Eastern West Virginia Community and Technical College

Financial Statements
Years Ended June 30, 2022 and 2021
and
Independent Auditor's Reports

Suttle & Stalnaker | Certified Public Accountants
A Professional Limited Liability Company

EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
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Suttle & Stalnaker Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT

Board of Governors
Eastern West Virginia Community and Technical College
Moorefield, West Virginia

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Eastern 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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the College, as of June 30, 2022 and 2021, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 – 13, the schedule of proportionate share of the net OPEB liability (asset) and schedule of OPEB contributions, and related footnote on pages 45 through 47 be presented to supplement the basic financial statements. Such information is the responsibility of management and 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 4, 2022, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
October 4, 2022

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

Overview of the Financial Statements and Financial Analysis

The Governmental Accounting Standards Board (GASB) issued directives for presentation of college and university financial statements which were adopted in Fiscal Year 2002 by Eastern West Virginia Community and Technical College (Eastern or the College). The previous reporting format presented financial balances and activities by fund groups. The current format places emphasis on the overall economic resources of the College.

The discussion and analysis of Eastern West Virginia Community and Technical College's financial statements provides an overview of the College's financial activities for the fiscal years ended June 30, 2022, 2021 and 2020. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management.

Using this report

The College's basic financial statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the Statement of Net Position is designed to present the College's financial position as of a point in time. This statement combines current financial resources (short-term spendable resources) with capital assets and other long-term resources. The Statement of Revenues, Expenses, and Changes in Net Position, emphasizes the change in net position over the year to indicate whether there has been improvement or erosion of the College's financial health.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position

One of the most important questions asked about the College's finances is, "Is the College as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information on the College as a whole and on its activities in a way that helps answer this question. The relationship between revenues and expenses may be thought of as the College's operating results.

These two statements report the College's net position and the changes that occur in them during the year. You can think of the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources as one way to measure the College's financial health, or financial position. Over time, increases or decreases in the College's net position is one indicator of whether its financial health is improving or deteriorating.

You will need to consider many other nonfinancial factors, such as the trend in College recruiting, student retention, enrollment growth, academic or workforce programs created or expanded during the year, and the strength of the instructional services, to accurately assess the overall health of the College. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

From the data presented, readers of the Statement of Net Position are able to determine the availability of net position (assets plus deferred outflows minus liabilities minus deferred inflows) for expenditure to continue the operations of the College. They are also able to determine how much the College owes vendors and employees.

Net position is divided into three major categories. The first category, net investment in capital assets, provides the College's equity in buildings, equipment, and library books owned by the College. The next net position category is restricted net position, which is divided into two categories, nonexpendable and expendable. Nonexpendable restricted net position is for the Endowment Program where funds are invested and the earnings are available for expenditure but the original investment (corpus) is not. The College does not currently have nonexpendable restricted net position since all funds of this nature would generally be directed to The Eastern West Virginia Community and Technical College Foundation, Incorporated. Expendable restricted net position is available for expenditure by the College but have a specific purpose (i.e. time or purpose restrictions). The final category is unrestricted net position. Unrestricted net position is available to the College for any lawful purpose of the College.

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows, and net position of the College. 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, liabilities (current and noncurrent), deferred inflows and net position (assets plus deferred outflows minus liabilities minus deferred inflows). The difference between current and noncurrent assets and liabilities are discussed in the footnotes to the financial statements.

Condensed Schedules of Net Position
June 30,

	2022	2021	2020
Assets:			
Current assets	$ 3,466,580	$ 4,061,531	$ 2,966,531
Capital assets	10,103,934	10,257,730	10,386,769
Noncurrent assets	272,298	232,512	264,831
Total Assets	13,842,812	14,551 ,773	13,618,131
Deferred Outflows:	62,646	110,554	57,079
Liabilities:			
Current liabilities	1,148,722	1,890,514	916,051
Noncurrent liabilities	1,526,224	1,713,526	2,104,051
Total Liabilities	2,674,946	3,604,040	3,020,102
Deferred Inflows:	326,491	447,438	281,506
Net Position:			
Net investment in capital assets	8,570,606	8,657,729	8,720,100
Restricted-expendable	250,673	222,171	251,043
Unrestricted	2,082,742	1,730,949	1,402,459
Total Net Position	$ 10,904,021	$ 10,610,849	$ 10,373,602

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

Financial Highlights:

- *Assets*

  Current assets as of June 30, 2022 decreased $594,951 from June 30, 2021. Cash decreased by $777,918 due to Higher Education Emergency Relief Funds (HEERF) received in fiscal year 2021 and expended in fiscal year 2022. Accounts receivable increased $184,532 from June 30, 2021 to June 30, 2022 primarily due to reimbursable based federal grant expenditures occurring late in fiscal year 2022 and reimbursed by the federal government in early fiscal year 2023.

  Net Capital assets showed a decrease of $153,796 from June 30, 2021 to June 30, 2022.

  Total non-current assets showed a decrease of $114,010 from June 30, 2021 to June 30, 2022.

  Deferred Outflows of Resources represents change in the actuarial assumptions that affected OPEB. This amount decreased by $47,908 from June 30, 2021.

- *Liabilities*

  Current liabilities as of June 30, 2022 decreased by $741,792 from the previous year. Accounts payable reflected an increase of $1,480 from June 30, 2021 to June 30, 2022. Unearned revenue decreased by $719,341 from June 30, 2021 to June 30, 2022 in part due to HEERF funding received but not expended at June 30, 2021. Accrued liabilities and deposits decreased $40,239 from the previous year, as well as the amount due to the Commission, which decreased by $9,442 from June 30, 2021 to June 30, 2022.

  Noncurrent (Long-term liabilities) represent accrued compensated absences, and the WV Development Office loan balance. Compensated absences is the college's liability for employees' annual leave balances in excess of one year's annual leave rate at June 30. An increase in compensated absences liability, a decrease in OPEB liability, and a decrease in the WV Development Office loan balance resulted in an overall decrease in noncurrent liabilities of $187,302 from June 30, 2021 to June 30, 2022.

  Deferred Inflows of Resources represents change in the actuarial assumptions that affected OPEB. This amount decreased $120,947 from June 30, 2021 to June 30, 2022.

- *Net Position*

  Net investment in capital assets reflects a decrease of $87,123 between June 30, 2022 and June 30, 2021.

  Restricted for – expendable – capital projects represents the difference between current assets and current liabilities for the capital fee portion of tuition funds. This amount increased $28,502 between June 30, 2022 and June 30, 2021.

  Unrestricted net position increased by $351,793 as of June 30, 2022 in comparison to June 30, 2021.

  In total, net position as of June 30, 2022 increased by $293,172 from June 30, 2021.

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

Statement of Revenues, Expenses and Changes in Net Position

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

Operating revenues are generated by providing goods and services to the College's customers and constituencies and in the form of federally-funded and state-funded grants. *Operating expenses* are expenses incurred by the College in order to generate operating revenue and to carry out the mission of the College.

Nonoperating revenue is revenue received for which goods and services are not provided. For example, state appropriations are nonoperating because the West Virginia Legislature provides them to the College without the West Virginia Legislature directly receiving commensurate goods and services for those revenues.

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

	2022	2021	2020
Operating revenues	$ 2,084,161	$ 2,053,166	$ 2,189,794
Operating expenses	5,324,420	5,592,495	5,649,571
Operating loss	(3,240,259)	(3,539,329)	(3,459,777)
Nonoperating revenues	3,504,526	3,691,178	3,036,031
Income (loss) before other revenues, expenses, gain or losses	264,267	151,849	(423,746)
Capital projects and bond proceeds	-	16,883	89,978
Capital gifts, federal funded	2,730	14,000	73,325
Capital gifts, state funded	-	-	10,365
Donated equipment	8,250	13,845	-
Payments made and expenses incurred on behalf of the college	17,925	40,670	26,894
Increase (decrease) in net position	293,172	237,247	(223,184)
Net Position - Beginning of year	10,610,849	10,373,602	10,596,786
Net Position - End of year	$ 10,904,021	$ 10,610,849	$ 10,373,602

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

Financial Highlights:

Operating revenues increased by $30,995 in fiscal year 2022 as compared to fiscal year 2021. Net tuition and fee revenue increased in 2022 by $51,275. The scholarship allowance amount decreased by $33,602 in 2022 as compared to 2021. Revenue from grants and contracts reflected a decrease of $40,680 during this period. Grants and contracts are cyclical in nature and cannot be relied upon for sustained revenue from one year to the next.

Operating expenses in fiscal year 2022 decreased by $268,075 from fiscal year 2021. Salary and wages netted an increase of $64,447 while benefits decreased by $16,328 in fiscal year 2022 as compared to fiscal year 2021 resulting from a decrease in OPEB liability. Supplies and other services decreased $672,630 in fiscal year 2022 over 2021. Student financial aid scholarships increased $313,976 in 2022 compared to 2021 due to federally funded Covid-related student awards.

Nonoperating revenue decreased by $186,652 in fiscal year 2022 as compared to fiscal year 2021. State appropriations remained unchanged at $2,179,912 for fiscal year 2022 and 2021. Fiscal year 2022 Covid-related federal HEERF funding decreased $165,644 as compared to fiscal year 2021. This nonoperating revenue includes $188,826 from HEERF funding for lost tuition revenue and online fees.

Bond revenue decreased by $16,883 from 2021 to 2022. Fiscal year 2021 exhausted the remaining $16,883 bond funds available to the college.

Capital Grants decreased $11,270 in fiscal year 2022 as compared to fiscal year 2021 resulting from decreased capital projects activity.

Payments made and expenses incurred on behalf of the College reflects a decrease of $22,745. This revenue is reflective of allocation of Other Post Employment Benefits (OPEB) expense for unfunded liabilities related to special funding. This OPEB expense decrease $4,272 in fiscal year 2022 as compared to fiscal year 2021. Also included in the $22,745 decrease is $18,473 revenue for expenses paid by the Higher Education Policy Commission for consulting services regarding the college’s HVAC system.

The Change in Net Position increased $293,172 from fiscal year 2021 to fiscal year 2022. The increase is mainly due to the decrease in operating expenses.

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

Statement of Cash Flows

The final statement presented by the College is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the College during the year. Another way to assess the financial health of a College is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows also helps users assess an entity's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing. For the year ended June 30, 2022, the net cash used by operating activities (approximately $3.9 million) indicates that the College used more cash for instructional and administrative costs than it received from sources such as student tuition and certain federal and state grants.

The Statement of Cash Flows is divided into five sections.

The ***first section*** reflects cash in-flows/out-flows generated from operating activities. The ***second section*** reflects cash flows from non-capital financing activities. This section reflects the cash received and spent for nonoperating, non-investing, and noncapital 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 to the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

Condensed Schedules of Cash Flows
Years Ended June 30,

	2022	2021	2020
Cash (used in) provided by:			
Operating activities	$ (3,907,729)	$ (2,337,257)	$ (2,098,336)
Noncapital financing activities	3,494,825	3,701,379	3,091,505
Capital and related financing activities	(344,867)	(316,351)	(186,182)
Investing activities	10,798	2,600	27,211
(Decrease) increase in cash and cash equivalents	(746,973)	1,050,371	834,198
Cash and cash equivalents - Beginning of year	3,990,911	2,940,540	2,106,342
Cash and cash equivalents - End of year	$ 3,243,938	$ 3,990,911	$ 2,940,540

Financial Highlights:

Cash flows used in operating activities increased $1,507,472 in fiscal year 2022 from the previous year. Affecting this change is a $1,848,163 decrease in cash flow from grants and contracts as well as a $313,976 increase in cash flows for payments for scholarships. The change is also affected by a $696,220 decrease in payments to suppliers.

Cash flows from noncapital financing activities decreased by $206,554 in fiscal year 2022 as compared to fiscal year 2021.

Cash flows used in capital and related financing activities increased in fiscal year 2022 from fiscal year 2021 by $28,516.

Cash flows from investing activities increased in fiscal year 2022 from fiscal year 2021 by $8,198. This decrease was due to earning interest on investments.

Overall cash decreased by $746,973 in fiscal year 2022 as compared to fiscal year 2021.

Capital Activity

Starting the fall of 2021, the College embarked upon remodeling some of the staff and faculty areas that are student centered. The admission/registration/advising area was the first to receive new flooring and upgrades to painting. Subsequently, over the summer of 2022, two other suites (faculty and workforce) areas both received new flooring, painting upgrades and new partitions and some new furniture.

Since the fall of 2021, and previously, the College has dealt with significant HVAC issues that arise from the original installation of the system. The state of West Virginia has been assisting with the issues and hired a mechanical engineer to assess the necessary upgrades to have the HVAC system fully functional. This is an ongoing project that has faced setbacks with equipment failures and difficulty in ordering and installing broken equipment. The College will continue to move in the direction to get the HVAC system fully functional, but it will be at considerable costs to the institution.

The outside grounds of the College have received some upgrades with new bench seating for students and the community made possible through Foundation donations. New tables have been placed on the back lawn to replace the old, damaged tables. The College has projects listed on the capital improvement plan that include paving of the technology center and instead of the portico addition will be seeking to add a solar project to help the College offset the expensive electric costs since the College is entirely heated and cooled by electricity which is not very efficient.

Economic Outlook

The Board of Governors decided to increase the College's tuition rate from $157 per credit hour to $160 per credit hour in fiscal year 2023. This decision was deemed necessary to sustain operations due to decreased enrollment. This increase in rate will net additional tuition revenue of $23,040 for the fiscal year.

Eastern recognizes continuing to increase tuition rates and student fees is not a wise business plan and does not support the institution's mission of providing accessible and affordable educational opportunities for the Potomac Highlands regional community.

National and state economies have been impacted by the Covid-19 environment. The College, as many higher education institutions, has experienced reduced enrollment during this period. The college has started to recover somewhat from the Covid pandemic. Classes are available online, face to face and in hybrid forms. Since the pandemic and the increase in online offerings, many students are choosing to continue to take classes online. The college now offers 5 fully online degree programs which they hope will attract more enrollment.

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

As of the fall 2022, the College enrollment is up as compared to fall 2021. The College received a $2.25 million Title III grant and is using those funds and the staff provided through those funds to increase enrollment and retention and strengthen the Foundation office services. The College has numerous grants and partnerships and continues to increase collaboration to help increase enrollment and the economic outlook of the region by providing high quality graduates to fill needed positions.

During the 2022-2023 academic year, an in-depth analysis is planned to analyze course enrollments to cost of instruction. The plan is to determine if some courses can be combined or are not needed on the schedule to provide for more strategic scheduling and better efficiency in operations. Several programs were in need of capital equipment and the president applied for state grants to help purchase equipment for both nursing and auto-technology. A strategic enrollment and retention plan is under development, and it will help guide strategies to address enrollment and retention. This plan combined with strategic scheduling and break-even analysis will help the College be more sustainable and grow.

New State funding initiates may help the College considerably. The education department of the State is looking at ways to help better fund early college. Early college is a great benefit and opportunity for high school students, but it comes at a considerable financial strain to the college since students only pay 1/4 of the cost of a regular college class. The institution still has to pay faculty to teach the content at a significantly reduced cost. The State does provide some offset, but that offset will have to be increased in light of the State asking for the College to offer more programs at the high school level.

Contacting the College's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of Eastern West Virginia Community and Technical College and to show the College's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Chief Financial Officer at Eastern West Virginia Community and Technical College 316 Eastern Drive, Moorefield, West Virginia 26836 or call (304) 434-8000.

EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,984,152	$ 3,762,070
Accounts receivable, net of allowance for doubtful accounts	482,019	297,487
Prepaid assets	409	1,974
Total current assets	3,466,580	4,061,531
NONCURRENT ASSETS:		
Cash and cash equivalents	259,786	228,841
Other non current assets	3,671	3,671
Capital assets, net of accumulated depreciation	10,103,934	10,257,730
Net other post employment benefits asset	8,841	-
Total noncurrent assets	10,376,232	10,490,242
Total assets	13,842,812	14,551,773
DEFERRED OUTFLOWS OF RESOURCES:		
Total deferred outflows of resources	62,646	110,554
TOTAL	$ 13,905,458	$ 14,662,327
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 160,584	$ 159,104
Amount due to the Commission	5,028	14,470
Amount due to Other State Agencies	3,815	1,018
Accrued liabilities and deposits	164,025	204,264
Compensated absences — current portion	125,459	102,506
Funds due to West Virginia Development Office - current portion	66,668	66,668
Unearned revenue	623,143	1,342,484
Total current liabilities	1,148,722	1,890,514
NONCURRENT LIABILITIES:		
Compensated absences	59,559	50,009
Other post employment benefits liability	-	130,185
Funds due to West Virginia Development Office	1,466,665	1,533,332
Total noncurrent liabilities	1,526,224	1,713,526
Total liabilities	2,674,946	3,604,040
DEFERRED INFLOWS OF RESOURCES:		
Total deferred inflows of resources	326,491	447,438
NET POSITION:		
Net investment in capital assets	8,570,606	8,657,729
Restricted for - expendable - capital projects	250,673	222,171
Unrestricted	2,082,742	1,730,949
Total net position	10,904,021	10,610,849
TOTAL	$ 13,905,458	$ 14,662,327

EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
OPERATING REVENUES:		
Student tuition and fees — net of scholarship allowance of $256,838 and $290,440 in 2022 and 2021, respectively	$ 764,258	$ 712,983
Contracts and grants:		
Federal	331,817	564,361
State	905,404	730,766
Private	17,226	-
Miscellaneous	65,456	45,056
Total operating revenues	2,084,161	2,053,166
OPERATING EXPENSES:		
Salaries and wages	2,081,551	2,017,104
Benefits	265,730	282,058
Supplies and other services	1,536,903	2,209,533
Utilities	123,984	107,487
Student financial aid — scholarships	837,641	523,665
Depreciation	466,264	437,757
Fees assessed by the Commission for operations	12,347	14,891
Total operating expenses	5,324,420	5,592,495
OPERATING LOSS	(3,240,259)	(3,539,329)
NONOPERATING REVENUES:		
State appropriations	2,179,912	2,179,912
Federal HEERF revenues	727,104	892,748
Federal Pell grants	562,894	599,239
Federal SEOG grants	22,185	15,480
Investment income	12,431	3,799
Total nonoperating revenues	3,504,526	3,691,178
(DECREASE) INCREASE IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	264,267	151,849
BOND PROCEEDS	-	16,883
CAPITAL GRANTS FEDERAL FUNDED	2,730	14,000
DONATED EQUIPMENT	8,250	13,845
PAYMENTS MADE AND EXPENSES INCURRED ON BEHALF OF THE COLLEGE	17,925	40,670
INCREASE (DECREASE) IN NET POSITION	293,172	237,247
NET POSITION - Beginning of year	10,610,849	10,373,602
NET POSITION - End of year	$ 10,904,021	$ 10,610,849

EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 649,796	$ 701,255
Contracts and grants	457,227	2,305,390
Payments to and on behalf of employees	(2,575,175)	(2,515,634)
Payments to suppliers	(1,531,061)	(2,227,281)
Payments to utilities	(123,984)	(107,487)
Payments for scholarships	(837,641)	(523,665)
Fees retained by the Commission	(12,347)	(14,891)
Other (payments) receipts, net	65,456	45,056
Net cash used in operating activities	(3,907,729)	(2,337,257)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	2,179,912	2,179,912
Federal HEERF Revenues	727,104	892,748
Federal Pell grants	562,894	599,239
Federal SEOG grants	22,185	15,480
Capital gifts - federal funded	2,730	14,000
Federal Direct Loan Program — direct lending receipts	135,652	174,611
Federal Direct Loan Program — direct lending payments	(135,652)	(174,611)
Net cash provided by noncapital financing activities	3,494,825	3,701,379
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Repayments of loans from West Virginia Development Office	(66,667)	(66,667)
Purchases of capital assets	(278,200)	(249,684)
Net cash used in capital financing activities	(344,867)	(316,351)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	10,798	2,600
Net cash provided by investing activities	10,798	2,600
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(746,973)	1,050,371
CASH AND CASH EQUIVALENTS - Beginning of year	3,990,911	2,940,540
CASH AND CASH EQUIVALENTS - End of year	$ 3,243,938	$ 3,990,911
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	$ (3,240,259)	$ (3,539,329)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	466,264	437,757
OPEB expense - special funding situation	(8,093)	12,364
Changes in assets and liabilities:		
Accounts receivable, net	(182,899)	(11,728)
Prepaid expenses	1,565	617
Deferred outflows	47,908	(53,475)
Accounts payable	4,277	(18,365)
Due to Commission/Council	(9,442)	(70,238)
Accrued liabilities and deposits	(40,239)	(250)
Net other postemployment benefits	(139,026)	(313,411)
Compensated absences	32,503	(27,632)
Unearned revenue	(719,341)	1,080,501
Deferred inflows	(120,947)	165,932
Net cash used in operating activities	$ (3,907,729)	$ (2,337,257)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:		
Cash and cash equivalents classified as current	$ 2,984,152	$ 3,762,070
Cash and cash equivalents classified as noncurrent	259,786	228,841
	$ 3,243,938	$ 3,990,911

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 1 - ORGANIZATION

Eastern West Virginia Community and Technical College (the College) is governed by the Eastern West Virginia Community and Technical College Governing Board (the Board). The Board was established by Senate Bill 448.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The accompanying financial statements present all funds under the authority of 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 foundation and another affiliate of the College are not part of the College reporting entity and are not included in the accompanying financial statements since the College has no ability to designate management, cannot significantly influence operations of these entities, and is not accountable for the fiscal matters of these entities under GASB.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation - GASB establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented 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 the College is legally or contractually obligated to spend 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 at State Institutions of Higher Education, of the West Virginia State Code*. House Bill 101, passed in March 2004, simplified the tuition and fee restrictions to auxiliaries and capital items. These activities are fundamental to the normal ongoing operations of the College. These restrictions are subject to change by future actions of the West Virginia State Legislature.

Restricted net position - nonexpendable - This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The College does not have any restricted nonexpendable net position at June 30, 2022 or 2021.

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 to meet current expenses for any purpose.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalent 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 multiparticipant variable 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 those annual reports can be obtained from the following address: 315 70th Street SE, Charleston, WV 25304 or http://wvbti.org.

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

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, and grants receivable 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets - Capital assets include land, building/improvements, construction in progress, furniture 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, 7 years for library books and 3 to 10 years for furniture and equipment. The College's capitalization threshold is $1,000.

Unearned Revenue - Revenues for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenue.

Compensated Absences and Other Postemployment Benefits (OPEBs) - 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. Effective July 1, 2007, the College was required to participate in this multiple-employer cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State. Details regarding this plan and its stand-alone financial statements can be obtained by contacting the West Virginia Public Employees Insurance Agency (PEIA), 601 57th Street SE, Charleston, WV 25304 or https://peia.wv.gov.

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

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

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

Deferred 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

In addition, through its participation in PEIA and with third-party insurers, the College has obtained health, life, prescription drug coverage, and coverage for job-related injuries for its employees. In exchange for payment of premiums to PEIA and the third-party 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, net of scholarship discounts and allowances; (3) most federal, state, local, and nongovernmental grants and contracts; and (4) sales and services of educational activities.

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

Other Revenues - Other revenues consist primarily of capital 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 is available. Generally, the College attempts to utilize restricted net position first when practicable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Financial Assistance Programs - Federal Direct 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 2022 and 2021, the College received and disbursed approximately $136,000 and $175,000, respectively, under the Federal Direct Loan Program on behalf of the U.S. Department of Education, which is not included as revenue and expense on the statements of revenues, expenses, and changes in net position.

The College also distributes other student financial assistance funds on behalf of the federal government to students under the federal Pell Grant program. The activity of this program is recorded in the accompanying financial statements. In 2022 and 2021, the College received and disbursed approximately $563,000 and $600,000, respectively, under this federal student aid program.

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

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

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

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

Cash Flows - Any cash and cash equivalents escrowed, restricted for noncurrent assets, or in funded reserves have been included as cash and cash equivalents for the purpose of the statements 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 expenses during the reporting period. Actual results could differ from those estimates.

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

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

The College implemented GASB Statement No. 87, *Leases*, which is 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 adoption of GASB Statement No. 87 did not have a significant impact on the financial statements.

The College implemented GASB 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; and (6) fair value measurements and derivative instruments. The adoption of GASB Statement No. 92 did not have a significant 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 a significant impact on the financial statements.

The College implemented GASB 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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or any 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 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 any 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 adoption of the remaining portions of GASB Statement No. 97 did not have a significant impact on the financial statements.

The College implemented GASB Statement No. 98, *The Annual Comprehensive Financial Report* which is effective for fiscal years ending after December 15, 2021. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR.* That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. The adoption of GASB Statement No. 98 did not have a significant impact on the financial statements.

Recent Statements Issued by the Governmental Accounting Standards Board

GASB has 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

GASB has issued Statement No. 99, *Omnibus 2022,* with varying effective dates based upon each provision ranging from being effective immediately to fiscal years beginning after June 15, 2023. The requirements of this Statement address a variety of items, including specific provisions regarding the following topics: (1) guidance and terminology updates on reporting derivative instruments that do not meet the definition of either an investment derivative or hedging derivative, but are within the scope of GASB Statement No. 53; (2) clarification of provisions of GASB Statement Nos. 87, 94, and 96; (3) extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate; (4) accounting for Supplemental Nutrition Assistance Program (SNAP) benefits; (5) non-monetary transactions; (6) clarification related to the focus of government-wide financial statements under GASB Statement No. 34; and (7) terminology updates related to GASB Statement No. 63. The provisions effective immediately did not have an impact on the financial statements, and the College has not yet determined the effect of the remaining provisions.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB has issued Statement No. 100, *Accounting Changes and Error Corrections- an Amendment of GASB Statement No. 62*, which is effective for fiscal years beginning after June 15, 2023. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. Those changes include things like: certain changes in accounting principles, certain changes in estimates that result from a justified or preferable change in measurement or new methodology. This statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods; changes to or within the reporting entity be reported by adjusting beginning balances of the current period; and changes in accounting estimates be reported prospectively by recognizing the change in the current period. If the change in accounting principle is the result of a new pronouncement the requirements only apply absent specific transition guidance in the pronouncement. Under this standard it is also necessary to display the total adjustment to beginning net position, fund balance, or fund net position on the face of the financial statements, by reporting unit. This statement also specifies both qualitative and quantitative disclosure requirements. Lastly, this statement provides guidance for if and how these changes should be reflected in required supplementary information and supplementary information. The College has not yet determined the effect that the adoption of GASB Statement No. 100 may have on its financial statements.

GASB has issued Statement No. 101, *Compensated Absences,* which is effective for fiscal years beginning after December 15, 2023. This statement modifies the criteria requiring a liability for compensated absences to be recognized. Under this statement a liability must be recognized for leave that has not been used, or leave that has been used but not yet paid in cash or settled through noncash means. Furthermore, the liability for leave that has not been used is recognized if the leave is attributed to services already rendered, that accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. If the leave is considered more likely than not to be settled through conversion to a defined benefit post-employment benefit it should not be included in the liability for compensated absences. This statement also specifies certain types of benefits where the liability is not recognized until leave commences or where the liability is not recognized until the leave is used. The statement also provides guidance for measuring the liability and modifies the disclosure requirements allowing for disclosure of only the net change in the liability, and no longer requiring disclosure of which governmental funds have been used to liquidate the liabilities. The College has not yet determined the effect that the adoption of GASB Statement No. 101 may have on its financial statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents at June 30, 2022 and 2021, is as follows:

	2022		
	Current	Noncurrent	Total
Cash on deposit with the Treasurer/BTI	$ 2,727,720	$ 259,786	$ 2,987,506
Cash in bank	256,132	-	256,132
Cash on hand	300	-	300
	$ 2,984,152	$ 259,786	$ 3,243,938

	2021		
	Current	Noncurrent	Total
Cash on deposit with the Treasurer/BTI	$ 3,005,132	$ 228,841	$ 3,233,973
Cash in bank	756,638	-	756,638
Cash on hand	300	-	300
	$ 3,762,070	$ 228,841	$ 3,990,911

Cash held by the Treasurer includes $259,786 and $228,841 of restricted cash at June 30, 2022 and 2021, respectively.

The combined carrying amount of cash in the bank at June 30, 2022 and 2021, was $256,132 and $756,638, respectively, as compared with the combined bank balance of $285,250 and $760,614 for the years ended June 30, 2022 and 2021, respectively. The difference is primarily caused by outstanding checks and items in transit. The bank balances were covered by federal depository insurance as noted below or were collateralized by securities held by the State's agent. Regarding federal depository insurance, accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000.

Amounts with the State Treasurer were $2,987,506 and $3,233,973 as of June 30, 2022 and 2021, respectively. Of these amounts, $2,141,295 and $1,974,680 were invested in the WV Money Market Pool and the WV Short Term Bond Pool as of June 30, 2022 and 2021, respectively. The remainder of the cash held with the State Treasurer was not invested as of June 30, 2022 and 2021.

NOTE 3 - CASH AND CASH EQUIVALENTS (CONTINUED)

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:

	2022		2021	
External Pool	Carrying Value	S & P Rating	Carrying Value	S & P Rating
WV Money Market Pool	$ 2,091,643	AAAm	$ 1,927,205	AAAm
WV Short Term Bond Pool	$ 49,652	Not Rated	$ 47,475	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:

	2022		2021	
External Pool	Carrying Value	WAM (Days)	Carrying Value	WAM (Days)
WV Money Market Pool	$ 2,091,643	21	$ 1,927,205	52

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

	2022		2021	
External Pool	Carrying Value	Effective Duration (Days)	Carrying Value	Effective Duration (Days)
WV Short Term Bond Pool	$ 49,652	584	$ 47,475	638

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. Repurchase agreements are required to be collateralized by at least 102% of their value, and the collateral is held in the name of BTI. The BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

NOTE 3 - CASH AND CASH EQUIVALENTS (CONTINUED)

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 as of June 30, 2022 and 2021, are as follows:

	2022	2021
Student tuition and fees, net of allowance for doubtful of $453,804 and $468,642 in 2022 and 2021, respectively.	$ 46,188	$ 68,645
Due from Commission/Council	172,858	35,084
Due from federal government	246,341	177,904
Accrued interest receivable	1,673	40
Other accounts receivable	14,959	15,814
	$ 482,019	$ 297,487

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 5 - CAPITAL ASSETS

A summary of capital asset transactions for the College for the years ended June 30, 2022 and 2021, is as follows:

	2022			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 230,517	$ -	$ -	$ 230,517
Construction in progress	43,945	-	(43,945)	-
Total capital assets not being depreciated	$ 274,462	$ -	$ (43,945)	$ 230,517
Other capital assets:				
Building/improvements	$11,728,320	$ 46,698	$ -	$11,775,018
Equipment	4,039,970	309,715	(14,651)	4,335,034
Total other capital assets	15,768,290	356,413	(14,651)	16,110,052
Less accumulated depreciation for:				
Building/improvements	2,451,132	277,365	-	2,728,497
Equipment	3,333,890	188,899	(14,651)	3,508,138
Total accumulated depreciation	5,785,022	466,264	(14,651)	6,236,635
Other capital assets, net	$ 9,983,268	$ (109,851)	$ -	$ 9,873,417
Capital asset summary:				
Capital assets not being depreciated	$ 274,462	$ -	$ (43,945)	$ 230,517
Other capital assets	15,768,290	356,413	(14,651)	16,110,052
Total cost of capital assets	16,042,752	356,413	(58,596)	16,340,569
Less accumulated depreciation	5,785,022	466,264	(14,651)	6,236,635
Capital assets, net	$10,257,730	$ (109,851)	$ (43,945)	$10,103,934

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	2021			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 230,517	$ -	$ -	$ 230,517
Construction in progress	29,945	14,000	-	43,945
Total capital assets not being depreciated	$ 260,462	$ 14,000	$ -	$ 274,462
Other capital assets:				
Building/improvements	$11,642,224	$ 86,096	$ -	$11,728,320
Equipment	4,650,606	208,622	(819,258)	4,039,970
Total other capital assets	16,292,830	294,718	(819,258)	15,768,290
Less accumulated depreciation for:				
Building/improvements	2,178,847	272,285	-	2,451,132
Equipment	3,987,676	165,472	(819,258)	3,333,890
Total accumulated depreciation	6,166,523	437,757	(819,258)	5,785,022
Other capital assets, net	$10,126,307	$ (143,040)	$ -	$ 9,983,268
Capital asset summary:				
Capital assets not being depreciated	$ 260,462	$ 14,000	$ -	$ 274,462
Other capital assets	16,292,830	294,718	(819,258)	15,768,290
Total cost of capital assets	16,553,292	308,718	(819,258)	16,042,752
Less accumulated depreciation	6,166,523	437,757	(819,258)	5,785,022
Capital assets, net	$10,386,769	$ (129,039)	$ -	$10,257,730

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 that are held for exhibition. These collections are neither disposed of for financial gain nor encumbered in any means.

NOTE 6 - LONG-TERM LIABILITIES

A summary of long-term obligation transactions for the College for the years ended June 30, 2022 and 2021, is as follows:

	2022				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued compensated absences	$ 152,515	$ 32,503	$ -	$ 185,018	$ 125,459
Funds due to West Virginia Development Office	1,600,000	-	66,667	1,533,333	66,668
Net other postemployment benefit liability (asset)	130,185	181,959	320,985	(8,841)	-
Total long-term liabilities	$ 1,882,700	$ 214,462	$ 387,652	$ 1,709,510	$ 192,127

	2021				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued compensated absences	$ 180,147	$ -	$ 27,632	$ 152,515	$ 102,506
Funds due to West Virginia Development Office	1,666,667	-	66,667	1,600,000	66,668
Net other postemployment benefit liability	443,596	126,005	439,416	130,185	-
Total long-term liabilities	$ 2,290,410	$ 126,005	$ 533,715	$ 1,882,700	$ 169,174

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS

As related to the implementation of GASB 75, following are the College's net OPEB (asset)/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, 2022 and 2021:

	2022	2021
Net OPEB (asset)/liability	$ (8,841)	$ 130,185
Deferred outflows of resources	62,646	110,554
Deferred inflows of resources	326,491	447,438
Revenues	(8,093)	12,364
OPEB expense	(193,038)	(133,376)
Contributions made by the College	29,441	55,179

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Plan Description

The West Virginia Other Postemployment Benefit (OPEB) Plan (the Plan) is a cost-sharing, multiple employer, defined benefit other postemployment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code. Financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State established July 1, 2006 as an irrevocable trust. The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with the approval of the PEIA Finance Board. The plan provides medical and prescription drug insurance, as well as life insurance, 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 Annual Comprehensive Financial Report. RHBT issues publicly available financial statements and required supplementary information for the OPEB plan. Details regarding this plan and a copy of the RHBT financial report may be obtained by contacting PEIA at 601 57th Street SE, Suite 2, Charleston, West Virginia 25304-2345, or by calling (888) 680-7342.

Benefits Provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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 dates of June 30, 2021 and 2020 were:

	2021	2020
Paygo premium	$ 160	$ 168

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

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

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

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

Employees hired on or after July 1, 2001 no longer receive sick and/or vacation leave credit toward the required retiree healthcare contribution when they retire. All retirees have the option to purchase continued coverage regardless of their eligibility for premium credits.

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

The College's contributions to the OPEB plan for the years ended June 30, 2022, 2021, and 2020, were $29,441, $55,179, and $56,970, respectively.

Assumptions

The June 30, 2022 OPEB (asset)/liability for financial reporting purposes was determined by an actuarial valuation as of June 30, 2020, and a measurement date of June 30, 2021. 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 2020 decreasing by 0.50% for one year then 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, decreasing ratably 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.
- Expenses: Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are included as a component of the annual expense.

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.

There were no assumption changes from the actuarial valuation as of June 30, 2020, measured at June 30, 2020 and rolled forward to a measurement date of June 30, 2021.

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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%	4.8%
Core plus fixed income	15%	2.1%
Core real estate	10%	4.1%
Hedge fund	10%	2.4%
Private equity	10%	6.8%

Single discount rate

A single discount rate of 6.65% was used to measure the total OPEB (asset)/liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 6.65%. 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.

Based on those assumptions, 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 (asset)/liability. Discount rates are subject to change between measurement dates.

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the net OPEB (asset)/liability to changes in the discount rate. The following presents the College's net OPEB (asset)/liability as of June 30, 2022 and 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.

Net OPEB (asset)/liability	1% Decrease (5.65%)	Current Discount Rate (6.65%)	1% Increase (7.65%)
2022	$ 47,441	$ (8,841)	$ (55,571)
2021	185,661	130,185	83,744

Sensitivity of the net OPEB (asset)/liability to changes in the healthcare cost trend rate. The following presents the College's proportionate share of the net OPEB (asset)/liability as of June 30, 2022 and 2021 calculated using the healthcare cost trend rate, as well as what the College's net OPEB (asset)/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.

Net OPEB (asset)/liability	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
2022	$ (65,276)	$ (8,841)	$ 59,904
2021	78,333	130,185	192,811

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

The June 30, 2022 net OPEB (asset)/liability was measured as of June 30, 2021, and the total OPEB (asset)/liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to the measurement date of June 30, 2021. The June 30, 2021 net OPEB (asset)/liability was measured as of June 30, 2020, and the total OPEB (asset)/liability was determined by an actuarial valuation as of June 30, 2020, which was the measurement date.

At June 30, 2022, the College's proportionate share of the net OPEB (asset)/liability was $(10,582). Of this amount, the College recognized $(8,841) as its proportionate share on the statement of net position. The remainder of $(1,741) denotes the College's proportionate share of net OPEB (asset)/liability attributable to the special funding.

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

At June 30, 2021, the College's proportionate share of the net OPEB (asset)/liability was $158,971. Of this amount, the College recognized $130,185 as its proportionate share on the statement of net position. The remainder of $28,786 denotes the College's proportionate share of net OPEB (asset)/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, 2021 and 2020. Employer contributions are recognized when due. At the June 30, 2021 measurement date, the College's proportion was 0.030%, an increase of 0.001% from its proportion of 0.029% calculated as of June 30, 2020. At the June 30, 2020 measurement date, the College's proportion was 0.029%, an increase of 0.003% from its proportion of 0.026% calculated as of June 30, 2019.

For the year ended June 30, 2022, the College recognized OPEB expense of $(193,038). Of this amount, $(184,945) was recognized as the College's proportionate share of OPEB expense and $(8,093) as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of $(8,093) for support provided by the State.

For the year ended June 30, 2021, the College recognized OPEB expense of $(133,376). Of this amount, $(145,740) was recognized as the College's proportionate share of OPEB expense and $12,364 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of $12,364 for support provided by the State.

At June 30, 2022 and 2021, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 60,900
Changes in proportion and difference between employer contributions and proportionate share of contributions	33,205	14,538
Net difference between expected and actual investment earnings	-	61,013
Changes in assumptions	-	187,076
Reallocation of opt-out employer change in proportionate share	-	2,964
Contributions after the measurement date	29,441	-
Total	$ 62,646	$ 326,491

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 84,409
Changes in proportion and difference between employer contributions and proportionate share of contributions	45,493	62,020
Net difference between expected and actual investment earnings	9,882	-
Changes in assumptions	-	293,854
Reallocation of opt-out employer change in proportionate share	-	7,155
Contributions after the measurement date	55,179	-
Total	$ 110,554	$ 447,438

The College will recognize the $29,441 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB (asset)/liability in the year ended June 30, 2023. 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
2023	$ (158,592)
2024	(97,158)
2025	(19,854)
2026	(17,682)
	$ (293,286)

Payables to the OPEB Plan

The College did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2022 and 2021.

NOTE 8 - STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

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

NOTE 8 - STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS (CONTINUED)

The State has chartered the Commission with the responsibility to construct or renovate, finance, and maintain various academic and other facilities of the State's universities and colleges. As of June 30, 2013, the College had completed the construction of its new facility, which is being funded as noted below.

During the year ended June 30, 2005, the Commission issued $167 million of 2004 Series B 30-year Revenue Bonds to fund capital projects at various higher education institutions in the State. The College was approved to receive $8 million of these funds. State lottery funds will be used to repay the debt, although College revenues are pledged if lottery funds prove insufficient. The College has recognized approximately $8,508,117 from these committed funds through June 30, 2021.

During the year ended June 30, 2019, the Commission issued $82 million of Capital Improvement Refunding Revenue Bonds Series 2019 to fund capital projects at various higher education institutions in the State. The College was approved to receive $300,000 of these funds. The College has recognized approximately $300,000 for these committed funds through June 30, 2021.

NOTE 9 - FUNDS DUE TO STATE AGENCIES

Amounts included in Due to Other State Agencies at June 30, are as follows:

	2022	2021
Department of Health and Human Resources	$ 3,056	$ 440
Department of Administration	149	102
State Treasurer's Office	133	282
Public Employees' Insurance Agency (PEIA)	183	157
WV Office of the Attorney General	294	-
Workforce WV	-	37
	$ 3,815	$ 1,018

On September 24, 2013 Eastern entered into a loan agreement with the West Virginia Development Office (WVDO) to provide funding for the new academic wing. The funding provided 7,500 square feet of classroom space.

NOTE 9 - FUNDS DUE TO STATE AGENCIES (CONTINUED)

The financial assistance agreement with the WVDO in 2014 was for $2,000,000 to construct an academic wing at Eastern's campus in Moorefield, West Virginia. The College will remit payments of $16,667 each quarter beginning on September 30, 2015 until the debt is paid in full. The debt will be due in total on June 30, 2045. As of June 30, 2022 a total of $1,533,333 is outstanding on this agreement. The total amount of loan payments made for each of the years ended June 30, 2022 and 2021 were $66,667.

Future minimum payments related to the academic wing debt, as of June 30, 2022, are as follows:

Year Ending June 30,	WVDO
2023	$ 66,668
2024	66,667
2025	66,667
2026	66,667
2027	66,667
Thereafter	1,199,997
	$ 1,533,333

NOTE 10 - UNRESTRICTED NET POSITION

The College did not have any designated unrestricted net position as of June 30, 2022 or 2021.

	2022	2021
Total unrestricted net position before OPEB liability	$ 2,073,901	$ 1,861,134
Less OPEB (asset)/liability	(8,841)	130,185
	$ 2,082,742	$ 1,730,949

NOTE 11 - RETIREMENT PLANS

Substantially all full-time employees of the College participate in the Teachers' Insurance and Annuities Association — College Retirement Equities Fund (TIAA-CREF).

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, 2022 and 2021, no employees were enrolled in Educators Money.

NOTE 11 - RETIREMENT PLANS (CONTINUED)

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 TIAA-CREF for the years ended June 30, 2022, 2021, and 2020, were $196,006, $200,938, and $189,772, respectively, which consisted of contributions of $98,003, $100,469, and $94,636 for 2022, 2021, and 2020, respectively, from both the College and covered employees.

The College's total payroll for the years ended June 30, 2022, 2021, and 2020, was $2,046,111, $1,927,898, and $1,880,818, respectively; total covered employees' salaries in TIAA-CREF were $1,632,612, $1,673,392, and $1,577,534, in 2022, 2021, and 2020, respectively.

NOTE 12 - FOUNDATION (UNAUDITED)

The Eastern West Virginia Community and Technical College Foundation, Inc. (the Foundation), which was incorporated in fiscal year 2001, is a separate nonprofit organization incorporated in the State 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. Accordingly, the financial statements of the Foundation are not included in the accompanying financial statements because they are not controlled by the College and because they are not significant.

The Foundation's net assets totaled $53,672 and $82,361 at June 30, 2022 and 2021, respectively. The Foundation's net assets include amounts which are restricted by donors to use for specific projects or departments of the College and its affiliated organizations. Contributions to the Foundation, which are not reflected in the accompanying financial statements, totaled $169,384 and $13,741 for the years ended June 30, 2022 and 2021, respectively. Contributions made to the College totaled $8,250 and $0 for the years ended June 30, 2022 and 2021, respectively.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 13 - AFFILIATED ORGANIZATION

The College has an affiliation agreement with Eastern Workforce Opportunity Regional Center and Services (Eastern WORCS). Although Eastern WORCS has been created “to foster and support applied research and workforce development” at the College, it is a separate nonprofit organization incorporated in the State of West Virginia. Oversight of Eastern WORCS is the responsibility of a separate and independently elected Board of Directors. Accordingly, the financial statements of Eastern WORCS are not included in the accompanying financial statements because the economic resources held by Eastern WORCS do not entirely or almost entirely benefit the College. No contributions were made to the College during either of the years ended June 30, 2022 or 2021.

NOTE 14 - CONTINGENCIES

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

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

Beginning in the first quarter of 2020, the nation and the College's primary market area was 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 have been, or will be, adversely impacted in the near-term as a result of these conditions.

NOTE 15 - NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

The following tables represent operating expenses within both natural and functional classifications for the years ended June 30, 2022 and 2021:

	2022							
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships	Depreciation	Fees Assessed by the Commission	Total
Instruction	$ 539,199	$ 100,578	$ 298,280	$ -	$ -	$ -	$ -	$ 938,057
Public service	77,342	18,098	-	-	-	-	-	95,440
Academic support	663,323	131,121	80,088	12,069	-	-	-	886,601
Student services	250,260	71,666	79,005	-	-	-	-	400,931
General institutional support	520,304	(72,852)	457,450	-	-	-	-	904,902
Operations and maintenance of plant	14,657	13,628	125,324	111,915	-	-	-	265,524
Student financial aid	-	-	495,621	-	837,641	-	-	1,333,262
Research	16,466	3,491	336	-	-	-	-	20,293
Depreciation	-	-	799	-	-	466,264	-	467,063
Other	-	-	-	-	-	-	12,347	12,347
Total	$ 2,081,551	$ 265,730	$ 1,536,903	$ 123,984	$ 837,641	$ 466,264	$ 12,347	$ 5,324,420

	2021							
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships	Depreciation	Fees Assessed by the Commission	Total
Instruction	$ 515,600	$ 88,412	$ 245,677	$ -	$ -	$ -	$ -	$ 849,689
Public service	59,440	15,857	7,811	-	-	-	-	83,108
Academic support	632,961	103,262	752,303	10,527	-	-	-	1,499,053
Student services	242,601	59,949	72,099	-	-	-	-	374,649
General institutional support	547,571	-	522,456	-	-	-	-	1,070,027
Operations and maintenance of plant	14,777	13,661	174,162	96,960	-	-	-	299,560
Student financial aid	-	-	435,025	-	523,665	-	-	958,690
Research	4,154	917	-	-	-	-	-	5,071
Auxiliary	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	437,757	-	437,757
Other	-	-	-	-	-	-	14,891	14,891
Total	$ 2,017,104	$ 282,058	$ 2,209,533	$ 107,487	$ 523,665	$ 437,757	$ 14,891	$ 5,592,495

EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
JUNE 30, 2022

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Eastern's proportion of the net OPEB liability (asset) (percentage)	0.029732350%	0.029474125%	0.026736631%	0.028515865%	0.029400918%					
Eastern's proportionate share of the net OPEB liability (asset)	$ (8,841)	$ 130,185	$ 443,596	$ 611,790	$ 722,965					
State's proportionate share of the net OPEB liability (asset)	(1,741)	28,786	90,780	126,441	148,498					
Total proportionate share of the net OPEB liability (asset)	$ (10,582)	$ 158,971	$ 534,376	$ 738,231	$ 871,463					
Eastern's covered-employee payroll	$ 1,399,402	$ 1,440,860	$ 1,306,804	$ 1,354,270	$ 1,453,976					
Eastern's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.63%	9.04%	33.95%	45.17%	49.72%					
Plan fiduciary net position as a percentage of the total OPEB liability	101.81%	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, Eastern should present information for those years for which information is available.

EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
JUNE 30, 2022

Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	$ 29,441	$ 55,179	$ 56,970	$ 55,085	$ 54,927					
Contributions in relation to the statutorily required contributior	(29,441)	(55,179)	(56,970)	(55,085)	(54,927)					
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -					
Eastern's covered-employee payroll	$ 1,410,240	$ 1,399,402	$ 1,440,860	$ 1,306,804	$ 1,354,270					
Contributions as a percentage of covered-employee payrol	2.09%	3.94%	3.95%	4.22%	4.06%					

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

NOTE IV - OPEB

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
2021	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 2020, decreasing by 0.50% for one year then 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, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
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.

Suttle & Stalnaker Certified Public Accountants
A Professional Limited Liability Company

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
Eastern West Virginia Community and Technical College
Moorefield, 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 of Eastern West Virginia Community and Technical College (the College), as of and for the year ended June 30, 2022, 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 4, 2022.

Report on 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a significant deficiency.

Report On 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* and which are described in the accompanying schedule of findings and responses.

The College's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The College's response was not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the response.

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 4, 2022

2022-001 **SEGREGATION OF DUTIES**

Criteria: Management of the College is responsible for establishing an internal control structure that reduces to an acceptable level the risk of errors and fraud occurring and not being detected. An integral part of an internal control structure is effective segregation of duties, which involves assigning responsibilities for authorizing transactions, recording transactions, and maintaining custody of assets to different individuals, thus reducing the risk of errors or fraud occurring and not being detected.

Condition: Due to vacancies in the finance office staffing throughout fiscal year 2022, the Chief Financial Officer assumed multiple roles in the preparation of financial data. The vacancies have affected the internal control process by not providing separation in the custody of assets and by not allowing for separate preparer and reviewer of finance office transactions and work papers.

Context: Total assets, deferred outflows, liabilities, deferred inflows, net position, revenues, and expenses of the College are \$13.8 million, \$63 thousand, \$2.7 million, \$326 thousand, \$10.9 million, \$5.6 million, and \$5.3 million, respectively.

Cause: The purpose of segregating duties is to prevent fraud and errors from occurring or detect and correct errors before causing financial misstatements. In order for internal controls to be effective, there must be a division of duties between those who perform accounting procedures or control activities and those who handle assets.

Effect: The College is unable to follow its internal control policies and procedures due to a lack of staff. Transactions and work papers are not being reviewed and approved according to procedures. Individuals are maintaining custody of assets and recording transactions for those assets, which does not follow established procedures. It is less likely that errors will be prevented or detected and corrected in a timely manner without controls in place.

Recommendation: We recommend the College hire additional staff, hire a third-party service provider, or cross-train others within the College to prepare or review financial transactions to alleviate the multiple roles the Chief Financial Officer must assume with vacant positions. This will provide a control to aid in preventing, detecting, and correcting possible misstatements.

Views of Responsible Officials: *We agree with the findings and will take the necessary corrective actions as noted in the corrective action plan attached.*

EASTERN
West Virginia Community & Technical College

October 4, 2022

West Virginia Council for Community and Technical College Education

Eastern West Virginia Community and Technical College respectfully submits the following corrective action plan for the year ended June 30, 2022.

Name and address of independent public accounting firm: Suttle & Stalnaker, PLLC, 1411 Virginia Street, East, Suite 100, Charleston, WV 25301

Audit Period: Year ended June 30, 2022

The finding from the October 4, 2022 schedule of findings and responses is discussed below. The finding is numbered consistently with the number assigned in the schedule.

FINDING-FINANCIAL STATEMENT AUDIT

2022-001 – SEGREGATION OF DUTIES

Recommendation:

We recommend the College hire additional staff, hire a third-party service provider, or cross-train others within the College to prepare or review financial transactions to alleviate the multiple roles the Chief Financial Officer must assume with vacant positions. This will provide a control to aid in preventing, detecting, and correcting possible misstatements.

Action Taken:

In July 2021 Trina Branson was appointed Interim CFO in which she handled this responsibility in addition to her regular job duties as Business Office Administrator, Sr. Later in the fiscal year, the CFO position was posted with Ms. Branson being selected for the position. The college then advertised for an Accountant to replace the Business Office Administrator, Sr. position. A candidate was selected but resigned after a couple of months employment. In July 2022 the Accountant position was filled by another candidate which ultimately provides the controls as was in place prior to July 2021.

If the West Virginia Council for Community and Technical College Education has questions regarding this plan, please call Trina Branson, CFO at 304-434-8000.

Sincerely,

Trina Branson

Trina Branson, CFO

Eastern West Virginia Community and Technical College, 316 Eastern Drive, Moorefield, WV, 26836
www.easternwv.edu • phone 304.434.8000 • fax 304.434.7000 • toll free 877.982.2322