MOUNTWEST COMMUNITY AND TECHNICAL COLLEGE

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

Governing Board
Mountwest Community and Technical College
Huntington, West Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Mountwest 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 year ended June 30, 2022, 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 financial position of the business-type activities of the College, as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 GAAS 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment 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 audits, 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 4-16, the Schedule of Proportionate Share of Net Pension Liability and Contributions on page 57, and the Schedule of Proportionate Share of Net OPEB Liability and Contributions on page 58 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 GAAS, 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 14, 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.

Other Matters

The 2021 financial statements of Mountwest Community and Technical College were audited by other auditors whose report dated October 5, 2021, expressed an unmodified opinion on those statements.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Philadelphia, Pennsylvania
October 14, 2022

The History of the College

Mountwest Community and Technical College (MCTC or the College) is one of West Virginia's nine community and technical colleges. The headcount enrollment is approximately 2,100 plus students. The College offers 40 Associate degrees and 20 Certificate programs in the areas of Allied Health and Life Sciences, Business and Information Technology, Liberal Arts and Human Services, and Occupational Development.

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

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

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

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

Overview to the Financial Statements and Financial Analysis

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

Statement of Net Position

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

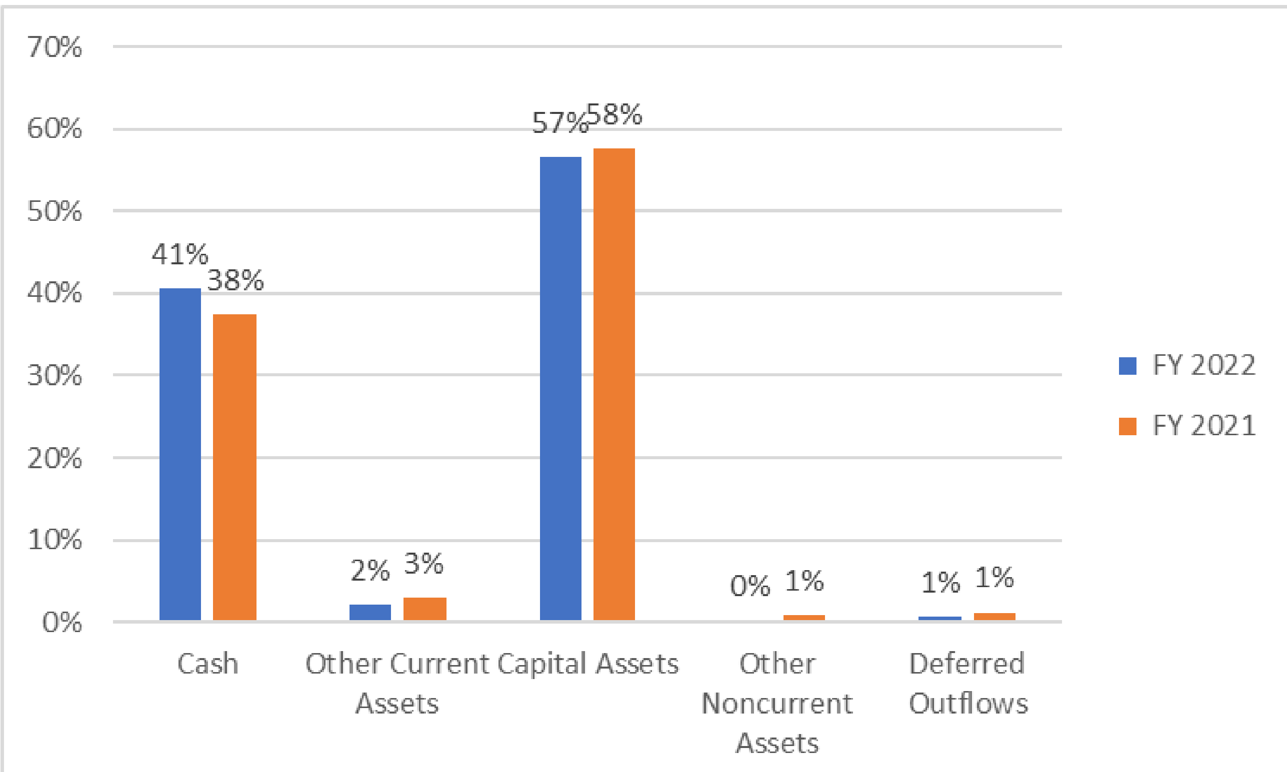
Net position is divided into three major categories. The first category, net investment in capital assets, provides the College's equity in or ownership of property, plant, and equipment. The second category is restricted net position, which is divided into two sub-categories, nonexpendable and expendable - nonexpendable restricted net position includes endowments; and, as such, the corpus of nonexpendable restricted resources is only available for investment purposes. The College does not have any nonexpendable restricted net position at June 30, 2022 or June 30, 2021. Expendable restricted net position is available for expenditure by the College but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of these resources. The third and last category is unrestricted net position. Unrestricted net position is available for general use by the College.

Condensed Schedules of Net Position
As of June 30, 2022, 2021 and 2020
(In Thousands)

	2022	2021	2020
Assets			
Current Assets	$ 15,731	$ 14,404	$ 12,904
Noncurrent Assets	20,884	20,799	21,441
Total Assets	36,615	35,203	34,345
Deferred Outflows of Resources	210	410	330
Total Assets and Deferred Outflows of Resources	$ 36,825	$ 35,613	$ 34,675
Liabilities			
Current Liabilities	$ 3,608	$ 3,161	$ 3,933
Noncurrent Liabilities	305	872	2,529
Total Liabilities	3,913	4,033	6,462
Deferred Inflows of Resources	1,319	1,835	1,070
Total Liabilities and Deferred Inflows of Resources	5,232	5,868	7,532
Net Position			
Net Investment in Capital Assets	20,430	19,586	19,317
Restricted for:			
Debt Service	-	235	469
Unrestricted	11,163	9,924	7,357
Total Net Position	31,593	29,745	27,143
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 36,825	$ 35,613	$ 34,675

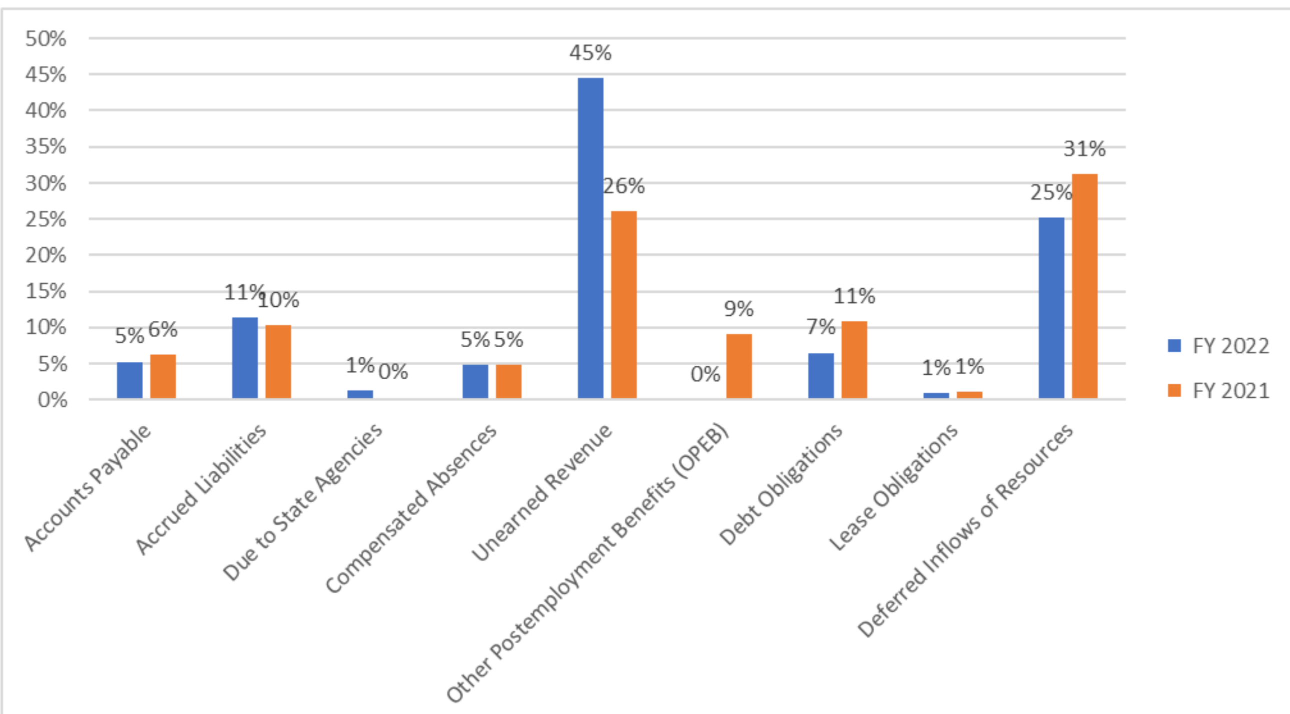
TOTAL ASSETS
As of June 30, 2022 and 2021

	2022	2021
Cash	$ 14,925,346	$ 13,355,204
Other Current Assets	805,414	1,048,985
Capital and Leased Assets	20,818,486	20,515,434
Other Noncurrent Assets	66,192	284,024
Deferred Outflows of Resources	209,626	410,144
Total	$ 36,825,064	$ 35,613,791



TOTAL LIABILITIES
As of June 30, 2022 and 2021

	2022	2021
Accounts Payable	$ 275,737	$ 362,135
Accrued Liabilities	597,312	608,805
Due to State Agencies	64,374	16,527
Compensated Absences	255,374	284,201
Unearned Revenue	2,331,790	1,533,857
Other Postemployment Benefits (OPEB)	-	531,573
Debt Obligations	340,340	632,543
Lease Obligations	48,194	64,004
Deferred Inflows of Resources	1,319,364	1,834,999
Total	$ 5,232,485	$ 5,868,644



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

- Total current assets of $15.7 million exceeded total current liabilities of $3.6 million as of June 30, 2022, for net working capital of $12.1 million as compared to net working capital of $11.3 million as of June 30, 2021.

    - The major components of current assets include cash and cash equivalents of $14.9 million and $13.4 million, and net accounts receivable of $0.8 million and $1.0 million as of June 30, 2022 and 2021, respectively. The majority of cash and cash equivalents can be attributed to interest earning assets invested through the office of the West Virginia State Treasurer.

    - The major components of current liabilities include accounts payable of $0.3 million and $0.4 million, unearned revenue of $2.3 million and $1.5 million, accrued liabilities of $0.6 million and $0.6 million, and compensated absences of $0.3 million and $0.3 million as of June 30, 2022 and 2021, respectively.

- Noncurrent assets total $20.9 million and $20.8 million and noncurrent liabilities total $0.3 million and $0.9 million as of June 30, 2022 and 2021, respectively.

    - Major components of noncurrent assets include capital and leased assets of $20.8 million and $20.5 million as of June 30, 2022 and 2021, respectively. Refer to Note 5 to the Financial Statements for additional information regarding capital and leased assets.

    - Major components of noncurrent liabilities include debt service obligations payable to the Commission of $0.3 million and $0.3 million and other post-employment benefits (OPEB) liability of $0.0 million and $0.5 million, as of June 30, 2022 and 2021, respectively.

- The net position of the College totaled $31.6 million as of June 30, 2022 as compared to $29.7 million as of June 30, 2021.

    - Net position invested in capital assets total $20.4 million and $19.6 million as of June 30, 2022 and 2021, respectively.

      Unrestricted net position totaled $11.2 million and $9.9 million as of June 30, 2022 and 2021, respectively; this represents the net position available to the College. Refer to Note 11 to the Financial Statements for additional information regarding the impact of other post-employment benefits (OPEB) liability on the unrestricted net position balance.

Statement of Revenues, Expenses, and Changes in Net Position

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

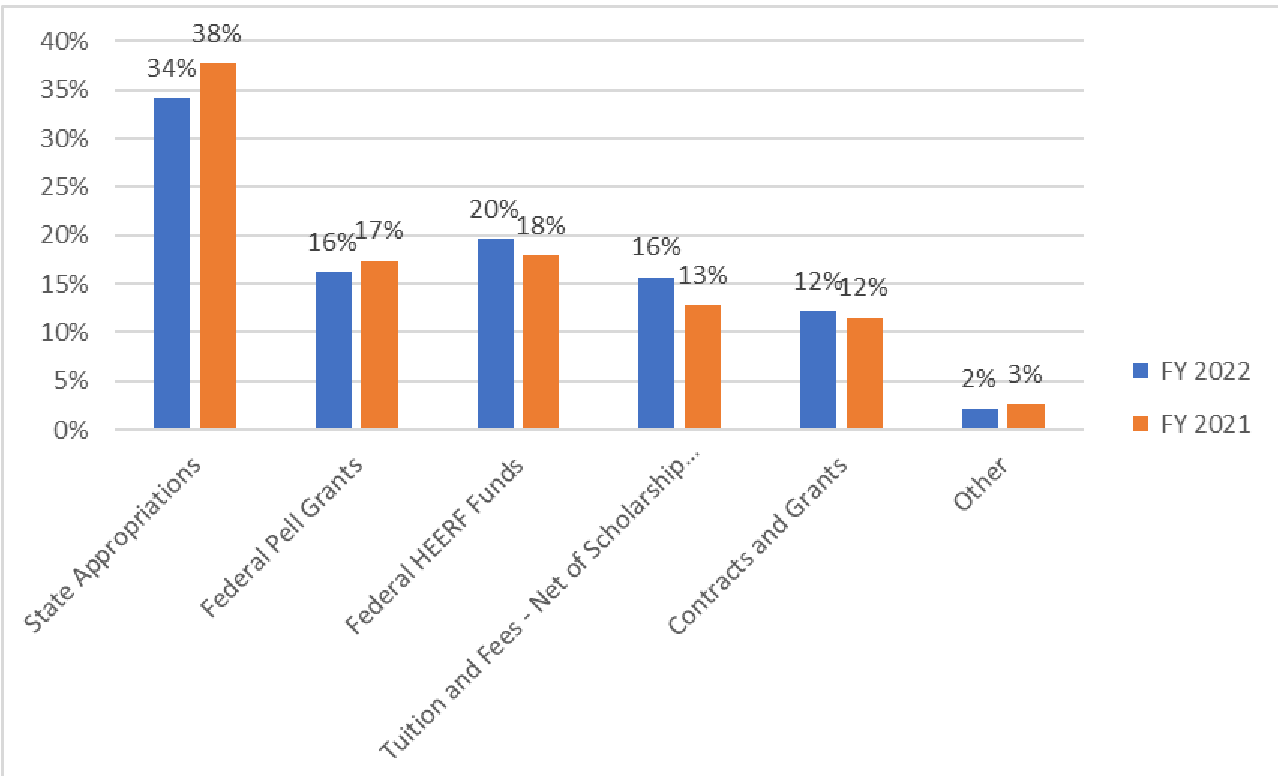
Generally speaking, operating revenues are received, and operating expenses are expended for those items related to providing goods and services to the various customers and constituencies of the College, while carrying out its mission. Revenues received for which goods and services are not provided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

Condensed Schedules of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2022, 2021 and 2020
(In Thousands)

	2022	2021	2020
Operating Revenues	$ 5,614	$ 4,576	$ 5,788
Operating Expenses	(16,813)	(14,789)	(15,149)
Operating Loss	(11,199)	(10,213)	(9,361)
Nonoperating Revenues	13,102	12,802	10,790
Nonoperating Expenses	(60)	(40)	(61)
Income Before Other Revenues, Expenses, Gains, or Losses	1,843	2,549	1,368
Capital Payments Made on Behalf of the College	5	53	1,025
Increase in Net Position	1,848	2,602	2,393
Net Position - Beginning of Year	29,745	27,143	24,750
Net Position - End of Year	$ 31,593	$ 29,745	$ 27,143

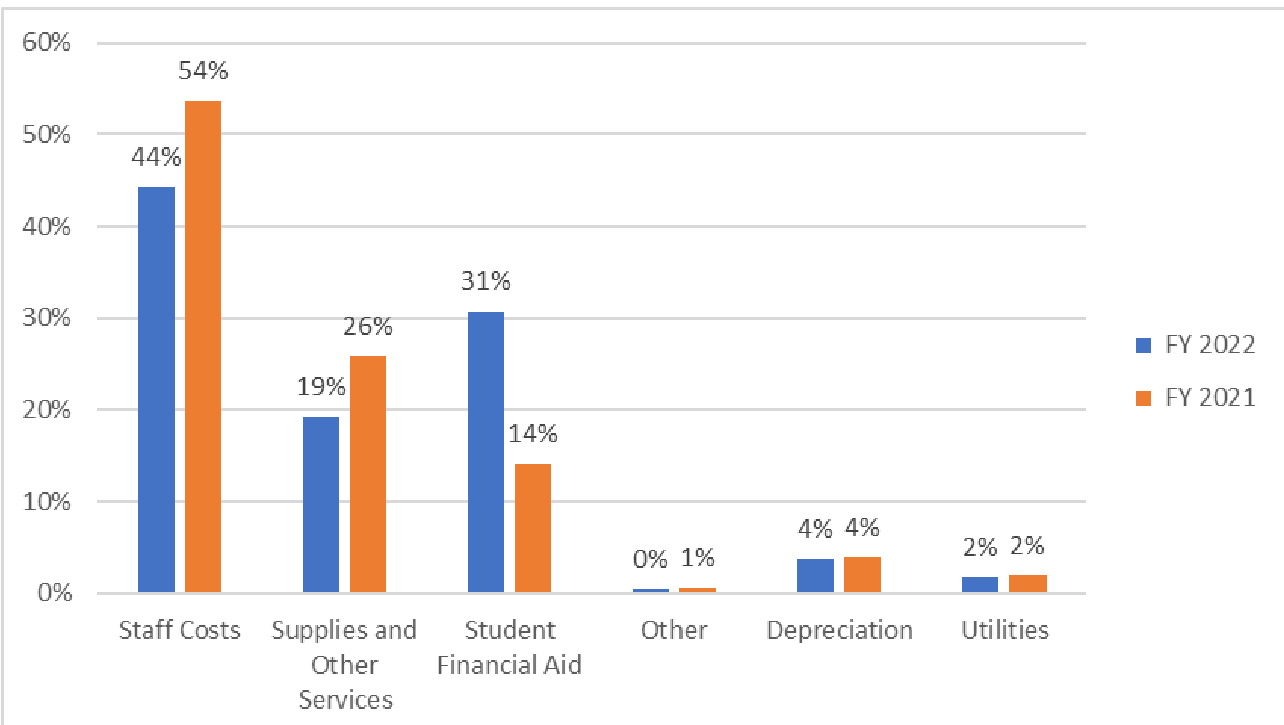
TOTAL REVENUES
Years Ended June 30, 2022 and 2021

	2022	2021
State Appropriations	$ 6,391,967	$ 6,586,647
Federal Pell Grants	3,029,132	3,029,132
Federal HEERF Funds	3,661,171	3,116,732
Tuition and Fees - Net of Scholarship Allowance	2,931,802	2,225,509
Contracts and Grants	2,278,401	2,008,850
Other	396,404	465,152
Total	$ 18,688,877	$ 17,432,022



TOTAL EXPENDITURES
Years Ended June 30, 2022 and 2021

	2022	2021
Staff Costs	$ 7,438,947	$ 7,929,889
Supplies and Other Services	3,225,081	3,809,507
Student Financial Aid	5,158,870	2,094,944
Other	66,858	82,820
Depreciation and Amortization	621,902	586,907
Utilities	301,627	285,396
Total	$ 16,813,285	$ 14,789,463



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

- Operating Revenues of the College totaled $5.6 million for FY 2022 compared to $4.6 million in FY 2021.

  - Net student tuition and fees revenues totaled $2.9 million in FY 2022 compared to $2.2 million in FY 2021. Tuition is reported net of scholarship allowance which totaled $2.8 million and $3.2 million in FY 2022 and 2021, respectively. Gross student tuition and fees totaled $5.7 million in FY 2022 compared to $5.4 million in FY 2021.
  - Federal grants and contracts totaled $0.2 million in FY 2022 compared to $0.2 million in FY 2021.
  - State grants and contracts totaled $2.1 million in FY 2022 compared to $1.8 million in FY 2021; and, private grants and contracts totaled $0.0 million in FY 2022 compared to $0.05 million in FY 2020. Such fluctuations represent normal grant activity.
  - Other operating revenues totaled $0.3 million in FY 2022 and $0.2 million in FY 2021.

- Operating expenses totaled $16.8 million in FY 2022 compared to $14.8 million in FY 2021, an increase of $0.8 million.

  - Personnel costs including salaries and benefits totaled $7.4 million in FY 2022 and $7.9 million in FY 2021, a decrease of $0.5 million.
  - Supplies and other services totaled $3.2 million in FY 2022 compared to $3.8 million in FY 2021, a decrease of $0.6 million.
  - Student Financial Aid totaled $5.2 million in FY 2022 compared to $2.1 million in FY 2021. An increase of $3.1 million. Both years included emergency financial assistance grants from HEERF funding.
  - Depreciation and amortization on capital assets and leased assets totaled $0.6 million in both FY 2022 and FY 2021.

- The result from operations was a net operating loss of $11.2 million and $10.2 million for the years ended June 30, 2022 and 2021, respectively. However, this does not include State appropriations or Federal Pell Grant revenue which are recorded as nonoperating revenues. State appropriations for FY 2022 and FY 2021 were $6.4 million and $6.6 million, respectively. Federal Pell grant revenue for FY 2022 and FY 2021 was $3.0 million and $3.0 million, respectively; and reported as nonoperating due to specific guidance found in the AICPA industry audit guide.

- Net nonoperating revenue totaled $13.0 million and $12.8 million for the years ended June 30, 2022 and 2021, respectively.

- The WV Community & Technical College System made $4,602 in capital payments of behalf of the college in FY22 and capital payments of $53,376 in FY21. Refer to Note 9 to the financial statements for additional information regarding capital payments.

- Other payments made on behalf of the College were $(31,958) in FY22 and $50,483 in FY21. These payments relate to the OPEB special funding situation.

- The activities for FY22 resulted in an increase in net position of $1.8 million compared to $2.6 million in FY21.

Statement of Cash Flows

The final statement presented by the College is the statement of cash flows. The Statement of cash flows presents detailed information about the cash activity of the College during the year. The statement is divided into five sections. The first section deals with operating cash flows; this section shows the net cash used by the operating activities of the College. The second section reflects cash flows from noncapital financing activities; this section reflects the cash received and spent for nonoperating, noninvesting, 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; this section shows the purchases, proceeds, and interest received from investing activities. Last, the fifth section reconciles the net cash used to the operating income or loss reflected on the statement of revenues, expenses, and changes in net position.

Condensed Schedules of Cash Flows
(In Thousands)

	FY 2022	FY 2021	FY 2020
Cash Flows Provided (Used) by:			
Operating Activities	$ (10,494)	$ (11,252)	$ (8,380)
Noncapital Financing Activities	13,050	12,714	10,524
Capital and Related Financing Activities	(1,241)	(608)	(598)
Investing Activities	20	20	151
Net Change in Cash	1,335	874	1,697
Cash - Beginning of Year	13,590	12,716	11,019
Cash - End of Year	$ 14,925	$ 13,590	$ 12,716

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

- Cash provided from operating activities was exceeded by cash expended for operating activities for a net of $10.5 million and $11.2 million for the years ended June 30, 2022 and 2021, primarily due to the guidance by GAAP that State appropriations and Federal Pell grant revenues are to be recorded as noncapital financing activities. Primary sources of cash from operating activities during FY 2022 and 2021 were cash collections for net student tuition and fees of $4.0 million and $1.6 million and contracts and grants of $2.3 million and $2.0 million for FY 2022 and 2021, respectively. Primary use of cash for FY 2022 and 2021, respectively, included payments to and on behalf of employees of $8.3 million and $8.6 million, payments to suppliers of $3.3 million and $4.1 million, and payments for scholarships and fellowships of $5.2 million and $2.1 million.

- Net cash provided from noncapital financing activities for FY 2022 and FY 2021, respectively, totaled $13.0 million and $12.7 million; whereas, for FY 2022 and FY 2021, respectively, $3.0 million and $3.0 million were from revenues collected from Federal Pell grants, $3.6 million and $3.1 million from Federal Higher Education Emergency Relief Funds (HEERF) and $6.4 million and $6.6 million from State Appropriations.

- Net cash used in capital financing activities totaled $1.2 million and $0.6 million for FY 2022 and FY 2021, respectively; primarily resulting from payments on principal and interest on debt and purchases of capital assets.

- Net cash of the College at June 30, 2022 was $14.9 million compared to $13.6 million at June 30, 2021, which represents an increase of $1.3 million.

Capital Asset and Long-Term Debt Activity

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

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

Economic Outlook

Mountwest, as well as community colleges across the nation, were facing downward enrollment trends for several years before the pandemic due to the strong economy and lower college matriculation rates. The pandemic multiplied our enrollment issues by placing conflicting demands on students who worked overtime as parents, homeschool teachers, or as their children's remote learning tech support. In addition, many childcare centers across the area closed or reduced their capacity. While childcare was an issue, the emotional and logistical barriers of going to school in a pandemic lead to hesitancy of attending college. Data shows self-doubt is among the biggest hurdles standing between students and pursuing additional education. That barrier, along with the isolation of the pandemic, navigating remote learning, and missing face-to-face interactions with faculty have led to many to write off college for the time being.

Despite the many challenges facing Mountwest and community colleges across the nation, the outlook for us looks promising. Mountwest has a substantial role to play in supporting a more equitable recovery from the pandemic. Mountwest has started its "Jump Start" program in the local high schools, allowing students who normally would never attend college the ability to earn college credit before graduating. This program will certainly lead to increased matriculation rates of high school graduates. There is also substantial room for growth in the health and technology fields. Mountwest has consistently had strong programs in allied health and information technology and our future plans will expand these programs to meet the needs of our local employers. Finally, there are a myriad of opportunities in noncredit workforce training. Mountwest has already made investment in these areas and will continue to do so to meet the needs of our community.

The future risks for Mountwest will come from support from the state and federal government. Pressures on state tax revenues could lead to decreased State support. This would be highly detrimental to Mountwest as a decrease in state support will lead to increased tuition for students. The cost of college is already a significant barrier to many potential students. The discussions of making community college free for all are promising, but face significant challenges before coming to fruition. While awaiting on these developments, Mountwest will continue to expand our offerings to meet the needs of our community while maintaining our cost effectiveness.

MOUNTWEST COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 14,925,346	$ 13,355,204
Due from the Council/Commission	213,502	87,006
Prepaid Expenses	21,211	-
Lease Receivable - Current Portion	15,558	30,169
Accounts Receivable, Net	555,143	931,810
Total Current Assets	15,730,760	14,404,189
Noncurrent Assets:		
Cash and Cash Equivalents	-	234,743
Other Receivables - Noncurrent	31,283	33,723
Lease Receivable - Noncurrent	-	15,558
Capital Assets, Net	20,770,935	20,453,192
Leased Assets, Net	47,551	62,242
Other Postemployment Benefits Asset	34,909	-
Total Noncurrent Assets	20,884,678	20,799,458
Total Assets	36,615,438	35,203,647
DEFERRED OUTFLOWS OF RESOURCES		
Related to Other Postemployment Benefits	209,626	410,144
Total Assets and Deferred Outflows of Resources	$ 36,825,064	$ 35,613,791

See accompanying Notes to Financial Statements.

MOUNTWEST COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2022 AND 2021

	2022	2021
LIABILITIES		
Current Liabilities:		
Accounts Payable	$ 275,737	$ 362,135
Due to State Agencies	64,374	16,527
Accrued Liabilities	597,312	608,805
Compensated Absences	255,374	284,201
Debt Obligation Due to Commission - Current Portion	61,736	59,059
Bonds Payable - Current Portion	-	229,999
Bonds Interest Payable	-	3,145
Lease Obligation, Current	21,709	64,004
Unearned Revenue	2,331,790	1,533,857
Total Current Liabilities	3,608,032	3,161,732
Noncurrent Liabilities:		
Other Postemployment Benefits Liability	-	531,573
Lease Obligation, Noncurrent	26,485	-
Debt Obligation Due to Commission	278,604	340,340
Total Noncurrent Liabilities	305,089	871,913
Total Liabilities	3,913,121	4,033,645
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	-	75,500
Related to Leases	15,140	43,965
Related to Other Postemployment Benefits	1,304,224	1,715,534
Total Deferred Inflows of Resources	1,319,364	1,834,999
Total Liabilities and Deferred Inflows of Resources	5,232,485	5,868,644
NET POSITION		
Net Investment in Capital Assets	20,429,952	19,585,906
Restricted - Expendable - for Debt Service	-	234,743
Unrestricted	11,162,627	9,924,498
Total Net Position	31,592,579	29,745,147
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 36,825,064	$ 35,613,791

See accompanying Notes to Financial Statements.

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

	2022	2021
OPERATING REVENUES		
Gross Student Tuition and Fees	$ 5,739,998	$ 5,409,791
Less: Scholarship Allowances	(2,808,196)	(3,184,282)
Student Tuition and Fees - Net of Scholarship Allowance	2,931,802	2,225,509
Contracts and Grants:		
Federal	219,963	167,493
State	2,058,438	1,794,686
Private	-	46,671
Sales and Services of Educational Activities	84,517	111,908
Other Operating Revenues	318,883	229,577
Total Operating Revenues	5,613,603	4,575,844
OPERATING EXPENSES		
Salaries and Wages	6,809,611	7,016,915
Benefits	629,336	912,974
Supplies and Other Services	3,225,081	3,809,507
Utilities	301,627	285,396
Student Financial Aid - Scholarships and Fellowships	5,158,870	2,094,944
Depreciation	541,371	500,988
Amortization	80,531	85,919
Fees Assessed by the Commission for Operations	66,858	82,820
Total Operating Expenses	16,813,285	14,789,463
OPERATING LOSS	(11,199,682)	(10,213,619)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	6,391,967	6,586,647
Payments on Behalf of the College	(31,958)	50,483
Federal Pell Grants	3,029,132	3,029,132
Federal HEERF Funds	3,661,171	3,116,732
Investment Income	20,360	19,808
Interest Expense	(7,950)	(17,238)
Fees Assessed by the Commission	(20,210)	(23,033)
Total Nonoperating Revenues	13,042,512	12,762,531
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	1,842,830	2,548,912
Capital Payments Made on Behalf of the College	4,602	53,376
INCREASE IN NET POSITION	1,847,432	2,602,288
Net Position - Beginning of Year	29,745,147	27,142,859
NET POSITION - END OF YEAR	$ 31,592,579	$ 29,745,147

See accompanying Notes to Financial Statements.

MOUNTWEST 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	$ 3,982,394	$ 1,609,861
Contracts and Grants	2,278,401	2,008,850
Payments to and on Behalf of Employees	(8,320,548)	(8,648,625)
Payments to Suppliers	(3,313,630)	(4,100,516)
Payments for Utilities	(301,627)	(285,396)
Payments for Scholarships and Fellowships	(5,158,870)	(2,094,944)
Sales and Service of Educational Activities	84,517	111,908
Auxiliary Enterprise Charges	-	162,134
Fees Assessed by Commission	(66,858)	(82,820)
Other Receipts (Expenses), Net	321,664	67,443
Net Cash Used by Operating Activities	(10,494,557)	(11,252,105)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	6,391,967	6,586,647
Federal Pell Grants	3,029,132	3,029,132
Federal HEERF Funds	3,661,171	3,098,572
Payment on behalf of MCTC (OPEB Special Funding)	(31,958)	-
Federal Student Loan Program - Direct Lending Receipts	1,257,004	1,649,757
Federal Student Loan Program - Direct Lending Payments	(1,257,004)	(1,649,757)
Net Cash Provided by Noncapital Financing Activities	13,050,312	12,714,351
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchases of Capital Assets	(924,955)	(59,589)
Principal Paid on Debt	(289,058)	(502,137)
Capital Payments Made on Behalf of MCTC	4,602	-
Interest Paid on Debt	(11,095)	(23,338)
Fees Assessed by the Commission	(20,210)	(23,033)
Net Cash Used by Capital Financing Activities	(1,240,716)	(608,097)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	20,360	19,808
INCREASE IN CASH AND CASH EQUIVALENTS	1,335,399	873,957
Cash and Cash Equivalents - Beginning of Year	13,589,947	12,715,990
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 14,925,346	$ 13,589,947

See accompanying Notes to Financial Statements.

MOUNTWEST COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash at the End of the Year Consists of:		
Cash and Cash Equivalents	$ 14,925,346	$ 13,355,204
Restricted Assets:		
Cash and Cash Equivalents	-	234,743
Total Cash at End of Year	$ 14,925,346	$ 13,589,947
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating Loss	$ (11,199,682)	$ (10,213,619)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation and Amortization Expense	621,902	586,907
Changes in Assets and Liabilities:		
Accounts Receivable, Net	252,768	(350,042)
Prepaid Expenses	(21,211)	-
Lease Receivable	(110)	-
Accounts Payable and Accrued Expenses	(99,374)	(305,443)
Compensated Absences	(28,827)	(41,364)
Other Postemployment Benefits Liability	(777,274)	(644,898)
Defined Benefit Pension Plan	(75,500)	(32,474)
Other Liabilities	34,818	14,434
Unearned Revenue	797,933	(265,606)
Net Cash Used by Operating Activities	$ (10,494,557)	$ (11,252,105)
NONCASH TRANSACTIONS		
Expenses Paid on Behalf of the College	$ (31,958)	$ 50,483
Capital Payments Made on Behalf of the College	$ 4,602	$ 53,376

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

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

Powers and duties of the Board include, but are not limited to, the power to determine, control, supervise, and manage the financial, business, and educational policies and affairs of the College under its jurisdiction, the duty to develop a master plan for the College, the power to prescribe the specific functions and College's budget request, the duty to review, at least every five years, all academic programs offered at the College, and the power to fix tuition and other fees for the different classes or categories of students enrolled at the College. Senate Bill 448 gives the West Virginia Council for Community and Technical College Education (the Council) the responsibility of developing, overseeing, and advancing the State of West Virginia (the State) public policy agenda as it relates to community and technical college education.

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 (U.S. GAAP) as prescribed by Governmental Accounting Standards Board standards (GASB). The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net position, revenues, expenses, changes in net position, and cash flows.

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

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, 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. The College adopted the requirements of the guidance effective July 1, 2021, and have applied the provisions of this standard to the beginning of the earliest comparative period presented. The implementation of this standard did not have a significant impact on net position, therefore no restatement of net position is necessary.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The GASB has also issued Statement No. 92, *Omnibus 2020*, which is effective immediately for requirements related to the effective date of Statement No. 87 and Implementation Guide 2019-3. The requirements related to Statement Nos. 73 and 74 and requirements related to Intra-entity transfer of assets are effective for fiscal years beginning after June 15, 2021, as postponed by implementation of GASB No. 95. The objective of Statement No. 92 is to enhance comparability in accounting and financial reporting by improving the consistency in authoritative literature. The adoption of this standard had no effect on the College's financial statements.

The GASB has also issued Statement No. 93, *Replacement of Interbank Offered Rates*, which is effective for reporting periods ending after December 31, 2022, as postponed by implementation of GASB No. 95, for the removal of LIBOR as an appropriate benchmark interest rate. All other requirements related to Statement No. 93 are effective for reporting periods beginning after June 15, 2021, as postponed by implementation of GASB No. 95. Statement No. 93's objective is to address financial reporting implications related to replacing the London Interbank Offered Rate (LIBOR) with other reference rates since LIBOR is expected to cease to exist in its current form at the end of 2021 due to global reference rate reform. The adoption of this standard had no effect on the College's financial statements.

The GASB has also issued Statement No. 97*, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* which is effective immediately for objective (1) and effective for fiscal years beginning after June 15, 2021 for the other objectives. Statement No. 97's primary objectives are (1) increase consistency and comparability related to the reporting of fiduciary component units which do not have a governing board and the primary government performs the duties that the governing board would typically perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The adoption of this standard had no effect on the College's financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The GASB has also issued Statement No. 91, *Conduit Debt Obligations*, which is effective for fiscal years beginning after December 15, 2021, as postponed by implementation of GASB No. 95. Statement No. 91 provides a single method for reporting conduit debt obligations and eliminate diversity in practice by clarifying the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer, establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations and improving required note disclosures. The College has not yet determined the effect that the adoption of GASB Statement No. 91 may have on its financial statements.

The GASB has also issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is effective for fiscal years beginning after June 15, 2022. Statement No. 94's objective is to improve financial reporting by addressing issues related to public-private or public-public partnerships. The College has not yet determined the effect that the adoption of GASB Statement No. 94 may have on its financial statements.

The GASB has also issued Statement No. 96, *Subscription-Based Information Technology Arrangements,* which is effective for fiscal years beginning after June 15, 2022. Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA) for government end users. The statement establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The College has not yet determined the effect that the adoption of GASB Statement No. 96 may have on its financial statements.

The GASB has also issued Statement No. 99, *Omnibus 2022*, which has various effective dates. The requirements related to Statement 34 and Statement 63 are effective upon issuance. The requirements related to leases, PPP, and SBITAs are effective for fiscal years beginning after June 15, 2022. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning June 15, 2023. Statement No. 99's primary objectives are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues/terminology that have been identified during implementation and application of GASB Statements No. 34, 53, 63, 87, 94, 96; and the accounting and financial reporting for financial guarantees. Statement No. 99 also addresses the extension of the period during which LIBOR is considered an appropriate benchmark, accounting for SNAP benefits, disclosures related to nonmonetary exchanges, and pledges of future revenues when resources are not received by the pledging government. The College has not yet determined the effect that the adoption of GASB Statement No. 99 may have on its financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The GASB has also 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. The primary objective of Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The College has not yet determined the effect that the adoption of GASB Statement No. 100 may have on its financial statements.

The GASB has also issued Statement No. 101, *Compensated Absences*, which is effective for fiscal years beginning after December 15, 2023. The objective of Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The College has not yet determined the effect that the adoption of GASB Statement No. 101 may have on its financial statements.

Reporting Entity

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

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

Financial Statement Presentation

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

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

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

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

Basis of Accounting

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

Cash and Cash Equivalents

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (Continued)

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

Noncurrent Cash, Cash Equivalents, and Investments

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

Appropriations Due from Primary Government

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

Allowance for Doubtful Accounts

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

Capital Assets

Capital assets include land, land improvements, leasehold improvements, equipment, buildings, and improvements. Capital assets are stated at cost at the date of acquisition or construction, or fair market value at the date of donation in the case of gifts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 3 to10 years for furniture and equipment, 15 years for land improvements, and 50 years for buildings and improvements. Leasehold improvements are amortized over the period of the lease. The financial statements reflect all adjustments required by GASB.

Unearned Revenue

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences and Other Postemployment Benefits (OPEB)

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

GASB requires entities to accrue for employees' rights to receive compensation for vacation leave or payments in lieu of accrued vacation or sick leave as such benefits are earned and payment becomes probable. The College's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination. Full-time employees also earn 1-1/2 sick leave days for each month of service and are entitled to extend their health or life insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. Generally, two days of accrued sick leave extend health insurance for one month of single coverage, and three days extend health insurance for one month of family coverage.

For employees hired after 1988, or who were hired before 1988 but did not choose such coverage until after 1988 but before July 1, 2001, the employee shares in the cost of the extended benefit coverage to the extent of 50% of the premium required for the extended coverage. Employees hired July 1, 2001, or later will no longer receive sick leave credit toward insurance premiums when they retire. Additionally, all retirees have the option to purchase continued coverage regardless of their eligibility for premium credits. This liability is now provided for under the multiemployer, cost-sharing plan sponsored by the State.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Teachers' Retirement System (TRS), administered by the West Virginia Consolidated Public Retirement Board (CPRB), and additions to/reductions from the TRS fiduciary net position have been determined on the same basis as they are reported in the TRS financial statements, which can be found at https://www.wvretirement.com/Publications.html#CAFR. The plan schedules of TRS are prepared using the accrual basis of accounting and economic resources measurement focus in accordance with U.S. GAAP as prescribed by GASB. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Investments are reported at fair value. Detailed information on investment valuation can be found in the TRS financial statements. Management of TRS has made certain estimates and assumptions relating to employer allocation schedules, and actual results could differ (See Note 12).

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 statements of net position. As of June 30, 2022 and 2021, the College had deferred outflows related to OPEB of $209,626 and $410,144, respectively.

Deferred Inflows of Resources

Acquisition of net position by the College that is applicable to a future fiscal year is reported as a deferred inflow of resources on the statements of net position. As of June 30, 2022 and 2021, the College had deferred inflows related to pensions of $-0- and $75,500, related to leases of $15,140 and $43,965, and related to OPEB of $1,304,224 and $1,715,534, respectively.

Risk Management

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management (Continued)

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

Classification of Revenues

The College has classified its revenues according to the following criteria:

Operating Revenues

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

Nonoperating Revenues

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

Other Revenues

Other revenues consist primarily of capital gains and gifts.

Use of Restricted Components of Net Position

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

Federal Financial Assistance Programs

The College makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through institutions such as the College. Direct student loan receivables are not included in the College's statements of net position as the loans are repayable directly to the U.S. Department of Education. In 2022 and 2021, the College received and disbursed $1,257,004 and $1,649,757, respectively, under the Federal Direct Student Loan Program on behalf of the U.S. Department of Education, which is not included as revenue and expense on the statements of revenues, expenses, and changes in net position.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Financial Assistance Programs (Continued)

The College also distributes other student financial assistance funds on behalf of the federal government to students under the federal Pell Grant, Supplemental Educational Opportunity Grant, and College Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2022 and 2021, the College received and disbursed approximately $3,249,000 and $3,250,000, respectively, under these federal student aid programs.

Scholarship Allowances

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

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

Government Grants and Contracts

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

Income Taxes

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

Service Concession Arrangements

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

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.

Reclassifications

Certain amounts in the 2021 financial statements were reclassified to conform to the 2022 presentation.

NOTE 3 CASH AND CASH EQUIVALENTS

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

	June 30, 2022		
	Current	Noncurrent	Total
State Treasurer	$ 14,499,547	$ -	$ 14,499,547
In Bank	424,449	-	424,449
On Hand	1,350	-	1,350
Total	$ 14,925,346	$ -	$ 14,925,346

	June 30, 2021		
	Current	Noncurrent	Total
State Treasurer	$ 13,266,266	$ 234,743	$ 13,501,009
In Bank	87,588	-	87,588
On Hand	1,350	-	1,350
Total	$ 13,355,204	$ 234,743	$ 13,589,947

Cash held by the State Treasurer at June 30, 2022 and 2021, includes $-0- and $229,999, respectively, of restricted cash reserved for debt payments on the College Revenue Bonds (see Note 7).

The carrying amount of cash in bank at June 30, 2022 and 2021, equaled the combined bank balance of $424,449 and $87,588, respectively. The bank balances were covered by federal depository insurance as noted below or were collateralized by securities held by the State's agent. Regarding federal depository insurance, bank accounts are insured by the Federal Deposit Insurance Corporation up to $250,000.

Amounts with the State Treasurer as of June 30, 2022 and 2021, are comprised of two investment pools, the WV Money Market Pool and the WV Short-Term Bond Pool.

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 (In Thousands)	S&P Rating	Carrying Value (In Thousands)	S&P Rating
WV Money Market Pool	$ 10,119	AAAm	$ 10,740	AAAm
WV Short-Term Bond Pool	240	Not Rated	265	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 (In Thousands)	WAM (Days)	Carrying Value (In Thousands)	WAM (Days)
WV Money Market Pool	$ 10,119	21	$ 10,740	52

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

	2022		2021	
External Pool	Carrying Value (In Thousands)	Effective Duration (Days)	Carrying Value (In Thousands)	Effective Duration (Days)
WV Short-Term Bond Pool	$ 240	584	$ 265	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:

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

Other Investment Risks (Continued)

Custodial Credit Risk

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

Interest Rate Risk

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

Foreign Currency Risk

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

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, are as follows:

	2022	2021
Student Tuition and Fees - Net of Allowance for Doubtful Accounts of $616,579 and $1,010,507 for 2022 and 2021, Respectively	$ 404,643	$ 346,201
Grants and Contracts Receivable	65,721	403,544
Other Accounts Receivable	116,062	215,788
Total	586,426	965,533
Less: Noncurrent	31,283	33,723
Total	$ 555,143	$ 931,810

NOTE 5 CAPITAL ASSETS AND LEASED ASSETS

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

	2022				
	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital Assets Not Being Depreciated:					
Land	$ 2,144,268	$ -	$ -	$ -	$ 2,144,268
Construction in Progress	-	445,038	-	-	445,038
Total Capital Assets Not Being Depreciated	$ 2,144,268	$ 445,038	$ -	$ -	$ 2,589,306
Other Capital Assets:					
Building and Leasehold Improvements	$ 21,931,478	$ 109,049	$ -	$ -	$ 22,040,527
Land Improvements	372,648	24,875	-	-	397,523
Telecommunications - Leased	586,900	-	-	-	586,900
Equipment	1,848,101	360,683	-	-	2,208,784
Total Other Capital Assets	24,739,127	494,607	-	-	25,233,734
Less: Accumulated Depreciation for:					
Building and Leasehold Improvements	4,267,861	454,670	-	-	4,722,531
Land Improvements	218,912	26,501	-	-	245,413
Telecommunications - Leased	348,880	39,127	-	-	388,007
Equipment	1,594,550	101,604	-	-	1,696,154
Total Accumulated Depreciation	6,430,203	621,902	-	-	7,052,105
Other Capital Assets, Net	$ 18,308,924	$ (127,295)	$ -	$ -	$ 18,181,629
Capital Asset Summary:					
Capital Assets Not Being Depreciated	$ 2,144,268	$ 445,038	$ -	$ -	$ 2,589,306
Other Capital Assets	24,739,127	494,607	-	-	25,233,734
Total Cost of Capital Assets	26,883,395	939,645	-	-	27,823,040
Less: Accumulated Depreciation	6,430,203	621,902	-	-	7,052,105
Capital Assets, Net	$ 20,453,192	$ 317,743	$ -	$ -	$ 20,770,935

	2022				
Leased Assets Being Amortized:					
Office Space	$ 148,161	$ -	$ (148,161)	$ -	$ -
Copy Machine	-	65,840	-	-	65,840
Total Leased Assets Being Amortized	148,161	65,840	(148,161)	-	65,840
Less: Accumulated Depreciation for:					
Office Space	(85,919)	(62,242)	148,161	-	-
Copy Machine	-	(18,289)	-	-	(18,289)
Total Leased Assets Accumulated Amortization	(85,919)	(80,531)	148,161	-	(18,289)
Leased Assets, Net	$ 62,242	$ (14,691)	$ -	$ -	$ 47,551

NOTE 5 CAPITAL ASSETS AND LEASED ASSETS (CONTINUED)

	2021				
	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital Assets Not Being Depreciated:					
Land	$ 2,152,268	$ -	$ (8,000)	$ -	$ 2,144,268
Construction in Progress	1,069,974	-	-	(1,069,974)	-
Total Capital Assets Not Being Depreciated	$ 3,222,242	$ -	$ (8,000)	$ (1,069,974)	$ 2,144,268
Other Capital Assets:					
Building and Leasehold Improvements	$ 20,840,127	$ 53,377	$ (32,000)	$ 1,069,974	$ 21,931,478
Land Improvements	372,648	-	-	-	372,648
Telecommunications - Leased	586,900	-	-	-	586,900
Equipment	1,751,712	96,389	-	-	1,848,101
Total Other Capital Assets	23,551,387	149,766	(32,000)	1,069,974	24,739,127
Less: Accumulated Depreciation for:					
Building and Leasehold Improvements	3,816,462	454,599	(3,200)	-	4,267,861
Land Improvements	194,069	24,843	-	-	218,912
Telecommunications - Leased	309,753	39,127	-	-	348,880
Equipment	1,526,212	68,338	-	-	1,594,550
Total Accumulated Depreciation	5,846,496	586,907	(3,200)	-	6,430,203
Other Capital Assets, Net	$ 17,704,891	$ (437,141)	$ (28,800)	$ 1,069,974	$ 18,308,924
Capital Asset Summary:					
Capital Assets Not Being Depreciated	$ 3,222,242	$ -	$ (8,000)	$ (1,069,974)	$ 2,144,268
Other Capital Assets	23,551,387	149,766	(32,000)	1,069,974	24,739,127
Total Cost of Capital Assets	26,773,629	149,766	(40,000)	-	26,883,395
Less: Accumulated Depreciation	5,846,496	586,907	(3,200)	-	6,430,203
Capital Assets, Net	$ 20,927,133	$ (437,141)	$ (36,800)	$ -	$ 20,453,192

	2021				
Leased Assets Being Amortized:					
Office Space	$ 130,765	$ 17,396	$ -	$ -	$ 148,161
Less: Accumulated Depreciation for:					
Office Space	-	(85,919)	-	-	(85,919)
Leased Assets, Net	$ 130,765	$ (68,523)	$ -	$ -	$ 62,242

NOTE 6 DUE TO STATE AGENCIES

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

	2022	2021
WV Retiree Health Benefit Trust Fund	$ -	$ 3,605
Higher Education Policy Commission	4,027	-
WV Treasurer's Office	29	82
Central Mail Invoice	16	30
West Virginia Network for Educational Telecomputing	60,302	12,810
Total	$ 64,374	$ 16,527

NOTE 7 NONCURRENT LIABILITIES

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

	2022				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Noncurrent Liabilities:					
OPEB (Asset) Liability	$ 531,573	$ -	$ (566,482)	$ (34,909)	$ -
Bonds Payable	229,999	-	(229,999)	-	-
Debt Obligation due to Commission	399,399	-	(59,059)	340,340	61,736
Total Noncurrent Liabilities	$ 1,160,971	$ -	$ (855,540)	$ 305,431	$ 61,736

	2021				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Noncurrent Liabilities:					
OPEB Liability	$ 1,899,108	$ -	$ (1,367,535)	$ 531,573	$ -
Bonds Payable	676,146	-	(446,147)	229,999	229,999
Debt Obligation due to Commission	455,389	-	(55,990)	399,399	59,059
Total Noncurrent Liabilities	$ 3,030,643	$ -	$ (1,869,672)	$ 1,160,971	$ 289,058

Bonds

Bonds payable at June 30, consist of the following:

	Interest Rate	Annual Principal Installment Due	Principal Amount Outstanding 2022	Principal Amount Outstanding 2021
College Revenue Bonds	4.125%	$-0- to $229,999	$ -	$ 229,999

On September 30, 2011, the College issued $3,500,000 in revenue bonds to First Sentry Bank of Huntington, WV. The proceeds were used to complete the financing of the $20 million campus project opened in the fall semester of 2013. The terms of the bonds are for 10 years with the fixed interest rate of 4.125%. The College made interest only payments on March 1, 2012 and September 1, 2012. Semi-annual payments of principal and interest will be made on March 1 and September 1 of each year, commencing on March 1, 2013. The payments are to be made from cash receipts from Marshall University, pursuant to the Memorandum of Understanding between the College and Marshall University executed on March 20, 2009, and a pledge of the general capital fees collected from students.

NOTE 8 OTHER POST EMPLOYMENT BENEFITS

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

	2022	2021
Net OPEB (Asset) Liability	$ (34,909)	$ 531,573
Deferred Outflows of Resources	209,626	410,144
Deferred Inflows of Resources	1,304,224	1,715,534
Revenues	(31,958)	50,483
OPEB Expense	(693,233)	(430,664)
Contributions Made by the Corporation	121,377	214,090

Plan Description

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

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Plan Description (Continued)

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

Benefits Provided

The Plan provides the following benefits:

- Medical and Prescription Drug Insurance
- Life Insurance

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

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

Contributions

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

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

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Contributions (Continued)

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

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

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

The College's contributions to the OPEB plan for the years ended June 30, 2022, 2021, and 2020, were $121,377, $214,090, and $232,620, respectively.

Assumptions

The June 30, 2022, total OPEB liability for financial reporting purposes was determined by an actuarial valuation as of June 30, 2021, which is the measurement date. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.25%
Salary Increase	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation.
Investment Rate of Return	6.65%, net of OPEB plan investment expense, including inflation.
Healthcare Cost Trend Rates	Trend rate for pre-Medicare per capita costs of 7.0% for plan year-end 2022, 6.50% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year-end 2032. Trend rate for Medicare per capita costs of 31.11% for plan year-end 2022, 9.15% for plan year-end 2023, 8.40% for plan year-end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year-end 2036.
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percentage of Payroll over a 20-year closed period beginning June 30, 2017.
Wage Inflation	2.75%

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

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 "Healthcare Costs - From Birth to Death".
Expenses	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.
Mortality Post-Retirement	Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females.
Mortality Pre-Retirement	Pub-2010 General Employee Mortality Tables projected with MP-2019.

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

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

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

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

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

	2021	2020
Asset Class	Long-Term Expected Real Rate of Return	Long-Term Expected Real Rate of Return
Global Equity	4.8 %	6.8 %
Core Plus Fixed Income	2.1	4.1
Core Real Estate	4.1	6.1
Hedge Fund	2.4	4.4
Private Equity	6.8	8.8

Single Discount Rate

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

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the College's proportionate share of the net OPEB liability as of June 30, 2022, calculated using a discount rate that is one percentage point lower (5.65%) or one percentage point higher (7.65%) than the current rate.

	2022		
	1% Decrease (5.65%)	Current Discount Rate (6.65%)	1% Increase (7.65%)
Net OPEB (Asset) Liability	$ 187,325	$ (34,909)	$ (219,426)

	2021		
	1% Decrease (5.65%)	Current Discount Rate (6.65%)	1% Increase (7.65%)
Net OPEB Liability	$ 758,094	$ 531,573	$ 341,945

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the College's proportionate share of the net OPEB liability as of June 30, 2022 and 2021, calculated using the healthcare cost trend rate, as well as what the College's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB (Asset) Liability 2022	$ (257,748)	$ (34,909)	$ 236,535
Net OPEB Liability 2021	319,852	531,573	787,289

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

The net OPEB liability at June 30, 2022 and 2021 was measured as of June 30, 2021 and 2020, respectively, which is the measurement date. The total OPEB liability at June 30, 2022 and 2021 was determined by an actuarial valuation as of June 30, 2020 and 2019, respectively, and rolled forward to the respective measurement dates.

At June 30, 2022, the College's proportionate share of the net OPEB liability was $(41,783). Of this amount, the College recognized $(34,909) as its proportionate share on the statement of net position. The remainder of $(6,874) denotes the College's proportionate share of net OPEB liability attributable to the special funding.

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

At June 30, 2021, the College's proportionate share of the net OPEB liability was $649,112. Of this amount, the College recognized $531,573 as its proportionate share on the statement of net position. The remainder of $117,539 denotes the College's proportionate share of net OPEB liability attributable to the special funding.

The allocation percentage assigned to each participating employer and nonemployer contributing entity is based on its proportionate share of employer and nonemployer contributions to OPEB for each of the fiscal years ended June 30, 2021 and 2020. Employer contributions are recognized when due. At the June 30, 2021, measurement date, the College's proportion was 0.117400954%, a decrease of 0.002948362% from its proportion of 0.120349316% calculated as of June 30, 2020. At the June 30, 2020, measurement date, the College's proportion was 0.120349316%, an increase of 0.005885375% from its proportion of 0.114463941% calculated as of June 30, 2019.

For the year ended June 30, 2022, the College recognized OPEB expense of $(693,233), of this amount, $(661,275), was recognized as the College's proportionate share of OPEB expense and $(31,958) as the amount of OPEB expense attributable to special funding from a nonemployer contributing entity. The College also recognized revenue of $(31,958) for support provided by the State.

For the year ended June 30, 2021, the College recognized OPEB expense of $(430,664), of this amount, $(481,147), was recognized as the College's proportionate share of OPEB expense and $50,483 as the amount of OPEB expense attributable to special funding from a nonemployer contributing entity. The College also recognized revenue of $50,483 for support provided by the State.

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

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	$ 88,249	$ 71,570
Opt-Out Employer Change in Proportionate Share	-	12,582
Net Difference Between Projected and Actual Investment Earnings	-	240,916
Changes in Assumptions	-	738,686
Differences Between Expected and Actual Experience	-	240,470
Contributions After the Measurement Date	121,377	-
Total	$ 209,626	$ 1,304,224

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	$ 155,704	$ 140,373
Opt-Out Employer Change in Proportionate Share	-	30,628
Net Difference Between Projected and Actual Investment Earnings	40,350	-
Changes in Assumptions	-	1,199,871
Differences Between Expected and Actual Experience	-	344,662
Contributions After the Measurement Date	214,090	-
Total	$ 410,144	$ 1,715,534

The College will recognize the $121,377 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability in the year ending 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:

Year Ending June 30,	Amortization
2023	$ (633,232)
2024	(428,086)
2025	(84,535)
2026	(70,122)
Total	$ (1,215,975)

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 9 STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

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

NOTE 9 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, including certain facilities of the College. Financing for these facilities was provided through revenue bonds issued by the former Board of Regents or the former Boards of the University and College Systems (the Boards). These obligations administered by the Commission are the direct and total responsibility of the Commission, as successor to the former Boards.

The Commission has the authority to assess each public institution of higher education for payment of debt service on these system bonds. The tuition and registration fees of the members of the former State University System are generally pledged as collateral for the Commission's bond indebtedness. Student fees collected by the institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. Although the bonds remain as a capital obligation of the Commission, an estimate of the obligation of each institution is reported as a long-term payable by each institution and as a receivable by the Commission.

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

	2022	2021
Principal	$ 59,060	$ 55,990
Interest	17,343	20,170
Other	-	2,864
Total	$ 76,403	$ 79,024

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

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

NOTE 10 LEASES

Leases Receivable

The College, acting as lessor, leases classroom and office space to a third party under a long-term, noncancelable lease agreement. The lease revenue and interest income for the years ended June 30, 2022 and 2021 are summarized in the following table.

	2022	2021
Lease Revenue	$ 30,280	$ 15,140
Interest Income	1,218	1,071
Total	$ 31,498	$ 16,211

Leases Payable

The College leases office space and equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2024.

GASB Statement No. 87 requires the use of an incremental borrowing rate since the discount rate applied to lease payments is not specified in the College's leases. The College used an incremental borrowing rate of 4.13%.

Future minimum lease payments under lease agreements are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 21,709	$ 1,583	$ 23,292
2024	22,623	669	23,292
2025	3,862	20	3,882
Total	$ 48,194	$ 2,272	$ 50,466

NOTE 11 UNRESTRICTED COMPONENTS OF NET POSITION

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

	2022	2021
Total Unrestricted Net Position Before OPEB and Pension Liability	$ 11,127,718	$ 10,456,071
Less: OPEB (Asset) Liability	(34,909)	531,573
Total Unrestricted Net Position	$ 11,162,627	$ 9,924,498

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

NOTE 12 RETIREMENT PLANS

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

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

Defined Benefit Pension Plan

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

There were no net pension liability, revenues, or contributions made by the College for the years ended June 30, 2022 and 2021. Following is the College's deferred outflows of resources and deferred inflows of resources related to pension expense for the fiscal year ended June 30:

	2022	2021
Deferred Inflows of Resources	$ -	$ 75,500
Pension Expense	-	(32,474)

TRS

Plan Description

TRS is a multiemployer defined benefit, cost-sharing public employee retirement system providing retirement benefits as well as death and disability benefits. It covers all full-time employees of the 55 county public College systems in the State of West Virginia (the State) and certain personnel of the 13 State-supported institutions of higher education, State Department of Education, and the Higher Education Policy Commission hired prior to July 1, 1991. Employees of the State-supported institutions of higher education and the Higher Education Policy Commission hired after June 30, 1991, are required to participate in the Higher Education Retirement System. TRS closed membership to new hires effective July 1, 1991. The College no longer has employees in the TRS plan.

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

NOTE 12 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Benefits Provided

TRS provides retirement, death, and disability benefits. A member is eligible for normal retirement at age 60 with five years of service, age 55 with 30 years of service, or any age with 35 years of service. A member may retire with 30 years of credited service at any age with the pension reduced actuarially if the member retires before age 55. Terminated members with at least five, but less than 20, years of credited service who do not withdraw their accumulated contributions are entitled to a deferred retirement commencing at age 62. Retirement benefits are equivalent to 2% of average annual salary multiplied by years of service. Average salary is the average of the five highest fiscal years of earnings during the last 15 fiscal years of earnings. Chapter l 8, Article 7A of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan, including contribution rates, to the State Legislature.

Contributions

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

Member Contributions

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

Employer Contributions

The State (including institutions of higher education) make the following contributions:

- 15% of gross salary of their State-employed members hired prior to July 1, 1991;
- 15% of College Aid Formula (SAF) covered payroll of county-employed members;
- 7.5% of SAF-covered payroll of members of the Teachers' Defined Contribution Retirement System;
- a certain percentage of fire insurance premiums paid by State residents; and
- under WV State code section l 8-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the TRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2022 and 2021, the College's proportionate share attributable to this special funding subsidy was $-0-.

The College had no contributions to TRS for the years ended June 30, 2022, 2021, and 2020.

NOTE 12 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Assumptions

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2020 and 2019, and rolled forward to June 30, 2021 and 2020, respectively. The following actuarial assumptions were used and applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal Cost with Level Percentage of Payroll.
Asset Valuation Method	Investments are reported at Fair (Market) Value.
Amortization Method and Period	Level dollar, fixed period over 40 years, from July 1, 1994 through fiscal year 2034.
Investment Rate of Return	7.25%, net of pension plan administrative and investment expenses.
Projected Salary Increases	Teachers 2.75% - 5.90% and nonteachers 2.75% - 6.50%, based on age.
Inflation Rate	2.75%
Discount Rate	7.25%
Mortality Rates	Based on Pub-2010 Mortality Tables.
Withdrawal Rates	Teachers 7% - 35% and nonteachers 2.30% - 18.00%.
Disability Rates	0.004% - 0.563%
Retirement Age	An age-related assumption is used for participants not yet receiving payments.
Retirement Rates	15% - 100%
Ad Hoc	Cost-of-living increases in pensions are periodically granted by the State Legislature. However, the retirement system makes no automatic provision for such increases.

Experience studies are performed at least once in every five-year period. This valuation was prepared on the basis of assumptions that were recommended to and adopted by the Board based on the experience study covering the period from July 1, 2014 to June 30, 2019. These assumptions will remain in effect for valuation purposes until such time as the Board adopts revised assumptions.

NOTE 12 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Weighted Average Expected Real Rate of Return
Domestic Equity	27.5 %	5.5 %	1.60 %
International Equity	27.5	7.0	2.12
Fixed Income	15.0	2.2	0.50
Real Estate	10.0	6.6	0.61
Private Equity	10.0	8.5	0.81
Hedge Funds	10.0	4.0	0.44
Total	100.0 %		6.08
Inflation (CPI)			2.00
Total			8.08 %

Discount Rate

The discount rate used to measure the total TRS pension liability was 7.25% and 7.50% for all defined benefit plans for fiscal years ending June 30, 2021 and 2020, respectively. The projection of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, TRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on TRS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The June 30, 2022, TRS net pension liability was measured as of June 30, 2021, and the total pension liability was determined by an actuarial valuation as of July 1, 2020, rolled forward to the measurement date of June 30, 2021. The June 30, 2021, TRS net pension liability was measured as of June 30, 2020, and the total pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to the measurement date of June 30, 2020.

NOTE 12 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

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

The net pension liability is allocated based on contributions to the TRS plan. The College no longer has any employees in the TRS plan and made no contributions to the TRS plan beginning with the year ended June 30, 2020, which is the measurement date used for the fiscal year ended June 30, 2021 allocation. Therefore, the College’s proportionate share of the net pension liability was $-0- at June 30, 2021.

The allocation percentage assigned to each participating employer and nonemployer contributing entity is based on its proportionate share of employer and nonemployer contributions to TRS for each of the fiscal years ended June 30, 2021 and 2020. Employer contributions are recognized when due. At the June 30, 2021 measurement date, the College’s proportion was 0.00000%, which neither decrease nor increased from its proportion of 0.000000% calculated as of June 30, 2020. At the June 30, 2020 measurement date, the College’s proportion was 0.00000%, which neither decrease nor increased from its proportion of 0.000000% calculated as of June 30, 2019.

For the year ended June 30, 2021, the College recognized TRS pension expense of $(32,474). Of this amount, $(32,474) was recognized as the College’s proportionate share of the TRS expense, $-0- as the amount of pension expense attributable to special funding from a nonemployer contributing entity, and $-0- as the amount of pension expense from a nonemployer contributing entity not attributable to a special funding situation. The College also didn’t have any recognized revenue for support provided by the State.

At June 30, 2022, there were no deferred outflows of resources or deferred inflows of resources related to the TRS pension.

At June 30, 2021, deferred outflows of resources and deferred inflows of resources related to the TRS pension are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer Contributions and Proportionate Share of Contributions	$ -	$ 75,500
Total	$ -	$ 75,500

Payables to the Pension Plan

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

NOTE 12 RETIREMENT PLANS (CONTINUED)

Defined Contribution Benefit Plans

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

Total contributions to the TIAA for the years ended June 30, 2022 and 2021, and 2020, were approximately $727,000, $738,000, and $829,000, respectively, which consisted of equal contributions from the College and covered employees of approximately $363,000, $369,000, and $415,000, respectively.

There were no contributions to the Educators Money for the years ended June 30, 2022, 2021, or 2020.

The College's total payroll for the years ended June 30, 2022 and 2021, and 2020, was approximately $6,771,000, $7,017,000, and $7,386,000, respectively. Total covered employees' salaries in the TIAA and Educators Money were approximately; $6,163,000, $6,150,000, and $6,900,000, and $-0-, $-0-, and $-0-, respectively, in 2022, 2021, and 2020.

NOTE 13 CONTINGENCIES

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

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

The Internal Revenue Code of 1986 establishes rules and regulations for arbitrage rebates. There are no arbitrage rebate liabilities that have been recorded in the financial statements at June 30, 2022 and 2021.

NOTE 13 CONTINGENCIES (CONTINUED)

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

NOTE 14 MOUNTWEST FOUNDATION, INC.

With the change in State law to establish the College as a separate entity, a separate nonprofit Mountwest Foundation, Inc. (Mountwest Foundation) was incorporated in the State, effective July 1, 2009, whose purpose is to benefit the work and services of the College. Mountwest Foundation has a 16-member Board. There was limited activity in the Mountwest Foundation in fiscal year 2021. Accordingly, the financial statements of the Mountwest Foundation are not included in the accompanying financial statements because they are not controlled by the College, and they are not considered significant.

During the years ended June 30, 2022 and 2021 the Mountwest Foundation contributed approximately $-0- and $85,000, respectively, to the College for scholarships and items purchased by the College.

NOTE 15 SERVICE CONCESSION ARRANGEMENTS

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

The College contracts with Follett Higher Education Group, Inc. (FHEG) to operate its bookstore located within the College’s facilities; a professional bookstore that yields the highest caliber of services to the College community. The contract with Follett has been in place since April 18, 2012, with the last renewal period going through fiscal year 2024. The College receives annual rents of $12,000 and commission payments calculated at a contractually agreed upon percentage of bookstore gross sales. In 2022 and 2021, the College received approximately $36,872 and $28,998, respectively, in commissions from Follett. There were no significant renovations to the College facilities by Follett in either 2022 or 2021.

NOTE 16 NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

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

	2022							
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation and Amortization	Fees Assessed by the Commission	Total
Instruction	$ 4,375,706	$ 57,223	$ 1,304,785	$ 5,935	$ -	$ -	$ -	$ 5,743,649
Academic Support	459,912	102,183	538,248	767	-	-	-	1,101,110
Student Services	842,244	186,069	490,836	767	-	-	-	1,519,916
General Institutional Support	926,921	222,589	751,268	1,687	-	-	-	1,902,465
Operations and Maintenance of Plant	204,828	61,272	139,944	292,471	-	-	-	698,515
Student Financial Aid	-	-	-	-	5,158,870	-	-	5,158,870
Auxiliary Enterprises	-	-	-	-	-	-	-	-
Depreciation and Amortization	-	-	-	-	-	621,902	-	621,902
Other	-	-	-	-	-	-	66,858	66,858
Total	$ 6,809,611	$ 629,336	$ 3,225,081	$ 301,627	$ 5,158,870	$ 621,902	$ 66,858	$ 16,813,285

	2021							
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation and Amortization	Fees Assessed by the Commission	Total
Instruction	$ 4,027,584	$ 523,345	$ 1,785,085	$ -	$ -	$ -	$ -	$ 6,336,014
Academic Support	383,768	52,451	269,624	-	-	-	-	705,843
Student Services	1,006,232	120,384	667,907	-	-	-	-	1,794,523
General Institutional Support	1,314,378	170,207	292,850	-	-	-	-	1,777,435
Operations and Maintenance of Plant	245,010	45,863	774,409	285,396	-	-	-	1,350,678
Student Financial Aid	-	-	-	-	2,094,944	-	-	2,094,944
Auxiliary Enterprises	39,943	724	19,632	-	-	-	-	60,299
Depreciation and Amortization	-	-	-	-	-	586,907	-	586,907
Other	-	-	-	-	-	-	82,820	82,820
Total	$ 7,016,915	$ 912,974	$ 3,809,507	$ 285,396	$ 2,094,944	$ 586,907	$ 82,820	$ 14,789,463

NOTE 17 RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the College, the extent of the impact is unknown and will depend on various developments and responses. COVID-19 has impacted various parts of its fiscal years 2020, 2021 and 2022 and may impact fiscal year 2023 operations and financial results, including, but not limited to, declines in enrollment, loss of auxiliary revenues, additional bad debts, costs for increased use of technology, or potential shortages of personnel. Management believes the College is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

REQUIRED SUPPLEMENTARY INFORMATION

MOUNTWEST COMMUNITY AND TECHNICAL COLLEGE
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS
(UNAUDITED)

Schedule of Proportionate Share of TRS Net Pension Liability

Measurement Date	College's Proportionate Share as a Percentage of Net Pension Liability	College's Proportionate Share	State's Proportionate Share	Total Proportionate Share	College's Covered Employee Payroll	College's Proportionate Share as a Percentage of Covered Payroll	College's Plan Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2014	0.005755 %	$ 198,533	$ 448,610	$ 647,143	$ 177,000	112.17 %	65.95 %
June 30, 2015	0.005949	206,148	470,404	676,552	180,400	114.27	66.25
June 30, 2016	0.004432	182,167	346,980	529,147	115,000	158.41	61.42
June 30, 2017	0.002065	71,345	157,763	229,108	55,000	129.72	67.85
June 30, 2018	0.001118	34,907	90,451	125,358	7,300	478.18	71.20
June 30, 2019	-	-	-	-	-	-	72.64
June 30, 2020	-	-	-	-	-	-	70.89
June 30, 2021	-	-	-	-	-	-	-

Schedule of Employer Contributions

Measurement Date	Actuarily Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actuarial Contribution as a Percentage of Covered Payroll
June 30, 2014	$ 26,184	$ 26,511	$ (327)	$ 177,000	14.98 %
June 30, 2015	27,051	27,053	(2)	180,400	15.00
June 30, 2016	17,182	17,184	(2)	115,000	14.94
June 30, 2017	-	8,548	(8,548)	55,000	15.54
June 30, 2018	4,962	4,962	-	7,300	67.97
June 30, 2019	-	-	-	-	-
June 30, 2020	-	-	-	-	-
June 30, 2021	-	-	-	-	-

See accompanying Notes to Required Supplementary Information.

MOUNTWEST COMMUNITY AND TECHNICAL COLLEGE
SCHEDULES OF PROPORTIONATE SHARE OF NET OPEB LIABILITY AND CONTRIBUTIONS
(UNAUDITED)

Schedule of Proportionate Share of Net OPEB Liability

Measurement Date	College's Proportionate Share as a Percentage of Net OPEB Liability	College's Proportionate Share	State's Proportionate Share	Total Proportionate Share	College's Covered Employee Payroll	College's Proportionate Share as a Percentage of Covered Payroll	College's Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
June 30, 2017	0.112809 %	$ 2,773,963	$ 569,775	$ 3,343,738	$ 2,480,740	111.82 %	25.10 %
June 30, 2018	0.119479	2,563,339	529,774	3,093,113	2,450,142	104.62	30.98
June 30, 2019	0.114464	1,899,108	388,642	2,287,750	2,203,653	86.18	39.69
June 30, 2020	0.120349	531,573	117,539	649,112	2,061,154	25.79	73.49
June 30, 2021	0.117401	(34,909)	(6,874)	(41,783)	5,103,499	(0.68)	101.81

Schedule of Employer Contributions

Measurement Date	Actuarily Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actuarial Contribution as a Percentage of Covered Payroll
June 30, 2017	$ 231,708	$ 231,708	$ -	$ 2,480,740	9.34 %
June 30, 2018	244,154	244,154	-	2,450,142	9.96
June 30, 2019	235,828	235,828	-	2,203,653	10.70
June 30, 2020	232,621	232,621	-	2,061,154	11.29
June 30, 2021	214,090	214,090	-	5,103,499	4.19

These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying Notes to Required Supplementary Information.

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

Certain assumptions have been changed since the prior actuarial valuation as of June 30, 2018, and a measurement date of June 30, 2020. (See Footnote 8). Additional information, if necessary, can be obtained from the West Virginia Retiree Benefit Health Trust Fund Audited Schedules of Employer Other Postemployment Benefits Allocations and Other Postemployment Benefits Amounts by Employer.

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

Governing Board
Mountwest Community and Technical College
Huntington, 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 Mountwest 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 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 14, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We consider the deficiency in internal control, described in the accompanying schedule and findings and responses as item 2022-001 to be a material weakness.

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*.

Mountwest Community and Technical College's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the finding 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Philadelphia, Pennsylvania
October 14, 2022

2022-001

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Repeat Finding: No

Condition: During the performance of the audit, it was noted that revenue for certain grants were incorrectly recorded.

Criteria or Specific Requirement: Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Effect: Audit adjustments were recorded to properly state revenues for the year ended June 30, 2022.

Cause: The College did not have proper internal controls in place related to accounting for grant revenue.

Recommendation: We recommend the College evaluate its policies and procedures regarding recognition of grant revenue to ensure recorded amounts are in accordance with U.S. GAAP.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and will incorporate controls and procedures to ensure grant revenue transactions are properly recorded.