Southern West Virginia Community and Technical College

Financial Statements
Years Ended June 30, 2021 and 2020

and

Independent Auditor's Reports

Suttle & Stalnaker Certified Public Accountants
A Professional Limited Liability Company

SOUTHERN WEST VIRGINIA
COMMUNITY AND TECHNICAL COLLEGE

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INDEPENDENT AUDITOR'S REPORT

Board of Governors
Southern West Virginia Community and Technical College
Mt. Gay, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of the Southern West Virginia Community and Technical College (the College), a component unit of the West Virginia Council for Community and Technical College Education, as of and for the years ended June 30, 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.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audits and the reports of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2021 and 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 14, the schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of proportionate share of the net OPEB liability, and schedule of OPEB contributions, and related footnotes on pages 66 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2021, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
October 3, 2021

Overview of the Financial Statements and Financial Analysis

Southern West Virginia Community and Technical College (the College) presents its financial statements for the fiscal years ended June 30, 2021 and June 30, 2020. The emphasis of discussions about these statements will be on current year data. There are three financial statements presented: the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows. This discussion and analysis of the College's financial statements provides an overview of its financial activities for the year and is required supplemental information. Since this analysis is designed to focus on current activities, resulting change and currently known facts, please read it in conjunction with the College's basic financial statements and the footnotes to these financial statements. Responsibility for the completeness and fairness of this information rests with the College.

The Governmental Accounting Standards Board (GASB) establishes standards for the presentation format of College financial statements. The current format places emphasis on the overall economic resources of the College.

Statements of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the College as of the end of the fiscal year. The Statement of Net Position is a point of time financial statement. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of the College. The Statement of Net Position presents end-of-year data concerning assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position. The difference between current and noncurrent assets and liabilities is discussed in the footnotes to the financial statements.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the College. They are also able to determine how much the College owes vendors and lending institutions. The Statement of Net Position provides a picture of the net position and its availability for College expenditures.

Net Position is divided into three major categories. The first category, net investment in capital assets, provides the College's equity in property, plant and equipment owned by the College. The next asset category is restricted net position, which is divided into two categories, nonexpendable and expendable. The College does not currently have nonexpendable restricted net position since all funds of this nature would be directed to the Southern West Virginia Community College Foundation, Inc. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net position is available for expenditure by the College but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The College does not currently have expendable restricted net position. The final category is unrestricted net position. Unrestricted net position is available to the College for any lawful purpose of the College.

Condensed Schedules of Net Position
June 30
(in thousands)

	2021	2020	2019
Assets and deferred outflows			
Current assets	$ 14,683	$ 14,366	$ 12,800
Other noncurrent assets	146	159	164
Capital assets, net	27,817	28,189	28,734
Total assets	42,646	42,714	41,698
Deferred outflows of resources	647	589	529
Total	$ 43,293	$ 43,303	$ 42,227
Liabilities, deferred inflows and net position			
Current liabilities	$ 3,517	$ 4,664	$ 3,964
Noncurrent liabilities	1,406	3,475	4,244
Total liabilities	4,923	8,139	8,208
Deferred inflows of resources	2,526	1,550	1,338
Net position			
Net investment in capital assets	27,817	28,189	28,734
Unrestricted net position	8,027	5,425	3,947
Total net position	35,844	33,614	32,681
Total	$ 43,293	$ 43,303	$ 42,227

Total net position of the College increased by $2.2 million from June 30, 2020 to June 30, 2021. Total net position increased by $933 thousand from June 30, 2019 to June 30, 2020. These changes are related to a number of changes as described below:

- The total net position increased in 2021 mainly due to an approximate $1.8 million increase in higher education emergency relief fund (HEERF) revenues, which included approximately $700 thousand in lost revenues that the College was able to claim under HEERF.

- The current ratio for fiscal years 2021 and 2020 is 4.18 and 3.08, respectively. The current ratio measures the ability to meet short-term obligations. The current ratio is the most widely-used measure of liquidity. Typically, current ratios range from 1 to 4.

Statements of Revenues, Expenses and Changes in Net Position

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

Operating revenues are received for providing goods and services to the various constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the College. Revenues received for which goods and services are not provided are reported as non-operating revenues. For example, state appropriations are non-operating because they are provided by the Legislature to the College without the Legislature directly receiving commensurate goods and services for those revenues.

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

	2021	2020	2019
Operating revenues	$ 5,772	$ 6,248	$ 6,382
Operating expenses	19,649	19,323	18,739
Operating loss	(13,877)	(13,075)	(12,357)
Non-operating revenues	15,293	13,470	12,965
Capital payments on behalf	629	234	19
Other payments on behalf	185	304	330
Increase in net position	2,230	933	957
Net position - beginning of year	33,614	32,681	31,724
Net position - end of year	$ 35,844	$ 33,614	$ 32,681

A review of the individual revenue and expense categories and those items that contributed to the overall increases in net position reveals the following explanations:

Operating Revenues

- For fiscal year 2021, tuition and fees contributed approximately 11% of the total operating revenues. The 3% decrease from 2020 is due to a slight decrease in assessment fees.

- For fiscal year 2021, grant and contract revenues decreased by $388 thousand for a 7% decrease. The decrease is mainly due to fewer state grants, the average size of new grants decreasing, and some larger grants awarded in prior years ending. As a percentage of operating revenue, grant and contract revenue accounted for 86% in fiscal year 2021 and 86% in 2020.

- For fiscal year 2021, other operating revenues decreased by $66 thousand mainly due to a decrease of mining class revenue and other unrestricted revenue sources.

Operating Expenses

- For fiscal year 2021, the total cost of scholarships increased by $144 thousand for a 3% increase. The increase is primarily due to distributing more in higher education emergency relief funds (HEERF) to students. Total HEERF disbursements to students totaled approximately $788 thousand and $686 thousand during fiscal years 2021 and 2020, respectively.

- For fiscal year 2021, benefits decreased $581 thousand primarily due to changes in estimates related to the pension and OPEB plans.

- For fiscal year 2021, supplies and other services increased by $904 thousand for a 36% increase. The increase is primarily due to an increase in spending after receiving higher education emergency relief funds (HEERF) from the federal government.

Non-operating Revenues

- For fiscal year 2021, Federal Pell grant revenues decreased by $40 thousand or approximately 1%. This decrease was a result of fewer students being eligible for aid than in fiscal year 2020.

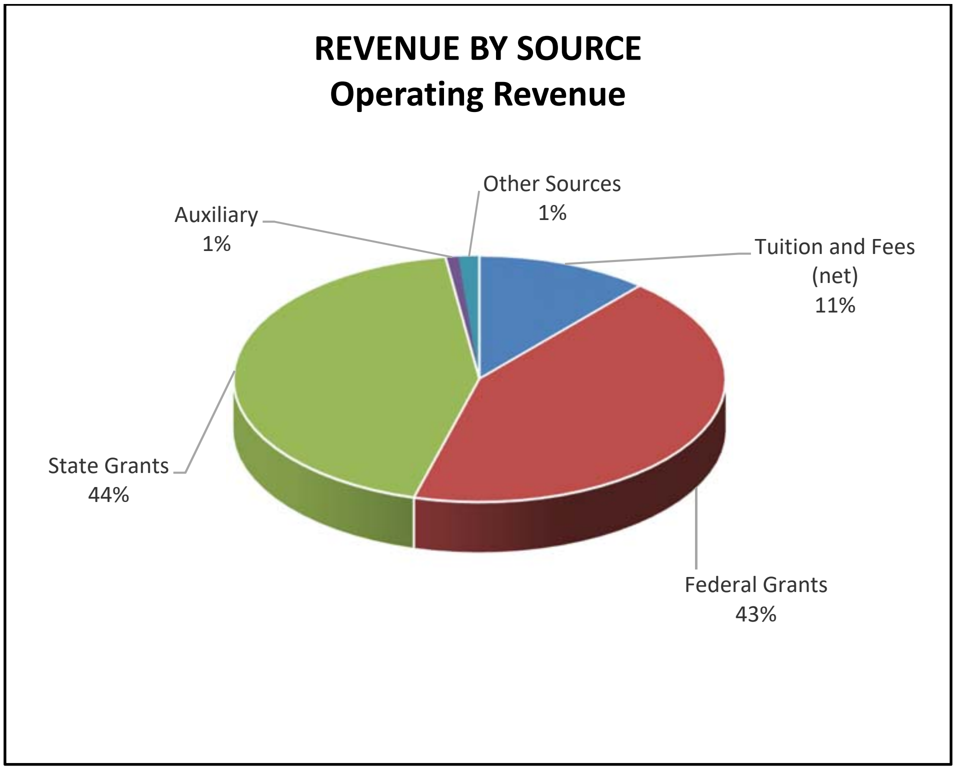
- For fiscal year 2021, there was no change in the amount of state appropriations. State appropriations totaled $8.2 million for fiscal years 2021 and 2020.

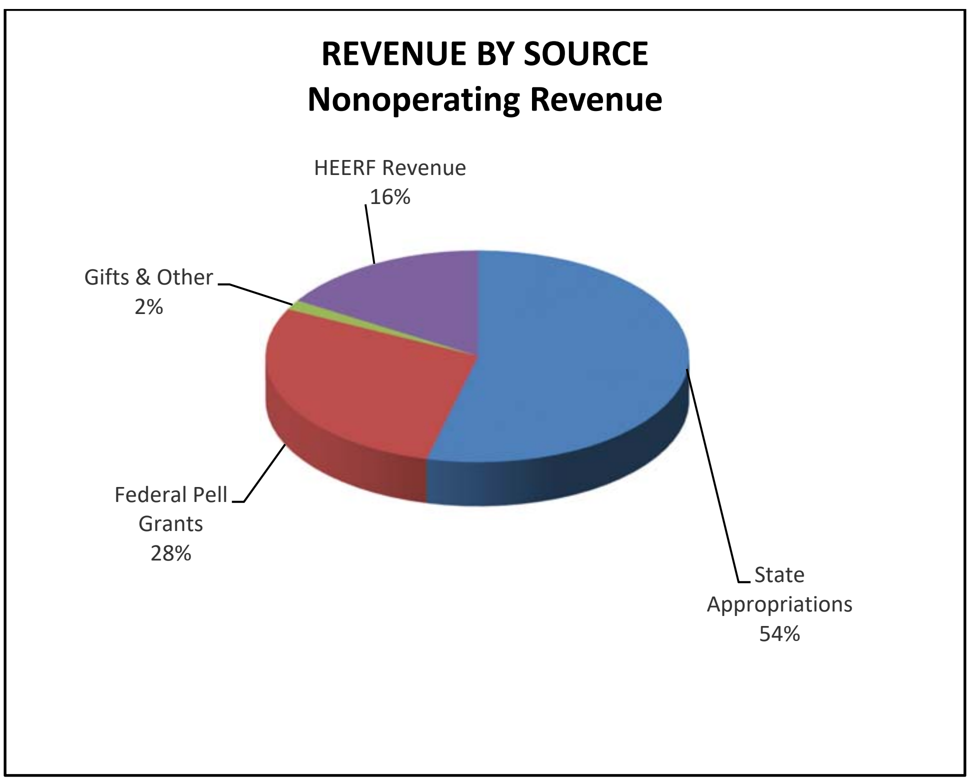
- For fiscal year 2021, Higher education emergency relief (HEERF) revenues increased by $1.8 million. The College was awarded approximately $7.9 million in additional HEERF in fiscal year 2021. Approximately $3.4 million of this funding is required to be used for students with the remaining $4.5 million to be used by the College for institutional costs. Total HEERF revenue was approximately $2.5 million and $686 thousand in fiscal years 2021 and 2020, respectively. The remaining funds will be spent in subsequent years.

- For fiscal year 2021, other non-operating revenues increased by $232 thousand. This increase is primarily due to receiving auction proceeds from multiple auctions held at the College to sell old assets during fiscal year 2021.

- For fiscal year 2021, investment income decreased by $153 thousand. This decrease is primarily due to interest rates decreasing on available investment securities during fiscal years 2021 and 2020.

- For fiscal year 2021, capital payments on behalf increased by $395 thousand or approximately 169%. This increase is primarily due to the State paying for several new capital projects.

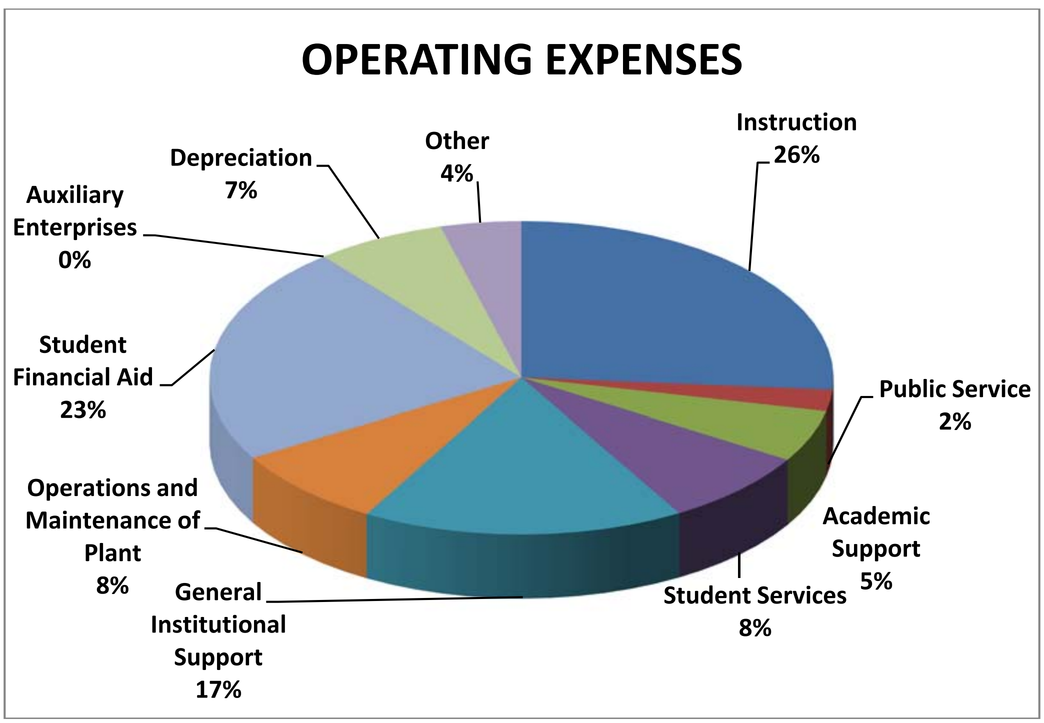

REVENUE BY SOURCE
Operating Revenue
Other Sources 1%
Auxiliary 1%
Tuition and Fees (net) 11%
State Grants 44%
Federal Grants 43%


REVENUE BY SOURCE
Nonoperating Revenue
HEERF Revenue 16%
Gifts & Other 2%
Federal Pell Grants 28%
State Appropriations 54%

Operating Expenses
Years Ended June 30,
(in thousands)

	2021	2020	2019	(2020 to 2021) Increase (Decrease)	(2020 to 2021) Percent Change
Operating expense					
Instruction	$ 5,156	$ 5,026	$ 5,015	$ 130	2.6%
Academic support	1,041	956	1,022	85	8.9%
Student services	1,536	1,488	1,326	48	3.2%
Public service	435	467	537	(32)	(6.9)%
Operations & maintenance plant	1,618	1,430	1,471	188	13.1%
Institutional support	3,277	4,112	4,002	(835)	(20.3)%
Financial aid	4,436	4,340	3,798	96	2.2%
Auxiliary	3	6	65	(3)	(50.0%)
Depreciation	1,325	1,431	1,432	(106)	(7.4%)
Other	822	67	71	755	1126.9%
Total	$ 19,649	$ 19,323	$ 18,739	$ 326	1.7%

The following is a graphic illustration of fiscal year 2021 operating expenses:



Statements of Cash Flows

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

Condensed Schedules of Cash Flows
Years Ended June 30,
(in thousands)

	2021	2020	2019
Cash provided (used) by:			
Operating activities	$ (14,043)	$ (11,151)	$ (10,743)
Noncapital financing activities	14,453	13,366	12,719
Capital and related financing activities	(160)	(721)	(895)
Investing activities	20	173	208
Net change in cash	270	1,667	1,289
Cash, beginning of year	14,201	12,534	11,245
Cash, end of year	$ 14,471	$ 14,201	$ 12,534

Capital Asset and Debt Administration

Capital Assets, Net
June 30,
(in thousands)

	2021	2020	2019	(2020 to 2021) Increase (Decrease)	(2020 to 2021) Percent Change
Capital Assets					
Land and Improvements	$ 1,563	$ 1,563	$ 1,563	$ -	-
Construction in Progress	538	238	60	300	126.1%
Buildings	42,506	42,091	41,640	415	1.0%
Equipment	5,650	5,955	6,478	(305)	(5.1%)
Library Holdings	3,942	3,951	4,004	(9)	(0.2%)
Total	54,199	53,798	53,745	401	0.8%
Less: Accum Depreciation	(26,382)	(25,609)	(25,011)	(773)	3.0%
Net Capital Assets	$ 27,817	$ 28,189	$ 28,734	$ (372)	(1.3%)

Capital assets net decrease of $372 thousand was a result of current year additions offset by depreciation and retirements.

Current year additions to capital equipment totaled $237 thousand and equipment retirements totaled $542 thousand. Library book additions totaled $15 thousand and library retirements totaled $24 thousand. Building additions totaled $415 thousand and construction in progress at the end of 2021 was $538 thousand.

At June 30, 2021, the College had no significant outstanding contractual commitments for property, plant and equipment expenditures.

The OPEB liability decreased by $2.1 million in fiscal year 2021 due to changes driven by the actuarial report and allocation of the liability based on the College's proportionate share.

Readers interested in more detailed information regarding capital assets and debt administration should review the accompanying notes 5 and 6 to the financial statements.

Economic Outlook

The economy of West Virginia, like many other states, has struggled over the past several years. A major factor in this economic downturn is the loss of energy-related jobs, primarily in coal, and a slowdown in hiring in the natural gas industry. According to the West Virginia University Bureau of Business and Economic Research (BBER), our state experienced large job losses between mid-February and mid-April 2020 due to the COVID-19 pandemic, with a cumulative decline of roughly 94,000 jobs over that period. Employment in the state rebounded by 57,000 between mid-April to mid-August 2020; however, preliminary data suggests that the state's rate of recovery in overall employment likely peaked during the initial phases of reopening during May and June 2020. Employment in West Virginia is expected to reach pre-COVID-19 pandemic levels by late 2022 with an average job growth of 1% per year on average through 2025.

A second factor influencing the economy of West Virginia is the declining population. Based on data from BBER, the state's population has declined for the seventh consecutive year in 2019. The total number of residents estimated to live in West Virginia was below 1.8 million for the first time since the early-1990s. Among all states, West Virginia now ranks as the fourth oldest with a median age of 42.9 years with only 20% of the population age 18 and under. Additional demographic trends for West Virginia show that only 40% of the population (age 25 and over) has a high school diploma but no college credits, and an additional 27% who have some college but no degree. Another factor is West Virginia's labor force participation rate in 2019 was the lowest among all states at just over 55% while the national average was 63%.

Although these are stark realities faced by our state, and more particularly the six-county district served by the College, these challenges are viewed as opportunities by the College. Southern is a major provider of education and retraining for those impacted by layoffs in the coal industry; not only the individual worker but his/her spouse and children. The College continues to provide opportunities for workforce preparation, occupational education and transfer programs to those who have lost jobs and their dependents. The College is continuously assessing their offered programs and considers new programs that might be attractive to new and current students. In addition, through contract training, small business assistance and other economic development-related services, the College continues to serve as a valuable resource for those involved in economic development efforts in our region and throughout the state.

A new challenge arose for all colleges in the nation in 2020 with the COVID-19 pandemic. This has drastically changed our economic outlook for years to come, yet Southern has attempted to adapt quickly to an increase in remote-learning, which is being adopted by colleges across the country and the world.

Requests for Information

The financial report is designed to provide an overview of the finances of the College for those with an interest in this organization. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Southern West Virginia Community and Technical College at Post Office Box 2900, Mount Gay, West Virginia 25637. For additional information on the Southern West Virginia Community College Foundation, Inc. please see their separately issued financial statements.

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 14,394,082	$ 14,123,806
Accounts receivable, net of allowance for doubtful accounts	60,574	168,621
Due from the Commission/Council	195,266	55,542
Due from Federal Government	30,000	10,038
Prepaid expenses	2,904	8,380
Total current assets	14,682,826	14,366,387
NONCURRENT ASSETS:		
Cash and cash equivalents	76,549	77,302
Other accounts receivable	69,567	81,325
Capital assets, net of accumulated depreciation	27,817,060	28,189,450
Total noncurrent assets	27,963,176	28,348,077
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows relating to the net pension liability	136,897	107,134
Deferred outflows relating to the net OPEB liability	509,686	482,019
Total deferred outflows of resources	646,583	589,153
TOTAL	$ 43,292,585	$ 43,303,617
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 91,652	$ 76,029
Due to other State agencies	77,682	46,446
Due to other governments	285,940	284,740
Accrued liabilities	1,225,500	1,218,421
Compensated absences - current portion	348,197	352,476
Unearned revenue	1,487,478	2,686,038
Total current liabilities	3,516,449	4,664,150
NONCURRENT LIABILITIES:		
Compensated absences	146,496	178,392
Net other postemployment benefit (OPEB) liability	768,248	2,845,763
Net pension liability	491,322	451,185
Total noncurrent liabilities	1,406,066	3,475,340
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows relating to the net pension liability	99,952	179,303
Deferred inflows relating to the net OPEB liability	2,425,627	1,370,424
Total deferred inflows of resources	2,525,579	1,549,727
NET POSITION:		
Net investment in capital assets	27,817,060	28,189,450
Unrestricted net position	8,027,431	5,424,950
Total net position	35,844,491	33,614,400
TOTAL	$ 43,292,585	$ 43,303,617

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL 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 $4,838,495 and $4,853,844 for 2021 and 2020, respectively	$ 653,578	$ 675,832
Contracts and grants:		
Federal	2,479,536	2,506,946
State	2,511,346	2,871,735
Auxiliary enterprise revenue	48,735	42,932
Miscellaneous, net	78,722	150,437
Total operating revenues	5,771,917	6,247,882
OPERATING EXPENSES:		
Salaries and wages	8,306,823	8,270,296
Benefits	1,397,972	1,978,676
Supplies and other services	3,388,993	2,485,007
Utilities	726,842	801,457
Student financial aid - scholarships and fellowships	4,433,231	4,289,439
Depreciation	1,325,114	1,430,971
Fees assessed by the Commission for operations	69,549	66,918
Total operating expenses	19,648,524	19,322,764
OPERATING LOSS	(13,876,607)	(13,074,882)
NONOPERATING REVENUES:		
State appropriations	8,241,823	8,241,823
Gifts	44,183	49,000
Investment income	19,817	172,473
Federal Pell grants	4,348,498	4,388,879
Higher education emergency relief fund (HEERF) revenue	2,474,903	686,475
Other nonoperating revenues (expenses)	163,940	(68,229)
Total nonoperating revenues	15,293,164	13,470,421
INCREASE IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	1,416,557	395,539
CAPITAL PAYMENTS MADE AND EXPENSES INCURRED ON BEHALF OF THE COLLEGE	628,581	233,932
PAYMENTS MADE AND EXPENSES INCURRED BY THE STATE ON BEHALF OF THE COLLEGE	184,953	303,892
INCREASE IN NET POSITION	2,230,091	933,363
NET POSITION - Beginning of year	33,614,400	32,681,037
NET POSITION - End of year	$ 35,844,491	$ 33,614,400

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from student tuition and fees	$ 761,429	$ 644,388
Cash received from contracts and grants	2,177,285	3,905,465
Payments to and on behalf of employees	(10,639,722)	(10,398,999)
Payments to suppliers	(3,384,308)	(2,371,257)
Payments to utilities	(726,842)	(801,457)
Payments for scholarships and fellowships	(2,289,312)	(2,255,308)
Auxiliary enterprise charges	48,735	42,932
Fees assessed by Commission	(69,549)	(66,918)
Other receipts, net	78,722	150,437
Net cash used in operating activities	(14,043,562)	(11,150,717)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	8,241,823	8,241,823
Federal student loan program - direct lending receipts	2,143,919	2,034,131
Federal student loan program - direct lending payments	(2,143,919)	(2,034,131)
Gifts	44,183	49,000
Pell grants	4,348,498	4,388,879
Higher education emergency relief fund (HEERF) revenue	1,818,967	686,475
Net cash provided by noncapital financing activities	14,453,471	13,366,177
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Purchases of capital assets	(338,476)	(652,827)
Proceeds from sales of capital assets	159,940	-
Other nonoperating revenues (expenses)	18,333	(68,229)
Net cash used in capital financing activities	(160,203)	(721,056)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	19,817	172,473
Net cash provided by investing activities	19,817	172,473
INCREASE IN CASH AND CASH EQUIVALENTS	269,523	1,666,877
CASH AND CASH EQUIVALENTS - Beginning of year	14,201,108	12,534,231
CASH AND CASH EQUIVALENTS - End of year	$ 14,470,631	$ 14,201,108
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (13,876,607)	$ (13,074,882)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	1,325,114	1,430,971
Pension expense - special funding situation	111,993	131,364
OPEB expense - special funding situation	72,960	172,528
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable, net of allowance for doubtful accounts	108,047	(31,444)
Due from the Commission/Council	(139,724)	119,160
Due from the Federal Government	(19,962)	17,862
Prepaid expenses	5,476	(6,017)
Other accounts receivable	11,758	6,164
Deferred outflows of resources	(57,430)	(60,039)
Accounts payable	15,623	35,722
Due to other State agencies	31,236	44,504
Due to other governments	1,200	-
Accrued liabilities	7,079	201,263
Compensated absences	(36,175)	61,281
Other postemployment benefit (OPEB) liability	(2,077,515)	(806,255)
Net pension liability	40,137	15,630
Unearned revenue	(542,624)	379,389
Deferred inflows of resources	975,852	212,082
Net cash used in operating activities	$ (14,043,562)	$ (11,150,717)
NONCASH TRANSACTIONS:		
Capital payments made and expenses incurred on behalf of the College	$ 628,581	$ 233,932
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:		
Cash and cash equivalents classified as current	$ 14,394,082	$ 14,123,806
Cash and cash equivalents classified as noncurrent	76,549	77,302
	$ 14,470,631	$ 14,201,108

SOUTHERN WEST VIRGINIA COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents	$ 284,970	$ 241,421
Certificates of deposit	60,757	60,197
Investment securities at fair value	3,726,690	4,070,417
Interest and dividends receivable	7,385	7,385
Prepaid expenses	49,247	12,381
Contributions receivable, net	250	32,838
TOTAL ASSETS	$ 4,129,299	$ 4,424,639
LIABILITIES AND NET ASSETS		
LIABILITIES		
Payable to related party	$ -	$ 1,266
Total liabilities	-	1,266
NET ASSETS		
With donor restrictions	3,383,107	3,576,111
Without donor restrictions	746,192	847,262
Total net assets	4,129,299	4,423,373
TOTAL LIABILITIES AND NET ASSETS	$ 4,129,299	$ 4,424,639

The Accompanying Notes Are An Integral
Part Of These Financial Statements

SOUTHERN WEST VIRGINIA COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, INVESTMENT INCOME, AND OTHER SUPPORT			
Contributions	$ -	$ 66,508	$ 66,508
Interest and dividend income	-	143,065	143,065
Gain (loss) on investments	600	(288,927)	(288,327)
Net assets released from restriction	113,650	(113,650)	-
Total revenues, investment income, and other support	114,250	(193,004)	(78,754)
EXPENSES			
Program services:			
Scholarships	106,833	-	106,833
Direct program support	450	-	450
Total program services	107,283	-	107,283
Administrative and general	106,154	-	106,154
Fundraising	1,883	-	1,883
Total expenses	215,320	-	215,320
CHANGE IN NET ASSETS	(101,070)	(193,004)	(294,074)
NET ASSETS, BEGINNING OF YEAR	847,262	3,576,111	4,423,373
NET ASSETS, END OF YEAR	$ 746,192	$ 3,383,107	$ 4,129,299

SOUTHERN WEST VIRGINIA COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, INVESTMENT INCOME, AND OTHER SUPPORT			
Contributions	$ -	$ 419,864	$ 419,864
Interest and dividend income	-	130,365	130,365
Gain on investment	17,166	521,325	538,491
Net assets released from restriction	192,190	(192,190)	-
Total revenues, investment income, and other support	209,356	879,364	1,088,720
EXPENSES			
Program services:			
Scholarships	99,240	-	99,240
Direct program support	86,202	-	86,202
Educational development	3,221	-	3,221
Total program services	188,663	-	188,663
Administrative and general	126,381	-	126,381
Fundraising	1,402	-	1,402
Total expenses	316,446	-	316,446
CHANGE IN NET ASSETS	(107,090)	879,364	772,274
NET ASSETS, BEGINNING OF YEAR	954,352	2,696,747	3,651,099
NET ASSETS, END OF YEAR	$ 847,262	$ 3,576,111	$ 4,423,373

NOTE 1 - ORGANIZATION

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

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

S.B. 653 also created the West Virginia Higher Education Policy Commission (the Commission), which is responsible for developing, gaining consensus around and overseeing the implementation and development of a higher education public policy agenda. Senate Bill 448 gives the West Virginia Council for Community and Technical College Education (the Council) the responsibility of developing, overseeing and advancing the State's public policy agenda as it relates to community and technical college education.

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accompanying financial statements present all funds under the authority of the College. The basic criterion for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from the College's ability to significantly influence operations and accountability for fiscal matters of related entities. A related Southern Alumni Association (Alumni Association) of the College is not part of the College's reporting entity and is 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 Alumni Association under GASB.

The audited financial statements of the Foundation are presented here as a discrete component unit with the College financial statements in accordance with GASB. The Foundation is a private non-profit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's audited financial information as it is presented herein (see also Notes 10, 11 and 13).

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

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

- *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 2005 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 West Virginia State Legislature. The College does not have any restricted expendable net position at June 30, 2021 or 2020.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- *Restricted net position, nonexpendable* - This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The College does not have any restricted nonexpendable net position at June 30, 2021 or 2020.

- *Unrestricted net position* - Unrestricted net position represents resources derived from student tuition and fees, state appropriations and sales and services of educational activities. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the Board of Governors to meet current expenses for any purpose. These resources also include resources of auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

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 to be cash equivalents.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Allowance for Doubtful Accounts - It is the College's policy to provide for future losses on uncollectible accounts, contracts, grants, and receivables based on an evaluation of the underlying account, contract and grant 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.

Noncurrent Cash and Cash Equivalents, and Investments - Cash and cash equivalents 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 (3) permanently restricted net position, are classified as a noncurrent asset in the accompanying statements of net position.

Capital Assets - Capital assets include property, plant and equipment and books and materials that are part of a catalogued library. Capital assets are stated at cost at the date of acquisition or construction, or fair market value at the date of donation in the case of gifts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings and infrastructure, 20 years for land improvements, 7 years for library holdings, and 5 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. Unearned revenue at the College primarily consists of grant funding not spent or with unmet timing requirements and summer tuition collected in advance. Financial aid and other deposits are separately classified as deposits.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Street, SE, Suite 2, Charleston, WV 25304 or http://peia.wv.gov.

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

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by West Virginia Retiree Health Benefit Trust Fund (RHBT). For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. (See Note 8)

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

Net Pension Liability - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Teachers' Retirement System (STRS), administered by the West Virginia Consolidated Public Retirement Board (CPRB), and additions to/reductions from the STRS fiduciary net position have been determined on the same basis as they are reported in the STRS financial statements, which can be found at https://www.wvretirement.com/Publications.html#CAFR. The plan schedules of STRS are prepared using the accrual basis of accounting and economic resources measurement focus in accordance with U.S. GAAP as prescribed by GASB. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Investments are reported at fair value. Detailed information on investment valuation can be found in the STRS financial statements. Management of STRS has made certain estimates and assumptions relating to employer allocation schedules, and actual results could differ. (See Note 9)

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

- *Operating revenues* - Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, (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 non-exchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB, such as state appropriations, Federal Pell Grants, investment income, and sale of capital assets (including natural resources).

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Federal Financial Assistance Programs - The College makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through institutions like the College. Direct student loan receivables are not included in the College's statements of net position as the loans are repayable directly to the U. S. Department of Education. In 2021 and 2020, the College received and disbursed $2,143,919 and $2,034,131, respectively, under the Federal Direct Student Loan Program on behalf of the U. S. Department of Education, which is not included as revenue and expense on the statements of revenues, expenses, and changes in net position.

The College distributes student financial assistance funds on behalf of the federal government to students under the Federal Pell Grant, Supplemental Educational Opportunity Grant and College Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2021 and 2020, the College received and disbursed $4,477,770 and $4,515,402, 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 statement 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 and funds provided to students as awarded by third parties are accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a College basis by allocating the cash payments to students, excluding payments for services on the ratio of total aid to the aid not considered to be third party aid.

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

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

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

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 GASB - The College implemented GASB Statement No. 84, *Fiduciary Activities*, effective for fiscal years beginning after December 15, 2019. This Statement (1) establishes specific criteria for identifying activities that should be reported as fiduciary activities, (2) clarifies whether and how business-type activities should report their fiduciary activities, (3) establishes a custodial fund classification to replace agency funds to eliminate confusion with agencies of the government, (4) provides for the recognition of liabilities only when the government is compelled to disburse the resources, and (5) requires a statement of changes in net position for all fiduciary fund classifications. The adoption of GASB Statement No. 84 did not have an impact on the financial statements.

The College implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for fiscal years beginning after December 15, 2020. This Statement requires that interest cost incurred before the end of the construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of the construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The adoption of GASB Statement No. 89 did not have an impact on the financial statements.

The College implemented GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. This Statement removes LIBOR as an appropriate benchmark to coincide with its cessation at the end of calendar year 2021. The new guidance also addresses accounting and financial reporting implications that result from a change or replacement of any interbank offered rate (IBOR) in both hedging derivative instruments and leases. The standard also identifies appropriate benchmark interest rates for hedging derivatives. The adoption of GASB Statement No. 93 did not have an impact on the financial statements.

Recent Statements Issued By GASB - GASB has issued Statement No. 87, *Leases*, effective for fiscal years beginning after June 15, 2021. This Statement requires lessees and lessors to report leases under a single model. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources for each lease. This Statement also requires additional notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The College has not yet determined the effect that the adoption of GASB Statement No. 87 may have on its financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB has also issued Statement No. 91, *Conduit Debt Obligations*, which is effective for fiscal years beginning after December 15, 2021. The requirements of this Statement eliminate the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity or inconsistency. This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The College has not yet determined the effect that the adoption of GASB Statement No. 91 may have on its financial statements.

GASB has also issued Statement No. 92, *Omnibus 2020*, which is effective for fiscal years beginning after June 15, 2021. The requirements of this Statement address a variety of items, including specific provisions regarding the following topics: (1) GASB Statement No. 87 Implementation; (2) intra-entity transfers of assets; (3) postemployment benefits; (4) government acquisitions; (5) risk financing and insurance related activities of public entity risk pools; (6) fair value measurements and derivative instruments. The College has not yet determined the effect that the adoption of GASB Statement No. 92 may have on its financial statements.

GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*, which is effective for fiscal years beginning after June 15, 2022. The requirements of this Statement establish the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions, but are outside of the scope of Lease or Service Concession Arrangement Guidance. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will require governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The College has not yet determined the effect that the adoption of GASB Statement No. 94 may have on its financial statements.

GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, which is effective for fiscal years beginning after June 15, 2022. The requirements of this Statement establish a definition for SBITA, which is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Generally, this Statement will require a government to recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The Statement also establishes guidance for the treatment of costs related to SBITA activities other than subscription payments. Those activities are: Preliminary Project Stage, Initial Implementation Stage, and Operation and Additional Implementation Stage. This Statement also requires a government to disclose essential information about the arrangement such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability. The College has not yet determined the effect that the adoption of GASB Statement No. 96 may have on its financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*., parts of which were effective immediately, while other provisions are effective for reporting periods beginning after June 15, 2021. The provisions that were immediately effective required that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan that the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform and (2) limits the applicability of the financial burden criterion in GASB Statement No. 84 to defined benefit pension plans and defined OPEB plans administered through trusts. This Statement also requires that an IRC Section 457 Plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and clarifies that arrangements under IRC Section 457 should be assessed as a potential fiduciary activity under GASB Statement No. 84. As part of the supersession of GASB Statement No. 32, this Statement also requires that investments of all Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.The portion of GASB Statement No. 97 that was effective immediately did not have a significant impact on the financial statements. The College has not yet determined the effect that the adoption of the remaining portions of GASB Statement No. 97 may have on its financial statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

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

	2021		
	Current	Noncurrent	Total
Cash on deposit with the State Treasurer/BTI	$ 14,313,191	$ -	$ 14,313,191
Cash in bank	76,691	76,549	153,240
Cash on hand	4,200	-	4,200
	$ 14,394,082	$ 76,549	$ 14,470,631

	2020		
	Current	Noncurrent	Total
Cash on deposit with the State Treasurer/BTI	$ 13,161,251	$ -	$ 13,161,251
Cash in bank	958,355	77,302	1,035,657
Cash on hand	4,200	-	4,200
	$ 14,123,806	$ 77,302	$ 14,201,108

Cash held by the State Treasurer includes $1,179,791 and $1,789,338 of restricted cash primarily for operating grants as of June 30, 2021 and 2020, respectively.

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

The combined carrying amount of cash in the bank at June 30, 2021 and 2020 was $153,240 and $1,035,657, as compared with the combined bank balance of $165,968 and $1,053,767, respectively. The difference is primarily caused by items in transit and outstanding checks. The bank balances were covered by federal depository insurance as noted below or were collateralized by securities held by the State's agent. Regarding federal depository insurance, interest-bearing accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000.

Amounts with the State Treasurer were $14,313,191 and $13,161,251 as of June 30, 2021 and 2020, respectively. Of these amounts $11,667,715 and $11,880,115 were invested in the WV Money Market Pool and the WV Short Term Bond Pool as of June 30, 2021 and 2020, respectively. The remainder of the cash held with the State Treasurer was not invested at June 30, 2021 and 2020.

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

	2021		2020	
External Pool	Carrying Value	S & P Rating	Carrying Value	S & P Rating
WV Money Market Pool	$ 11,387,199	AAAm	$ 11,598,470	AAAm
WV Short Term Bond Pool	280,516	Not Rated	281,645	Not Rated

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

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

	2021		2020	
External Pool	Carrying Value	WAM (Days)	Carrying Value	WAM (Days)
WV Money Market Pool	$ 11,387,199	52	$ 11,598,470	44

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

	2021		2020	
External Pool	Carrying Value	Effective Duration (Days)	Carrying Value	Effective Duration (Days)
WV Short Term Bond Pool	$ 280,516	638	$ 281,645	620

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

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

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the College will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

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

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

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable are as follows at June 30:

	2021	2020
Student tuition and fees, net of allowance for doubtful accounts of $151,783 and $178,973 in 2021 and 2020, respectively	$ 60,060	$ 18,663
Other accounts receivable, net of allowance for doubtful accounts of $21,611 and $21,611 in 2021 and 2020, respectively	514	149,958
	$ 60,574	$ 168,621

NOTE 5 - CAPITAL ASSETS

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

	2021			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Construction in process	$ 237,730	$ 502,456	$ (202,324)	$ 537,862
Land	1,563,470	-	-	1,563,470
Total capital assets not being depreciated	$ 1,801,200	$ 502,456	$ (202,324)	$ 2,101,332
Other capital assets:				
Buildings	$ 42,090,421	$ 415,890	$ -	$ 42,506,311
Equipment	5,955,285	236,650	(542,105)	5,649,830
Library holdings	3,951,209	14,385	(24,361)	3,941,233
Total other capital assets	51,996,915	666,925	(566,466)	52,097,374
Less accumulated depreciation for:				
Buildings	(17,096,142)	(964,043)	-	(18,060,185)
Equipment	(4,680,984)	(314,796)	527,772	(4,468,008)
Library holdings	(3,831,539)	(46,275)	24,361	(3,853,453)
Total accumulated depreciation	(25,608,665)	(1,325,114)	552,133	(26,381,646)
Other capital assets, net	$ 26,388,250	$ (658,189)	$ (14,333)	$ 25,715,728
Capital asset summary:				
Capital assets not being depreciated	$ 1,801,200	$ 502,456	$ (202,324)	$ 2,101,332
Other capital assets	51,996,915	666,925	(566,466)	52,097,374
Total cost of capital assets	53,798,115	1,169,381	(768,790)	54,198,706
Less accumulated depreciation	(25,608,665)	(1,325,114)	552,133	(26,381,646)
Capital assets, net	$ 28,189,450	$ (155,733)	$ (216,657)	$ 27,817,060

NOTE 5 - CAPITAL ASSETS (Continued)

	2020			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Construction in process	$ 60,167	$ 237,730	$ (60,167)	$ 237,730
Land	1,563,470	-	-	1,563,470
Total capital assets not being depreciated	$ 1,623,637	$ 237,730	$ (60,167)	$ 1,801,200
Other capital assets:				
Buildings	$ 41,640,024	$ 450,397	$ -	$ 42,090,421
Equipment	6,477,156	216,658	(738,529)	5,955,285
Library holdings	4,004,078	42,141	(95,010)	3,951,209
Total other capital assets	52,121,258	709,196	(833,539)	51,996,915
Less accumulated depreciation for:				
Buildings	(16,064,260)	(1,031,882)	-	(17,096,142)
Equipment	(5,077,208)	(342,305)	738,529	(4,680,984)
Library holdings	(3,869,765)	(56,784)	95,010	(3,831,539)
Total accumulated depreciation	(25,011,233)	(1,430,971)	833,539	(25,608,665)
Other capital assets, net	$ 27,110,025	$ (721,775)	$ -	$ 26,388,250
Capital asset summary:				
Capital assets not being depreciated	$ 1,623,637	$ 237,730	$ (60,167)	$ 1,801,200
Other capital assets	52,121,258	709,196	(833,539)	51,996,915
Total cost of capital assets	53,744,895	946,926	(893,706)	53,798,115
Less accumulated depreciation	(25,011,233)	(1,430,971)	833,539	(25,608,665)
Capital assets, net	$ 28,733,662	$ (484,045)	$ (60,167)	$ 28,189,450

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

At June 30, 2021, the College had no significant outstanding contractual commitments for property, plant and equipment expenditures.

NOTE 6 - 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
Net other postemployment benefit liability	$ 2,845,763	$ 326,286	$ 2,403,801	$ 768,248	$ -
Net pension liability	451,185	118,715	78,578	491,322	-
Compensated absences	530,868	-	36,175	494,693	348,197
Total noncurrent liabilities	$ 3,827,816	$ 445,001	$ 2,518,554	$ 1,754,263	$ 348,197

	2020				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Net other postemployment benefit liability	$ 3,652,018	$ 228,028	$ 1,034,283	$ 2,845,763	$ -
Net pension liability	435,555	150,013	134,383	451,185	-
Compensated absences	469,587	61,281	-	530,868	352,476
Total noncurrent liabilities	$ 4,557,160	$ 439,322	$ 1,168,666	$ 3,827,816	$ 352,476

NOTE 7 - OPERATING LEASE OBLIGATIONS

The College leases various equipment, automobiles, and buildings, under operating lease agreements. Aggregate payment for operating leases amounted to $79,981 and $131,837 for the years ended June 30, 2021 and 2020, respectively. Future minimum rental commitments are as follows as of June 30, 2021:

Years Ending June 30,	
2022	$ 51,134
2023	31,556
2024	9,918
Total	$ 92,608

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS

As related to the implementation of GASB 75, following are the College's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, revenues, and the OPEB expense and expenditures for the fiscal years ended June 30, 2021 and 2020:

	2021	2020
Net OPEB liability	$ 768,248	$ 2,845,763
Deferred outflows of resources	509,686	482,019
Deferred inflows of resources	2,425,627	1,370,424
Revenues	72,960	172,528
OPEB expense	(657,248)	(41,610)
Contributions made by the College	319,568	336,192

Plan Description

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

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

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

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

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

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

Contributions

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

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

	2020	2019
Paygo premium	$ 168	$ 183

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.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 $319,568, $336,192, and $276,087, respectively.

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:

- Inflation rate: 2.25%.
- Salary increase: Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation.
- Investment rate of return: 6.65%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates: 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 end 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.
- Actuarial cost method: Entry age normal cost method.
- Amortization method: Level percentage of payroll over a 20-year closed period beginning June 30, 2017.
- Wage inflation: 2.75%.
- Retirement age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2020 actuarial valuation.
- Aging factors: Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
- Expenses: Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.
- Mortality post retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females.
- Mortality pre-retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 − June 30, 2020.

Certain assumptions have been changed since the prior actuarial valuation as of June 30, 2018 and a measurement date of June 30, 2020. The net effect of the assumption changes was approximately $1,147 million.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

- General/price inflation –Decrease price inflation rate from 2.75% to 2.25%.
- Discount rate – Decrease discount rate from 7.15% to 6.65%.
- Wage inflation – Decrease wage inflation rate from 4.00% to 2.75%.
- OPEB retirement – Develop explicit retirement rates for members who are eligible to retire with healthcare benefits and elect healthcare coverage.
- Waived annuitant termination – Develop explicit waived termination rates for members who are eligible to retire with healthcare benefits but waive healthcare coverage.
- SAL conversion – Develop explicit SAL conversion rates for members who are eligible to convert sick and annual leave (SAL) balances at retirement and convert SAL balances into OPEB benefits.
- Lapse/re-entry – Develop net lapse/re-entry rates for members who either lapse coverage after electing healthcare coverage or elect healthcare coverage after waiving coverage.
- Other demographic assumptions – Develop termination, disability, and mortality rates based on experience specific to OPEB covered group.
- Salary increase – Develop salary increase assumptions based on experience specific to the OPEB covered group.

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 estimates 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. Target asset allocations, capital market assumptions (CMA), and forecast returns were provided by the Plan's investment advisors, including the West Virginia Investment Management Board (WV-IMB). The projected nominal return for the Money Market Pool held with the BTI was estimated based on the WV-IMB assumed inflation of 2.0% plus a 25 basis point spread.

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

Asset Class	Target Allocation	Long-term Expected Real Return
Global equity	55%	6.8%
Core plus fixed income	15%	4.1%
Core real estate	10%	6.1%
Hedge fund	10%	4.4%
Private equity	10%	8.8%

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Single 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 pre-funding assumptions include a $30 million annual contribution from the State through 2037. Based on those assumptions, and that the Plan is expected to be fully funded by fiscal year ended June 30, 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.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability as of June 30, 2021 calculated using a discount rate that is one percentage point lower (5.65%) or one percentage point higher (7.65%) than the current rate.

	1% Decrease (5.65%)	Current Discount Rate (6.65%)	1% Increase (7.65%)
2021 Net OPEB liability	$ 1,095,624	$ 768,248	$ 494,191

The following presents the net OPEB liability as of June 30, 2020 calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate.

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
2020 Net OPEB liability	$ 3,396,334	$ 2,845,763	$ 2,385,028

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	$ 462,261	$ 768,248	$ 1,137,817
2020 Net OPEB liability	2,294,697	2,845,763	3,514,482

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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, which is the measurement date. 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 $938,120. Of this amount, the College recognized $768,248 as its proportionate share on the statement of net position. The remainder of $169,872 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 $3,428,133. Of this amount, the College recognized $2,845,763 as its proportionate share on the statement of net position. The remainder of $582,370 denotes the College's proportionate share of net OPEB liability attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to OPEB for each of the fiscal years ended June 30, 2020 and 2019. Employer contributions are recognized when due. At the June 30, 2020 measurement date, the College's proportion was 0.173933038%, an increase of 0.002411860% from its proportion of 0.171521178% calculated as of June 30, 2019. At the June 30, 2019 measurement date, the College's proportion was 0.171521178%, an increase of 0.001298510% from its proportion of 0.170222668% calculated as of June 30, 2018.

For the year ended June 30, 2021, the College recognized OPEB expense of $(657,248). Of this amount, $(730,208) was recognized as the College's proportionate share of OPEB expense and $72,960 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of $72,960 for support provided by the State.

For the year ended June 30, 2020, the College recognized OPEB expense of $(41,610). Of this amount, $(214,138) was recognized as the College's proportionate share of OPEB expense and $172,528 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of $172,528 for support provided by the State.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 498,118
Changes in proportion and difference between employer contributions and proportionate share of contributions	131,803	147,517
Net difference between projected and actual investment earnings	58,315	-
Changes in assumptions	-	1,734,096
Reallocation of opt-out employer changes in proportionate share	-	45,896
Contributions after the measurement date	319,568	-
Total	$ 509,686	$ 2,425,627

June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 331,897
Changes in proportion and difference between employer contributions and proportionate share of contributions	145,125	354,122
Net difference between projected and actual investment earnings	-	30,699
Changes in assumptions	-	577,143
Reallocation of opt-out employer changes in proportionate share	702	76,563
Contributions after the measurement date	336,192	-
Total	$ 482,019	$ 1,370,424

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The College will recognize the $319,568 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30,	Amortization
2022	$ (988,019)
2023	(764,979)
2024	(500,551)
2025	18,040
	$ (2,235,509)

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 - RETIREMENT PLANS

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

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

NOTE 9 - RETIREMENT PLANS (Continued)

DEFINED BENEFIT PENSION PLAN

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

As related to the implementation of GASB 68, following are the College's net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, revenues, and the pension expense and expenditures for the fiscal years ended June 30, 2021 and 2020:

STRS	2021	2020
Net pension liability	$ 491,322	$ 451,185
Deferred outflows of resources	136,897	107,134
Deferred inflows of resources	99,952	179,303
Revenues	111,993	131,364
Pension expense	112,553	81,384
Contributions made by the College	61,894	63,111

Plan Description

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

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

NOTE 9 - RETIREMENT PLANS (Continued)

Benefits Provided

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

Contributions

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

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

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

- 15% of gross salary of their TRS members hired prior to July 1, 1991;
- 7.5% of the gross salary of their TRS covered employees hired for the first time after July 1, 2005 and for those TDCRS members who elected to transfer to TRS effective July 1, 2008;
- a certain percentage of fire insurance premiums paid by State residents; and
- under WV State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the STRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2021 and 2020, the College's proportionate share attributable to this special funding subsidy was $111,993 and $131,364, respectively.

The College's contributions to STRS for the years ended June 30, 2021, 2020, and 2019, were $61,894, $63,111, and $65,693, respectively.

NOTE 9 - RETIREMENT PLANS (Continued)

Assumptions

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2019 and 2018 and rolled forward to June 30, 2020 and 2019, respectively. The following actuarial assumptions were used and applied to all periods included in the measurement:

- Actuarial cost method: Entry age normal cost with level percentage of payroll.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method and period: Level dollar, fixed period over 40 years, from July 1, 1994 through fiscal year 2034.
- Investment rate of return: 7.50%, net of pension plan administrative and investment expenses.
- Projected salary increases: Teachers 3.00-6.16% and non-teachers 3.00-6.75%, based on age.
- Inflation rate: 3.0%.
- Discount rate: 7.5%.
- Mortality rates based on Pub-2010 Mortality Tables.
- Withdrawal rates: Teachers 7.00-35.00% and non-teachers 2.33-18.00%.
- 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 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 STRS' target asset allocation as of June 30, 2020 and 2019, are summarized below.

NOTE 9 - RETIREMENT PLANS (Continued)

June 30, 2020

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

June 30, 2019

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

Discount rate. The discount rate used to measure the total STRS pension liability was 7.50% for fiscal years 2021 and 2020. The projection of cash flows used to determine the discount rate assumed that State contributions will continue to follow the current funding policy. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on STRS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 9 - RETIREMENT PLANS (Continued)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the College's proportionate share of the STRS net pension liability as of June 30, 2021 and 2020 calculated using the discount rate of 7.50%, as well as what the College's STRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability 2021	$ 663,734	$ 491,322	$ 344,415
Net pension liability 2020	615,825	451,185	310,352

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

The June 30, 2021 STRS net pension liability was measured as of June 30, 2020, and the total pension liability was determined by an actuarial valuation as of July 1, 2019, rolled forward to the measurement date of June 30, 2020. The June 30, 2020 STRS net pension liability was measured as of June 30, 2019, and the total pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to the measurement date of June 30, 2019.

At June 30, 2021, the College's proportionate share of the STRS net pension liability was $1,558,914. Of this amount, the College recognized $491,322 as its proportionate share on the statement of net position. The remainder of $1,067,592 denotes the College's proportionate share of net pension liability attributable to the special funding.

At June 30, 2020, the College's proportionate share of the STRS net pension liability was $1,540,388. Of this amount, the College recognized $451,185 as its proportionate share on the statement of net position. The remainder of $1,089,203 denotes the College's proportionate share of net pension liability attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on their proportionate share of employer and non-employer contributions to STRS for each of the fiscal years ended June 30, 2020 and 2019. Employer contributions are recognized when due. At the June 30, 2020 measurement date, the College's proportion was 0.015254%, an increase of 0.000089% from its proportion of 0.015165% calculated as of June 30, 2019. At the June 30, 2019 measurement date, the College's proportion was 0.015165%, an increase of 0.001215% from its proportion of 0.013950% calculated as of June 30, 2018.

NOTE 9 - RETIREMENT PLANS (Continued)

For the year ended June 30, 2021, the College recognized STRS pension expense of $112,553. Of this amount, $560 was recognized as the College's proportionate share of the STRS expense and $111,993 as the amount of pension expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of $111,993 for support provided by the State.

For the year ended June 30, 2020, the College recognized STRS pension expense of $81,384. Of this amount, $(49,980) was recognized as the College's proportionate share of the STRS expense and $131,364 as the amount of pension expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of $131,364 for support provided by the State.

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

June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	$ 27,022	$ 89,164
Net difference between projected and actual investment earnings	29,769	-
Differences between expected and actual experience	11,289	10,788
Changes in assumptions	6,923	-
Contributions after the measurement date	61,894	-
Total	$ 136,897	$ 99,952

June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	$ 32,027	$ 151,611
Net difference between projected and actual investment earnings	-	12,271
Differences between expected and actual experience	2,254	15,421
Changes in assumptions	9,742	-
Contributions after the measurement date	63,111	-
Total	$ 107,134	$ 179,303

NOTE 9 - RETIREMENT PLANS (Continued)

The College will recognize the $61,894 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the STRS net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in STRS pension expense as follows.

Fiscal Year Ended June 30,	Amortization
2022	$ (36,417)
2023	(7,064)
2024	4,823
2025	13,709
	$ (24,949)

Payables to the Pension Plan

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

DEFINED CONTRIBUTION BENEFIT PLANS

The TIAA-CREF is a defined contribution benefit 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 $906,528, $874,986, and $839,272, respectively, which consisted of equal contributions from the College and covered employees in 2021, 2020, and 2019 of $453,264, $437,493, and $419,636, respectively.

The College’s total payroll for the years ended June 30, 2021, 2020, and 2019 was $8,412,024, $8,156,587, and $7,878,476, respectively; total covered employees’ salaries in the STRS and TIAA-CREF were $412,627 and $7,554,402 in 2021; $420,743 and $7,291,556 in 2020; and $437,954 and $6,993,928 in 2019, respectively.

NOTE 10 - FOUNDATION

The Foundation is a separate nonprofit organization incorporated in the State of West Virginia and has as its purpose "to support, encourage and assist in the development and growth of the College, to render service and assistance to the College, and through it to the citizens of the State of West Virginia…" Oversight of the Foundation is the responsibility of a separate and independently elected Board of Directors, not otherwise affiliated with the College. In carrying out its responsibilities, the Board of Directors of the Foundation employs management, forms policy and maintains fiscal accountability over funds administered by the Foundation. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is therefore discretely presented with the College's financial statements in accordance with GASB.

The Foundation's net assets totaled $4,129,299 and $4,423,373 at December 31, 2020 and 2019, respectively. The net assets include amounts which are restricted by donors to use for specific projects or departments of the College. During the years ended December 31, 2020 and 2019, the Foundation made $107,283 and $185,442 respectively, in contributions to the College for student scholarships and other support. Complete financial statements for the Foundation can be obtained from the Southern West Virginia Community College Foundation, Inc.

NOTE 11 - AFFILIATED ORGANIZATION AND OTHER STATE AGENCIES

The College has a separately incorporated affiliated organization, the Southern Alumni Association. Oversight responsibility for this entity rests with an independent board and management not otherwise affiliated with the College. Accordingly, the financial statements of such organizations are not included in the accompanying financial statements under the blended component unit requirements. They are not included in the College's accompanying financial statements under discretely presented component unit requirements as, they (1) are not material or (2) have dual purposes (i.e., not entirely or almost entirely for the benefit of the College).

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

	2021	2020
Due to:		
WVNET	$ 982	$ 35,406
WV State Treasurer's Office	-	78
WV Office of the Attorney General	92	52
WV Department of Administration	175	4,632
WV DHHR	18,149	-
WV Office of Energy	58,284	-
WV Public Employees Insurance Agency	-	6,278
	$ 77,682	$ 46,446

NOTE 12 - CONTINGENCIES

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

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.

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

NOTE 13 - COMPONENT UNIT DISCLOSURES

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

NOTE 1 – NATURE OF ACTIVITIES

Organization – Southern West Virginia Community College Foundation, Inc. (the "Foundation") was incorporated in September 1971 as a tax-exempt, not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code for the purpose of collecting donations from individuals, corporations, and foundations which are to be distributed as scholarships to individuals attending what is now known as Southern West Virginia Community and Technical College (the "College"), and also to be used for other purposes benefiting the College. The Foundation is classified as other than a private foundation by the Internal Revenue Service and is exempt from income taxes. The Foundation is considered to be a component unit of the College. Administrative services are provided by the College.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Net Assets – The financial statements report net assets and changes in net assets under two classes that are based upon the existence or absence of restrictions on use that are placed by its donors as net assets without donor restriction and net assets with donor restriction.

Net Assets without Donor Restrictions – Net assets without donor restriction are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting. from contractual agreements with creditors and others that are entered into during the course of its operations.

Net Assets with Donor Restrictions – Net assets with donor restriction are resources that are restricted by a donor for use for a particular purpose, or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions, or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Foundation must continue to use the resources in accordance with the donor's instructions.

The Foundation's unspent contributions are included in this class, if the donor has limited their use, as are its donor-restricted endowment funds.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restriction to net assets without donor restriction. Net assets restricted for the acquisition of buildings or equipment (or, less commonly, the contribution of those assets directly) are reported as net assets with donor restriction until the specified asset is placed in service by the Foundation, unless the donor provides more specific directions about the period of its use.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Foundation considers cash and cash equivalents to include cash in checking accounts and short-term investments with an original maturity of 3 months or less.

Investments – The Foundation reports investments and endowment assets, created by donor-restricted endowments and donor-designated funds, in equities and cash equivalents at their fair value, based on quoted market prices. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Interest and gains that are restricted by donors are reported as increases in net assets with donor restriction and are reclassified as net assets without donor restriction during the year in which the restrictions are satisfied.

Contributions and Unconditional Promises to Give – Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at their net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at their fair values at the date of promise. The fair value is computed by using a present value technique, which is applied to the anticipated cash flows. The amortization of the resulting discount is recognized as additional contribution revenue. Conditional promises to give are not recorded as support until the conditions are substantially met. The majority of the promises to give are received from local individual and business contributors as a result of the VISION 2020 campaign.

Contributions of donated non-cash assets are recorded at their fair values during the period in which they are received. Contributions of donated services that create or enhance non-financial assets, or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation, are recorded at their fair values during the period in which they are received.

The allowance for uncollectible contributions receivable is determined based upon management's evaluation of the collectability of the individual promises. Promises that remain uncollected for more than one year after their due dates are then written off, unless the donors indicate that the payment is merely postponed. As of December 31, 2020 and 2019, management has written off approximately $26,945 and $38,100, respectively, of uncollected promises to give. Management has determined that the remaining outstanding promises to give are fully collectible.

Program Services Expenses – All scholarships and direct program support services distributions are approved by the Board of Directors. Unconditional grants to the College are recognized when they are approved. The grants approved by the Board of Directors, that are payable upon the performance of specified conditions by the grantee, if any, are recognized in the statement of activities when the specified conditions are satisfied.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expense Recognition and Allocation - The cost of providing the Foundation's programs and other activities is summarized below. The expenses that can be identified with a specific program or support service are charged directly to that program or support service.

Administrative and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Foundation.

Fundraising costs are expensed as they are incurred, even though they may result in contributions to be received during future years. The Foundation generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which this does occur, such as when the annual report or donor acknowledgements contain requests for contributions, the joint costs are then allocated between fundraising and administrative and general expenses in accordance with the standards for accounting for the costs of activities, including fundraising. Additionally, advertising costs are expensed as they are incurred.

	2020	2019
Program Services:		
Scholarships	$ 106,833	$ 99,240
Direct program support	450	86,202
Educational development	-	3,221
Total program services	107,283	188,663
Supporting Services:		
Administrative and general:		
Outside services	20,700	44,385
Bad debt expense	26,945	38,100
Bank fees	39,866	35,739
Insurance	367	3,010
Business expense	18,276	5,147
Total administrative and general	106,154	126,381
Fundraising	1,883	1,402
Total supporting services	108,037	127,783
Total functional expenses	$ 215,320	$ 316,446

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets – The Foundation's fixed assets are carried at cost. Depreciation is computed using the straight-line method, with estimated useful lives of 3 and 5 years for software and equipment, respectively. All fixed assets are fully depreciated as of December 31, 2020. Therefore, no depreciation expense was recorded in 2020.

Income Taxes – The Foundation has qualified for a tax exemption under Section 501(c)(3) of the Internal Revenue Code, and, accordingly, no provision has been recorded for income taxes in the accompanying financial statements.

The Foundation has analyzed tax positions taken for filing with the Internal Revenue Service and all state and local jurisdictions where it operates. Management believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Foundation's statement of financial position or statement of activities. Accordingly, the Foundation has not recorded any reserves or related accruals for interest and penalties for uncertain tax positions as of December 31, 2020.

The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Foundation believes it is no longer subject to income tax examinations for the tax years prior to 2017.

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2020, are as follows:

Financial assets:	
Cash and cash equivalents	$ 284,970
Contributions receivable, net	250
Investments	3,726,690
Certificates of deposit	60,757
Other assets	7,385
Total financial assets	4,080,052
Financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets (Note 7)	(493,910)
Donor-restricted endowment funds (Note 8)	(2,889,197)
Financial assets not available within one year:	
Pledges receivable	-
Amount available for general expenditures within one year	$ 696,945

The above table reflects donor-restricted and board-designated endowment funds as unavailable because it is the Foundation’s intention to invest those resources for the long-term support of the Foundation.

NOTE 4 - INVESTMENTS

The cost and estimated fair values of investments at December 31, 2020, are as follows:

	Estimated Fair Value	Cost
Publicly traded equity securities	$ 3,726,690	$ 2,519,302
Real estate	-	-
Total	$ 3,726,690	$ 2,519,302

The cost and estimated fair values of investments at December 31, 2019, are as follows:

	Estimated Fair Value	Cost
Publicly traded equity securities	$ 4,016,417	$ 2,586,090
Real estate	54,000	54,000
Total	$ 4,070,417	$ 2,640,090

NOTE 5 - PROMISES TO GIVE

Unconditional promises to give at December 31, 2020 and 2019, are as follows:

	2020	2019
Receivable in one year	$ 250	$ 32,295
Receivables in two to five years	-	1,500
Total unconditional promises to give	250	33,795
Discounts to net present value	-	(957)
Net unconditional promises to give	$ 250	$ 32,838

The discount rate used on long-term promises to give was 0.0 percent in 2020 and 3.25 percent in 2019.

NOTE 6 - RELATED-PARTY TRANSACTIONS

The Foundation scholarships are awarded by the College. The Foundation recognized expenses in the amount of $106,833 and $99,240 in 2020 and 2019, respectively, for student scholarships and $450 and $86,202 in 2020 and 2019, respectively, for direct program support payments to the College.

Contributed services received from the College and from unrelated volunteers have not been recorded, as the value of the services cannot be reasonably determined.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTION

At December 31, 2020 and 2019, net assets with donor restriction are available for the following purposes or periods:

	2020	2019
Purpose restrictions, available for spending:		
Scholarships	$ 480,327	$ 542,780
Educational development	13,583	15,373
Total purpose-restricted net assets	493,910	558,153
Donor restricted endowment funds, which must be appropriated by the Board of Directors before use:		
Scholarships	1,539,840	1,574,436
Athletic programs	-	1,443,522
Educational development	1,349,357	-
Total endowment funds managed by the Foundation	2,889,197	3,017,958
Total net assets with donor restrictions	$ 3,383,107	$ 3,576,111

NOTE 8 – ENDOWMENT FUNDS

The Foundation classifies investment and endowment funds in accordance with Accounting Standards Codification 958-205: *Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act and Enhanced Disclosures for All Endowment Funds.* This standard provides guidance on net asset classification of donor-restricted funds, subject to the *Uniform Prudent Management of Institutional Funds Act* ("UPMIFA"). As required by generally accepted accounting principles, net assets associated with endowment funds, including the funds designated by the Board of Directors to function as endowments, are classified and reported based upon the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of fair value as of the original gift date of the donor-restricted endowment funds, absent of any explicit donor stipulations to the contrary. Donor-restricted endowment funds are subject to a time restriction imposed by UPMIFA, until the amounts are appropriated for expenditure by the Foundation. In addition, most donor-restricted endowment funds are subject to restrictions on the use of the appropriated amounts. Note 6 describes the purposes for which donor-restricted endowment funds may be used. As a result, the donor-restricted endowment funds are classified as net assets with donor restriction.

NOTE 8 – ENDOWMENT FUNDS (CONTINUED)

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (i) the duration and preservation of the various funds, (ii) the purposes of the donor-restricted endowment funds, (iii) general economic conditions, (iv) the possible effect of inflation and deflation, (v) the expected total return from income and the appreciation of investments, (vi) other resources of the Foundation, and (vii) the Foundation's investment policies.

Currently, all investment returns are recorded as net assets with donor restriction, based upon the donor restrictions on the use of investment income or returns, with the exception of unrealized gains or losses that reduce the value of the endowment assets below the level required by the donor. These amounts are reported as net assets without donor restriction. Gains that restore the fair value of the asset to the required level are included as increases in net assets without donor restriction, until funds are no longer considered "under water".

The cost and estimated fair values of endowment investments as of December 31, 2020, are as follows:

	Estimated Fair Value	Cost
Cash and cash equivalents	$ 110,411	$ 110,411
Equity and equity mutual funds	2,778,786	2,019,730
Total	$ 2,889,197	$ 2,130,141

The cost and estimated fair values of endowment investments as of December 31, 2019, are as follows:

	Estimated Fair Value	Cost
Cash and cash equivalents	$ 63,529	$ 63,529
Equity and equity mutual funds	2,954,429	2,002,780
Total	$ 3,017,958	$ 2,066,309

NOTE 8 – ENDOWMENT FUNDS (CONTINUED)

Endowment net asset composition, by restriction, as of December 31, 2020, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 675,618	$ 675,618
Board-designated endowment funds	-	2,213,579	2,213,579
Total	$ -	$ 2,889,197	$ 2,889,197

Changes in the endowment net assets from 2019 to 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
ENDOWMENT NET ASSETS, BEGINNING OF YEAR	$ -	$ 3,017,958	$ 3,017,958
Endowment investment return:			
Interest and dividends	-	106,720	106,720
Realized gains	-	(1,550)	(1,550)
Unrealized losses	-	(177,969)	(177,969)
Total endowment investment return	-	(72,799)	(72,799)
Contributions	-	48,705	48,705
Appropriation of endowments - release from restriction	-	(104,667)	(104,667)
ENDOWMENT NET ASSETS, END OF YEAR	$ -	$ 2,889,197	$ 2,889,197

The cash equivalents, representing approximately 5 percent of the investment assets as of December 31, 2020, are held in liquid asset funds which are managed by financial institutions.

NOTE 8 – ENDOWMENT FUNDS (CONTINUED)

Endowment net asset composition, by restriction, as of December 31, 2019, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 3,017,958	$ 3,017,958
Board-designated endowment funds	-	-	-
Total	$ -	$ 3,017,958	$ 3,017,958

Changes in endowment net assets from 2018 to 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
ENDOWMENT NET ASSETS, BEGINNING OF YEAR	$ -	$ 2,310,096	$ 2,310,096
Endowment investment return:			
Interest and dividends	-	92,871	92,871
Realized gains	-	23,778	23,778
Unrealized losses	-	355,400	355,400
Total endowment investment return	-	472,049	472,049
Contributions	-	400,572	400,572
Appropriation of endowments - release from restrictions	-	(164,759)	(164,759)
ENDOWMENT NET ASSETS, END OF YEAR	$ -	$ 3,017,958	$ 3,017,958

The cash equivalents, representing approximately 3 percent of the investment assets as of December 31, 2019, are held in liquid asset funds which are managed by financial institutions.

NOTE 9 – FAIR VALUE MEASUREMENTS

Accounting standards require the Foundation to adopt the fair value measurement for financial assets and financial liabilities. This enhanced guidance for using fair value to measure assets and liabilities applies whenever other standards require or permit assets or liabilities to be measured at fair value. This guidance does not expand the use of fair value in any new circumstances.

NOTE 9 – FAIR VALUE MEASUREMENTS (CONTINUED)

Accounting standards establish a hierarchal disclosure framework associated with the level of pricing observability utilized in measuring assets and liabilities at fair value. The three broad levels defined by these standards are as follows:

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the reported date.

Level 2: Pricing inputs other than quoted prices available in active markets, which are either directly or indirectly observable as of the reported date. The nature of these assets and liabilities include items for which quoted prices are available, but are traded less frequently, and items that are fair valued using other financial instruments, the parameters of which can be directly observed.

Level 3: Assets or liabilities that have little or no pricing observability as of the reported date. These items do not have two-way markets and are measured using management's best estimate of fair value, where the inputs into the determination of fair value require significant management judgment or estimation.

The following table presents the assets reported on the financial statements at their fair values as of December 31, 2020 and 2019, by Level within the fair value hierarchy. Equity securities are classified as Level 1 securities and are valued using observable market prices. As required by accounting standards, financial assets are classified, in their entirety, based on the lowest level of input that is significant to the fair value measurement.

	Level 1	Level 2	Level 3	Total
2020				
Valued on a recurring basis:				
Assets:				
Equity securities	$ 3,726,690	$ -	$ -	$ 3,726,690
Real Estate	-	-	-	-
	$ 3,726,690	$ -	$ -	$ 3,726,690
2019				
Valued on a recurring basis:				
Assets:				
Equity securities	$ 4,016,417	$ -	$ -	$ 4,016,417
Real Estate	-	-	54,000	54,000
	$ 4,016,417	$ -	$ 54,000	$ 4,070,417

NOTE 10 - SUBSEQUENT EVENTS

The Foundation has assessed events occurring subsequent to December 31, 2020, through July 27, 2021, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to, or disclosure in, the financial statements, which were available to be issued on July 27, 2021.

NOTE 10 - SUBSEQUENT EVENTS (CONTINUED)

On January 30, 2020, the World Health Organization declared the Coronavirus ("COVID-19") outbreak a "Public Health Emergency of International Concern", and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies of many states, including the geographical area in which the Foundation operates. Specific to the Foundation, COVID-19 may impact promises to give, future contributions, and investment performance. Management believes that the Foundation is taking the appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of July 27, 2021.

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

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	Fees Assessed by the Commission	Total
Instruction	$ 3,615,297	$ 943,630	$ 596,510	$ -	$ -	$ -	$ -	$ 5,155,437
Public service	326,742	99,846	8,400	-	-	-	-	434,988
Academic support	761,791	210,457	69,105	-	-	-	-	1,041,353
Student services	1,074,892	331,616	129,204	-	-	-	-	1,535,712
General institutional support	2,156,779	(295,436)	1,262,754	153,023	-	-	-	3,277,120
Operations and maintenance of plant	368,245	107,697	568,211	573,819	-	-	-	1,617,972
Student financial aid	2,542	-	-	-	4,433,231	-	-	4,435,773
Auxiliary enterprises	-	-	3,334	-	-	-	-	3,334
Depreciation	-	-	-	-	-	1,325,114	-	1,325,114
Other	535	162	751,475	-	-	-	69,549	821,721
Total	$ 8,306,823	$ 1,397,972	$ 3,388,993	$ 726,842	$ 4,433,231	$ 1,325,114	$ 69,549	$ 19,648,524

	2020							
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Fees Assessed by the Commission	Total
Instruction	$ 3,528,151	$ 941,226	$ 542,190	$ 14,349	$ -	$ -	$ -	$ 5,025,916
Public service	327,008	95,922	43,688	-	-	-	-	466,618
Academic support	718,178	205,402	31,865	-	-	-	-	955,445
Student services	1,088,879	312,099	86,941	-	-	-	-	1,487,919
General institutional support	2,204,100	305,440	1,365,306	237,368	-	-	-	4,112,214
Operations and maintenance of plant	352,989	118,587	408,678	549,740	-	-	-	1,429,994
Student financial aid	50,991	-	-	-	4,289,439	-	-	4,340,430
Auxiliary enterprises	-	-	6,339	-	-	-	-	6,339
Depreciation	-	-	-	-	-	1,430,971	-	1,430,971
Other	-	-	-	-	-	-	66,918	66,918
Total	$ 8,270,296	$ 1,978,676	$ 2,485,007	$ 801,457	$ 4,289,439	$ 1,430,971	$ 66,918	$ 19,322,764

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2021

State Teachers' Retirement System
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
College's proportion of the net pension liability (asset) (percentage)	0.015254%	0.015165%	0.013950%	0.017543%	0.018586%	0.021596%	0.025505%			
College's proportionate share of the net pension liability (asset)	$ 491,322	$ 451,185	$ 435,555	$ 606,106	$ 763,874	$ 754,590	$ 879,883			
State's proportionate share of the net pension liability (asset)	1,067,592	1,089,203	1,128,572	1,340,375	1,454,976	1,707,576	1,988,159			
Total proportionate share of the net pension liability (asset)	$ 1,558,914	$ 1,540,388	$ 1,564,127	$ 1,946,481	$ 2,218,850	$ 2,462,166	$ 2,868,042			
College's covered payroll	$ 420,743	$ 437,954	$ 424,629	$ 484,171	$ 480,377	$ 654,684	$ 783,432			
College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	116.77%	103.02%	102.57%	125.18%	159.02%	115.26%	112.31%			
Plan fiduciary net position as a percentage of the total pension liability	70.89%	72.64%	71.20%	67.85%	61.42%	66.25%	65.95%			

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year. (Measurement date)
This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Colleges should present information for those years for which information is available.

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2021

State Teachers' Retirement System
Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 61,894	$ 63,111	$ 65,693	$ 63,694	$ 72,626	$ 72,057	$ 98,203			
Contributions in relation to the contractually required contribution	(61,894)	(63,111)	(65,693)	(63,694)	(72,626)	(72,057)	(98,203)			
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -			
College's covered payroll	$ 412,627	$ 420,743	$ 437,954	$ 424,629	$ 484,171	$ 480,377	$ 654,684			
Contributions as a percentage of covered payroll	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%			

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

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
June 30, 2021

Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
College's proportion of the net OPEB liability (asset) (percentage)	0.173933038%	0.171521178%	0.170222668%	0.161373742%						
College's proportionate share of the net OPEB liability (asset)	$ 768,248	$ 2,845,763	$ 3,652,018	$ 3,968,163						
State's proportionate share of the net OPEB liability (asset)	169,872	582,370	754,775	815,065						
Total proportionate share of the net OPEB liability (asset)	$ 938,120	$ 3,428,133	$ 4,406,793	$ 4,783,228						
College's covered-employee payroll	$ 6,791,670	$ 6,083,379	$ 6,268,021	$ 6,247,930						
College's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	11.31%	46.78%	58.26%	63.51%						
Plan fiduciary net position as a percentage of the total OPEB liability	73.49%	39.69%	30.98%	25.10%						

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year. (Measurement date)
This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Colleges should present information for those years for which information is available.

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
June 30, 2021

Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily required contribution	$ 319,568	$ 336,192	$ 276,087	$ 280,764						
Contributions in relation to the statutorily required contribution	(319,568)	(336,192)	(276,087)	(280,764)						
Contribution deficiency (excess)	$ -	$ -	$ -	$ -						
College's covered-employee payroll	$ 6,814,218	$ 6,791,670	$ 6,083,379	$ 6,268,021						
Contributions as a percentage of covered-employee payroll	4.69%	4.95%	4.54%	4.48%						

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

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

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
2020	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.16%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.75%.	7.5%, net of pension plan investment expense, including inflation.	Active: 100% of Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired healthy males – 108% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019.	7.5%
2019	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%
2018	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%
2017	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%

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

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

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	Expenses	Healthcare Cost Trend Rates
2020	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 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 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.
2019	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
2018	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.0% and 10.0% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.
2017	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.

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

Board of Governors
Southern West Virginia Community and Technical College
Mt. Gay, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of Southern West Virginia Community and Technical College (the College), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 3, 2021, which states reliance on another auditor for the discretely presented component unit. Our report includes a reference to another auditor who audited the financial statements of The Southern West Virginia Community and Technical College Foundation, Inc. (the Foundation), as described in our report on the College's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by that auditor. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
October 3, 2021