MOUNTWEST COMMUNITY AND TECHNICAL COLLEGE

Financial Statements as of and for the Years Ended June 30, 2020 and 2019, and Independent Auditors' Report

MOUNTWEST COMMUNITY AND TECHNICAL COLLEGE

TABLE OF CONTENTS

HAYFLICH.

Certified Public Accountants | Business Advisors

HAYFLICH CPAs PLLC
300 8th Street, 3rd Floor
Huntington, WV 25701
T: (304) 697.5700
F: (304) 697.5704
www.hayflich.com

INDEPENDENT AUDITORS' REPORT

To the Governing Board of
Mountwest Community and Technical College
Huntington, WV

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-13, the schedules of proportionate share of net pension liability and contribution on page 48, and the schedules of proportionate share of net OPEB liability and contributions on page 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2020, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Hayflich CPAs PLLC

Huntington, West Virginia
October 5, 2020

MOUNTWEST COMMUNITY & TECHNICAL COLLEGE
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR 2020
[Unaudited]

The History of the College

Mountwest Community and Technical College (MCTC or the "College") is one of West Virginia's nine community and technical colleges. The headcount enrollment is approximately 2,600 plus students. The College offers 50 Associate degrees and 15 Certificate programs in the areas of Allied Health and Life Sciences, Business and Information Technology, Liberal Arts and Human Services, and Occupational Development.

Marshall Community College was founded in 1975 as a separate college within Marshall University to better serve students by bringing together many of the two-year associate degree programs under one College. Classes began in the fall of 1975 with a wide range of programs. From the outset, Marshall Community College's mission has been to provide two-year associate degrees as well as provide continuing education and community service.

In 1991, Marshall Community College was renamed to Marshall Community and Technical College to better reflect the technical nature of many of the programs offered. On the 30th of October, 2003 the College achieved accreditation as an independent institution by The Higher Learning Commission, a Commission of the North Central Association of Colleges and Colleges; this accreditation was continued for five years in December of 2017.

Prior to Fiscal Year 2009, MCTC as a separately accredited institution, was an administratively-linked component to Marshall University; and as such, reflected as a component in the financial statements of Marshall University. However, with the passage of House Bill 3215 during the 2008 session of the West Virginia Legislature, the College became a free-standing and independent institution no longer administratively-linked to Marshall University effective the 1st day of July, 2008. Subsequently, on the 13th of March 2010, legislation (Senate Bill 499) was passed changing the College's name from Marshall Community and Technical College to Mountwest Community and Technical College. Then, during August of 2012, the College relocated from the Marshall University campus to its new campus located atop the hill overlooking the I-64 and US-152 interchange.

In conjunction with the passage of House Bill 3215, a twelve (12) member Board of Governors was established whose governance over the College became effective the 1st day of July, 2008. The powers and duties of the Board include, but are not limited to, the power to determine, control, supervise and manage the financial, business, and educational policies and affairs of the College.

Overview to the Financial Statements and Financial Analysis

There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. The Governmental Accounting Standards Board (GASB) issues directives for presentation of college and university financial statements. This report format places emphasis on the overall economic resources of the College

Statement of Net Position

A Statement of Net Position is a point in time financial statement, a fiscal snapshot that presents the assets, liabilities, and net position of the College as of the end of the fiscal year. This Statement presents end-of-year data concerning assets (current and noncurrent), liabilities (current and noncurrent), and net position (assets minus liabilities). Current assets and liabilities are typically associated with resources or obligations that will be used within the fiscal year whereas noncurrent assets and liabilities are not typically used within the fiscal year. From the data presented, readers of a Statement of Net Position are able to determine the assets available to continue the operations of the College. Additionally, the reader would be able to determine how much the College owes vendors, employees, lenders and others. Overall, a Statement of Net Position provides a representation of the College's net position (assets minus liabilities) and the availability of its assets for expenditure.

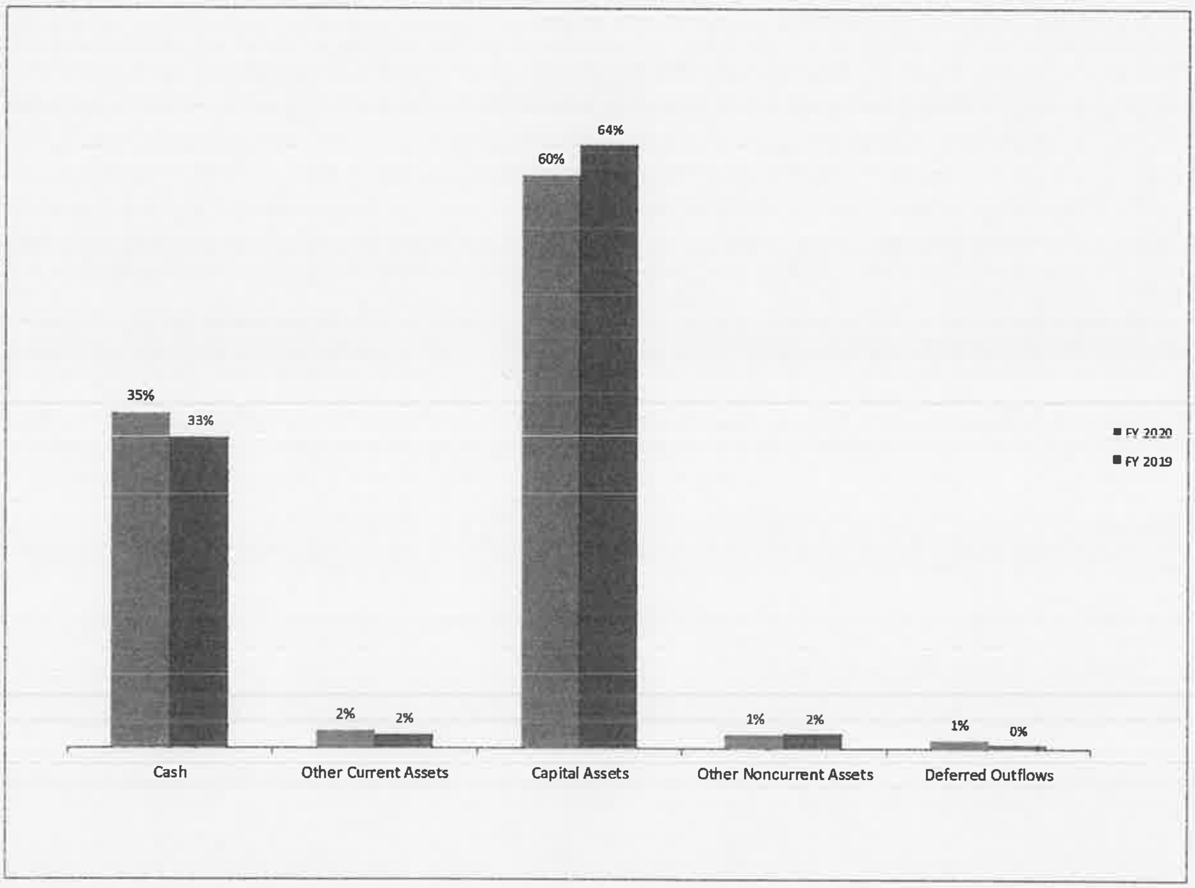
Net position is divided into three major categories. The first category, net investment in capital assets, provides the College's equity in or ownership of property, plant and equipment. The second category is restricted net position, which is divided into two sub-categories, nonexpendable and expendable - nonexpendable restricted net position includes endowments; and, as such, the corpus of nonexpendable restricted resources is only available for investment purposes. The College does not have any nonexpendable restricted net position at June 30, 2020 or June 30, 2019. Expendable restricted net position is available for expenditure by the College but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of these resources. The third and last category is unrestricted net position. Unrestricted net position is available for general use by the College.

Condensed Schedules of Net Position
(in Thousands)

	FY 2020	FY 2019	FY 2018
Assets			
Current assets	$ 12,904	$ 11,053	$ 10,151
Noncurrent assets	21,441	20,942	21,429
Total Assets	34,345	31,995	31,580
Deferred Outflow of Resources	330	153	263
TOTAL	$ 34,675	$ 32,148	$ 31,843
Liabilities			
Current liabilities	$ 3,933	$ 2,884	$ 2,497
Noncurrent liabilities	2,529	3,730	4,459
Total Liabilities	6,462	6,614	6,956
Deferred Inflow of Resources	1,071	783	623
TOTAL	$ 7,533	$ 7,397	$ 7,579
Net Position			
Net investment in capital assets	$ 19,317	$ 18,328	$ 18,331
Restricted for:			
Debt service	469	469	469
Unrestricted	7,356	5,954	5,464
Total Net Position	27,142	24,751	24,264
Total	$ 34,675	$ 32,148	$ 31,843

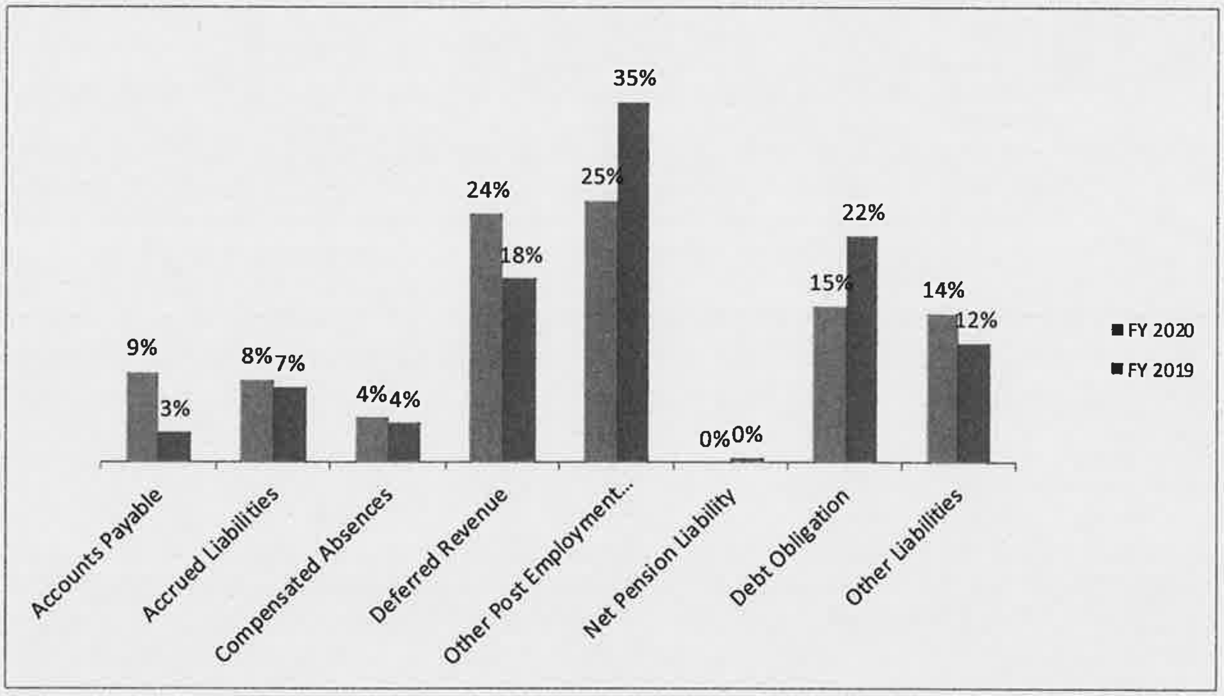
ASSET COMPOSITION
As of June 30, 2020 and 2019

	FY 2020	FY 2019
Cash	$ 12,246,506	$ 10,549,427
Other Current Assets	657,843	503,940
Capital Assets	20,927,133	20,425,624
Other Noncurrent Assets	514,140	515,491
Deferred Outflows	329,751	153,293
Total	$ 34,675,373	$ 32,147,775



LIABILITIES
As of June 30, 2020 and 2019

	FY 2020	FY 2019
Accounts Payable	$ 656,319	$ 213,635
Accrued Liabilities	638,224	534,998
Compensated Absences	325,565	279,909
Deferred Revenue	1,799,463	1,305,273
Other Post Employment Benefits (OPEB)	1,899,108	2,563,339
Net Pension Liability	-	34,907
Debt Obligation	1,131,535	1,613,463
Other Liabilities	1,082,300	851,276
Total	$ 7,532,514	$ 7,396,800



Major Items of Note in the Statement of Net position include:

- Total current assets of $13 million exceeded total current liabilities of $3.9 million as of June 30, 2020 for net working capital of $9.1 million as compared to net working capital of $8.1 million as of June 30, 2019.

  - The major components of current assets include cash and cash equivalents of $12.3 million and $10.5 million, and net accounts receivable of $0.7 million and $0.5 million as of June 30, 2020 and 2019, respectively. The majority of cash and cash equivalents can be attributed to interest earning assets invested through the office of the West Virginia State Treasurer.

- The major components of current liabilities include accounts payable of $0.6 million and $0.2 million, unearned revenue of $1.8 million and $1.3 million, accrued liabilities of $0.6 million and $0.5 million, and compensated absences of $0.3 million and $0.3 million as of June 30, 2020 and 2019, respectively.

▪ Noncurrent assets total $21.4 million and $20.9 million and noncurrent liabilities total $2.5 million and $3.7 million as of June 30, 2020 and 2019, respectively.

  - Major components of noncurrent assets include capital assets of $20.9 million and $20.4 million as of June 30, 2020 and 2019, respectively. Refer to Note 5 to the Financial Statements for additional information regarding capital assets.
  - Major components of noncurrent liabilities include debt service obligations payable to the Commission of $0.4 million and $0.5 million, bonds payable of $0.2 million and $0.7 million, and other post-employment benefits (OPEB) liability of $1.9 million and $2.5 million, as of June 30, 2020 and 2019, respectively.

▪ The net position of the College totaled $27.1 million as of June 30, 2020 as compared to $24.8 million as of June 30, 2019.

  - Net position invested in capital assets total $19.3 million and $18.3 million as of June 30, 2020 and 2019, respectively.
  - Unrestricted net position totaled $7.3 million and $5.9 million as of June 30, 2020 and 2019, respectively; this represents the net position available to the College. Refer to Note 10 to the Financial Statements for additional information regarding the impact of other post-employment benefits (OPEB) liability on the unrestricted net position balance.

Statement of Revenues, Expenses and Changes in Net Position

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

Generally speaking, operating revenues are received and operating expenses are expended for those items related to providing goods and services to the various customers and constituencies of the College, while carrying out its mission. Revenues received for which goods and services are not provided are reported as non-operating revenues. For example, state appropriations are reported as non-operating because they are provided by the Legislature to the College without the Legislature directly receiving commensurate goods and services for those revenues. Likewise, Federal Pell grants are reported as non-operating because of specific guidance in the AICPA industry audit guide.

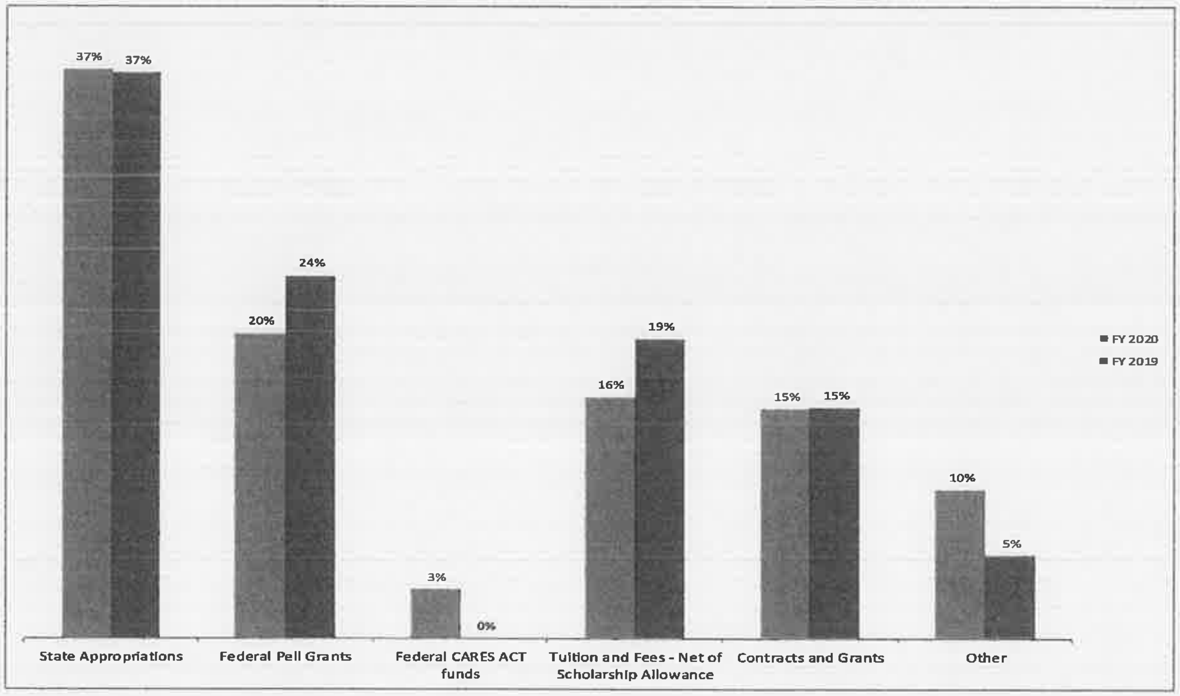
Condensed Schedules of Revenues, Expenses and Changes in Net Position
(in Thousands)

	FY 2020	FY 2019	FY 2018
Operating Revenues	$ 5,787	$ 5,572	$ 7,119
Operating Expenses	(15,149)	(14,458)	(14,787)
Operating Loss	(9,362)	(8,886)	(7,668)
Nonoperating Revenues	10,790	9,403	9,194
Nonoperating Expenses	(61)	(81)	(99)
Income (Loss) before Other Revenues, Expenses, Gains or Losses	1,367	436	1,427
Capital payments made on behalf of the College	1,025	45	-
Net (Decrease) Increase in Net Position	2,392	481	1,427
Net Position - Beginning of Year	24,750	24,269	23,556
*Prior Period Adjustment	-	-	(714)
Net Position - End of Year	$ 27,142	$ 24,750	$ 24,269

*** GASB 68 PENSION FUNDING**

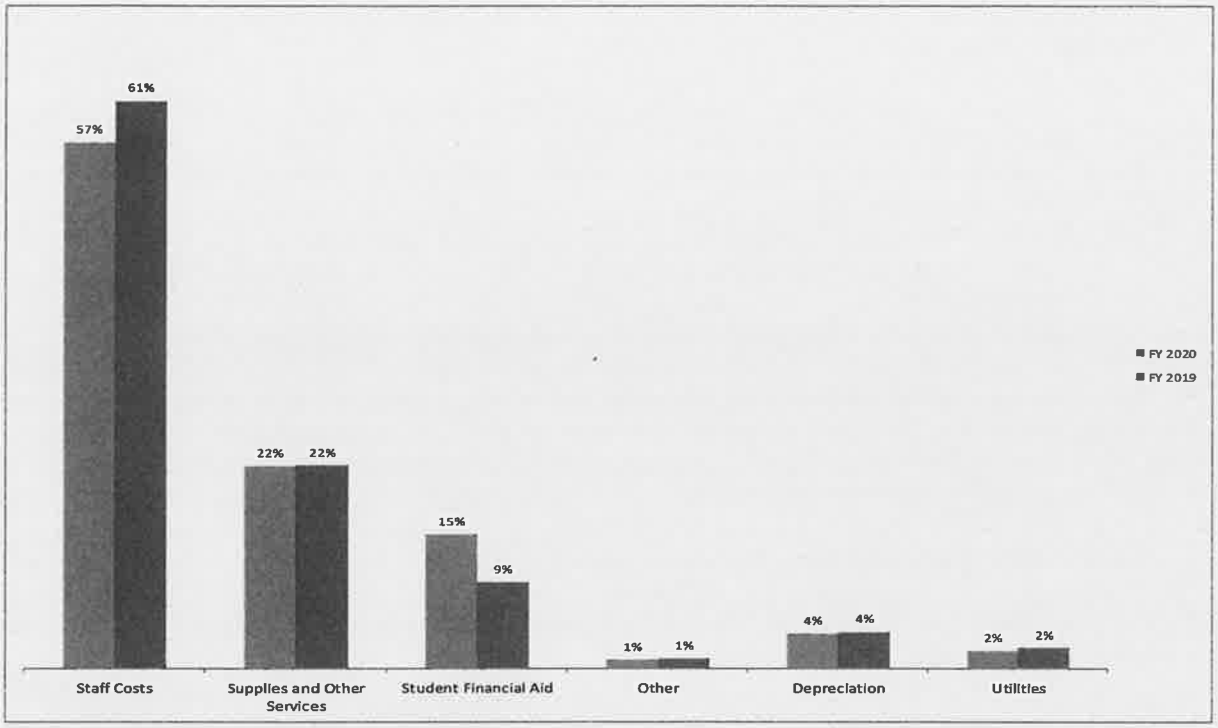
TOTAL REVENUES
For the Years ending June 30, 2020 and 2019

	FY 2020	FY 2019
State Appropriations	$ 6,489,307	$ 5,505,121
Federal Pell Grants	3,477,389	3,530,040
Federal CARES ACT funds	557,084	-
Tuition and Fees - Net of Scholarship Allowance	2,754,125	2,922,649
Contracts and Grants	2,625,741	2,251,358
Other	1,698,479	811,416
	$ 17,602,125	$ 15,020,584



TOTAL EXPENDITURES
For the Years ending June 30, 2020 and 2019

	FY 2020	FY 2019
Staff Costs	$ 8,659,279	$ 8,932,632
Supplies and Other Services	3,336,318	3,192,793
Student Financial Aid	2,207,083	1,355,485
Other	142,037	158,154
Depreciation	572,547	577,776
Utilities	292,977	322,229
	$ 15,210,241	$ 14,539,069



Major Items of Note in the Statement of Revenues, Expenses, and changes in Net Position include:

- Operating Revenues of the College totaled $5.8 million for FY 2020 compared to $5.6 million in FY 2019.

  - Net student tuition and fees revenues totaled $2.8 million in FY 2020 compared to $2.9 million in FY 2019. Tuition is reported net of scholarship allowance which totaled $4.0 million and $4.1 million in FY 2020 and 2019, respectively. Gross student tuition and fees totaled $6.8 million in FY 2020 compared to $7.0 million in FY 2019.
  - Federal grants and contracts totaled $0.4 million in FY 2020 compared to $0.5 million in FY 2019.
  - State grants and contracts totaled $2.1 million in FY 2020 compared to $1.7 million in FY 2019; and, private grants and contracts totaled $0.1 million in FY 2020 compared to $0.1 million in FY 2019. Such fluctuations represent normal grant activity.
  - Other operating revenues totaled $0.4 million in FY 2020 and $0.4 million in FY 2019.

- Operating expenses totaled $15.1 million in FY 2020 compared to $14.5 million in FY 2019, an increase of $0.6 million.

  - Personnel costs including salaries and benefits totaled $8.7 million in FY 2020 and $8.9 million in FY 2019, a decrease of $0.2 million.
  - Supplies and other services totaled $3.3 million in FY 2020 compared to $3.2 million in FY 2019, an increase of $0.1 million.
  - Student Financial Aid totaled $2.2 million in FY 2020 compared to $1.4 million in FY 2019. The increase was largely due to payment of $0.6 million in Federal CARES grants to students.
  - Depreciation on capital assets totaled $0.6 million in both FY 2020 and FY 2019.

- The result from operations was a net operating loss of $9.3 million and $8.9 million for the years ended June 30, 2020 and 2019, respectively. However, this does not include State appropriations or Federal Pell Grant revenue which are recorded as non-operating revenues. State appropriations for FY 2020 and FY 2019 were $6.5 million and $5.5 million, respectively. Federal Pell grant revenue for FY 2020 and FY 2019 was $3.5 million and $3.5 million, respectively; and, reported as non-operating due to specific guidance found in the AICPA industry audit guide.

- Net non-operating revenue totaled $10.8 million and $9.4 million for the years ended June 30, 2020 and 2019, respectively.

- The WV Community & Technical College System made $1,024,784 in capital payments on behalf of the college in FY20 and capital payments of $45,190 in FY 2019. Refer to Note 9 to the Financial Statements for additional information regarding capital payments.

- Other payments made on behalf of the College were $115,136 in FY 2020 and $169,917 in FY 2019. Payments on behalf of the College in FY20 consisted of $115,136 for the special funding situation related to OPEB.

- The activities for FY 2020 resulted in an increase in net position of $2.4 million compared to $0.5 million in FY 2019.

Statement of Cash Flows

The final statement presented by the College is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the College during the year. The statement is divided into five sections. The first section deals with operating cash flows; this section shows the net cash used by the operating activities of the College. The second section reflects cash flows from noncapital financing activities; this section reflects the cash received and spent for non-operating, non-investing, and non-capital financing purposes. The third section deals with cash flows from capital and related financing activities; this section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities; this section shows the purchases, proceeds, and interest received from investing activities. Last, the fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net position.

Condensed Schedules of Cash Flows
(in Thousands)

	FY 2020	FY 2019	FY 2018
Cash flows provided by (used in):			
Operating activities	$ (8,380)	$ (7,742)	$ (7,329)
Noncapital financing activities	10,524	9,078	9,178
Capital and related financing activities	(598)	(570)	(736)
Investing activities	151	198	112
Net change in current cash	1,697	964	1,225
Current cash, beginning of year	11,019	10,055	8,830
Current cash, end of year	$ 12,716	$ 11,019	$ 10,055

Major Items of Note in the Statement of Cash Flows include:

- Cash provided from operating activities was exceeded by cash expended for operating activities for a net of $8.4 million and $7.7 million for the years ended June 30, 2020 and 2019, primarily due to the guidance by GAAP that State appropriations and Federal Pell grant revenues are to be recorded as noncapital financing activities. Primary sources of cash from Operating Activities during FY 2020 and 2019 were cash collections for net Student tuition and fees of $2.7 million and $2.9 million and contracts and grants of $2.6 million and $2.2 million for FY 2020 and 2019, respectively. Primary use of cash for FY 2020 and 2019, respectively, included payments to and on behalf of employees of $9.0 million and $8.9 million, payments to suppliers of $3.0 million and $3.2 million, and payments for scholarships and fellowships of $2.2 million and $1.4 million.

- Net cash provided from noncapital financing activities for FY 2020 and FY 2019, respectively, totaled $11. million and $9.1 million; whereas, for FY 2020 and FY 2019, respectively, $3.5 million and $3.5 million were from revenues collected from Federal Pell grants.

- Net cash used in capital financing activities totaled $0.6 million for FY 2020 and 2019, respectively; primarily resulting from payments on principal and interest on debt and purchases of capital assets.

- Net cash of the College at June 30, 2020 was $13.0 million compared to $11.0 million at June 30, 2019, which represents an increase of $2.0 million.

Capital Asset and Long-Term Debt Activity

On May 20, 2010, the College purchased 28 acres of land and a 115,000 square foot facility which was purchased for $7.7 million as part of the $13.5 million bond proceeds awarded from the $78.3 million Higher Education Policy Commission on behalf of the West Virginia Council for Community and Technical College bond issue; During FY 2011 and FY 2012, the property was renovated, and has become a state of the art campus for the College. Note 7 to the financial statements provides additional information regarding this debt. The College occupied the new campus in August of 2012.

As discussed in Note 7, the College issued $3.5 million of debt on September 30, 2011 in order to complete the renovation of its new campus by July 15, 2012. Additional details regarding the Capital Assets and Debt Administration can be found in the notes to the financial statements.

Economic Outlook

Traditionally, there has been an inverse relationship between the strength of the nation's economy, unemployment rates, and community college enrollment. A higher unemployment rate results in higher community college enrollment as displaced workers return to college to learn new skills. The unemployment rate has been steadily declining since reaching 10% in October of 2009. As of June 30, 2020, the national unemployment rate was at 11.10%.

In addition to declining enrollments, the economic environment in West Virginia is volatile. State tax revenue collections have not met revenue projections for several fiscal years. The loss of severance tax revenues due to the State's declining energy sector have forced the State legislature to make difficult decisions on allocating resources. Higher Education in the State has been hit particularly hard, with Mountwest having state aid reduced by over $4 million since 2012. While State funding was restored to approximate 2012 levels for FY19, early indicators show a deficit in revenue collections over the first two months of FY19. If the trend continues, the State faces a significant budget deficit which may lead to mid-year cuts in State assistance.

Despite the economic uncertainty, Mountwest continues to focus on enhancing student services, retention, and college completion. There are current plans to increase our workforce development efforts by collaborating with local businesses. The College is expanding its virtual campus for on-line learning, making college courses available to a broader customer demographic. The President has implemented a strong dual credit program with local high Colleges which continues to expand. In addition, community colleges are gaining more attention as students realize they are able to receive certifications and degrees in a shorter period for less money than traditional four-year universities. This trend in student awareness, combined with Mountwest's state of the art campus, first-class faculty, and customer-oriented culture will allow the College to continue to thrive.

(This page is intentionally left blank.)

MOUNTWEST COMMUNITY AND TECHNICAL COLLEGE

STATEMENTS OF NET POSITION

AS OF JUNE 30, 2020 AND 2019

	2020	2019
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 12,246,506	$ 10,549,427
Due from the Council/Commission	132,694	168,204
Accounts receivable - net	525,149	335,736
Total current assets	12,904,349	11,053,367
NONCURRENT ASSETS:		
Cash and cash equivalents	469,484	469,484
Other receivables non-current	44,656	46,007
Capital assets - net	20,927,133	20,425,624
Total noncurrent assets	21,441,273	20,941,115
Total assets	34,345,622	31,994,482
DEFERRED OUTFLOWS OF RESOURCES:		
Related to pensions	3,395	8,130
Related to other post-employment benefits	326,356	145,163
Total deferred outflows of resources	329,751	153,293
TOTAL	$ 34,675,373	$ 32,147,775

See notes to financial statements.

MOUNTWEST COMMUNITY AND TECHNICAL COLLEGE

STATEMENTS OF NET POSITION

AS OF JUNE 30, 2020 AND 2019

	2020	2019
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 656,319	$ 213,635
Due to State agencies	2,093	50,304
Due to Council/Commission	-	3,000
Accrued liabilities	638,224	534,997
Compensated absences	325,565	279,909
Debt obligation due to Commission - current portion	55,989	53,630
Bonds payable - current portion	446,147	428,298
Bonds interest payable	9,246	15,103
Unearned revenue	1,799,463	1,305,273
Total current liabilities	3,933,046	2,884,149
NONCURRENT LIABILITIES:		
Other post employment benefits liability	1,899,108	2,563,339
Net pension liability	-	34,907
Bonds payable	229,999	676,146
Debt obligation due to Commission	399,400	455,389
Total noncurrent liabilities	2,528,507	3,729,781
Total liabilities	6,461,553	6,613,930
DEFERRED INFLOWS OF RESOURCES:		
Related to pensions	111,369	126,787
Related to other post-employment benefits	959,592	656,083
Total deferred inflows of resources	1,070,961	782,870
TOTAL	7,532,514	7,396,800
NET POSITION:		
Net investment in capital assets	19,316,870	18,327,574
Restricted - expendable - for debt service	469,484	469,484
Unrestricted	7,356,505	5,953,917
Total net position	27,142,859	24,750,975
TOTAL	$ 34,675,373	$ 32,147,775

See notes to financial statements.

MOUNTWEST COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
OPERATING REVENUES:		
Gross student tuition and fees	$ 6,771,856	$ 7,032,475
Less - scholarship allowance	(4,017,731)	(4,109,826)
Student tuition and fees - net of scholarship allowance	2,754,125	2,922,649
Contracts and grants:		
Federal	378,940	470,115
State	2,112,060	1,663,697
Private	134,741	117,545
Sales and services of educational activities	89,337	113,742
Other operating revenues	317,777	284,799
Total operating revenues	5,786,980	5,572,547
OPERATING EXPENSES:		
Salaries and wages	7,386,122	7,131,865
Benefits	1,273,157	1,800,767
Supplies and other services	3,336,318	3,192,793
Utilities	292,977	322,229
Student financial aid - scholarships and fellowships	2,207,083	1,355,485
Depreciation	572,547	577,776
Fees assessed by the Commission for operations	80,856	77,421
Total operating expenses	15,149,060	14,458,336
OPERATING LOSS	(9,362,080)	(8,885,789)
NONOPERATING REVENUES (EXPENSES):		
State appropriations	6,489,307	5,505,121
Payments on behalf of the College	115,136	169,917
Federal Pell grants	3,477,389	3,530,040
Federal CARES Act Funds	557,084	-
Investment income	151,446	197,769
Interest on indebtedness	(35,329)	(52,675)
Fees assessed by the Commission	(25,852)	(28,058)
Net nonoperating revenues	10,729,181	9,322,114
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES:	1,367,101	436,325
Capital payments made on behalf of the College	1,024,783	45,190
NET INCREASE IN NET POSITION	2,391,884	481,515
NET POSITION - BEGINNING OF YEAR	24,750,975	24,269,460
NET POSITION - End of year	$ 27,142,859	$ 24,750,975

See notes to financial statements.

MOUNTWEST COMMUNITY AND TECHNICAL COLLEGE

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 3,095,763	$ 3,478,861
Contracts and grants	2,625,741	2,211,357
Payments to and on behalf of employees	(9,085,993)	(8,769,701)
Payments to suppliers	(2,841,619)	(3,305,988)
Payments to utilities	(292,977)	(322,229)
Payments for scholarships and fellowships	(2,207,083)	(1,355,485)
Sales and service of educational activities	89,337	113,742
Auxiliary enterprise charges	243,142	137,107
Fees assessed by Commission	(80,856)	(77,421)
Other receipts/expenses - net	74,635	147,692
Net cash used in operating activities	(8,379,910)	(7,742,065)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	6,489,307	5,505,121
Federal Pell grants	3,477,389	3,530,040
Federal CARES funds	557,084	-
Receipt of amount due from Marshall University	-	42,834
Federal student loan program - direct lending receipts	2,106,315	2,307,669
Federal student loan program - direct lending payments	(2,106,315)	(2,307,669)
Net cash provided by noncapital financing activities	10,523,780	9,077,995
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Purchases of capital assets	(49,271)	(21,420)
Principal paid on debt	(481,928)	(461,989)
Interest paid on debt	(41,186)	(58,297)
Fees assessed by the Commission	(25,852)	(28,058)
Net cash used in capital financing activities	(598,237)	(569,764)
CASH FLOWS FROM INVESTING ACTIVITY:		
Investment income	151,446	197,769
INCREASE IN CASH AND CASH EQUIVALENTS	1,697,079	963,935
CASH AND CASH EQUIVALENTS - Beginning of year	11,018,911	10,054,976
CASH AND CASH EQUIVALENTS - End of year	$ 12,715,990	$ 11,018,911

See notes to financial statements.

(Continued)

MOUNTWEST COMMUNITY AND TECHNICAL COLLEGE

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash at the end of the year consists of:		
Cash and cash equivalents	$ 12,246,506	$ 10,549,427
Restricted assets:		
Cash and cash equivalents	469,484	469,484
Total cash at end of year	$ 12,715,990	$ 11,018,911
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (9,362,080)	$ (8,885,789)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation expense	572,547	577,776
Donated Land	-	(40,000)
Changes in assets and liabilities:		
Accounts receivables - net	(152,552)	35,542
Accounts payable and accrued expenses	545,910	(104,891)
Other liabilities	(51,211)	(8,304)
Defined benefit pension plan	(45,590)	(29,712)
Compensated absences	45,656	(34,406)
Accrued other post employment benefits liability	(426,780)	227,049
Unearned revenue	494,190	520,670
NET CASH USED IN OPERATING ACTIVITIES	$ (8,379,910)	$ (7,742,065)
NONCASH TRANSACTIONS		
Expenses paid on behalf of the College	$ 115,136	$ 169,917
Capital payments made on behalf of the College	$ 1,024,783	$ -
Donated land	$ -	$ 40,000

See notes to financial statements.

(Concluded)

1. ORGANIZATION

Mountwest Community and Technical College (the "College" or MCTC) is governed by the Mountwest Community and Technical College Board of Governors (the "Board"). The Board was established by House Bill 3215.

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Newly Adopted Statements Issued by the GASB

The College has implemented Statement No. 83, *Certain Asset Retirement Obligations,* which establishes accounting and financial reporting for certain asset retirement obligations. Adoption of this statement did not have a material impact on the financial statements.

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This Statement extends the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018.

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

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities, which is effective for fiscal years beginning after December 15, 2018. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Criteria for identifying fiduciary activities are generally defined as (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also defines four fiduciary funds that should be reported. The College is required to adopt Statement No. 84 for its fiscal year 2021 and is assessing if the standard will have any impact on its financial statements.

In June 2017, the GASB issued Statement No. 87, Leases, which is effective for fiscal years beginning after June 15, 2021. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The College is required to adopt Statement No. 87 for its fiscal year 2021 and assessing if the standard will have any impact on its financial statements.

In April 2018, the GASB issued Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements, which is effective for fiscal years beginning after June 15, 2018. This Statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The College is required to adopt Statement No. 88 for its fiscal year 2021 and assessing if the standard will have any impact on its financial statements.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, which is effective for fiscal years beginning after December 15, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The College is required to adopt Statement No. 89 for its fiscal year 2022 and assessing if the standard will have any impact on its financial statements.

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations, which is effective for fiscal years beginning after December 15, 2020. This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The College is required to adopt Statement No. 91 for its fiscal year 2021 and assessing if the standard will have any impact on its financial statements.

In January 2020, the GASB issued Statement No. 92, Omnibus 2020, which is effective for fiscal years beginning after June 15, 2020. This statement enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The College is required to adopt Statement No. 92 for its fiscal year 2023 and assessing if the standard will have any impact on its financial statements.

In March 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates, which is effective for fiscal years beginning after June 15, 2020. This Statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The College is required to adopt Statement No. 93 for its fiscal year 2023 and assessing if the standard will have any impact on its financial statements.

In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA), which is effective for fiscal years beginning after June 15, 2022. This Statement establishes standards of accounting and financial reporting for PPPs and APAs for governments. The College is required to adopt Statement No. 94 for its fiscal year 2024 and assessing if the standard will have any impact on its financial statements.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, which is effective for fiscal years beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology agreements. The College is required to adopt Statement No. 99 for its fiscal year 2024 and assessing if the standard will have any impact on its financial statements.

In June 2020, the GASB 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. 31. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. The requirements in paragraphs 6–9 of this Statement are effective for fiscal years beginning after June 15, 2021. The College is required to adopt Statement No. 97 for its fiscal year 2023 and assessing if the standard will have any impact on its financial statements.

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

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

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

Net Investment in Capital Assets — This 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, net of related debt.

Restricted— Expendable — This includes resources for which the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

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

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

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

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

Cash and cash equivalents balances on deposit with the State of West Virginia Treasurer's Office (the "State Treasurer") are pooled by the State Treasurer with other available funds of the State for investment purposes by the West Virginia Board of Treasury Investments (BTI). These funds are transferred to the BTI, and the BTI is directed by the State Treasurer to invest the funds in specific external investment pools in accordance with West Virginia Code, policies set by the BTI, 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 in accordance with GASB. The BTI was established by the State Legislature and is subject to oversight by the State Legislature. Fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. The amounts on deposit are available for immediate withdrawal or on the first day of each month for the WV Short Term Bond Pool and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

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

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

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

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

Capital Assets — Capital assets include land, land improvements, leasehold improvements, equipment, buildings and improvements. 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. The capital assets transferred from Marshall University were recorded at net book value. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 3–10 years for furniture and equipment, 15 years for land improvements, and 50 years for buildings and improvements. Leasehold improvements are amortized over the period of the lease. The financial statements reflect all adjustments required by GASB.

Unearned Revenue — Revenues for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenue. Financial aid and other deposits are separately classified as deposits.

Compensated Absences and Other Postemployment Benefits (OPEB) — GASB provides standards 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. Details regarding this plan and its stand-alone financial statements can be obtained by contacting the West Virginia Public Employees Insurance Agency (PEIA), 601 57th St., SE, Suite 2, Charleston, WV 25304-2345 or http://www.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. Full-time employees also earn 1 1/2 sick leave days for each month of service and are entitled to extend their health or life insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. Generally, two days of accrued sick leave extend health insurance for one month of single coverage, and three days extend health insurance for one month of family coverage. For employees hired after 1988, or who were hired before 1988 but did not choose such coverage until after 1988 but before July 1, 2001, the employee shares in the cost of the extended benefit coverage to the extent of 50% of the premium required for the extended coverage. Employees hired July 1, 2001, or later will no longer receive sick leave credit toward insurance premiums when they retire. Additionally, all retirees have the option to purchase continued coverage regardless of their eligibility for premium credits. This liability is now provided for under the multiple-employer, cost-sharing plan sponsored by the State.

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

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

Net Pension Liability – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Teachers' Retirement System (TRS), administered by the West Virginia Consolidated Public Retirement Board (CPRB), and additions to/reductions from the TRS fiduciary net position have been determined on the same basis as they are reported in the TRS financial statements, which can be found at https://www.wvretirement.com/Publications.html#CAFR. The plan schedules of TRS are prepared using the accrual basis of accounting and economic resources measurement focus in accordance with 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 TRS financial statements. Management of TRS has made certain estimates and assumptions relating to employer allocation schedules, and actual results could differ. (See Note 11)

Deferred Outflows of Resources — Consumption of net position by the College that is applicable to a future fiscal year is reported as a deferred outflow of resources on the statement of net position. As of June 30, 2020 and 2019, the College had deferred outflows related to pensions of $3,395 and $8,130 and related to OPEB of $326,356 and $145,163.

Deferred Inflows of Resources — Acquisition of net position by the College that is applicable to a future fiscal year is reported as a deferred inflow of resources on the statement of net position. As of June 30, 2020 and 2019, the College had deferred inflows related to pensions of $111,369 and $126,787 and related to OPEB of $959,592 and $656,083.

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

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

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

Classification of Revenues — The College has classified its revenues according to the following criteria:

Operating Revenues — Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most federal, state, local, and nongovernmental grants and contracts, and (4) sales and services of educational activities.

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

Other Revenues — Other revenues consist primarily of capital gains and gifts.

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

Federal Financial Assistance Programs — The College makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through institutions such as the College. Direct student loan receivables are not included in the College's statements of net position as the loans are repayable directly to the U.S. Department of Education. In 2020 and 2019, the College received and disbursed $2,106,315 and $2,307,669, respectively, under the Federal Direct Student Loan Program on behalf of the U.S. Department of Education, which is not included as revenue and expense on the statements of revenues, expenses, and changes in net position.

The College also distributes other student financial assistance funds on behalf of the federal government to students under the federal Pell Grant, Supplemental Educational Opportunity Grant, and College Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2020 and 2019, the College received and disbursed approximately $3,700,000 and $3,730,000 respectively, under these federal student aid programs.

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

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

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

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

Service Concession Arrangements — The College has Service Concession Arrangements (SCAs) for the operation of their bookstore. Renovations made to College facilities by service concession vendors are capitalized and revenues are deferred and accreted over the life of the contract.

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

3. CASH AND CASH EQUIVALENTS

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

	June 30, 2020		
	Current	Noncurrent	Total
State Treasurer	$ 11,413,021	$ 469,484	$ 11,882,505
In Bank	832,135	-	832,135
On Hand	1,350	-	1,350
Total	$ 12,246,506	$ 469,484	$ 12,715,990

	June 30, 2019		
	Current	Noncurrent	Total
State Treasurer	$ 10,530,260	$ 469,484	$ 10,999,744
In Bank	17,817	-	17,817
On Hand	1,350	-	1,350
Total	$ 10,549,427	$ 469,484	$ 11,018,911

Cash held by the State Treasurer at June 30, 2020 and 2019, includes $469,484 of restricted cash reserved for debt payments on the College Revenue Bonds (see Note 7).

The carrying amount of cash in bank at June 30, 2020 and 2019 equaled the combined bank balance of $832,135 and $17,817, respectively. 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, bank accounts are insured by the Federal Deposit Insurance Corporation up to $250,000.

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

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

	2020		**2019**	
External Pool	Carrying Value (in Thousands)	S&P Rating	Carrying Value (in Thousands)	S&P Rating
WV Money Market Pool	$ 10,470	AAAm	$ 10,746	AAAm
WV Short Term Bond Pool	254	Not Rated	254	Not Rated

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

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

External Pool	2020 Carrying Value (in Thousands)	2020 WAM (Days)	2019 Carrying Value (in Thousands)	2019 WAM (Days)
WV Money Market Pool	$ 10,470	44	$ 10,746	42

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

External Pool	2020 Carrying Value (in Thousands)	2020 Effective Duration (Days)	2019 Carrying Value (in Thousands)	2019 Effective Duration (Days)
WV Short Term Bond Pool	$ 254	620	$ 254	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.

Interest Rate Risk

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

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.

4. ACCOUNTS RECEIVABLE

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

	2020	2019
Student tuition and fees - net of allowance for doubtful accounts of $837,832 and $550,094 for 2019 and 2018, respectively	$ 433,978	$ 301,092
Grants and contracts receivable	6,445	34,644
Other accounts receivable	84,726	-
Other accounts receivable - noncurrent	44,656	46,007
	$ 569,805	$ 381,743

5. CAPITAL ASSETS

Summaries of capital assets transactions for the College for the years ended June 30, 2020 and 2019 are as follows:

	2020				
	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	$ 2,152,268	$ -	$ -	$ -	$ 2,152,268
Construction in Progress	45,190	1,024,784	-	-	1,069,974
Total capital assets not being depreciated	$ 2,197,458	$ 1,024,784	$ -	$ -	$ 3,222,242
Other capital assets:					
Building and leasehold improvements	$ 20,826,647	$ 13,481	$ -	$ -	$ 20,840,128
Building - leased	-	-	-	-	-
Land improvements	372,648	-	-	-	372,648
Telecommunications - leased	586,900	-	-	-	586,900
Equipment	1,715,920	35,792	-	-	1,751,712
Total other capital assets	23,502,115	49,273	-	-	23,551,388
Less accumulated depreciation for:					
Building and leasehold improvements	3,385,818	430,644	-	-	3,816,462
Building - leased	-	-	-	-	-
Land improvements	169,226	24,843	-	-	194,069
Telecommunication - leased	270,626	39,127			309,753
Equipment	1,448,279	77,933	-	-	1,526,212
Total accumulated depreciation	5,273,949	572,547	-	-	5,846,496
Other capital assets — net	$ 18,228,166	$ (523,274)	$ -	$ -	$ 17,704,892
Capital asset summary:					
Capital assets not being depreciated	$ 2,197,458	$ 1,024,784	$ -	$ -	$ 3,222,242
Other capital assets	23,502,115	49,273	-	-	23,551,388
Total cost of capital assets	25,699,573	1,074,057	-	-	26,773,630
Less accumulated depreciation	5,273,949	572,547	-	-	5,846,496
Capital assets — net	$ 20,425,624	$ 501,510	$ -	$ -	$ 20,927,133

	2019				
	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	$ 2,144,268	$ 8,000	$ -	$ -	$ 2,152,268
Construction in Progress	-	45,190	-	-	45,190
Total capital assets not being depreciated	$ 2,144,268	$ 53,190	$ -	$ -	$ 2,197,458
Other capital assets:					
Building and leasehold improvements	$ 20,794,647	$ 32,000	$ -	$ -	$ 20,826,647
Building - leased	-	-	-	-	-
Land improvements	372,648	-	-	-	372,648
Telecommunications - leased	586,900	-	-	-	586,900
Equipment	1,694,499	21,421	-	-	1,715,920
Total other capital assets	23,448,694	53,421	-	-	23,502,115
Less accumulated depreciation for:					
Building and leasehold improvements	2,961,434	424,384	-	-	3,385,818
Building - leased	-	-	-	-	-
Land improvements	144,381	24,845	-	-	169,226
Telecommunication - leased	231,501	39,125			270,626
Equipment	1,358,857	89,422	-	-	1,448,279
Total accumulated depreciation	4,696,173	577,776	-	-	5,273,949
Other capital assets — net	$ 18,752,521	$ (524,355)	$ -	$ -	$ 18,228,166
Capital asset summary:					
Capital assets not being depreciated	$ 2,144,268	$ 53,190	$ -	$ -	$ 2,197,458
Other capital assets	23,448,694	53,421	-	-	23,502,115
Total cost of capital assets	25,592,962	106,611	-	-	25,699,573
Less accumulated depreciation	4,696,173	577,776	-	-	5,273,949
Capital assets — net	$ 20,896,789	$ (471,165)	$ -	$ -	$ 20,425,624

6. DUE TO STATE AGENCIES

The following is a summary of amounts due to State agencies for the years ended June 30, 2020 and 2019:

	2020	2019
WV Retiree Health Benefit Trust Fund	$ -	$ 4,316
WV Department of Administration	-	20
WV Treasurer's Office	-	86
BlackBoard Analytics Hosting	-	5,920
WV Department of Health and Human Resources	-	39,962
West Virginia Network for Educational Telecomputing	2,093	-
	$ -	$ 50,304

7. NONCURRENT LIABILITIES

Summaries of noncurrent obligation transactions for the College for the years ended June 30, 2020 and 2019 are as follows:

	2020				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Noncurrent liabilities:					
OPEB liability	$ 2,563,339		$ (664,231)	$ 1,899,108	
Net pension liability	34,907	-	(34,907)	-	
Bonds payable	1,104,444	-	(428,298)	676,146	$ 446,147
Debt obligation due to Commission	509,019	-	(53,630)	455,389	55,989
Total noncurrent liabilities	$ 4,211,709	$ -	$ (1,181,066)	$ 3,030,643	$ 502,136

	2019				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Noncurrent liabilities:					
OPEB liability	$ 2,773,963	$ -	$ (210,624)	$ 2,563,339	
Net pension liability	71,345	-	$ (36,438)	34,907	
Bonds payable	1,515,606	-	(411,162)	1,104,444	$ 428,298
Debt obligation due to Commission	559,845	-	(50,826)	509,019	53,630
Debt obligation - vendor	-	-	-	-	-
Total noncurrent liabilities	$ 4,920,759	$ -	$ (709,050)	$ 4,211,709	$ 481,928

BONDS

Bonds payable at June 30, 2020 and 2019, consist of the following:

	Interest Rate	Annual Principal Installment Due	Principal Amount Outstanding 2020	Principal Amount Outstanding 2019
College Revenue Bonds	4.125%	$229,999 - $446,147	$ 676,146	$ 1,104,444

On September 30, 2012, the college issued $3,500,000 in revenue bonds to First Sentry Bank of Huntington, WV. The proceeds were used to complete the financing of the $20 million campus project opened in the fall semester of 2013. The terms of the bonds are for 10 years with the fixed interest rate of 4.125%. The college made interest only payments on March 1, 2012 and September 1, 2012. Semi-annual payments of principal and interest will be made on March 1 and September 1 of each year, commencing on March 1, 2013. The payments are to be made from cash receipts from Marshall University, pursuant to the Memorandum of Understanding between the College and Marshall University executed on March 20, 2009, and a pledge of the general capital fees collected from students.

A summary of the annual aggregate principal payments for years subsequent to June 30, 2020 is as follows:

Years Ending June 30:	**Principal**	**Interest**	**Total**
2021	$ 446,147	$ 23,338	$ 469,485
2022	229,999	4,744	234,743
			704,228
Less interest			28,082
Total			$ 676,146

8. OTHER POST EMPLOYMENT BENEFITS

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

	2020	**2019**
Net OPEB Liability	$ 1,899,108	$ 2,563,339
Deferred Outflows of Resources	326,356	145,163
Deferred Inflows of Resources	959,592	656,083
Revenues	115,136	161,934
OPEB Expense	(194,159)	235,413
Contributions Made by the Corporation	232,620	16,527

Plan Description

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

The Plan's fiduciary net position has been determined on the same basis used by the Plan. The RHBT is accounted for as a fiduciary fund, and its financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with GAAP for fiduciary funds as prescribed or permitted by the GASB. The primary sources of revenue are plan members and employer contributions. Members' contributions are recognized in the period in which the contributions are due. Employer contributions and related receivables to the trust are recognized pursuant to a formal commitment from the employer or statutory or contractual requirement, when there is a reasonable expectation of collection. Benefits and refunds are recognized when due and payable. RHBT is considered a component unit of the State of West Virginia for financial reporting purposes, and, as such, its financial report is also included in the State of West Virginia's Comprehensive Annual Financial Report. RHBT issues publicly available financial statements and required supplementary information for the OPEB plan. Details regarding this plan and a copy of the RHBT financial report may be obtained by contacting PEIA at 601 57th Street SE, Suite 2, Charleston, West Virginia 25304-2345, or by calling (888) 680-7342.

Benefits Provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

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

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

Contributions

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

Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The paygo rates related to the measurement date of June 30, 2018 were:

	July 2018 - June 2019 2019	July 2017 - December 2017 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 $232,620, $16,527, and $249,138, respectively.

Assumptions

The total 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:

- Actuarial cost method: Entry age normal cost method.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method: Level percentage of payroll over a 20 year closed period
- Remaining amortization period: 20 years closed period
- Investment rate of return: 7.15%, net of OPEB plan investment expense, including inflation.
- 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.
- Projected salary increases: Dependent upon pension system ranging from 3.0-6.5%, including inflation.
- Inflation rate: 2.75%.
- Mortality rates based on RP-2000 Mortality Tables.

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

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

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 West Virginia Board of Treasury Investments ("WV-BTI") was estimated based on WV-IMB assumed inflation of 2.0% plus a 25 basis point spread.

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

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

Discount rate. The discount rate used to measure the total OPEB liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that RHBT contributions will continue to follow the current funding policies. Based on those assumptions and that the OPEB plan is expected to be fully funded by the fiscal year ended June 30, 2033, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the College's proportionate share of the net OPEB liability as of June 30, 2020 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.

	2020		
	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Net OPEB Liability	$2,266,530	$1,899,108	$1,591,639

	2019		
	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Net OPEB Liability	$3,012,695	$2,563,339	$2,188,753

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.

		2020	
	1% Decrease	**Current Healthcare Cost Trend Rates**	**1% Increase**
Net OPEB Liability	$1,531,356	$1,899,108	$2,345,375

		2019	
	1% Decrease	**Current Healthcare Cost Trend Rates**	**1% Increase**
Net OPEB Liability	$2,121,025	$2,563,339	$3,102,283

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.

At June 30, 2020, the College's proportionate share of the net OPEB liability was $2,287,750. Of this amount, the College recognized $1,899,108 as its proportionate share on the statement of net position. The remainder of $388,642 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 0.114463941%, a decrease of 0.005014756% from its proportion of 0.119478697% calculated as of June 30, 2018.

For the year ended June 30, 2020, the College recognized OPEB expense of $(194,159), of this amount, $(309,295), was recognized as the College's proportionate share of OPEB expense and $115,136 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of $115,136 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.

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	$ 93,267	$ 281,367
Opt-out employer change in proportionate share	469	51,094
Net difference between projected and actual investment earnings		20,487
Change in assumption		385,154
Differences between expected and actual experience		221,490
Contributions after the measurement date	232,620	
Total	$ 326,356	$ 959,592

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	$ 128,636	$ 314,773
Net difference between projected and actual investment earnings		47,447
Change in assumption		255,946
Differences between expected and actual experience		37,917
Contributions after the measurement date	16,527	
Total	$ 145,163	$ 656,083

The College will recognize the $232,620 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended	Amortization
June 30, 2021	$ 333,130
June 30, 2022	332,447
June 30, 2023	200,279
June 30, 2024	-
	$ 865,856

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.

9. STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

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

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

The Commission has the authority to assess each public institution of higher education for payment of debt service on these system bonds. The tuition and registration 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 the institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. Although the bonds remain as a capital obligation of the Commission, an estimate of the obligation of each institution is reported as a long-term payable by each institution and as a receivable by the Commission.

For the years ended June 30, 2020 and 2019, debt service assessed was as follows:

	2020	2019
Principal	$ 53,630	$ 55,982
Interest	22,932	30,044
Other	2,920	2,773
Total	$ 79,482	$ 88,799

During the year ended June 30, 2005, the Commission issued $167,000,000 of 2004 Series B 30-year Revenue Bonds to fund capital projects at various higher education institutions in the State. The College received $4,253,559 of these funds plus interest earnings of $281,294. State lottery funds will be used to repay the debt, although, the College revenues are pledged if lottery funds prove insufficient.

During December 2009, the Commission, on behalf of the Council, issued $78,295,000 of Community and Technical Colleges Improvement Revenue Bonds, 2009 Series A (the "2009 Bonds"). The proceeds of the 2009 Bonds will be used to finance the acquisition, construction, equipping, or improvement of community and technical college facilities in West Virginia. The College was authorized and received $13,500,000 of these proceeds. State lottery funds will be used to repay the debt.

10. UNRESTRICTED COMPONENTS OF NET POSITION

The unrestricted component of the College's net position is as follows:

	2020	2019
Undesignated	$ 9,255,613	$ 8,552,163
Total unrestricted net position before OPEB and pension liability	9,255,613	8,552,163
Less: OPEB liability	1,899,108	2,563,339
Less: Pension liability	-	34,907
Total unrestricted net position	$ 7,356,505	$ 5,953,917

11. RETIREMENT PLANS

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

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.

DEFINED BENEFIT PENSION PLAN

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

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

	2020	2019
Net Pension Liability	$ -	$ 34,907
Deferred Outflows of Resources	3,395	8,130
Deferred Inflows of Resources	111,369	126,787
Revenues	-	7,983
Pension Expense	(45,590)	(29,658)
Contributions made by College	-	-

TRS

Plan Description

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

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

Benefits Provided

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

Contributions

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

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

Employer Contributions: Employers make the following contributions:

The State (including institutions of higher education) contributes:

1. 15% of gross salary of their State-employed members hired prior to July 1, 1991;
2. 15% of College Aid Formula (SAF) covered payroll of county-employed members;
3. 7.5% of SAF-covered payroll of members of the Teachers' Defined Contribution Retirement System;
4. a certain percentage of fire insurance premiums paid by State residents; and
5. under WV State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the TRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2017 and 2016, the College's proportionate share attributable to this special funding subsidy was $15,296 and $30,800, respectively.

The College's contributions to TRS for the years ended June 30, 2020, 2019, and 2017, were $0, $0, and $5,223, 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 2034.
- Investment rate of return of 7.50%, net of pension plan administrative and investment expenses.
- Projected salary increases: Teachers 3.00-6.00% and non-teachers 3.00–6.50%, based on age.
- Inflation rate of 3.0%.
- Discount rate of 7.50%.
- Mortality rates based on RP-2000 Mortality Tables.
- Withdrawal rates: Teachers 0.8-35% and non-teachers 1.316-24.75%.
- Disability rates: 0.008-0.704%.
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Retirement rates: 15-100%.
- *Ad hoc* cost-of-living increases in pensions are periodically granted by the State Legislature. However, the retirement system makes no automatic provision for such increases.

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

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 arithmetic real rates of return for each major asset class included in TRS' target asset allocation as of June 30, 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%

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

Sensitivity of the net pension liability to changes in the discount rate. The following presents the College's proportionate share of the TRS net pension liability as of June 30, 2020 and 2019 calculated using the discount rate of 7.50%, as well as what the College's TRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.5%) than the current rate.

	1% Decrease (6.5%)		Current Discount Rate (7.5%)		1% Increase (8.5%)	
Net Pension Liability 2020	$	-	$	-	$	-
Net Pension Liability 2019	$	47,118	$	34,907	$	24,467

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

The June 30, 2020 TRS net pension liability was measured as of June 30, 2019, and the total pension liability was determined by an actuarial valuation as of July 1, 2018, rolled forward to the measurement date of June 30, 2019. The June 30, 2019 TRS net pension liability was measured as of June 30, 2018, and the total pension liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to the measurement date of June 30, 2018.

The net pension liability is allocated based on contributions to the TRS plan. The College no longer has any employees in the TRS plan and made no contributions to the TRS plan beginning with the year ended June 30, 2019, which is the measurement date used for the fiscal year ended June 30, 2020 allocation. Therefore, the College's proportionate share of the net pension liability was $0 at June 30, 2020.

At June 30, 2019, the College's proportionate share of the TRS net pension liability was $125,358. Of this amount, the College recognized $34,907 as its proportionate share on the statement of net position. The remainder of $90,451 denotes the College's proportionate share of net pension liability attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to TRS for each of the fiscal years ended June 30, 2019 and 2018. Employer contributions are recognized when due. At the June 30, 2019 measurement date, the College's proportion was 0.00000%, a decrease of 0.001118% from its proportion of 0.001118% calculated as of June 30, 2018. At the June 30, 2018 measurement date, the College's proportion was 0.001118%, a decrease of 0.00094% from its proportion of 0.002065% calculated as of June 30, 2017.

For the year ended June 30, 2020, the College recognized TRS pension expense of $(45,590). Of this amount, $(45,590) was recognized as the College's proportionate share of the TRS expense, $0 as the amount of pension expense attributable to special funding from a non-employer contributing entity, and $0 as the amount of pension expense from a non-employer contributing entity not attributable to a special funding situation. The College also didn't have any recognized revenue for support provided by the State.

For the year ended June 30, 2019, the College recognized TRS pension expense of $(29,658). Of this amount, $(37,954) was recognized as the College's proportionate share of the TRS expense, $7,983 as the amount of pension expense attributable to special funding from a non-employer contributing entity, and $313 as the amount of pension expense from a non-employer contributing entity not attributable to a special funding situation. The College also recognized revenue of $7,983 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference between Employer Contributions and Proportionate Share of Contributions	$ 3,395	$ 111,369
Net Difference between Projected and Actual Investment Earnings		-
Difference between Expected and Actual Experience	-	-
Changes in Assumptions	-	-
Contributions after the Measurement Date	-	-
Total	$ 3,395	$ 111,369

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference between Employer Contributions and Proportionate Share of Contributions	$ 6,794	$ 124,266
Net Difference between Projected and Actual Investment Earnings		1,817
Difference between Expected and Actual Experience	251	704
Changes in Assumptions	1,085	-
Contributions after the Measurement Date	-	-
Total	$ 8,130	$ 126,787

The College will recognize the $0 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the TRS net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in TRS pension expense as follows:

Fiscal Year Ended	Amortization
June 30, 2021	$ 30,447
June 30, 2022	38,530
June 30, 2023	27,256
June 30, 2024	11,741
June 30, 2025	-
Total	$ 107,974

Payables to the pension plan

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

DEFINED CONTRIBUTION BENEFIT PLANS

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

Total contributions to the TIAA-CREF for the years ended June 30, 2020 and 2019, and 2018, were approximately $829,000, $703,000, and $730,000, respectively, which consisted of equal contributions from the College and covered employees of approximately $415,000, $352,000, and $365,000, respectively.

Total contributions to the Educators Money for the years ended June 30, 2020 and 2019, and 2018, were approximately $0, $25,000, and $21,000, respectively, which consisted of approximately $0, $12,800, and $10,500 from both the College and from covered employees, respectively.

The College's total payroll for the years ended June 30, 2020 and 2019, and 2018 was approximately $7,386,000, $7,132,000, and $7,237,000, respectively. Total covered employees' salaries in the STRS, TIAA-CREF, and Educators Money were approximately $0, $0, and $7,300; $6,900,000, $5,900,000, and $6,000,000; and $0, $213,000, and $174,000 respectively, in 2020, 2019 and 2018.

12. CONTINGENCIES

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

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

The Internal Revenue Code of 1986 establishes rules and regulations for arbitrage rebates. There are no arbitrage rebate liabilities that have been recorded in the financial statements at June 30, 2020 and 2019.

The College owns buildings that are known to contain asbestos. The College is not required by federal, state, or local law to remove the asbestos from its buildings. The College is required under federal environmental, health, and safety regulations to manage the presence of asbestos in its buildings in a safe manner. The College addresses its responsibility to manage the presence of asbestos in its buildings on a case-by-case basis. Significant problems of dangerous asbestos conditions are abated as the conditions become known. The College also addresses the presence of asbestos as building renovation or demolition projects are undertaken and through asbestos operation and maintenance programs directed at containing, managing, or operating with the asbestos in a safe manner.

13. MOUNTWEST FOUNDATION, INC.

With the change in State law to establish the College as a separate entity, a separate nonprofit Mountwest Foundation, Inc. ("Mountwest Foundation") was incorporated in the State, effective July 1, 2009, whose purpose is to benefit the work and services of the College. Mountwest Foundation has a sixteen-member Board. There was limited activity in the Mountwest Foundation in fiscal year 2020. Accordingly, the financial statements of the Mountwest Foundation are not included in the accompanying financial statements because they are not controlled by the College and they are not considered significant.

During the years ended June 30, 2020 and 2019 the Mountwest Foundation contributed approximately $120,000 and $24,400, respectively, to the College for scholarships and items purchased by the College.

14. SERVICE CONCESSION ARRANGEMENTS

The College has adopted GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* (SCA). The College has identified one contracts for service that meet the four criteria of a SCA. SCAs are defined as a contract between a government and an operator, another government or a private entity, in which the operator provides services, the operator collects and is compensated by fees from third parties, the government still has control over the services provided, and the government retains ownership of the assets at the end of the contract.

The College contracts with Follett Higher Education Group, Inc. (FHEG) to operate its bookstore located within the College's facilities; a professional bookstore that yields the highest caliber of services to the College community. The contract with Follett has been in place since April 18, 2012 with the last renewal period going through fiscal year 2020. The College receives annual rents of $12,000 and commission payments calculated at a contractually agreed upon percentage of bookstore gross sales. In 2020 and 2019, the College received approximately $54,250 and $54,000, respectively, in commissions from Follett. There were no significant renovations to the College facilities by Follett in either 2020 or 2019.

15. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

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

	2020							
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Fees Assessed by the Commission	Total
Instruction	$ 4,147,577	$ 662,554	$ 1,028,561	$ -	$ -	$ -	$ -	$ 5,838,692
Academic support	463,732	87,675	81,053	-	-	-	-	632,460
Student services	1,152,384	234,478	461,280	-	-	-	-	1,848,142
General institutional support	1,331,060	236,570	481,195	-	-	-	-	2,048,825
Operations and maintenance of plant	202,910	39,067	1,162,764	292,977	-	-	-	1,697,718
Student financial aid	-	-	-	-	2,207,083	-	-	2,207,083
Auxiliary enterprises	88,459	12,813	121,465	-	-	-	-	222,737
Depreciation	-	-	-	-	-	572,547	-	572,547
Other	-	-	-	-	-	-	80,856	80,856
	$ 7,386,122	$ 1,273,157	$ 3,336,318	$ 292,977	$ 2,207,083	$ 572,547	$ 80,856	$ 15,149,060

	2019							
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Fees Assessed by the Commission	Total
Instruction	$ 3,955,245	$ 867,030	$ 854,046	$ -	$ -	$ -	$ -	$ 5,676,321
Academic support	516,392	163,439	59,044	-	-	-	-	738,875
Student services	1,128,277	305,457	486,398	-	-	-	-	1,920,132
General institutional support	1,230,557	374,379	641,903	-	-	-	-	2,246,839
Operations and maintenance of plant	219,941	74,605	996,913	322,229	-	-	-	1,613,688
Student financial aid	-	-	-	-	1,355,485	-	-	1,355,485
Auxiliary enterprises	81,453	15,857	154,489	-	-	-	-	251,799
Depreciation	-	-	-	-	-	577,776	-	577,776
Other	-	-	-	-	-	-	77,421	77,421
	$ 7,131,865	$ 1,800,767	$ 3,192,793	$ 322,229	$ 1,355,485	$ 577,776	$ 77,421	$ 14,458,336

16. CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES)

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year-end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the College, COVID-19 may impact various parts of its 2021 operations and financial results, including, but not limited to, declines in enrollment, loss of auxiliary revenues, additional bad debts, costs for increased use of technology, or potential shortages of personnel. Management believes the College is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

Due to COVID-19, the Federal Government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020 which included funding for the Higher Education Emergency Relief Fund (HEERF). These funds were awarded to institutions of higher education in two equal allotments; institutional aid to provide support for pivoting instruction to online delivery or reimbursement of refunds, and a student portion to provide emergency financial aid grants to students.

The College received an allocation of $564,604 in student portion and $564,603 in institutional portion. As of June 30, 2020, the College had expended $546,444 of the student portion as well as, expending $10,640 related to the intuition portion. $1,129,207 was drawn down and received by June 30, 2020. The difference of $572,123 is included in unearned revenue on the statements of net position.

REQUIRED SUPPLEMENTARY SCHEDULES

MOUNTWEST COMMUNITY AND TECHNICAL COLLEGE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS (UNAUDITED)

Schedule of Proportionate Share of TRS Net Pension Liability:

Measurement Date	College's Proportionate Share as a Percentage of Net Pension Liability	College's Proportionate Share	State's Proportionate Share	Total Proportionate Share	College's Covered Employee Payroll	College's Proportionate Share as a Percentage of Covered Payroll	College's Plan Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2014	0.005755%	$ 198,533	$ 448,610	$ 647,143	$ 177,000	112.17%	65.95%
June 30, 2015	0.005949%	206,148	470,404	676,552	180,400	114.27%	66.25%
June 30, 2016	0.004432%	182,167	346,980	529,147	115,000	158.41%	61.42%
June 30, 2017	0.002065%	71,345	157,763	229,108	55,000	129.72%	67.85%
June 30, 2018	0.001118%	34,907	90,451	125358	7,300	478.18	71.20%
June 30, 2019	0.000000%	-	-	-	-	0.00%	72.64%

Schedule of Employer Contributions:

Measurement Date	Actuarily Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actuarial Contribution as a Percentage of Covered Payroll
June 30, 2014	$ 26,184	$ 26,511	$ (327)	$ 177,000	14.98%
June 30, 2015	27,051	27,053	(2)	180,400	15.00%
June 30, 2016	17,182	17,184	(2)	115,000	14.94%
June 30, 2017	-	8,548	(8,548)	55,000	15.54%
June 30, 2018	4,962	4,962	-	7,300	67.97%
June 30, 2019	-	-	-	0	0.00%

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

Notes to Required Supplementary Information
For the Year Ended June 30, 2020

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

MOUNTWEST COMMUNITY AND TECHNICAL COLLEGE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
AND CONTRIBUTIONS (UNAUDITED)

Schedule of Proportionate Share of net OPEB Liability:

Measurement Date	College's Proportionate Share as a Percentage of net OPEB Liability	College's Proportionate Share	State's Proportionate Share	Total Proportionate Share	College's Covered Employee Payroll	College's Proportionate Share as a Percentage of Covered Payroll	College's Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
June 30, 2017	0.112809%	$ 2,773,963	$ 569,775	$ 3,343,738	$ 2,480,740	111.82%	25.10%
June 30, 2018	0.119479%	2,563,339	529,774	3,093,113	2,450,142	104.62%	30.98%
June 30, 2019	0.114464%	1,899,108	388,642	2,287,750	2,203,653	86.18%	39.69%

Schedule of Employer Contributions:

Measurement Date	Actuarily Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actuarial Contribution as a Percentage of Covered Payroll
June 30, 2017	$ 231,708	$ 231,708	$ -	$ 2,480,740	9.34%
June 30, 2018	244,154	244,154	-	2,450,142	9.96%
June 30, 2019	235,828	235,828	-	2,203,653	10.70%

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

Notes to Required Supplementary Information
For the Year Ended June 30, 2020

There are no factors that affect trends in the amounts reported, such as a change of benefit terms or assumptions. With only one year reported in the required supplementary information, there is no additional information to include in notes. Information, if necessary, can be obtained from the West Virginia Retiree Benefit Health Benefit Trust Fund Audited Schedules of Employer Other Post-Employment Benefits Allocations and Other Post-Employments Benefits Amounts by Employer.

HAYFLICH.
Certified Public Accountants | Business Advisors

HAYFLICH CPAs PLLC
300 8th Street, 3rd Floor
Huntington, WV 25701
T: (304) 697.5700
F: (304) 697.5704
www.hayflich.com

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*

To the Governing Board of
Mountwest Community and Technical College
Huntington, WV

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Mountwest 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 5, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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.

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

Purpose of this Report

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

Hayflich CPAs PLLC

Huntington, West Virginia
October 5, 2020