FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2021 AND 2020

BLUEFIELD STATE COLLEGE
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INDEPENDENT AUDITORS' REPORT

Board of Governors
Bluefield State College
Bluefield, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, and the discretely presented component unit of Bluefield State College, a component unit of the West Virginia Higher Education Policy Commission, as of and for the year ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the discretely presented component unit of Bluefield State College Foundation, Inc. for the years ended June 30, 2021 and 2020. Additionally, we did not audit the financial statements of the Applied Research Foundation of West Virginia, a blended component unit of Bluefield State College, which represents 1.0%, 1.0%, and 1.0%, respectively of the assets, net position, and revenues of Bluefield State College. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for Bluefield State College Foundation, Inc. and the Applied Research Foundation of West Virginia, are based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Bluefield State College Foundation, Inc., which were audited by other auditors, were not audited in accordance with *Government Auditing Standards*.

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

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

Basis for Adverse Opinion on Discretely Presented Component Units for 2020

The financial statements for the year ended June 30, 2020 do not include financial data for the College's legally separate component unit, Bluefield State College Research and Development Corporation (Corporation). Accounting principles generally accepted in the United States of America require the financial data for the Corporation to be reported with the financial data of the College unless the College also issues financial statements for the financial reporting entity that include the financial data for the Corporation. The College has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the aggregate discretely presented component units are understated.

Adverse Opinion on Discretely Presented Component Units for 2020

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

Unmodified Opinions on Business-type Activities for 2020

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

Unmodified Opinions for 2021

In our opinion, based on our audit and the reports of other auditors the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit, as of June 30, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 1, the financial statements present only Bluefield State College and do not purport to, and do not present fairly the financial position of the West Virginia Higher Education Policy Commission as of June 30, 2021 and 2020, the changes in its financial position, or cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2021, on our consideration of the Bluefield State College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bluefield State College's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 15, 2021

BLUEFIELD STATE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020

Our discussion and analysis of Bluefield State College's (the College) financial performance provides an overview of the College's financial activities during the years ended June 30, 2021, 2020, and 2019. Since this discussion and analysis is designed to focus on current activities, resulting changes, and currently known facts, please refer to the College's basic financial statements on pages 1 to 6 and the notes to financial statements on pages 7 to 55.

In accordance with applicable guidance, the audited financial statements of the Bluefield State College Foundation, Incorporated (the Foundation) are presented here with the College's financial statements for the fiscal years ended June 30, 2021 and 2020. The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from the Governmental Accounting Standards Board (GASB) revenue recognition criteria and presentation features.

Complete financial statements of the Foundation can be obtained from the Treasurer of the Bluefield State College Foundation at 1629 College Avenue, Bluefield, West Virginia 24701.

The College also reports the activity of the Applied Research Foundation of West Virginia (ARF) in its financial statements as a blended component unit.

Financial Highlights from Bluefield State College

The following are brief summaries for the College:

- The College's assets and deferred outflows of resources exceeded its liabilities at the end of fiscal year 2021 by approximately $36.5 million, compared to approximately $10.4 million and $9.0 million in 2020 and 2019, respectively.
- The other postemployment benefits (OPEB) liability at fiscal year-end 2021 was approximately $0.8 million.
- The net pension liability at fiscal year-end 2021 was approximately $0.4 million.

Overview of the Financial Statements

The College implemented GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities* beginning with fiscal year 2003. GASB Statement No. 35 requires the College to present financial information as a whole rather than focusing on individual funds. This report consists of management's discussion and analysis, the basic financial statements, and the notes to the financial statements. The basic financial statements include the statement of net position; statement of revenues, expenses and changes in net position; and statement of cash flows.

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

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

Financial Analysis of the College

Of the College's net position of approximately $36.5 million, $37.5 million represents its net investment in capital assets of land, land improvements, buildings, equipment, and library books. These capital assets are utilized to provide educational and related services to students and the communities and are not available for future spending. Unrestricted net position is available to meet the College's obligations. The unrestricted net position increased to a reduced deficit of approximately ($1.6) million compared to ($4.7) million in 2020. There is approximately ($3.4) million of unrestricted position related to the Pension OPEB liabilities and related deferred outflows and inflows. The State of West Virginia has adopted a plan for elimination of the OPEB liability by 2035 for all state agencies. The unrestricted cash represents the amount not restricted via plant operations, auxiliaries, grant and loan funds, and state code restrictions.

The College's net position from 2021 and 2020 increased by approximately $26.1 million with net capital assets increasing by approximately $22.2 million. This increase primarily related to donated land and buildings.

Condensed Statements of Net Position
June 30, 2021, 2020, and 2019
(in millions)

	2021	2020	2019
Cash	$ 3.1	$ 2.0	$ 1.0
Other Current Assets	2.4	1.0	0.7
Total Current Assets	5.5	3.0	1.6
Capital Assets	37.5	15.3	15.9
Other Noncurrent Assets	0.6	0.6	0.6
Total Noncurrent Assets	38.1	15.9	16.5
Total Assets	43.6	18.9	18.1
Deferred Outflows of Resources	0.5	0.5	0.5
Total	$ 44.1	$ 19.4	$ 18.6
Current Liabilities	$ 3.4	$ 3.7	$ 3.3
Noncurrent Liabilities	1.4	3.7	4.6
Total Liabilities	4.8	7.4	7.9
Deferred Inflows of Resources	2.8	1.6	1.4
Net Position:			
Net Investment in Capital Assets	37.5	15.3	15.8
Restricted	0.6	(0.2)	(0.5)
Unrestricted Deficit	(1.6)	(4.7)	(6.0)
Total Net Position	36.5	10.4	9.3
Total	$ 44.1	$ 19.4	$ 18.6

For the year ended June 30, 2021, there was an increase of approximately $26.1 million in net position. The OPEB liability as of June 30, 2021 was approximately $0.8 million compared to the approximately $3.1 million at June 30, 2020. Total assets and deferred outflows of resources increased by $24.7 million. Total liabilities and deferred inflows of resources decreased approximately $1.4 million. The College's proportionate share of the net pension and OPEB liabilities and the related deferred outflows and inflows are determined by actuarial valuations and fluctuate from year to year. As noted above, significant increases in capital assets and net position primarily relate to the addition of the Medical Education Center, a former hospital site that was donated to the College during 2021.

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

Condensed Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2021, 2020, and 2019 (in millions)

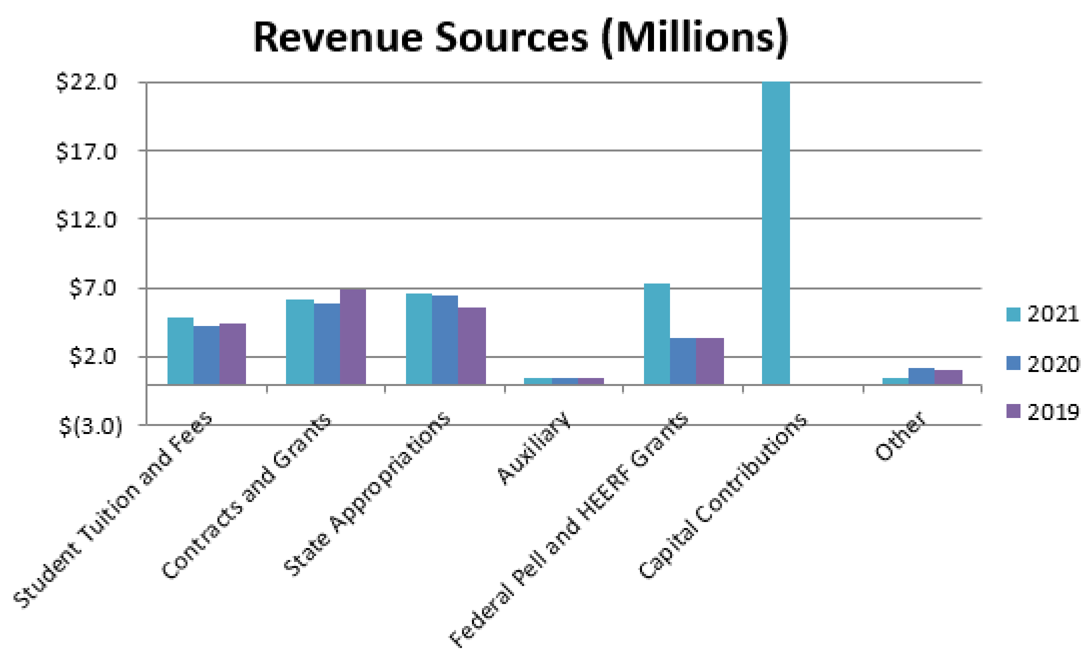
	2021	2020	2019
Operating Revenues:			
Tuition and Fees	$ 4.8	$ 4.2	$ 4.4
Contracts and Grants	6.2	5.9	6.8
Auxiliary	0.4	0.4	0.4
Other	0.2	0.1	0.1
	11.6	10.6	11.7
Less: Operating Expenses	22.0	20.1	22.3
Operating Loss	(10.4)	(9.5)	(10.6)
Nonoperating Revenues (Expenses):			
State Appropriations	6.5	6.4	5.6
Federal Pell and HEERF Grants	7.3	3.3	3.4
Capital Contributions	22.4	-	-
Other	0.3	1.1	1.0
Net Nonoperating Revenue	36.5	10.8	10.0
Income (Loss) Before Other Revenues, Expenses, Gains, and Losses	26.1	1.3	(0.6)
Capital Proceeds from the Commission	-	-	-
Restatement July 1, 2019 Capital Assets	-	-	0.3
Total Change in Net Position	$ 26.1	$ 1.3	$ (0.3)

Gross tuition and fees increased slightly to $4.8 in 2021 from approximately $4.2 million in 2020. The scholarship allowance decreased from approximately $5.5 million in 2020 to approximately $4.2 million in 2020.

Total operating expenses increased from 2020 from $20.1 million to $22.0 million in 2021.

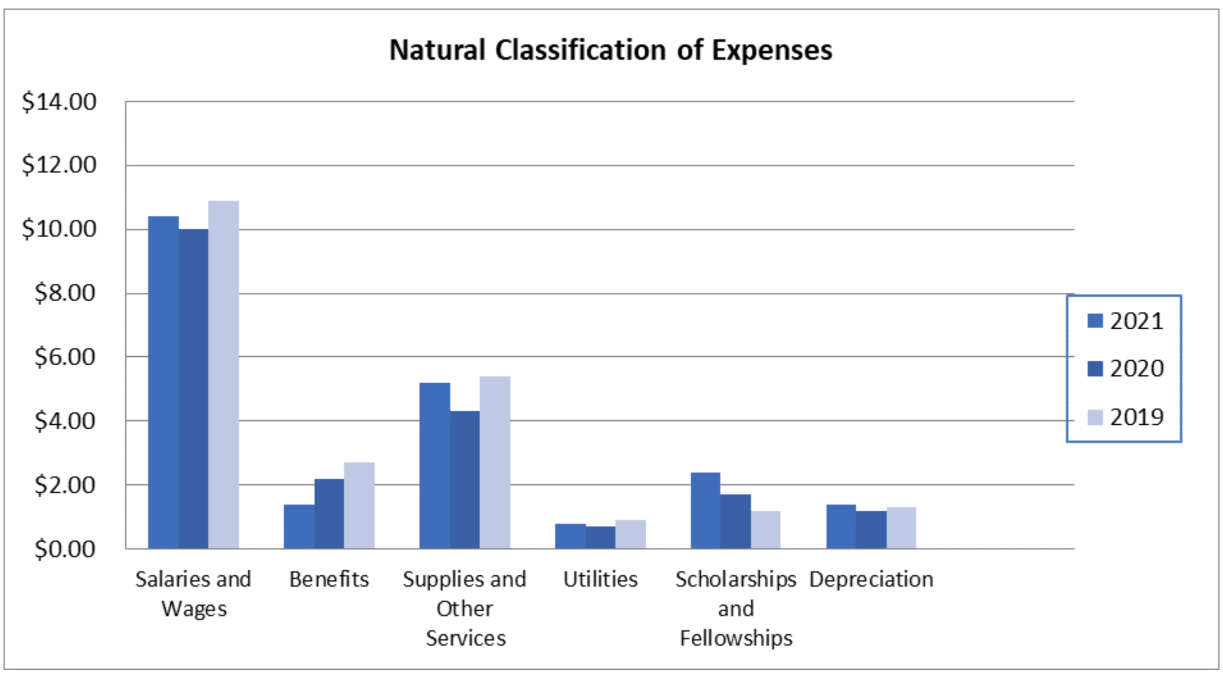
Revenue Sources
Years Ended June 30, 2021, 2020, and 2019
(in millions)

	2021	2020	2019
Student Tuition and Fees	$ 4.8	$ 4.2	$ 4.4
Contracts and Grants	6.2	5.9	6.8
State Appropriations	6.5	6.4	5.6
Auxiliary	0.4	0.4	0.4
Federal Pell and HEERF Grants	7.3	3.3	3.4
Capital Contributions	22.4	-	-
Other	0.5	1.2	1.1
Total Revenue Sources	$ 48.1	$ 21.4	$ 21.7



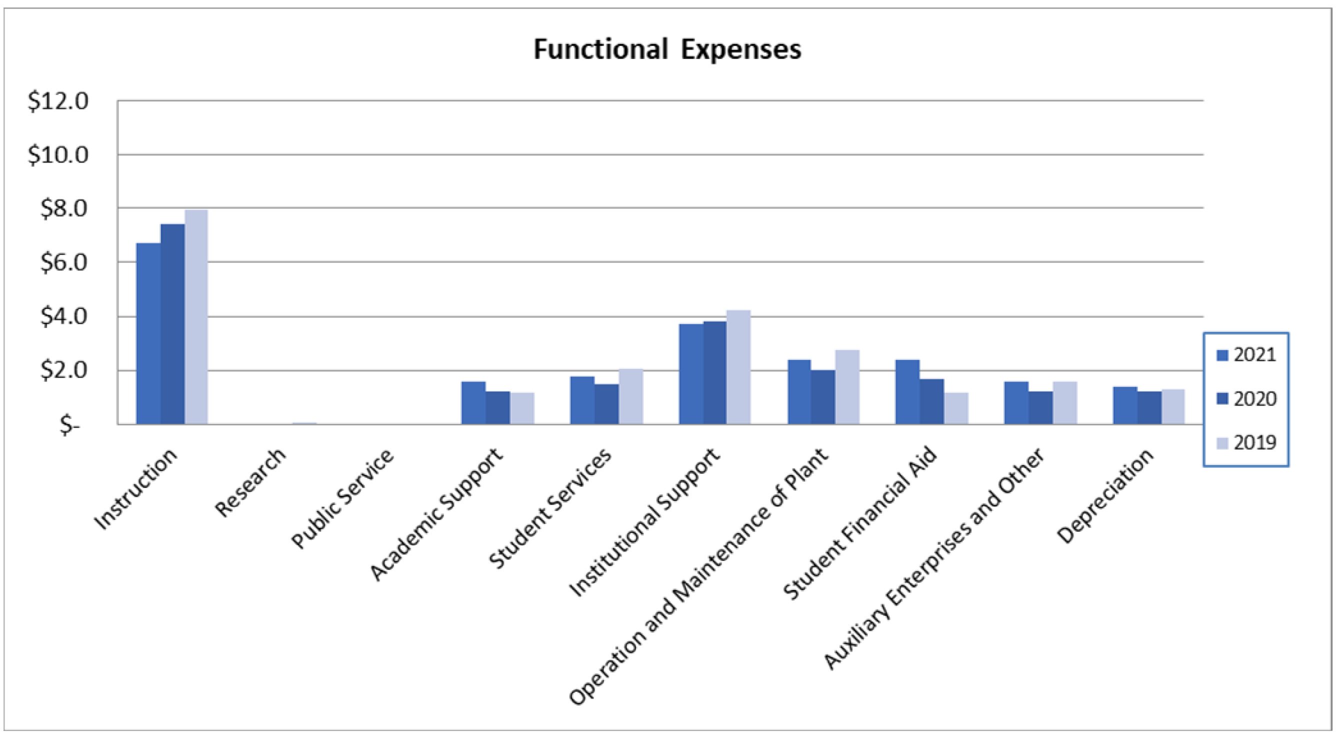
Operating Expenses
Years Ended June 30, 2021, 2020, and 2019
(in millions)

Natural Classification	2021	2020	2019
Salaries and Wages	$ 10.6	$ 10.0	$ 10.9
Benefits	1.4	2.2	2.7
Supplies and Other Services	5.4	4.3	5.4
Utilities	0.8	0.7	0.9
Scholarships and Fellowships	2.4	1.7	1.2
Depreciation	1.4	1.2	1.3
Total Operating Expenses	$ 22.0	$ 20.1	$ 22.4



Functional Expenses
Years Ended June 30, 2021, 2020, and 2019
(in millions)

Functional Classification	2021	2020	2019
Instruction	$ 6.7	$ 7.4	$ 8.0
Research	0.3	-	0.1
Public Service	-	-	-
Academic Support	1.6	1.2	1.2
Student Services	1.9	1.5	2.1
Institutional Support	3.7	3.8	4.3
Operation and Maintenance of Plant	2.4	2.0	2.8
Student Financial Aid	2.4	1.7	1.2
Auxiliary Enterprises and Other	1.6	1.2	1.6
Depreciation	1.4	1.2	1.3
Total Functional Expenses	$ 22.0	$ 20.0	$ 22.3



The statement of cash flows presents detailed information about the cash activities of the College during the year. The statement is divided into five parts. The first section deals with operating cash flows and shows the net cash used in the operating activities. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section deals with the cash flows from capital financing activities. This section deals with the cash used for the acquisition and construction of capital assets and related items and related funding received. The fourth section reflects the cash flows from investing activities and shows interest received from investing activities, and purchases and sales of investments. The fifth section reconciles the net cash used in operating activities to the operating loss reflected in the statement of revenues, expenses, and changes in net position. Cash and cash equivalents increased by approximately $1 million for the year ended June 30, 2021.

Condensed Statements of Cash Flows
Years Ended June 30, 2021, 2020, and 2019
(in millions)

	2021	2020	2019
Cash Provided by (Used in):			
Operating Activities	$ (10.9)	$ (8.5)	$ (9.0)
Noncapital Financing Activities	12.5	10.3	9.0
Capital Financing Activities	(0.6)	(0.8)	(0.7)
Investing Activities	-	-	-
Increase (Decrease) in Cash and Cash Equivalents	1.0	1.0	(0.7)
Cash and Cash Equivalents - Beginning of Year	2.1	1.0	1.7
Cash and Cash Equivalents - End of Year	$ 3.1	$ 2.1	$ 1.0

Capital Asset and Debt Administration

The debt service obligation payable to the Commission for the College for the years ended June 30, 2020 and 2019 was approximately $21 thousand and $62 thousand, respectively. The College entered into a loan agreement with the Commission during fiscal year 2011 to fund capital projects. The loan was repaid in full during fiscal 2021.

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

- Construction in progress (CIP) additions of $0.7 million related to dormitory renovations in the Medical Education Center, facilities that were donated during the year and recorded at acquisition value of approximately $22 million.
- Equipment purchases totaled $0.4 million and disposals of equipment during the year were $0.5 million.
- Library book purchases were minimal.
- Depreciation expense was $1.4 million.

Readers interested in more detailed information regarding capital assets and debt administration should review the accompanying Notes 6 and 7 to the financial statements.

Economic Outlook

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

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

Contacting the College's Financial Management

This financial report is designed to provide a general overview of Bluefield State College's finances. Questions concerning any of the information provided in this report should be addressed to the Chief Financial Officer at Bluefield State College, 219 Rock Street, Bluefield, West Virginia 24.

BLUEFIELD STATE COLLEGE
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 3,131,455	$ 2,019,050
Accounts Receivable, Net of Allowance of $445,597 and $475,927	2,077,587	678,466
Prepaid Expenses	13,816	5,933
Due from the Commission	42	70,057
Inventories	236,693	244,951
Total Current Assets	5,459,593	3,018,457
NONCURRENT ASSETS		
Cash and Cash Equivalents - Restricted	-	41,073
Investments	635,576	536,205
Capital Assets, Net of Accumulated Depreciation	37,521,000	15,284,822
Total Noncurrent Assets	38,156,576	15,862,100
Total Assets	43,616,169	18,880,557
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows OPEB	413,138	391,438
Deferred Outflows TRS Plan	121,092	136,728
Total Deferred Outflows of Resources	534,230	528,166
Total Assets and Deferred Outflows of Resources	$ 44,150,399	$ 19,408,723
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	$ 1,715,763	$ 1,340,389
Due to the Commission	131,149	798,460
Accrued Liabilities	1,016,212	972,668
Unearned Revenue	155,179	177,503
Compensated Absences, Current Portion	426,894	380,108
Debt Service Obligation Payable to the Commission, Current Portion	-	20,500
Total Current Liabilities	3,445,197	3,689,628
NONCURRENT LIABILITIES		
Compensated Absences	247,013	190,823
Other Post Employment Benefits Liability	756,061	3,088,898
Net Pension Liability	433,990	392,693
Total Noncurrent Liabilities	1,437,064	3,672,414
Total Liabilities	4,882,261	7,362,042
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows OPEB	2,666,894	1,510,370
Deferred Inflows TRS Plan	104,259	161,554
Total Deferred Inflows of Resources	2,771,153	1,671,924
Total Liabilities and Deferred Inflows of Resources	7,653,414	9,033,966
NET POSITION		
Net Investment in Capital Assets	37,521,000	15,264,322
Restricted for:		
Nonexpendable Endowment	577,705	577,705
Expendable Scholarships	-	438,972
Expendable Loans	-	41,073
Expendable Grants	-	(1,228,595)
Unrestricted Deficit	(1,601,720)	(4,718,720)
Total Net Position	36,496,985	10,374,757
Total Liabilities, Deferred Inflows, and Net Position	$ 44,150,399	$ 19,408,723

See accompanying notes to the financial statemetns.

BLUEFIELD STATE COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
OPERATING REVENUES		
Student Tuition and Fees (Net of Scholarship Allowance of $4,197,469 and $5,482,931)	$ 4,803,087	$ 4,238,237
Contracts and Grants:		
Federal	4,092,791	3,768,580
State	1,816,521	1,714,697
Private	329,764	440,815
Sales and Services of Educational Activities	136,526	98,014
Auxiliary Enterprise Revenue (Net of Scholarship Allowance of $232,355 and $258,358)	424,371	344,796
Miscellaneous - Net	85,041	25,571
Total Operating Revenues	11,688,101	10,630,710
OPERATING EXPENSES		
Salaries and Wages	10,609,265	10,048,261
Benefits	1,442,717	2,168,733
Supplies and Other Services	5,425,569	4,271,143
Utilities	827,415	707,291
Student Financial Aid - Scholarships and Fellowships	2,350,403	1,673,152
Depreciation	1,382,844	1,219,658
Total Operating Expenses	22,038,213	20,088,238
OPERATING LOSS	(10,350,112)	(9,457,528)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	6,478,971	6,383,221
Federal HEERF Grants	4,473,185	463,525
Federal Pell Grants	2,868,519	3,267,307
Investment Income	103,321	45,374
Payments on Behalf of the College	170,954	307,981
Assessments by the Commission for Debt Service	(5,710)	(5,926)
Sale of Property - Donation	-	148,320
Loss on Disposal of Assets	-	(26,663)
Capital Contributions	22,383,100	210,371
Net Nonoperating Revenues (Expenses)	36,472,340	10,793,510
CHANGE IN NET POSITION	26,122,228	1,335,982
Net Position - Beginning of Year	10,374,757	9,038,775
NET POSITION - END OF YEAR	$ 36,496,985	$ 10,374,757

See accompanying notes to the financial statements.

BLUEFIELD STATE COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Student Tuition and Fees	$ 4,743,330	$ 4,095,537
Contracts and Grants	5,110,433	6,080,577
Payments to and on Behalf of Employees	(12,921,904)	(12,497,552)
Payments to Suppliers	(5,198,468)	(4,403,087)
Payments to Utilities	(797,408)	(784,685)
Payments for Scholarships and Fellowships	(2,350,403)	(1,673,152)
Sales and Service of Educational Activities	136,526	183,826
Auxiliary Enterprise Charges	424,371	344,785
Other Receipts, Net	-	157,753
Net Cash Used in Operating Activities	(10,853,523)	(8,495,998)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	6,383,223	6,383,221
Federal Pell Grants	2,868,519	3,267,307
Federal HEERF	3,300,830	463,525
Contribution	-	148,320
Direct Lending Receipts	4,768,402	4,626,905
Direct Lending Payments	(4,768,402)	(4,626,905)
Net Cash Provided by Noncapital Financing Activities	12,552,572	10,262,373
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchases of Capital Assets	(605,457)	(707,446)
Payments to Commission for Debt Service	(5,710)	(5,926)
Payments to Commission for Loan	(20,500)	(41,000)
Net Cash Used in Financing Activities	(631,667)	(754,372)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	3,950	42,816
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,071,332	1,054,819
Cash and Cash Equivalents - Beginning of Year	2,060,123	1,005,304
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,131,455	$ 2,060,123
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating Loss	$ (10,350,112)	$ (9,457,528)
Adjustments to Reconcile Net Operating Loss to Net Cash Used in Operating Activities:		
Depreciation Expense	1,382,844	1,219,658
Pension Expense - Special Funding Situation	99,152	120,713
OPEB Expense - Special Funding Situation	71,802	187,268
Effect of Changes in Operating Assets and Liabilities:		
Accounts Receivables, Net	(131,018)	(114,299)
Due (to) from the Commission	(597,296)	725,146
Prepaid Expenses	(7,883)	(1,920)
Inventories	8,258	(143,214)
Deferred Outflows of Resources	(6,064)	21,123
Accounts Payable	(255,091)	(380,968)
Accrued Liabilities	43,544	(69,905)
Compensated Absences	102,976	(22,282)
Other Postemployment Benefits	(2,332,837)	(912,186)
Net Pension Liability	41,297	13,526
Unearned Revenue	(22,324)	57,983
Deferred Inflows of Resources	1,099,229	260,887
Net Cash Used in Operating Activities	$ (10,853,523)	$ (8,495,998)
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS		
Cash and Cash Equivalents	$ 3,131,455	$ 2,019,050
Cash and Cash Equivalents - Restricted	-	41,073
Total Cash and Cash Equivalents	$ 3,131,455	$ 2,060,123
Expenses Paid on Behalf of the College	$ 170,954	$ 307,981
Donated Land and Buildings	$ 22,383,100	$ -

See accompanying notes to the financial statements.

BLUEFIELD STATE COLLEGE
BALANCE SHEETS
COMPONENT UNIT - BLUEFIELD STATE COLLEGE FOUNDATION, INC.
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Short-Term Investments	$ 579,733	$ 505,023
Interest Receivable	12,647	4,409
Contributions Receivable, Net of Discount and Allowance	287,764	290,273
Cash Restricted for Long-Term Investment	102,133	130,415
Investments	15,504,807	12,842,907
Assets Held for Others	28,598	50,865
Other Assets, Net of Allowance	8,037	3,941
Total Assets	$ 16,523,719	$ 13,827,833
LIABILITIES AND NET ASSETS		
LIABILITIES		
Amounts Held on Behalf of Others	$ 28,598	$ 50,865
NET ASSETS		
Without Donor Restrictions	12,178,934	10,334,691
With Donor Restrictions	4,316,187	3,442,277
Total Net Assets	16,495,121	13,776,968
Total Liabilities and Net Assets	$ 16,523,719	$ 13,827,833

See accompanying notes to the financial statements.

BLUEFIELD STATE COLLEGE
STATEMENT OF ACTIVITIES
COMPONENT UNIT - BLUEFIELD STATE COLLEGE FOUNDATION, INC.
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Net Gifts	$ 4,114	$ 262,118	$ 266,232
Interest Income	49,984	-	49,984
Dividend Income	176,170	56,511	232,681
Fundraising Income	-	-	-
Other income	489	-	489
Net Realized and Unrealized Gains	2,142,196	690,785	2,832,981
Net Assets Released from Restrictions	135,504	(135,504)	-
Total Revenues and Other Support	2,508,457	873,910	3,382,367
EXPENSES AND SUPPORT			
College Support:			
Student Support	283,816	-	283,816
Institutional Support	304,064	-	304,064
Conferences, Meetings, and Travel	113	-	113
Other	44,533	-	44,533
Total College Support	632,526	-	632,526
Deed of Trust Forgiveness	-	-	-
Fundraising Expenses	2,018	-	2,018
Management Expenses	29,670	-	29,670
Total Expenses and Support	664,214	-	664,214
CHANGE IN NET ASSETS	1,844,243	873,910	2,718,153
NET ASSETS			
Beginning of Year	10,334,691	3,442,277	13,776,968
End of Year	$ 12,178,934	$ 4,316,187	$ 16,495,121

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

NOTE 1 ORGANIZATION

Bluefield State College (the College) is governed by the Bluefield State College Board of Governors (the Board). The Board was established by Senate Bill 653 (S.B. 653).

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

S.B. 653 also created the West Virginia Higher Education Policy Commission (the Commission) and the West Virginia Higher Education Fund (the Fund). The Commission is responsible for developing, gaining consensus around and overseeing the implementation and development of a higher education public policy agenda.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The accompanying financial statements present all funds under the authority of the College, including its blended component unit, the Applied Research Foundation of West Virginia State (the ARF), a nonprofit, nonstock corporation. The basic criteria for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from the College's ability to significantly influence operations and accountability for fiscal matters of the ARF.

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

The Bluefield State College Foundation, Inc. (the Foundation) is a separate nonprofit organization incorporated in the State of West Virginia and has as its purpose to aid, strengthen and further in every proper and useful way, the work and services of the College and its affiliated nonprofit organizations. Oversight of the Foundation is the responsibility of a separate and independently elected Board of Directors, not otherwise affiliated with the College. In carrying out its responsibilities, the Board of Directors of the Foundation employs management, forms policy, and maintains fiscal accountability over funds administered by the Foundation. Although the College does not control the timing or amount of funds received from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is therefore discretely presented with the College's financial statements in accordance with applicable GASB guidance. Complete financial statements for the Foundation can be obtained from the President of the Bluefield State College Foundation at College Avenue, Bluefield, Virginia 24605.

The Foundation is a private nonprofit organization that reports under FASB standards, including the Presentation of Financial Statements for Not-for-Profit Entities Topic of the FASB Accounting Standards Codification. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's audited financial information as it is presented herein except that in accordance with governmental accounting standards, the Foundation's statements of cash flows are not presented.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

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

Net Investment in Capital Assets

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

Restricted Net Position, Expendable

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

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

Restricted Net Position, Nonexpendable

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

Unrestricted Net Position

Unrestricted net position includes resources that are not subject to externally imposed stipulations. Such resources are derived from tuition and fees (not restricted as to use), state appropriations, sales and services of educational activities and auxiliary enterprises.

Unrestricted net position is used for transactions related to the educational and general operations of the College and may be designated for specific purposes by action of the Board of Governors.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

Cash and Cash Equivalents

For purposes of the statements of net position, the College considers all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

Cash and cash equivalents balances on deposit with the State of West Virginia Treasurer's Office (the State Treasurer) are pooled by the State Treasurer with other available funds of the State for investment purposes by the West Virginia Board of Treasury Investments (the BTI). These funds are transferred to the BTI and the BTI is directed by the State Treasurer to invest the funds in specific external investment pools in accordance with West Virginia code, policies set by the BTI, and by provisions of bond indentures and trust agreements, when applicable.

Balances in the investment pools are recorded at fair value or amortized cost which approximates fair value. Fair value is determined by a third-party pricing service based on asset portfolio pricing models and other sources, in accordance with GASB. The BTI was established by the State Legislature and is subject to oversight by the State Legislature. Fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. The amounts on deposit are available for immediate withdrawal or on the first day of each month for the WV Short Term Bond Pool and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Appropriations Due from Primary Government

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

Allowance for Doubtful Accounts

It is 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.

Inventories

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

Noncurrent Cash, Cash Equivalents, and Investments

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

Investments

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets include property, plant, and equipment, books and materials that are part of a catalogued library and infrastructure assets. Capital assets are stated at cost at the date of acquisition or construction, or at acquisition value at the date of donation in the case of gifts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 20 to 50 years for buildings and infrastructure, 20 years for land improvements, seven years for library books and three to 10 years for furniture and equipment. The College's capitalization threshold is $5,000.

Unearned Revenue

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

Compensated Absences and Other Postemployment Benefits (OPEB)

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Deferred Inflows and 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. 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, 2021 and 2020, the College had deferred inflows and outflows of resources related to pension and OPEB as more fully described in Notes 11 and 8, respectively.

Risk Management

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

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management (Continued)

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

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

Classification of Revenues

The College has classified its revenues as either operating or nonoperating revenues according to the following criteria:

- **Operating Revenues**
  Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, (3) most federal, state, local, and nongovernmental grants and contracts, and (4) sales and services of educational activities.
- **Nonoperating Revenues**
  Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB, such as state appropriations, Federal Pell Grants, and investment income, and sale of capital assets (including natural resources).
- **Other Revenue**
  Other revenues consist primarily of capital grants and gifts.

Use of Restricted Net Position

When both restricted and unrestricted resources are available for use, it is generally the College's policy to use restricted resources first, and then unrestricted resources as they are needed.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Financial Assistance Programs

The College makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through the College. Direct student loan receivables are not included in the College's statement of net position as the loans are repayable directly to the U.S. Department of Education. In 2021 and 2020, respectively, the College received and disbursed approximately $4.8 million and $4.6 million, under the Federal Direct Student Loan Program on behalf of the U.S. Department of Education, which is not included as revenue and expense on the statements of revenues, expenses, and changes in net position.

The College also distributes other student financial assistance funds on behalf of the federal government to students under the federal Pell Grant, Supplemental Educational Opportunity Grant, Higher Education Emergency Relief Funds, and Federal Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2021 and 2020, the College received and disbursed approximately $4.5 million and $3.4 million, respectively, under these federal student aid programs.

Scholarship Allowances

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

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and College Business Officers (NACUBO). Certain aid such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. In accordance with a formula prescribed by the National Association of College and University Business Officers (NACUBO), the College allocates the cost of scholarships, waivers, and other student financial aid between discounts and allowances (netted against tuition and fees) and student aid expense.

Government Grants and Contracts

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

Income Taxes

The College is exempt from income taxes, except for unrelated business income, as a governmental instrumentality under federal income tax laws and regulations of the Internal Revenue Service as described in Section 115 of the Internal Revenue Code.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Risk and Uncertainties

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

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

For the year ended June 30, 2021, the College adopted GASB Statements No. 84 (Fiduciary Activities), 89 (Accounting for Interest Costs Incurred Before the End of a Construction Period), and 93 (Replacement of Interbank Offered Rates). The adoption of these standards had no impact on the June 30, 2021 financial statements.

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

GASB Standards that have been issued and become effective in future years include Statements No. 87 (Leases), 91 (Conduit Debt), 92 (Omnibus 2020), 94 (Public-Private Partnerships and Availability Payment Arrangements), 96 (Subscription-Based Information Technology Arrangements), and 97 (Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans). The College has not yet determined the effect that the adoption of these standards may have on its financial statements.

NOTE 3 CASH AND CASH EQUIVALENTS

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

	June 30, 2021		
	Current	Noncurrent	Total
State Treasurer	$2,478,872	$ -	$2,478,872
In Bank	647,933	-	647,933
On Hand	4,650	-	4,650
Total	$3,131,455	$ -	$3,131,455

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

Cash in bank balances were covered by federal depository insurance up to established limits or were collateralized by securities held by the State's agent.

Amounts with the State Treasurer as of June 30, 2021 and 2020, 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 WV Money Market Pool has been rated AAAm by Standard & Poor's. 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. Neither the BTI itself nor any of the other Consolidated Fund pools or accounts, including the WV Short Term Bond Pool, has been rated for credit risk by any organization. The WV Money Market Pool and the WV Short Term Bond Pool are subject to credit risk.

The BTI limits the exposure to credit risk in the WV Money Market Pool by requiring all long-term corporate debt to be rated A+ or higher by Standard & Poor's (or its equivalent) and short-term corporate debt be rated at A-1 by Standard & Poor's (or its equivalent). The pool must have at least 15% of its assets in U.S. Treasury obligations or obligations guaranteed as to repayment of interest and principal by the United States of America.

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

Credit Risk (Continued)

The BTI limits the exposure to credit risk in the WV Short Term Bond Pool by requiring all long-term corporate debt to be rated BBB- or higher by Standard & Poor's (or its equivalent) and short-term corporate debt be rated at A-1 by Standard & Poor's (or its equivalent). Mortgage-backed and asset-backed securities must be rated AAA by Standard & Poor's (or its equivalent) The pool must have at least 15% of its assets in U.S. Treasury obligations or obligations guaranteed as to repayment of interest and principal by the United States of America.

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 overall weighted average maturity of the investments of the WV Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days. The weighted average maturity of the investments in the WV Money Market Pool as of June 30, 2021 and 2020, respectively, was 52 days and 44 days.

The overall effective duration of the investments of the WV Short Term Bond Pool is limited to a +/- 20 percent band around the effective duration of the portfolio's benchmark (the ICE BofAML 1-3 US Corporate & Government Index). As of June 30, 2021 and 2020, respectively, the effective duration as 664 days and 723 days. Maximum effective duration of individual securities cannot exceed 1,827 days (five years) from the date of purchase.

Other Risks

Other risks can include concentration of credit risk, custodial credit risk, and foreign currency risk. BTI's pools are not exposed to these risks as described below.

Concentration of credit risk is the risk of loss attributed to the magnitude of the BTI pool or an account's investment in a single corporate issuer. The BTI investment policy prohibits the WV Money Market Pool from investing more than 5% of their assets in any one corporate name or one corporate issue.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the BTI will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Repurchase agreements are required to be collateralized by at least 102% of their value, and the collateral is held in the name of the BTI. The BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. None of BTI's investment pools hold interests in foreign currency or interests valued in foreign currency.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable were as follows at June 30:

Description	2021	2020
Student Tuition and Fees, Net of Allowance for Doubtful Accounts of $445,597 and $475,927 in 2021 and 2020, Respectively	$ 296,351	$ 236,106
Grants and Contracts Receivable, Net of Allowance for Doubtful Accounts of $-0- in 2021 and 2020	1,514,991	325,503
Other Accounts Receivable	266,245	116,857
Accounts Receivable, Net	$ 2,077,587	$ 678,466

NOTE 5 INVESTMENTS

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

	2021			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market	$ 6,631	$ 6,631	$ -	$ -
Corporate Bonds	20,872	-	20,872	-
U.S. Government Agency Securities	134,310	-	134,310	-
Bond Mutual Funds:				
Fixed Income	172,536	172,536	-	-
High Yield	-	-	-	-
Equity Mutual Funds:				
Domestic Large Cap	150,174	150,174	-	-
Domestic Mid-Cap	17,457	17,457	-	-
Domestic Small Cap	37,883	37,883	-	-
International	78,242	78,242	-	-
Mid-Cap Blend	17,471	17,471	-	-
Total	$ 635,576	$ 480,394	$ 155,182	$ -

NOTE 5 INVESTMENTS (CONTINUED)

	2020			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market	$ 8,448	$ 8,448	$ -	$ -
Corporate Bonds	31,131	-	31,131	-
U.S. Government Agency Securities	138,578	-	138,578	-
Bond Mutual Funds:				
Fixed Income	109,684	109,684	-	-
High Yield	9,260	9,260	-	-
Equity Mutual Funds:				
Domestic Large Cap	113,037	113,037	-	-
Domestic Mid-Cap	17,361	17,361	-	-
Domestic Small Cap	33,739	33,739	-	-
International	61,398	61,398	-	-
Mid-Cap Blend	13,569	13,569	-	-
Total	$ 536,205	$ 366,496	$ 169,709	$ -

The investments are held with third-party trustees. The following is a description of the College's investment risks:

Credit risk. The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The College does not have a formal investment policy relatd to credit risk. The money market funds invest in Federated Government Obligation Funds. These funds are rated AAA by Standard & Poor's. Corporate bonds are rated as follows by Standard & Poor's: 50% A- and 50% AA. U.S. Government Agency securities are rated AAA 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 the investments. The College does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities for corporate bonds range from 2023 to 2026. Maturities for U.S. government agency securities range from 2024 to 2027.

Concentration of credit risk. The risk of loss attributed to the magnitude of an investment in a single issuer. No investment in any one issuer exceeded 5% of the total portfolio at the time of purchase.

NOTE 6 CAPITAL ASSETS

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

	2021				
	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital Assets not being Depreciated:					
Land	$ 277,942	$ 2,224,000	$ -	$ -	$ 2,501,942
Construction in Progress	436,381	730,835	-	(443,033)	724,183
Total Capital Assets not being Depreciated	$ 714,323	$ 2,954,835	$ -	$ (443,033)	$ 3,226,125
Capital Assets Being Depreciated:					
Land Improvements	$ 5,258,705	$ -	$ -	$ -	$ 5,258,705
Buildings	32,923,017	20,255,110	-	443,033	53,621,160
Equipment	4,691,498	409,077	(473,243)	-	4,627,332
Library Books	1,436,224	-	-	-	1,436,224
Total Other Capital Assets	44,309,444	20,664,187	(473,243)	443,033	64,943,421
Less Accumulated Depreciation for:					
Land Improvements	3,961,348	259,370	-	-	4,220,718
Buildings	20,688,372	940,491	-	-	21,628,863
Equipment	3,665,813	177,224	(473,243)	-	3,369,794
Library Books	1,423,392	5,759	-	-	1,429,151
Total Accumulated Depreciation	29,738,925	1,382,844	(473,243)	-	30,648,526
Capital Assets Being Depreciated - Net	$ 14,570,519	$ 19,281,343	$ -	$ 443,033	$ 34,294,895
Capital Asset Summary:					
Capital Assets not being Depreciated	$ 714,303	$ 2,954,835	$ -	$ (443,033)	$ 3,226,105
Other Capital Assets	44,309,444	20,664,187	(473,243)	443,033	64,943,421
Total Cost of Capital Assets	45,023,747	23,619,022	(473,243)	-	68,169,526
Less: Accumulated Depreciation	29,738,925	1,382,844	(473,243)	-	30,648,526
Capital Assets - Net	$ 15,284,822	$ 22,236,178	$ -	$ -	$ 37,521,000

NOTE 6 CAPITAL ASSETS (CONTINUED)

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

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

During 2021, the College received a donation of land and buildings that, in accordance with applicable GASB guidance, were recorded at acquisition value at the date of donation. The recognized value approximated $22.3 million and is included in land and building additions in the table above and reflected as capital contributions on the statements of revenues, expenses, and changes in net position.

A portion of the donated facilities will be used for housing services that will be operated by Collegiate Housing Corporation of Bluefield, Inc. Renovations began during fiscal 2021 to ready the facilities for use during the 2022 school year. Collegiate Housing Corporation of Bluefield, Inc. is administering the renovations and the College has agreed to fund all costs considered to be permanent improvements to the building. At June 30, 2021, approximately $590,000 has been capitalized in construction in progress related to these renovations. Remaining project commitments approximate $205,000.

NOTE 7 LONG-TERM LIABILITIES

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

	2021				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued Compensated Absences	$ 570,931	$ 102,976	$ -	$ 673,907	$ 426,894
OPEB Liability	3,088,898	318,682	2,651,519	756,061	-
Net Pension Liability	392,693	41,297	-	433,990	-
Debt Obligation Due Commission	20,500	-	20,500	-	-
Total Noncurrent Liabilities	$ 4,073,022	$ 462,955	$ 2,672,019	$ 1,863,958	$ 426,894

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

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS

The 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:

	2021	2020
Net OPEB Liability	$ 756,061	$ 3,088,898
Deferred Outflows of Resources	413,138	391,438
Deferred Inflow of Resources	2,666,894	1,510,370
Revenues (payments on behalf)	71,802	187,268
OPEB Expense	(807,107)	(34,158)
Contributions Made by the College	318,682	330,966

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Description

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

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

RHBT is considered a component unit of the State of West Virginia for financial reporting purposes, and, as such, its financial report is also included in the State of West Virginia's Comprehensive Annual Financial Report. RHBT issues publicly available financial statements and required supplementary information for the OPEB plan. Details regarding this plan and a copy of the RHBT financial report may be obtained at www.peia.wv.gov.

Benefits Provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

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

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

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Contributions

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

Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The paygo rates related to the measurement date of June 30, 2020 and 2019 were $168 and $183, respectively.

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, 2021, 2020, and 2019, were $318,682, $330,966, and $327,294, respectively.

Special Funding

The State of West Virginia is a non-employer contributing entity that provides funding through SB 419, effective July 1, 2012, amended by West Virginia Code §11-21-96. The State provides a supplemental pre-funding source dedicating $30 million annually to the RHBT Fund from annual collections of the Personal Income Tax Fund and dedicated for payment of the unfunded liability of the RHBT. The $30 million transferred pursuant to this Code shall be transferred until the Governor certifies to the Legislature that an independent actuarial study has determined that the unfunded liability of RHBT has been provided for in its entirety or July 1, 2037, whichever date is later. This funding is to the advantage of all RHBT contributing employers.

The State is a non-employer contributing entity that provides funding through West Virginia State Code §11B-2-32. The Financial Stability Fund is a plan to transfer an annual amount of $5 million to the RHBT from special revenue funds to be used to lower retiree premiums, to help reduce benefit cuts, to help reduce premium increases, or any combination thereof. The $5 million transferred pursuant to this Code shall be transferred annually into the RHBT through June 30, 2020. This funding is to the advantage of all RHBT contributing employers.

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions

The June 30, 2021 OPEB liability for financial reporting purposes was determined by an actuarial valuation as of June 30, 2020, which is the measurement date. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Actuarial Cost Method: Entry age normal.
- Asset Valuation Method: Investments are reported at fair (market) value.
- Amortization Method: Level percentage of payroll, closed.
- Remaining Amortization Period: 20 years closed as of June 30, 2017.
- Investment Rate of Return: 6.65%, net of OPEB plan investment expense, including inflation.
- Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, 6.50% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022. 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
- Projected Salary Increases: Dependent upon pension system ranging from 2.75-5.18%, including inflation.
- Inflation Rate: 2.25%.
- Mortality rates based on Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females for TRS. Pre-retirement mortality rates were based on the Pub-2010 General Employee Mortality Tables projected with MP-2019 for TRS.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2015 to June 30, 2020. These assumptions will remain in effect for valuation purposes until such time as the RHBT adopts revised assumptions.

Certain assumptions have been changed since the prior actuarial valuation of June 30, 2018. The net effect of assumption changes to the State OPEB plan was approximately $1,147 million. The assumption changes that most significantly impacted the total OPEB liability related to changes in demographic experience, changes in health-care related assumptions, and a change in the discount rate.

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

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

The long-term expected rate of return of 6.65% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.00% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 2.50% for assets invested with the BTI.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term geometric rates of return for each major asset class included in RHBT’s target asset allocation as of June 30, 2021 and 2020 are summarized below.

Asset Class	Long-term Expected Real Return	Target Allocation
Global equity	6.8%	55.0%
Core plus fixed income	4.1%	15.0%
Core real estate	6.1%	10.0%
Hedge fund	4.4%	10.0%
Private equity	8.8%	10.0%

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

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

Discount Rate. A single discount rate of 6.65% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 6.65% and a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date to the extent benefits are effectively financed on a pay-as-you-go basis. The long-term municipal bond rate used to develop the single discount rate was 3.13% as of the beginning of the year and 2.45% as of the end of the year. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Future assumptions include a $30 million annual contribution from the State through 2037. Based on those assumptions, and that the Plan is expected to be fully funded by fiscal year ended June 30, 2025, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates. The discount rate used to measure the total OPEB liability changed from 7.15% for the June 30, 2018 valuation to 6.65% for the June 30, 2020 valuation.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the College's proportionate share of the net OPEB liability as of June 30, 2021 and 2020 calculated using the current discount rates, 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 or one percentage point higher than the current rate.

	1% Decrease (5.65%)	Discount Rate (6.65%)	1% Increase (7.65%)
2021			
Net OPEB liability	$ 1,078,244	$ 756,061	$ 486,352

	1% Decrease (6.15%)	Discount Rate (7.15%)	1% Increase (8.15%)
2020			
Net OPEB liability	$ 3,686,508	$ 3,088,898	$ 2,588,799

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the College's proportionate share of the net OPEB liability as of June 30, 2021 and 2020 calculated using the healthcare cost trend rate, as well as what the College's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
2021			
Net OPEB liability	$ 454,928	$ 756,061	$ 1,119,768

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
2020			
Net OPEB liability	$ 2,490,750	$ 3,088,898	$ 3,814,750

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

The June 30, 2021 net OPEB liability was measured as of June 30, 2020, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2020. 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, 2021, the College's proportionate share of the net OPEB liability was $923,238. Of this amount, the College's recognized $756,061 as its proportionate share on the statement of net position. The remainder of $167,177 denotes the College's proportionate share of net OPEB liability attributable to the special funding.

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

The allocation percentage assigned to each participating employer and nonemployer contributing entity is based on its proportionate share of employer and nonemployer contributions to OPEB for each of the fiscal years ended June 30, 2020 and 2019. Employer contributions are recognized when due. At the June 30, 2020 measurement date, the College's proportion was 0.171739545%, a decrease of 0.014435937% from its proportion of 0.186175482% calculated as of June 30, 2019. At the June 30, 2019 measurement date, the College's proportion was 0.186175482%, a decrease of .000317358% from its proportion of 0.186492840% calculated as of June 30, 2018.

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

For the year ended June 30, 2021, the College recognized OPEB expense of ($807,107). Of this amount, ($878,909) was recognized as the College's proportionate share of OPEB expense and $71,802 as the amount of OPEB expense attributable to special funding from a nonemployer contributing entity. The College also recognized revenue of $71,802 for support provided by the State.

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

At June 30, 2021 and 2020, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual investment earnings	$ 57,390	$ -
Differences between expected and actual non-investment experience	-	490,216
Changes in assumptions	-	1,706,588
Changes in proportion and differences between the College's contributions and proportionate share of contributions	37,066	420,273
Reallocation of opt-out employer change in proportionate share	-	49,817
The College's contributions made subsequent to the measurement date of June 30, 2020	318,682	-
	$ 413,138	$ 2,666,894

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual investment earnings	$ -	$ 33,649
Differences between expected and actual non-investment experience	-	360,253
Changes in assumptions	-	626,453
Changes in proportion and differences between the College's contributions and proportionate share of contributions	60,471	490,015
Reallocation of opt-out employer change in proportionate share	-	-
The College's contributions made subsequent to the measurement date of June 30, 2019	330,967	-
	$ 391,438	$ 1,510,370

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

The College will recognize the $318,682 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,		
2022	$	(1,078,606)
2023		(855,254)
2024		(628,512)
2025		(10,066)
	$	(2,572,438)

Payables to the OPEB Plan

The College did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2021 and 2020.

NOTE 9 STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

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

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

The Commission assesses each public institution of higher education for funds to meet the payment of debt service on these various bonds. The tuition and registration fees of the members of the former State College System are generally pledged as collateral for the Commission's bond indebtedness. Student fees collected by the institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. Although the bonds remain as a capital obligation of the Commission, an estimate of the obligation of each institution is reported as a long-term payable by each institution and as a receivable by the Commission. Amounts due to Commission at June 30, 2021 and 2020 is $-0-. Institutional assessments to cover system bond debt are allocated annually. The College paid the Commission for institutional assessments in the amounts of $5,710 and $5,926 for the years ended June 30, 2021 and 2020, respectively.

NOTE 9 STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS (CONTINUED)

During fiscal year 2011, the College entered into a capital project loan with the Higher Education Policy Commission in the amount of $410,000 to fund an HVAC replacement project. Under the agreement, there is no interest charged to the College. The loan is to be repaid over 10 years in semi-annual payments of $20,500. During 2021 and 2020, the College paid $20,500 and $41,000, respectively, to the Commission against the loan. The balance of the loan at the end of 2021 was $0.

NOTE 10 UNRESTRICTED DEFICIT

The College's deficit unrestricted net position at June 30, 2021 and 2020 relates primarily to unfunded long-term liabilities for pension and OPEB benefits. Net amounts associated with these liabilities and related deferred inflows/outflows approximated $3.4 million and $4.6 million for the years ended June 30, 2021 and 2020, respectively.

Also included in unrestricted net position are amounts designated for repair and replacement resulting from unspent capital fees. These amounts totaled $308,734 and $52,473 for the years ended June 30 2021 and 2020, respectively.

NOTE 11 RETIREMENT PLANS

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

NOTE 11 RETIREMENT PLANS (CONTINUED)

Defined Contribution Benefit Plans

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

Total contributions to the TIAA-CREF for the years ended June 30, 2021, 2020, and 2019, were $1,070,429, $1,009,050, and $1,074,884, which consisted of equal contributions of $535,214, $504,525, and $537,442, respectively, from both the College and covered employees.

Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have an option to switch to the Educators Money 401(a) basic retirement plan (Educators Money). New hires have the choice of either plan. As of June 30, 2021, no employees were enrolled in the Educators Money 401(a) basic retirement plan.

The Great West benefit program is also available to new employees. Total contributions to Great West for the years ended June 30, 2021, 2020, and 2019 were $13,362, $10,224, and $10,908, which consisted of equal contributions of $6,681, $5,112, and $5,454, respectively, from both the College and employees.

The College's total payroll for the years ended June 30, 2021, 2020, and 2019 was $10,421,908, $10,005,208, and $10,766,260, respectively. Total covered employees' salaries in the TIAA-CREF and Great West were $8,920,233 and $111,350, respectively, in 2021, $8,408,700 and $85,200, respectively, in 2020; and $8,957,367 and $90,900, respectively, in 2019.

Defined Benefit Pension Plan

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

Following is the College's pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, revenues, and the pension expense and expenditures for the fiscal years ended June 30, 2021 and 2020:

	2021	2020
Net Pension Liability	$ 433,990	$ 392,693
Deferred Outflows of Resources	121,092	136,728
Deferred Inflow of Resources	104,259	161,554
Revenues (payments on behalf)	99,152	114,335
Pension Expense	137,561	112,954
Contributions Made by the College	34,253	56,438

NOTE 11 RETIREMENT PLANS (CONTINUED)

TRS

Plan Description

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

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. The plan schedules of TRS are prepared using the accrual basis of accounting and economic resources measurement focus in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Investments are reported at fair value.

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 www.wvretirement.com.

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.

NOTE 11 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Contributions (Continued)

Employer Contributions: Employers make the following contributions:

The State (including institutions of higher education) contributes:

1. 15% of gross salary of their State-employed members hired prior to July 1, 1991;
2. 15% of School Aid Formula (SAF) covered payroll of county-employed members;
3. 7.5% of SAF-covered payroll of members of the TDCRS;
4. A certain percentage of fire insurance premiums paid by State residents; and
5. Under WV State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the TRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2021 and 2020, the College's proportionate share attributable to this special funding subsidy was $99,152 and $114,335, respectively.

The College's contributions to TRS for the years ended June 30, 2021, 2020, and 2019, were $34,253, $56,438, and $57,177, respectively.

Special Funding

The State Is a non-employer contributing entity that provides funding through the School Aid Formula (SAF) to subsidize employer contributions of county boards of education and to fund the unfunded liability of STRS for all participating employers. These amounts qualify as a special funding situation in accordance with GASB Statement No. 68. The State assumes a share of the net pension liability on behalf of the various county boards of education for contributions related to the SAF. The State also assumes a share of the net pension liability on behalf of all participating employers, including the College, for contributions related to funding of the non-employer contributing entity unfunded liability.

NOTE 11 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Assumptions

For the year ended June 30, 2021, the total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2019 and rolled forward to June 30, 2020. For the year ended June 30, 2020, the total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2018 and rolled forward to June 30, 2019. The following actuarial assumptions were used in the July 1, 2019 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, through fiscal year 2029.
- Investment rate of return of 7.50%, net of pension plan administrative and investment expenses.
- Projected salary increases: Teachers 3.00-6.00% and nonteachers 3.00–6.50%, based on age.
- Inflation rate of 3.0%.
- Discount rate of 7.50%.
- Mortality rates based on Pub-2010 Mortality Tables.
- Withdrawal rates: Teachers 7-35% and nonteachers 2.33-18%.
- Disability rates: 0.004-0.563%.
- 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, 2014 to June 30, 2019. These assumptions will remain in effect for valuation purposes until such time as the CPRB adopts revised assumptions.

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

NOTE 11 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Assumptions (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	27.5%	5.5%
International equity	27.5%	7.0%
Fixed income	15.0%	2.2%
Real estate	10.0%	6.6%
Private equity	10.0%	8.5%
Hedge funds	10.0%	4.0%
	100.0%	

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. Although discount rates are subject to change between measurement dates, there were no changes in the discount rate in the current period.

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, 2021 and 2020 calculated using the discount rate of 7.50%, as well as what the College's TRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.5%) than the current rate.

NOTE 11 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Assumptions (Continued)

	1% Decrease (6.5)%	Current Discount Rate (7.5)%	1% Increase (8.5%)
2021			
Net Pension Liability	$ 586,283	$ 433,990	$ 304,225

	1% Decrease (6.5)%	Current Discount Rate (7.5)%	1% Increase (8.5%)
2020			
Net Pension Liability	$ 535,988	$ 392,693	$ 270,118

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

At June 30, 2021, the College's proportionate share of the TRS net pension liability was $1,376,978. Of this amount, the College recognized $433,990 as its proportionate share on the statement of net position. The remainder of $942,988 denotes the State's proportionate share of the net pension liability associated with the College.

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

The allocation percentage assigned to each participating employer and nonemployer contributing entity is based on its proportionate share of employer and nonemployer contributions to TRS for each of the fiscal years ended June 30, 2020 and 2019. Employer contributions are recognized when due. At the June 30, 2020 measurement date, the College's proportion was 0.013474%, an increase of 0.000275% from its proportion of 0.013199% calculated as of June 30, 2019. At the June 30, 2019 measurement date, the College's proportion was 0.013199%, an increase of 0.001055% from its proportion of 0.012144% calculated as of June 30, 2018.

For the year ended June 30, 2021, the College recognized TRS pension expense of $137,561. Of this amount, $38,409 was recognized as the College's proportionate share of the TRS expense and $99,152 as the amount of pension expense attributable to special funding from a nonemployer contributing entity. The College also recognized revenue of $99,152 for support provided by the State.

NOTE 11 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

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

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

At June 30, 2021, 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
Net difference between expected and actual investment earnings	$ 26,295	$ -
Differences between expected and actual non-investment experience	9,972	9,529
Changes in assumptions	6,115	-
Changes in proportion and differences between the College's contributions and proportionate share of contributions	44,457	94,730
Reallocation of opt-out employer change in proportionate share	-	-
The College's contributions made subsequent to the measurement date of June 30, 2020	34,253	-
	$ 121,092	$ 104,259

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
Net difference between expected and actual investment earnings	$ -	$ 10,680
Differences between expected and actual non-investment experience	1,962	13,422
Changes in assumptions	8,479	-
Changes in proportion and differences between the College's contributions and proportionate share of contributions	68,849	137,452
Reallocation of opt-out employer change in proportionate share	-	-
The College's contributions made subsequent to the measurement date of June 30, 2020	57,438	-
	$ 136,728	$ 161,554

NOTE 11 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

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

The College will recognize the $34,253 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 subsequent year. 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.

Year Ending June 30,		
2022	$	(20,589)
2023		(25,950)
2024		12,434
2025		16,385
	$	(17,720)

Payables to the Pension Plan

The College did not report any amounts payable for normal contributions to the TRS as of June 30, 2021 and 2020.

NOTE 12 LEASES

The College leases a branch campus facility in the State. The lease agreement is for a three-year period beginning July 1, 2019 and requires annual rental payments of $209,900. This amount represents the rent expense for the years ended June 30, 2021 and 2020 and also the future minimum lease payment for the year ending June 30, 2022.

NOTE 13 CONTINGENCIES

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

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

The College owns various buildings which are known to contain asbestos. The College is not required by federal, state, or local law to remove the asbestos from its buildings. The College is required under Federal Environmental, Health and Safety Regulations to manage the presence of asbestos in its buildings in a safe condition. The College addresses its responsibility to manage the presence of asbestos in its buildings on a case-by-case basis. Significant problems of dangerous asbestos conditions are abated as the condition becomes known. The College also addresses the presence of asbestos as building renovation or demolition projects are undertaken and through asbestos operation and maintenance programs directed at containing, managing, or operating with the asbestos in a safe condition.

NOTE 14 NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

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

2021	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Total
Instruction	$ 5,416,732	$ 676,087	$ 632,376	$ -	$ -	$ -	$ 6,725,195
Research	187,357	-	67,962	-	-	-	255,319
Public Service	1,000	-	2,203	-	-	-	3,203
Academic Support	733,603	89,559	785,935	-	-	-	1,609,097
Student Services	1,279,710	222,181	438,377	-	-	-	1,940,268
General Institutional Support	1,889,138	217,137	1,594,882	6,362	-	-	3,707,519
Operations and Maintenance of Plant	482,825	120,550	1,063,056	759,464	-	-	2,425,895
Student Financial Aid	-	-	-	-	2,350,403	-	2,350,403
Auxiliary Enterprises	618,900	117,203	840,778	61,589	-	-	1,638,470
Depreciation	-	-	-	-	-	1,382,844	1,382,844
Total	$ 10,609,265	$ 1,442,717	$ 5,425,569	$ 827,415	$ 2,350,403	$ 1,382,844	$ 22,038,213

2020	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Total
Instruction	$ 5,456,281	$ 1,178,418	$ 772,335	$ 533	$ -	$ -	$ 7,407,567
Research	1,108	139	4,982	-	-	-	6,229
Public Service	-	180	-	-	-	-	180
Academic Support	669,696	143,713	351,766	1,974	-	-	1,167,149
Student Services	929,538	207,600	410,096	-	-	-	1,547,234
General Institutional Support	2,118,353	383,671	1,304,307	26,084	-	-	3,832,415
Operations and Maintenance of Plant	390,268	140,520	859,000	597,639	-	-	1,987,427
Student Financial Aid	-	-	-	-	1,673,152	-	1,673,152
Auxiliary Enterprises	483,017	114,492	568,657	81,061	-	-	1,247,227
Depreciation	-	-	-	-	-	1,219,658	1,219,658
Total	$ 10,048,261	$ 2,168,733	$ 4,271,143	$ 707,291	$ 1,673,152	$ 1,219,658	$ 20,088,238

NOTE 15 FOUNDATION - COMPONENT UNIT DISCLOSURES

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

FOUNDATION - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Foundation

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

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

Basis of Financial Statement Presentation and Accounting

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

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

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

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

FOUNDATION - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from those estimates.

Cash and Short-Term Investments

The Foundation considers all highly liquid investments with maturity of three months or fewer when purchased to be cash and short-term investments. At June 30, 2021 and 2020, short-term investments of $710,464 and $555,888, respectively, were securities of the U.S. government, its agencies, authorities and instrumentalities, and obligations of U.S. banks.

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

The money market investment accounts approximated $682,000 and $635,000 at June 30, 2021 and 2020, respectively, and the principal underlying assets are securities of the U.S. government, its agencies, authorities, and instrumentalities, and obligations of U.S. banks. The estimated fair value of short-term investments approximates cost.

Fund Descriptions

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

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

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

Summit Title III and FCBT Title III – Restrictions have been satisfied and the funds have now been released for the Foundation to use in any manner it feels is beneficial to Bluefield State College. The Board has determined to use ninety percent (90%) of the income for disbursements and has internally restricted the use of the remaining funds for future needs.

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

FOUNDATION - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

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

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

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

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

Assets Whose Use is Limited

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

Amounts Held on Behalf of Others

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

Revenue Recognition

Contributions

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

FOUNDATION - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition, *Contributions* (Continued)

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

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

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

Donated Services

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

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

Income Tax Status

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

Credit Risk Concentration

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

FOUNDATION - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Reporting

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

- **College Support** – Funds expended primarily to provide support services for Bluefield State College. Includes scholarships awarded to the students and the provision of services that directly assist the academic functions, such as faculty development, as well as capital projects.
- **Fundraising Expenses** – Expenses related to community and alumni relations, including development and fundraising.
- **Management Expenses** – Expenses incurred principally for (1) central executive-level activities concerned with management of day-to-day operations and long-range planning, (2) legal and fiscal operations, and (3) administrative data processing.

Fair Value Hierarchy

ASC Topic 820 establishes a three-tier fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3).

Level 1 - Cash and short-term investments have principal underlying assets which are securities of the U.S. government, its agencies, authorities and instrumentalities, and obligations of U.S. banks. The estimated fair value approximates cost. Cash restricted for long term is classified as investment and is stated at cost, which approximates fair value. The fair value of investments in certificates of deposit, corporate and municipal bonds and notes, equities, mutual funds, and limited partnerships is determined by reference to quoted market prices.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair value of investments of government obligations, corporate equities, mutual funds, and real estate securities that are publicly traded is determined based upon quoted market prices. The fair value of cash and cash equivalents approximates cost due to their short-term nature. Funds held in trust by others are recognized based on quoted market prices of the assets in the trust. The fair value of mineral rights and other is determined by obtaining an appraisal at the date of receipt of the gift and is evaluated for impairment in subsequent periods.

FOUNDATION - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Asset Classifications of Institutional Funds

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

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

Interpretation of UPMIFA

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

Also included in net assets with donor restrictions is accumulated appreciation on donor-restricted “true” endowment funds which are available for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Foundation and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the investment policies of the Foundation.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those of donor-restricted funds that organizations must hold in perpetuity or for a donor-specified period as well as Board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in accordance with insurance companies’ regulations as set forth in the *West Virginia State Code*. Actual returns in any given year may vary from this amount.

FOUNDATION - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
Net Asset Classifications of Institutional Funds (Continued)

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation employs a total return endowment spending policy that establishes the amount of endowment investment return that is available to support current needs and restricted purposes. This policy is designed to insulate program spending from capital market fluctuations and to increase the amount of return that is reinvested in the corpus of the fund in order to enhance its long-term value. Except for the Title III funds, the Foundation's annual target spending rate is currently 4% of the average market value of the funds, calculated as of February 28 of the year immediately preceding the beginning of the Foundation's fiscal year. The annual spending rate for Title III funds is 90% of the income. If cash yield (interest and dividends) is less than the spending rate, realized gains can be used to make up the deficiency. Any income in excess of the spending rate is to be reinvested in the endowment.

Funds with Deficiencies (Underwater Funds)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature reported in unrestricted net assets were $-0- as of June 30, 2021 and 2020.

FOUNDATION – RECEIVABLES

Contributions Receivable

Contributions receivable consisted of the following at June 30:

	2021	2020
Unconditional promises to give	$ 298,030	$ 308,030
Less: Unamortized discount of 2.3% for 2021 and 2020	(10,266)	(17,757)
Net unconditional promises to give	$ 287,764	$ 290,273
Expected to be collected in:		
Less than one year	$ 122,030	$ 126,630
One to five years	165,734	163,643
Net unconditional promises to give	$ 287,764	$ 290,273

FOUNDATION - INVESTMENTS

Investments were comprised of the following:

	2021		2020	
Measured at fair value:				
Corporate and municipal bonds and notes	$ 1,563,410	10.08%	$ 1,539,918	11.99%
Equity investments	6,498,148	41.91%	5,485,956	42.72%
Mutual funds	7,342,519	47.36%	5,472,263	42.61%
Limited partnerships	24,130	0.16%	18,170	0.14%
Measured at cost:				
Real estate	76,600	0.49%	326,600	2.54%
Total	$ 15,504,807	100.00%	$ 12,842,907	100.00%

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

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

FOUDATION - FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following represents the Foundation's financial assets at June 30:

	2021	2020
Financial assets:		
Cash and cash equivalents	$ 579,733	$ 505,023
Contributions receivable, net	287,764	290,273
Dividends and interest receivable	12,647	4,409
Cash restricted for long-term investment and by agency relationships	102,133	130,415
Investments	15,504,807	12,842,907
Other assets net of allowance	8,037	3,941
Total financial assets	16,495,121	13,776,968
Less: amounts not available to be used within one year:		
Endowments an accumulated earnings subject to appropriation beyond one year	3,743,063	2,902,374
Board-designated endowment	10,968,888	9,114,544
Contributions receivable collectible beyon one year	165,734	163,643
Cash restricted for long-term investment and by agency relationships	102,133	130,415
Total	$ 1,515,303	$ 1,465,992

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

FOUNDATION - NET ASSETS

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

	2021	2020
Without donor restrictions:		
Board-designated endowment funds	$ 10,968,888	$ 9,114,544
Investment in land: leased for charitable purposes	-	250,000
Investment in land	76,600	92,600
Undesignated	1,133,446	877,547
Total without donor restrictions	12,178,934	10,334,691
With donor restrictions:		
Subject to expenditure for specific purpose and time:		
Engineering technology department	330,635	217,380
Student support	1,957,348	1,265,433
	2,287,983	1,482,813
Permanent endowment funds:		
Engineering technology department	150,000	150,000
Student financial support	1,878,204	1,809,464
	2,028,204	1,959,464
Total with donor restrictions	4,316,187	3,442,277
Total net assets	$ 16,495,121	$ 13,776,968

Through 2020, land was leased to another nonprofit entity for $1 per year to assist in its charitable purpose. The lease renewed in 10-year terms, but was to automatically terminate May 31, 2083 or if the land is not used for the stated purpose. The lease provided that the lessee must maintain liability coverage of $1 million to protect the Foundation. In 2021, the land was deeded to the College.

FOUNDATION - OPERATING EXPENSES

The table below presents expenses by both their nature and function.

	Program							
	Student Support	Institutional Support	Conferences, Meetings and Travel	Other Expenses	Financial Management and Other	Fundraising	2021 Total	2020 Total
Compensation	$ -	$ -	$ -	$ 18,228	$ -	$ -	$ 18,228	$ 62,799
Scholarships	283,816	-	-	-	-	-	283,816	238,222
Executive Director	-	203	-	-	-	-	203	102
President's discretionary	-	3,500	-	-	-	-	3,500	8,391
Awards	-	470	-	-	-	-	470	3,200
Capital improvements	-	50,000	-	-	-	-	50,000	105,000
College support	-	250,000	-	-	-	-	250,000	18,978
Miscellaneous	-	(109)	-	-	-	-	(109)	13,403
Professional services	-	-	-	21,403	-	-	21,403	16,525
Travel and conferances	-	-	113	-	-	-	113	3,511
Office expense	-	-	-	4,903	-	-	4,903	4,974
Fiduciary fees	-	-	-	-	29,670	-	29,670	28,156
Fundraising	-	-	-	-	-	2,018	2,018	2,632
Deed of trust forgiveness	-	-	-	-	-	-	-	2,000,000
Total	$ 283,816	$ 304,064	$ 113	$ 44,534	$ 29,670	$ 2,018	$ 664,215	$ 2,505,893

FOUNDATION - FAIR VALUE MEASUREMENTS

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2021				
Corporate and municipal bonds and notes	$ 1,563,410	$ 1,563,410	$ -	$ -
Equity investments	6,498,148	6,498,148		
Mutual funds	7,342,519	7,342,519	-	-
Limited parthership	24,130	24,130		
Total	$ 15,428,207	$ 15,428,207	$ -	$ -
June 30, 2020				
Corporate and municipal bonds and notes	$ 1,539,918	$ 1,539,918	$ -	$ -
Equity investments	5,485,956	5,485,956		
Mutual funds	5,472,263	5,472,263	-	-
Limited parthership	18,170	18,170		
Total	$ 12,516,307	$ 12,516,307	$ -	$ -

FOUNDATION - RELATED PARTY TRANSACTION

Certain local financial institutions hold substantially all the Foundation’s assets in their trust departments. Some of the Foundation’s board members also serve as officers and directors of these institutions. The Foundation paid $29,670 and $28,156 in management fees to these related parties for the years ended June 30, 2021 and 2020, respectively.

FOUNDATION – REVENUE RECOGNITION

In 2021, the Foundation adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (ASC Topic 606)* and ASU 2018-08, *Not-for-Profit Entities (ASC Topic 958): Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. Topic 606 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry specific guidance. Topic 958 clarifies whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance (e.g., ASU 2014-09, *Revenue from Contracts with Customers*). There have been no significant changes to the amount or timing of the Foundation's revenue recognition as a result of the adoption of either standard. As a result, the amount and timing of revenues remain materially unchanged.

FOUNDATION – PENDING PRONOUNCEMENTS

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 requires that lessees recognize all leases (other than leases with a term of 12 months or fewer) on the statements of financial position as lease liabilities, based upon the present value of the lease payments, with corresponding right-of-use assets. ASU No. 2016-02 also makes targeted changes to other aspects of the current guidance, including identifying a lease and lease classification criteria as well as the lessor accounting model, including guidance on separating components of a contract and consideration in the contract. The amendments in ASU No. 2016-02 will be effective for the Foundation on July 1, 2022, and will require modified retrospective application as of the beginning of the earliest period presented in the financial statements. The Foundation is currently evaluating the impact this guidance will have on its financial statements and disclosures.

FOUNDATION – COVID 19

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The COVID-19 outbreak in the United States has caused business disruptions through mandated and voluntary closing of non-essential businesses. While the closings were temporary, there has been a change in the environment in how businesses and organizations operate along with the implementation of various safety protocols. The Foundation is not able to estimate the effects of the COVID-19 outbreak on its financial condition, liquidity, or results of operations for fiscal year 2022 given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread.

FOUNDATION – SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events for potential recognition and/or disclosure in the June 30, 2021 financial statements through October 15, 2021, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

BLUEFIELD STATE COLLEGE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - STRS

YEAR ENDED JUNE 30, 2021

	2021	2020	2019	2018	2017	2016
College's proportionate (percentage) of the net pension liability	1.3474%	1.3199%	1.2144%	1.4434%	1.9228%	1.6479%
College's proportionate share of the net pension liability	$ 433,990	$ 392,693	$ 379,167	$ 498,691	$ 790,228	$ 571,039
State's proportionate share of the net pension liability associated with the College	942,988	948,006	982,451	1,102,827	1,505,173	1,303,004
Total	$ 1,376,978	$ 1,340,699	$ 1,361,618	$ 1,601,518	$ 2,295,401	$ 1,874,043
College's covered employee payroll	$ 371,633	$ 376,253	$ 381,180	$ 398,360	$ 500,367	$ 499,553
College's proportionate share of the net pension's liability as a percentage of its covered employee payroll	116.78%	104.37%	99.47%	125.19%	157.93%	114.31%
Plan fiduciary net position as a percentage of the total pension liability*	70.89%	72.64%	71.20%	67.85%	65.95%	66.25%

* This is the same percentage for all participant employers in the STRS plan.

Trend Information Presented

The accompanying schedule of the College's proportionate share of the net pension liability is required supplementary information to be presented for 10 years. However, until a full 10-year trend is compiled, information is presented in the schedules for those years for which information is available.

All amounts are presented as of the measurement date, which is one year prior to fiscal year-end date.

BLUEFIELD STATE COLLEGE

SCHEDULE OF CONTRIBUTIONS - STRS

YEAR ENDED JUNE 30, 2021

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 34,253	$ 55,745	$ 56,438	$ 57,177	$ 59,754	$ 75,055	$ 74,933
Contributions in relation to the contractually required contribution	(34,253)	(55,745)	(56,438)	(57,177)	(65,163)	(81,371)	(80,855)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ (5,409)	$ (6,316)	$ (5,922)
College's covered employee payroll	$ 228,353	$ 371,633	$ 376,253	$ 381,180	$ 398,360	$ 500,367	$ 499,553
Contributions as a percentage of covered employee payroll	15.00%	15.00%	15.00%	15.00%	16.36%	16.26%	16.19%

Trend Information Presented

The accompanying schedule of the College's contributions to STRS is required supplementary information to be presented for 10 years. However, until a full 10-year trend is compiled, information is presented in the schedules for those years for which information is available.

BLUEFIELD STATE COLLEGE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - RHBT

YEAR ENDED JUNE 30, 2021

	2021	2020	2019	2018
College's proportionate (percentage) of the net OPEB liability	0.1712%	0.1822%	0.1865%	0.1862%
College's proportionate share of the net OPEB liability	$ 756,061	$ 4,480,843	$ 4,001,084	$ 3,088,898
State's proportionate share of the net OPEB liability associated with the College	167,177	920,370	826,917	632,126
Total	$ 923,238	$ 5,401,213	$ 4,828,001	$ 3,721,024
College's covered employee payroll	$ 7,755,577	$ 8,031,862	$ 7,828,110	$ 7,872,512
College's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	9.75%	55.79%	51.11%	39.24%
Plan fiduciary net position as a percentage of the total OPEB liability*	70.89%	25.10%	30.98%	39.69%

* This is the same percentage for all participant employers in the plan.

Trend Information Presented

The accompanying schedule of the College's proportionate share of the net OPEB liability is required supplementary information to be presented for 10 years. However, until a full 10-year trend is compiled, information is presented in the schedules for those years for which information is available.

All amounts are presented as of the measurement date, which is one year prior to fiscal year-end date.

BLUEFIELD STATE COLLEGE

SCHEDULE OF CONTRIBUTIONS - RHBT

YEAR ENDED JUNE 30, 2021

	2021	2020	2019	2018	2017
Required contribution	$ 318,682	$ 330,859	$ 374,283	$ 381,097	$ 327,294
Contributions in relation to the contractually required contribution	(318,682)	(330,859)	(381,097)	(327,294)	(330,967)
Contribution deficiency (excess)	$ -	$ -	$ (6,814)	$ 53,803	$ (3,673)
College's covered employee payroll	$ 7,319,943	$ 7,755,577	$ 8,031,862	$ 7,828,110	$ 7,828,512
Contributions as a percentage of covered employee payroll	4.35%	4.27%	4.74%	4.18%	4.23%

<u>Trend Information Presented</u>

The accompanying schedule of the College's contributions to the plan is required supplementary information to be presented for 10 years. However, until a full 10-year trend is compiled, information is presented in the schedules for those years for which information is available.

Changes in Assumptions

An experience study, which was based on the years 2014 through 2019, was approved by the Consolidated Public Retirement Board. As a result, valuation assumptions were changed as of July 1, 2019 and rolled to June 30, 2020 to reflect the most recent experience study:

	Projected Salary Increases				Investment	Discount
	State	Nonstate	Inflation rate	Mortality Rates	Rate of Return	Rate
2020	3.00% - 6.00%	3.00% - 6.50%	3.00%	Pub-2010 for both males and females, adjusted to reflect experience and projected using the MP-2019 Mortality Improvement Scale.	7.5%, net of pension plan investment expenses	7.50%
2019	3.00% - 6.00%	3.00% - 6.50%	3.00%	RP-2000 for both males and females, adjusted to reflect experience and projected using Scale AA.	7.5%, net of pension plan investment expenses	7.50%
2018	3.00% - 6.00%	3.00% - 6.50%	3.00%	RP-2000 for both males and females, adjusted to reflect experience and projected using Scale AA.	7.5%, net of pension plan investment expenses	7.50%
2017	3.00% - 6.00%	3.00% - 6.50%	3.00%	RP-2000 for both males and females, adjusted to reflect experience and projected using Scale AA.	7.5%, net of pension plan investment expenses	7.50%
2016	3.75% - 5.25%	3.40% - 6.50%	1.90%	RP-2000 for both males and females, adjusted to reflect experience and projected using Scale AA.	7.5%, net of pension plan investment expenses	7.50%
2015	3.75% - 5.25%	3.40% - 6.50%	2.20%	RP-2000 for both males and females, adjusted to reflect experience and projected using Scale AA.	7.5%, net of pension plan investment expenses	7.50%

Actuarial Changes Other Postemployment Benefits Plan

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

	Inflation Rate	Salary Increases	Wage Inflation Rate	Investment Rate of Return & Discount Rate	Mortality	Retirement Age	Aging Factors	Healthcare Cost Trend Rates
2020	2.25%	2.75% - 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense	Pub-2010 for both males and females, adjusted to reflect experience and projected using the MP-2019 Mortality Improvement Scale.	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Pre-Medicare per capita costs of 7.0% for plan year end 2022, 6.5% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached. Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached.
2019	2.75%	3.0% - 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense	RP-2000 for both males and females, adjusted to reflect experience and projected using Scale AA.	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	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. 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.
2018	2.75%	3.0% - 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense	RP-2000 for both males and females, adjusted to reflect experience and projected using Scale AA.	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.0% and 10.0% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.
2017	2.75%	3.0% - 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense	RP-2000 for both males and females, adjusted to reflect experience and projected using Scale AA.	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.

BLUEFIELD STATE COLLEGE

Independent Auditor's Report in Accordance with *Government Auditing Standards*

Year Ended June 30, 2021

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

Board of Governors
Bluefield State College
Bluefield, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, and the aggregate discretely presented component units of Bluefield State College (the College), a blended component unit of the West Virginia Higher Education Fund, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Bluefield State College's basic financial statements, and have issued our report thereon dated October 15, 2021. Our report includes a reference to other auditors who audited the financial statements of Bluefield State College Foundation, Inc. and the Applied Research Foundation of West Virginia, as described in our report on Bluefield State College's financial statements. The financial statements of the Bluefield State College Foundation, Inc. were not audited in accordance with *Government Auditing Standards.* This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 15, 2021