	141,100	Not Rated

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

**NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)**

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

External Pool	2020		2019	
	Carrying Value	WAM (Days)	Carrying Value	WAM (Days)
WV Money Market Pool	\$ 6,903,120	44	\$ 5,961,527	42

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

External Pool	2020		2019	
	Carrying Value	Effective Duration (Days)	Carrying Value	Effective Duration (Days)
WV Short Term Bond Pool	\$ 167,628	620	\$ 141,100	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.

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

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

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 4 - ACCOUNTS RECEIVABLE**

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

	2020	2019
Student tuition and fees, net of allowances for doubtful accounts of \$369,865 and \$266,606 in 2020 and 2019, respectively	\$ 525,717	\$ 323,033
Grants and contracts receivable	340,008	360,106
Due from third party for payment of tuition & fees	27,066	18,060
Due from other State Agencies	75,679	81,884
	\$ 968,470	\$ 783,083

**NOTE 5 - CAPITAL ASSETS**

The following, as of June 30, 2020 and 2019, is a summary of capital assets transactions for BridgeValley:

	2020			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 857,473	\$ -	\$ -	\$ 857,473
Construction in progress	-	12,320	-	12,320
Total capital assets not being depreciated	\$ 857,473	\$ 12,320	\$ -	\$ 869,793
Other capital assets:				
Buildings	\$ 28,294,103	\$ 68,562	\$ (39,782)	\$ 28,322,883
Leasehold improvements	13,812,159	-	-	13,812,159
Equipment	10,078,483	721,785	-	10,800,268
Total other capital assets	52,184,745	790,347	(39,782)	52,935,310
Less accumulated depreciation for:				
Buildings	(6,739,078)	(728,321)	39,782	(7,427,617)
Leasehold improvements	(4,674,821)	(690,608)	-	(5,365,429)
Equipment	(6,665,747)	(744,146)	-	(7,409,893)
Total accumulated depreciation	(18,079,646)	(2,163,075)	39,782	(20,202,939)
Other capital assets - net	\$ 34,105,099	\$ (1,372,728)	\$ -	\$ 32,732,371
Capital asset summary:				
Capital assets not being depreciated	\$ 857,473	\$ 12,320	\$ -	\$ 869,793
Other capital assets	52,184,745	790,347	(39,782)	52,935,310
Total cost of capital assets	53,042,218	802,667	(39,782)	53,805,103
Less accumulated depreciation	(18,079,646)	(2,163,075)	39,782	(20,202,939)
Capital assets, net	\$ 34,962,572	\$ (1,360,408)	\$ -	\$ 33,602,164

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 5 - CAPITAL ASSETS (Continued)**

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

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

There was no capitalized interest for fiscal year 2020 or 2019.

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 6 - LONG-TERM LIABILITIES**

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

	2020				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 352,314	\$ 66,152	\$ -	\$ 418,466	\$ 418,466
Other postemployment benefits liability	3,623,346	192,984	(1,061,203)	2,755,127	-
Debt payable to the Commission	213,804	-	(68,479)	145,325	68,479
Net pension liability	98,663	91,506	(89,578)	100,591	-
Leases payable	<u>93,847</u>	<u>497,617</u>	<u>(105,138)</u>	<u>486,326</u>	<u>111,926</u>
Total long-term liabilities	<u>\$ 4,381,974</u>	<u>\$ 848,259</u>	<u>\$ (1,324,398)</u>	<u>\$ 3,905,835</u>	<u>\$ 598,872</u>

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

**NOTE 7 - OTHER POST EMPLOYMENT BENEFITS**

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

	<u>2020</u>	<u>2019</u>
Net OPEB liability	\$ 2,755,127	\$ 3,623,346
Deferred outflows of resources	564,693	661,687
Deferred inflows of resources	1,391,573	1,029,385
Revenues	167,033	228,897
OPEB expense	(19,748)	333,027
Contributions made by the College	316,711	342,206

**NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (Continued)**

***Plan Description***

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

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

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

***Benefits Provided***

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

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

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

**NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (Continued)**

***Contributions***

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

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

	2019	2018
Paygo premium	\$ 183	\$ 177

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

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

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

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

The College's contributions to the OPEB plan for the years ended June 30, 2020, 2019, and 2018, were \$316,711, \$342,206, and \$348,283, respectively.

***Assumptions***

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

- Inflation rate: 2.75%.
- Wage inflation rate: 4.00%.
- Investment rate of return: 7.15%, net of OPEB plan investment expense, including inflation.
- Asset valuation method: Investments are reported at fair (market) value.
- Actuarial cost method: Entry age normal cost method.



**NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (Continued)**

- Amortization method: Level percentage of payroll over a 20-year closed period.
- Projected salary increases: Dependent upon pension system ranging from 3.0-6.5%, including inflation.
- Retirement age: Experience-based table of rates that are specific to the type of eligibility condition.
- Aging factors: Based on the 2013 SOA Study "Health Care Costs - From Birth to Death".
- Mortality rates based on RP-2000 Mortality Tables.
- Healthcare cost trend rates: Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
- Expenses: Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.

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

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

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

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

**NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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

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

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

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

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Net OPEB liability 2020	\$ 4,187,216	\$ 2,755,127	\$ 3,042,054
Net OPEB liability 2019	4,258,522	3,623,346	3,093,859

**NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (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.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB liability 2020	\$ 2,947,922	\$ 2,755,127	\$ 4,311,731
Net OPEB liability 2019	2,998,124	3,623,346	4,385,158

***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 \$3,318,949. Of this amount, the College recognized \$2,755,127 as its proportionate share on the statement of net position. The remainder of \$563,822 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 \$4,372,195. Of this amount, the College recognized \$3,623,346 as its proportionate share on the statement of net position. The remainder of \$748,849 denotes the College's proportionate share of net OPEB liability attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to OPEB for each of the fiscal years ended June 30, 2019 and 2018. Employer contributions are recognized when due. At the June 30, 2019 measurement date, the College's proportion was .1660%, a decrease of .0029% from its proportion of .1689% calculated as of June 30, 2018. At the June 30, 2018 measurement date, the College's proportion was .1689%, an increase of .0166% from its proportion of .1523% calculated as of June 30, 2017.

For the year ended June 30, 2020, the College recognized OPEB expense of \$(19,748). Of this amount, \$(186,781) was recognized as the College's proportionate share of OPEB expense and \$167,033 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of \$167,033 for support provided by the State.

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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

<u>June 30, 2020</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,663	\$ 321,326
Changes in proportion and difference between employer contributions and proportionate share of contributions	231,639	391,977
Net difference between expected and actual investment earnings	-	45,385
Reallocation of opt-out employer change in proportionate share	680	74,124
Changes in assumptions	-	558,761
Contributions after the measurement date	<u>316,711</u>	<u>-</u>
Total	<u>\$ 564,693</u>	<u>\$ 1,391,573</u>
<u>June 30, 2019</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 53,596
Changes in proportion and difference between employer contributions and proportionate share of contributions	319,481	546,935
Net difference between expected and actual investment earnings	-	67,068
Changes in assumptions	-	361,786
Contributions after the measurement date	<u>342,206</u>	<u>-</u>
Total	<u>\$ 661,687</u>	<u>\$ 1,029,385</u>

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (Continued)**

The College will recognize the \$316,711 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:

<u>Fiscal Year Ended June 30,</u>	<u>Amortization</u>
2021	\$ (455,532)
2022	(454,537)
2023	(237,671)
2024	<u>4,149</u>
	<u>\$ (1,143,591)</u>

***Payables to the OPEB Plan***

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

**NOTE 8 - LEASES PAYABLE**

**Operating** - BridgeValley has entered into various operating lease agreements. Future annual minimum lease payments for years subsequent to June 30, 2020 are \$11.

Total rent expense for these operating leases for the years ended June 30, 2020 and 2019, was approximately \$16,920 and \$16,920, respectively. BridgeValley does not have any non-cancelable leases. Payments through 2031 are \$1 per year. Due to the long-term implications of this lease (25 years) and the fact that the last 19 years are at \$1 annually, BridgeValley reports an amortized amount of lease payments for 2019 and subsequent years of \$16,920 annually and reflects the difference between cash payouts and accrued expenses against prepaid expenses over the life of the lease.

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 8 - LEASES PAYABLE (Continued)**

**Capital** - BridgeValley leases certain property, plant, and equipment through capital leases. The net book value of assets obtained through capital leases was \$674,947 and \$191,055 for June 30, 2020 and 2019, respectively. Future annual minimum lease payments on capital assets are as follows:

<b>Years Ending June 30,</b>		
2021	\$	134,630
2022		134,630
2023		134,630
2024		129,184
Thereafter		-
Future minimum lease payments		<u>533,074</u>
Less interest		<u>(46,748)</u>
Total		486,326
Current portion		<u>(111,926)</u>
Long-term portion	\$	<u><u>374,400</u></u>

**NOTE 9 - STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS**

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

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

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

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 9 - STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS (Continued)**

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

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

**NOTE 10 - UNRESTRICTED NET POSITION (DEFICIT)**

	2020	2019
Total unrestricted net position before OPEB liability and net pension liability	\$ 3,772,628	\$ 3,356,493
Less: OPEB liability	2,755,127	3,623,346
Less: Net pension liability	100,591	98,663
Less: Deferred inflows of resources - pension	241,762	331,819
Add: Deferred outflows of resources - pension	60,776	78,991
Less: Deferred inflows of resources - OPEB	1,391,573	1,029,385
Add: Deferred outflows of resources - OPEB	564,693	661,687
Total unrestricted deficit	\$ (90,956)	\$ (986,042)

**NOTE 11 - RETIREMENT PLANS**

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

Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have an option to switch to the new Educators Money 401(a) basic retirement plan (Educators Money). New hires have the choice of either plan.

**NOTE 11 - RETIREMENT PLANS (Continued)**

**DEFINED BENEFIT PENSION PLAN**

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

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

<b>STRS</b>	<b>2020</b>	<b>2019</b>
Net pension liability	\$ 100,591	\$ 98,663
Deferred outflows of resources	60,776	78,991
Deferred inflows of resources	241,762	331,819
Revenues	8,578	6,283
Pension expense	(44,729)	(53,475)
Contributions made by BridgeValley	14,956	14,645

***Plan Description***

STRS is a multiple employer defined benefit cost-sharing public employee retirement system providing retirement benefits as well as death and disability benefits. It covers all full-time employees of the 55 county public school systems in the State of West Virginia (the State) and certain personnel of the 13 State-supported institutions of higher education, State Department of Education, and the Higher Education Policy Commission hired prior to July 1, 1991. Employees of the State-supported institutions of higher education and the Higher Education Policy Commission hired after June 30, 1991 are required to participate in the Higher Education Retirement System. STRS closed membership to new hires effective July 1, 1991. However, effective July 1, 2005, all new employees hired for the first time are required to participate in STRS.

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

***Benefits Provided***

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



**NOTE 11 - RETIREMENT PLANS (Continued)**

***Contributions***

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

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

**Employer Contributions:** The State (including institutions of higher education) contributes:

- 15% of gross salary of their TRS members hired prior to July 1, 1991;
- 7.5% of the gross salary of their TRS covered employees hired for the first time after July 1, 2005 and for those TDCRS members who elected to transfer to TRS effective July 1, 2008;
- a certain percentage of fire insurance premiums paid by State residents; and
- under WV State code section 18-9-A-6a, an amount determined by the State Actuary as being needed to eliminate the STRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2020 and 2019, BridgeValley's proportionate share attributable to this special funding subsidy was \$8,578 and \$6,283, respectively.

BridgeValley's contributions to STRS for the years ended June 30, 2020, 2019, and 2018, were approximately \$14,956, \$14,645, and \$14,331, respectively.

***Assumptions***

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2018 and 2017 and rolled forward to June 30, 2019 and 2018, respectively. The following actuarial assumptions were used and applied to all periods included in the measurement:

- Actuarial cost method: Entry age normal cost with level percentage of payroll.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method and period: Level dollar, fixed period over 40 years, from July 1, 1994 through fiscal year 2035.
- Investment rate of return of 7.50%, net of pension plan administrative and investment expenses.
- Projected salary increases: Teachers 3.00-6.00% and non-teachers 3.00-6.50%, based on age.
- Inflation rate: 3.00%.
- Discount rate: 7.50%.
- Mortality rates based on RP-2000 Mortality Tables.

**NOTE 11 - RETIREMENT PLANS (Continued)**

- Withdrawal rates: Teachers 0.80-35.00% and non-teachers 1.316-24.75%.
- Disability rates: 0.008-0.704%.
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Retirement rates: 15-100%.
- Ad hoc cost-of-living increases in pensions are periodically granted by the Legislature. However, the retirement system makes no automatic provision for such increases.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term geometric real rates of return for each major asset class included in STRS' target asset allocation as of June 30, 2019 and 2018, are summarized below.

Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	5.8%	27.5%
International equity	7.7%	27.5%
Fixed income	3.3%	15.0%
Real estate	6.1%	10.0%
Private equity	8.8%	10.0%
Hedge funds	4.4%	10.0%
Total		100.0%

Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	4.5%	27.5%
International equity	8.6%	27.5%
Fixed income	3.3%	15.0%
Real estate	6.0%	10.0%
Private equity	6.4%	10.0%
Hedge funds	4.0%	10.0%
Total		100.0%

**NOTE 11 - RETIREMENT PLANS (Continued)**

**Discount rate.** The discount rate used to measure the total STRS pension liability was 7.50% for fiscal years 2019 and 2018. The projection of cash flows used to determine the discount rate assumed that State contributions will continue to follow the current funding policy. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on STRS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the net pension liability to changes in the discount rate.** The following presents BridgeValley's proportionate share of the STRS net pension liability as of June 30, 2020 calculated using the discount rate of 7.50%, as well as what BridgeValley's STRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability 2020	<u>\$ 137,297</u>	<u>\$ 100,591</u>	<u>\$ 69,192</u>
Net pension liability 2019	<u>\$ 133,177</u>	<u>\$ 98,663</u>	<u>\$ 69,156</u>

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

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

At June 30, 2020, BridgeValley's proportionate share of the STRS net pension liability was \$171,719. Of this amount, BridgeValley recognized approximately \$100,591 as its proportionate share on the statement of net position. The remainder of \$71,128 denotes BridgeValley's proportionate share of net pension liability attributable to the special funding.

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

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on their proportionate share of employer and non-employer contributions to STRS for each of the fiscal years ended June 30, 2019 and 2018. Employer contributions are recognized when due. At the June 30, 2019 measurement date, BridgeValley's proportion was 0.003381%, a increase of 0.000221% from its proportion of 0.003160% calculated as of June 30, 2018. At the June 30, 2018 measurement date, BridgeValley's proportion was 0.003160%, a decrease of 0.002376% from its proportion of 0.005536% calculated as of June 30, 2017.

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 11 - RETIREMENT PLANS (Continued)**

For the year ended June 30, 2020, BridgeValley recognized STRS pension expense of \$(44,729). Of this amount, \$(53,307) was recognized as BridgeValley's proportionate share of the STRS expense and \$8,578 as the amount of pension expense attributable to special funding from a non-employer contributing entity. BridgeValley also recognized revenue of \$8,578 for support provided by the State.

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

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

<u>June 30, 2020</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ 43,145	\$ 235,588
Changes in assumptions	2,172	
Net difference between projected and actual investment earnings	-	2,736
Differences between expected and actual experience	503	3,438
Contributions after the measurement date	<u>14,956</u>	
Total	<u>\$ 60,776</u>	<u>\$ 241,762</u>
<u>June 30, 2019</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ 60,571	\$ 324,693
Changes in assumptions	3,066	-
Net difference between projected and actual investment earnings	-	5,137
Differences between expected and actual experience	709	1,989
Contributions after the measurement date	<u>14,645</u>	
Total	<u>\$ 78,991</u>	<u>\$ 331,819</u>

**NOTE 11 - RETIREMENT PLANS (Continued)**

BridgeValley will recognize the \$14,956 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the STRS net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction in STRS pension expense as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Amortization</u>
2021	\$ (46,332)
2022	(66,165)
2023	(74,249)
2024	<u>(9,196)</u>
Total	<u>\$ (195,942)</u>

***Payables to the Pension Plan***

BridgeValley did not report any amounts payable for normal contributions to the STRS as of June 30, 2020.

**DEFINED CONTRIBUTION BENEFIT PLANS**

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

Total contributions to the TIAA-CREF for the years ended June 30, 2020, 2019, and 2018 were approximately \$1,136,120, \$1,088,700, and \$1,049,350, respectively, which consisted of approximately \$568,060, \$544,350, and \$524,675, respectively, from BridgeValley and approximately \$568,060, \$544,350, and \$524,675, respectively, from covered employees.

Total contributions to Educators Money for the years ended June 30, 2020, 2019, and 2018 were approximately \$0, \$0, and \$6,900, respectively, which consisted of approximately \$0, \$0, and \$3,450, respectively, from BridgeValley and approximately \$0, \$0, and \$3,450, respectively, from covered employees.

BridgeValley's total payroll for the years ended June 30, 2020, 2019, and 2018 was approximately \$9.5 million, \$9.2 million, and \$9 million, respectively, and total covered employees' salaries in the TIAA-CREF, and Educators Money were approximately \$9,471,500 and \$0, respectively, for the year ended June 30, 2020, approximately \$9,081,000 and \$0, respectively, for the year ended June 30, 2019, and approximately \$8,744,000 and \$57,550, respectively, for the year ended June 30, 2018.

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 12 - AFFILIATED ORGANIZATIONS AND OTHER STATE AGENCIES**

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

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

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

	<u>2020</u>	<u>2019</u>
Due from:		
Division of Highways	\$ 33,597	\$ 37,031
Department of Health & Human Resources	12,323	29,115
Department of Veterans Affairs	-	8,301
Vocational Rehabilitation	-	194
Workforce WV	22,500	6,955
Board of Treasury Investments	59	288
Department of Energy	<u>7,200</u>	<u>-</u>
	<u>\$ 75,679</u>	<u>\$ 81,884</u>
Due to:		
Department of Administration	\$ -	\$ 30
Attorney General	212	54
State Treasurer's Office	<u>138</u>	<u>233</u>
	<u>\$ 350</u>	<u>\$ 317</u>

**NOTE 13 - BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE FOUNDATION, INCORPORATED**

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

**NOTE 14 - CONTINGENCIES**

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

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

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

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

**NOTE 15 - COMPONENT UNIT DISCLOSURES**

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

**BRIDGEVALLEY COMMUNITY & TECHNICAL  
COLLEGE FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

***Mission:***

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

***Basis of Presentation:***

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

***Classification of Net Assets:***

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

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

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

***Cash and Cash Equivalents:***

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

***Estimates:***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.



**BRIDGEVALLEY COMMUNITY & TECHNICAL  
COLLEGE FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

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

***Income Taxes:***

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Foundation has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2020 and 2019. Fiscal years on or after June 30, 2016 remain subject to examination by federal and state tax authorities.

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

***Investments:***

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

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

***Risks and Uncertainties:***

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

***Financial Instruments and Credit Risk:***

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

**BRIDGEVALLEY COMMUNITY & TECHNICAL  
COLLEGE FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

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

***Financial Instruments and Credit Risk: (Continued)***

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

***Revenue and Revenue Recognition:***

The Foundation records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. There were no conditional promises to give at June 30, 2020 and 2019.

***Amounts Held on Behalf of Others:***

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

***Promises to Give:***

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

***Expense Allocation:***

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

**BRIDGEVALLEY COMMUNITY & TECHNICAL  
COLLEGE FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

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

***Donated Services, and In-Kind Contributions:***

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

**NOTE 2 - RELATED PARTY TRANSACTIONS:**

During the years ended June 30, 2020 and 2019, the Foundation made transfers of funds to BridgeValley Community & Technical College, a related party. Those transfers related to the scholarships, academic programs and community outreach programs and totaled \$202,740 and \$1,143,594, respectively. The amounts payable to BridgeValley Community & Technical College at June 30, 2020 and 2019 were \$18,878 and \$5,418, respectively. Additionally, a board member provides accounting and bookkeeping services at a reduced fee. The portion representing in-kind services are recognized in the financial statements as in-kind contribution revenue and professional fees expense and totaled \$8,336 and \$19,822 for the years ended June 30, 2020 and 2019, respectively. Total accounting and bookkeeping fees were \$15,555 and \$24,029 for the years ended June 30, 2020 and 2019, respectively.

**NOTE 3 - INVESTMENTS:**

A summary of investments held by the Foundation as of June 30, 2020 and 2019 is as follows:

	2020		
	Fair Value	Cost	Net Unrealized Gain
Money Market Funds	\$ 22,436	\$ 22,436	-
Mutual Funds	998,364	887,213	111,151
Exchange Traded Funds	105,861	110,355	(4,494)
Certificates of Deposit	409,601	400,000	9,601
U.S. Treasury Notes	405,350	400,217	5,133
	<u>\$ 1,941,612</u>	<u>\$ 1,820,221</u>	<u>\$ 121,391</u>

**BRIDGEVALLEY COMMUNITY & TECHNICAL  
COLLEGE FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**NOTE 3 - INVESTMENTS: (Continued)**

	2019		Net Unrealized Gain
	Fair Value	Cost	
Money Market Funds	\$ 15,422	\$ 15,422	-
Mutual Funds	1,033,441	932,505	100,936
Exchange Traded Funds	88,251	83,877	4,374
Certificates of Deposit	502,272	500,000	2,272
U.S. Treasury Notes	502,047	499,565	2,482
	<u>\$ 2,141,433</u>	<u>\$ 2,031,369</u>	<u>\$ 110,064</u>

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

	2020	2019
Current assets	\$ 1,147,072	\$ 1,330,785
Long term assets (Endowment)	794,540	810,648
	<u>\$ 1,941,612</u>	<u>\$ 2,141,433</u>

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

	2020		Total
	Without Donor Restrictions	With Donor Restrictions	
Interest and Dividends	\$ 36,976	\$ 13,296	\$ 50,272
Net Realized and Unrealized			
Gain on Investments	12,621	14,501	27,122
Investment Fees	(7,502)	(7,995)	(15,497)
Investment Income	<u>\$ 42,095</u>	<u>\$ 19,802</u>	<u>\$ 61,897</u>

**BRIDGEVALLEY COMMUNITY & TECHNICAL  
COLLEGE FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**NOTE 3 - INVESTMENTS: (Continued)**

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and Dividends	\$ 34,615	\$ 17,518	\$ 52,133
Net Realized and Unrealized			
Gain on Investments	14,313	22,879	37,192
Investment Fees	(6,183)	(7,943)	(14,126)
Investment Income	<u>\$ 42,745</u>	<u>\$ 32,454</u>	<u>\$ 75,199</u>

**NOTE 4 - FAIR VALUE MEASUREMENTS AND DISCLOSURES:**

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

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

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

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

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

**BRIDGEVALLEY COMMUNITY & TECHNICAL  
COLLEGE FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

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

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

The following table presents assets and liabilities measured at fair value on a recurring basis, except those measured at cost as identified in the following, at June 30, 2020:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Operating Investments:</b>				
U.S. Government Obligations	\$ 405,350	-	\$ 405,350	-
Certificates of Deposit	409,601	-	409,601	-
Mutual Funds	300,281	300,281	-	-
Exchange Traded Funds	31,840	31,840	-	-
	<u>\$ 1,147,072</u>	<u>\$ 332,121</u>	<u>\$ 814,951</u>	<u>-</u>
<b>Endowment Investments:</b>				
Money Market Funds	\$ 22,436	-	-	-
Mutual Funds	698,083	698,083	-	-
Exchange Traded Funds	74,021	74,021	-	-
	<u>\$ 794,540</u>	<u>\$ 772,104</u>	<u>-</u>	<u>-</u>

**BRIDGEVALLEY COMMUNITY & TECHNICAL  
COLLEGE FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

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

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

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Operating Investments:</b>				
U.S. Government Obligations	\$ 502,047	\$ -	\$ 502,047	\$ -
Certificates of Deposit	502,272	-	502,272	-
Mutual Funds	300,781	300,781	-	-
Exchange Traded Funds	<u>25,685</u>	<u>25,685</u>	-	-
	<u>\$ 1,330,785</u>	<u>\$ 326,466</u>	<u>\$ 1,004,319</u>	<u>\$ -</u>
<b>Endowment Investments:</b>				
Money Market Funds	\$ 15,422	\$ -	\$ -	\$ -
Mutual Funds	732,660	732,660	-	-
Exchange Traded Funds	<u>62,566</u>	<u>62,566</u>	-	-
	<u>\$ 810,648</u>	<u>\$ 795,226</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 5 - ENDOWMENT FUNDS:**

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

***Interpretation of Relevant Law:***

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

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

**BRIDGEVALLEY COMMUNITY & TECHNICAL  
COLLEGE FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**NOTE 5 - ENDOWMENT FUNDS: (Continued)**

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

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

	2020		
	Purpose Restrictions	Perpetual Restrictions	Total
Endowment Net Assets, Beginning of Year	\$ 107,794	\$ 732,844	\$ 840,638
Investment Income	19,802	-	19,802
Student Aid - Scholarships	(35,910)	-	(35,910)
	<u>\$ 91,686</u>	<u>\$ 732,844</u>	<u>\$ 824,530</u>
	2019		
	Purpose Restrictions	Perpetual Restrictions	Total
Endowment Net Assets, Beginning of Year	\$ 104,840	\$ 732,844	\$ 837,684
Investment Income	32,454	-	32,454
Student Aid - Scholarships	(29,500)	-	(29,500)
	<u>\$ 107,794</u>	<u>\$ 732,844</u>	<u>\$ 840,638</u>

In addition to endowment net assets, the Foundation also manages other non-endowment funds. The following table summarizes all Foundation net assets as of June 30:

	2020	2019
Endowment Funds	\$ 824,530	\$ 840,638
Non-Endowment Funds	1,481,188	1,538,582
	<u>\$ 2,305,718</u>	<u>\$ 2,379,220</u>



**BRIDGEVALLEY COMMUNITY & TECHNICAL  
COLLEGE FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**NOTE 5 - ENDOWMENT FUNDS: (Continued)**

***Funds with Deficiencies:***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the state UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no funds with deficiencies of this nature as of June 30, 2020 and 2019, respectively. Deficiencies can result from unfavorable market fluctuations that occurred after the investment of contributions with donor restrictions that are perpetual in nature and continued appropriation for certain programs that was deemed prudent by the Board of Directors. Subsequent gains that restore the fair value of the assets of the endowment funds to the required level will be classified as an increase in net assets without donor restrictions or net assets with donor restrictions, as applicable.

***Return Objectives and Risk Parameter:***

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

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

***Strategies Employed for Achieving Objectives:***

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

***Spending Policy:***

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

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

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

**BRIDGEVALLEY COMMUNITY & TECHNICAL  
COLLEGE FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS:**

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

Purpose Restrictions:	2020	2019
Academic Departments	\$ 163,114	\$ 177,724
Advanced Tech Capital Campaign	983,808	988,808
Donor Advised Endowments	91,685	107,794
Fiscal Agent Accounts	48,540	51,865
Major College Divisions	15,755	14,941
Non-Endowed Scholarships	268,302	291,138
Special Events or Purposes	13,393	14,106
	\$ 1,584,597	\$ 1,646,376
Restricted in Perpetuity	732,844	732,844
Total	\$ 2,317,441	\$ 2,379,220

**NOTE 7 - EVALUATION OF SUBSEQUENT EVENTS:**

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

**NOTE 8 - PROMISES TO GIVE:**

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

	2020	2019
Receivable in Less Than One Year	\$ 7,500	\$ 7,500

Unconditional promises to give based on donors' intent at June 30, 2020 and 2019 are as follows:

	2020	2019
Without Restrictions	\$ 7,500	\$ 7,500

**BRIDGEVALLEY COMMUNITY & TECHNICAL  
COLLEGE FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**NOTE 9 - DONATED PROFESSIONAL SERVICES AND MATERIALS:**

The Foundation received donated professional services and equipment as follows during the years ended June 30, 2020 and 2019.

	Program Services	Management and General	Total
<u>June 30, 2020</u>			
College Support- Equipment	\$ 76,968	\$ -	\$ 76,968
Accounting and Bookkeeping Services	-	8,336	8,336
	<u>\$ 76,968</u>	<u>\$ 8,336</u>	<u>\$ 85,304</u>
<u>June 30, 2019</u>			
College Support:			
Equipment	\$ 1,064,208	\$ -	\$ 1,064,208
Accounting and Bookkeeping Services	-	19,822	19,822
	<u>\$ 1,064,208</u>	<u>\$ 19,822</u>	<u>\$ 1,084,030</u>

During the years ended June 30, 2020 and 2019, the Foundation received donated equipment that was subsequently donated to the College for use in the following departments:

	2020	2019
Equipment for use in:		
Business Department	\$ -	\$ 1,052,758
Workforce Development	54,500	10,000
Community Education	-	1,450
Engineering Technology	22,468	-
	<u>\$ 76,968</u>	<u>\$ 1,064,208</u>

**BRIDGEVALLEY COMMUNITY & TECHNICAL  
COLLEGE FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**NOTE 10 - LIQUIDITY AND AVAILABILITY:**

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

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

Cash and Cash Equivalents	\$	442,065
Operating Investments		1,147,072
Accounts and Grants Receivable		17,216
Promises to Give		7,500
Accrued Interest Receivable		3,108
		3,108
	\$	1,616,961

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

**NOTE 11 - UNCERTAINTIES:**

In March 2020, the COVID-19 outbreak in the United States caused business disruption through mandated and voluntary closings of multiple businesses both nationally and locally within West Virginia. While the disruption is expected to be temporary, there is uncertainty around the national and local impact. BridgeValley Community and Technical College which is supported by the Foundation has temporarily ceased in-person classes, all summer camps and activities were either suspended or made virtual, and college staff are working remotely. For the foreseeable future, outreach activities will be conducted virtually.

Additionally, the Foundation experienced a temporary decline in its investment portfolio. At June 30, 2020, most of the investment loss was recovered, however future downturns in the economy as a result of the pandemic could impact the investment portfolio and related investment income. Future potential impacts may include disruption to the revenues and support of the Foundation, which may impact the ability to provide support to BridgeValley Community & Technical College.

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 16 - FUNCTIONAL CLASSIFICATION OF EXPENSES**

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

	<b>2020</b>								
	Salaries and Wages	Benefits	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation	Assessments by the Commission	Net Service Agreement Expense	Total
Instruction	\$ 5,500,870	\$ 1,229,274	\$ -	\$ -	\$ 1,724,441	\$ -	\$ -	\$ -	\$ 8,454,585
Public service	1,121,918	203,312	-	677	1,035,983	-	-	-	2,361,890
Academic support	627,718	116,065	-	-	394,779	-	-	-	1,138,562
Student services	890,550	216,413	-	-	264,246	-	-	-	1,371,209
Operation and maintenance of plant	443,989	128,200	-	426,784	689,629	-	-	-	1,688,602
General institutional support	2,085,526	294,046	-	856	1,587,033	-	-	-	3,967,461
Student financial aid	63,311	-	2,396,493	-	5,200	-	-	-	2,465,004
Depreciation	-	-	-	-	-	2,163,075	-	-	2,163,075
Fees assessed by the Commission	-	-	-	-	-	-	83,706	-	83,706
Net service agreement expense	-	-	-	-	-	-	-	119,296	119,296
<b>Total expenses</b>	<b>\$ 10,733,882</b>	<b>\$ 2,187,310</b>	<b>\$ 2,396,493</b>	<b>\$ 428,317</b>	<b>\$ 5,701,311</b>	<b>\$ 2,163,075</b>	<b>\$ 83,706</b>	<b>\$ 119,296</b>	<b>\$ 23,813,390</b>

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
June 30, 2020**

**State Teachers' Retirement System  
Last 10 Fiscal Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
BridgeValley's proportion of the net pension liability (asset) (percentage)	0.003381%	0.003160%	0.005536%	0.015699%	0.013300%	0.012705%				
BridgeValley's proportionate share of the net pension liability (asset)	\$ 100,591	\$ 98,663	\$ 191,267	\$ 645,185	\$ 463,976	\$ 438,284				
State's proportionate share of the net pension liability (asset)	<u>71,128</u>	<u>71,188</u>	<u>422,977</u>	<u>1,228,906</u>	<u>1,051,622</u>	<u>990,323</u>				
Total proportionate share of the net pension liability (asset)	<u>\$ 171,719</u>	<u>\$ 169,851</u>	<u>\$ 614,244</u>	<u>\$ 1,874,091</u>	<u>\$ 1,515,598</u>	<u>\$ 1,428,607</u>				
BridgeValley's covered payroll	\$ 97,634	\$ 95,540	\$ 152,785	\$ 405,739	\$ 403,194	\$ 392,000				
BridgeValley's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	103.03%	103.27%	125.19%	159.01%	115.08%	111.81%				
Plan fiduciary net position as a percentage of the total pension liability	72.64%	71.20%	67.85%	61.42%	66.25%	65.95%				

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

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

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**June 30, 2020**

**State Teachers' Retirement System**  
Last 10 Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 14,956	\$ 14,645	\$ 14,331	\$ 22,918	\$ 60,861	\$ 60,479				
Contributions in relation to the contractually required contribution	<u>(14,956)</u>	<u>(14,645)</u>	<u>(14,331)</u>	<u>(22,918)</u>	<u>(60,861)</u>	<u>(60,479)</u>				
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
Government's covered payroll	\$ 99,705	\$ 97,634	\$ 95,540	\$ 152,785	\$ 405,739	\$ 403,194				
Contributions as a percentage of covered payroll	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%				

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



**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
JUNE 30, 2020**

Last 10 Fiscal Years\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
BridgeValley's proportion of the net OPEB liability (asset) (percentage)	0.166058333%	0.168886231%	0.152321576%							
BridgeValley's proportionate share of the net OPEB liability (asset)	\$ 2,755,127	\$ 3,623,346	\$ 3,745,571							
State's proportionate share of the net OPEB liability (asset)	<u>563,822</u>	<u>748,849</u>	<u>769,344</u>							
Total proportionate share of the net OPEB liability (asset)	<u>\$ 3,318,949</u>	<u>\$ 4,372,195</u>	<u>\$ 4,514,915</u>							
BridgeValley's covered-employee payroll	\$ 7,415,424	\$ 7,239,356	\$ 7,233,271							
BridgeValley's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	37.15%	50.05%	51.78%							
Plan fiduciary net position as a percentage of the total OPEB liability	39.69%	30.98%	25.10%							

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

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

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF OPEB CONTRIBUTIONS  
 JUNE 30, 2020

Last 10 Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Statutorily required contribution	\$ 316,711	\$ 342,206	\$ 348,283							
Contributions in relation to the statutorily required contribution	<u>(316,711)</u>	<u>(342,206)</u>	<u>(348,283)</u>							
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>							
BridgeValley's covered-employee payroll	\$ 7,364,781	\$ 7,415,524	\$ 7,239,356							
Contributions as a percentage of covered-employee payroll	4.30%	4.61%	4.81%							

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

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

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

	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality</u>	<u>Discount Rate</u>
<b><u>2019</u></b>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%
<b><u>2018</u></b>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%
<b><u>2017</u></b>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

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

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB  
YEARS ENDED JUNE 30, 2020 AND 2019**

Actuarial Changes Other Postemployment Benefits Plan

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

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of BridgeValley Community and Technical College (the College), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 1, 2020 which states reliance on other auditors for the discretely presented component unit. Our report includes a reference to other auditors who audited the financial statements of The BridgeValley Community and Technical College Foundation, Inc., as described in our report on the College's financial statements. The financial statements of the BridgeValley Community and Technical College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*, and accordingly this report does not include reporting on internal control over financial reporting or instances of noncompliance associated with the BridgeValley Community and Technical College Foundation, Inc.

### Internal Control Over Financial Reporting

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



Charleston, West Virginia

October 1, 2020