
New River
Community and Technical College

Financial Statements
Years Ended June 30, 2022 and 2021

and

Independent Auditor's Reports



**Suttle &
Stalnaker**

Certified
Public
Accountants

A Professional Limited Liability Company



NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
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INDEPENDENT AUDITOR'S REPORT

Board of Governors
New River Community and Technical College
Beaver, West Virginia

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of New River Community and Technical College (the College), a component unit of the West Virginia Council for Community and Technical Education, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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

We did not audit the financial statements of the New River Community and Technical College Foundation, Inc., which is a discretely presented component unit of the College. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented financial statements of the New River Community and Technical College Foundation, Inc., is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of New River Community and Technical College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 12, the schedule of proportionate share of the net pension liability, the schedule of pension contributions, the schedule of proportionate share of the net OPEB liability (asset), the schedule of OPEB contributions, and related notes on pages 67 through 74 be presented to supplement the basic financial statements. Such information is the responsibility of management, and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 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.



Charleston, West Virginia
September 30, 2022

**NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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Our discussion and analysis of New River Community and Technical College's (the College) financial performance provides an overview of the College's financial activities during the years ended June 30, 2022 and 2021. Since this discussion and analysis is designed to focus on current activities, resulting changes, and currently known facts, please refer to the College's financial statements on pages 13 to 18 and the notes to financial statements on pages 19 to 65.

Financial Highlights

With the passage of Senate Bill 448, the College was established and attained independent accreditation in February 2005, separating from Bluefield State College (BSC). Senate Bill 401 defined the process for separation of assets and liabilities from BSC to the College and BSC. The attached statements represent separate financial information for the College. The following are brief summaries for the College:

- The College's assets exceeded its liabilities by approximately \$26.0 million for FY2022 and approximately \$25.2 million for FY2021.
- Net operating loss was approximately \$10.5 million in FY2022 and approximately \$8.9 million in FY2021.

Overview of the Financial Statements

The College has implemented Governmental Accounting Standards Board (GASB) Statement Number 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. GASB 35 requires the College to present financial information as a whole rather than focusing on individual funds.

This report consists of management's discussion and analysis, the financial statements, the notes to the financial statements, and the required supplementary information. The financial statements include the statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows.

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

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

The New River Community and Technical College Foundation, Inc. (the Foundation) is significant enough to be included in the financial statements of the College in accordance with GASB 39. As such, the Foundation's audited financial statements are discretely presented as part of the College's financial statements. The assets of the Foundation are controlled by an independent board.

**NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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Financial Analysis of the College

Total net position of the College for FY2022 and FY2021 was approximately \$26.0 million and approximately \$25.2 million, with net investment in capital assets comprising approximately \$26.8 million and approximately \$27.0 million of the total, respectively, a decrease of 1% from FY2021 to FY2022. These capital assets are utilized to provide educational and related services to students and the communities, but are not readily available for future spending. The College's restricted net position, expendable was approximately \$50 thousand and \$300 thousand for FY2022 and FY2021, respectively. The unrestricted net position was approximately \$0.8 million deficit (3%) and approximately \$2.1 million deficit (8%) of the total net position for FY2022 and FY2021, respectively. The unrestricted net position represents amounts not restricted by plant operations, grant and loan funds, and State code restrictions.

**Condensed Schedules of Net Position
June 30, 2022, 2021 and 2020
(in millions)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash	\$ 5.0	\$ 4.8	\$ 4.3
Other current assets	<u>0.6</u>	<u>0.9</u>	<u>0.5</u>
Total current assets	<u>5.6</u>	<u>5.7</u>	<u>4.8</u>
Capital assets	26.8	27.1	27.7
Other noncurrent assets	<u>0.1</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>26.9</u>	<u>27.1</u>	<u>27.7</u>
Total assets	<u>32.5</u>	<u>32.8</u>	<u>32.5</u>
Deferred outflows of resources	<u>0.2</u>	<u>0.4</u>	<u>0.3</u>
Total	<u>\$ 32.7</u>	<u>\$ 33.2</u>	<u>\$ 32.8</u>
Current liabilities	\$ 4.9	\$ 5.1	\$ 5.6
Noncurrent liabilities	<u>0.5</u>	<u>1.1</u>	<u>2.3</u>
Total liabilities	<u>5.4</u>	<u>6.2</u>	<u>7.9</u>
Deferred inflows of resources	<u>1.3</u>	<u>1.8</u>	<u>1.2</u>
Net position			
Investment in capital assets	26.8	27.0	27.7
Restricted net position, expendable	-	0.3	-
Unrestricted net position (deficit)	<u>(0.8)</u>	<u>(2.1)</u>	<u>(4.0)</u>
Total net position	<u>26.0</u>	<u>25.2</u>	<u>23.7</u>
Total	<u>\$ 32.7</u>	<u>\$ 33.2</u>	<u>\$ 32.8</u>

**NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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For the years ended June 30, 2022 and 2021, the increase in net position before other revenues, expenses, gains or losses was approximately \$0.7 million and \$1.1 million, respectively. Net tuition revenue increased for FY2022 by approximately \$0.1 million to approximately \$2.0 million due to a decrease in financial assistance. Financial aid assistance is reflected in the appropriate Federal, State, or Pell grant revenue source from which the financial aid was issued. Federal Pell grant revenue remained the same at approximately \$2.6 million. State appropriations remained the same at approximately \$5.9 million.

The College received approximately \$2.7 million from the Higher Education Emergency Relief Fund (HEERF) in FY2022. Approximately \$1.6 million of this funding was used as emergency financial aid grants to students. Approximately \$0.5 million was spent for institutional costs. These expenses were related to changes to the delivery of instruction due to Coronavirus Disease (COVID-19) and other expenses related to the pandemic including cleaning supplies and personal protective equipment (PPE). The remaining balance of approximately \$0.6 million was used to recover lost revenue due to the COVID-19 pandemic.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating revenues			
Tuition and fees	\$ 2.0	\$ 1.9	\$ 1.6
Contracts and grants	2.9	2.5	2.4
Other	<u>0.2</u>	<u>0.2</u>	<u>0.4</u>
Total operating revenues	5.1	4.6	4.4
Less: operating expenses	<u>15.6</u>	<u>13.5</u>	<u>13.9</u>
Operating loss	(10.5)	(8.9)	(9.5)
Nonoperating revenues			
State appropriation	5.9	5.9	5.9
Pell grant revenue	2.6	2.6	3.2
Other nonoperating revenue	<u>2.7</u>	<u>1.5</u>	<u>0.4</u>
Net nonoperating revenue	<u>11.2</u>	<u>10.0</u>	<u>9.5</u>
Increase (decrease) in net position before other revenues, expenses, gains or losses	0.7	1.1	-
Other payments on behalf of the College	-	0.1	0.2
Payments on behalf of the College	<u>0.1</u>	<u>0.3</u>	<u>0.9</u>
Change in net position	<u>0.8</u>	<u>1.5</u>	<u>1.1</u>
Net position - beginning of year	<u>25.2</u>	<u>23.7</u>	<u>22.6</u>
Net position - end of year	<u>\$ 26.0</u>	<u>\$ 25.2</u>	<u>\$ 23.7</u>

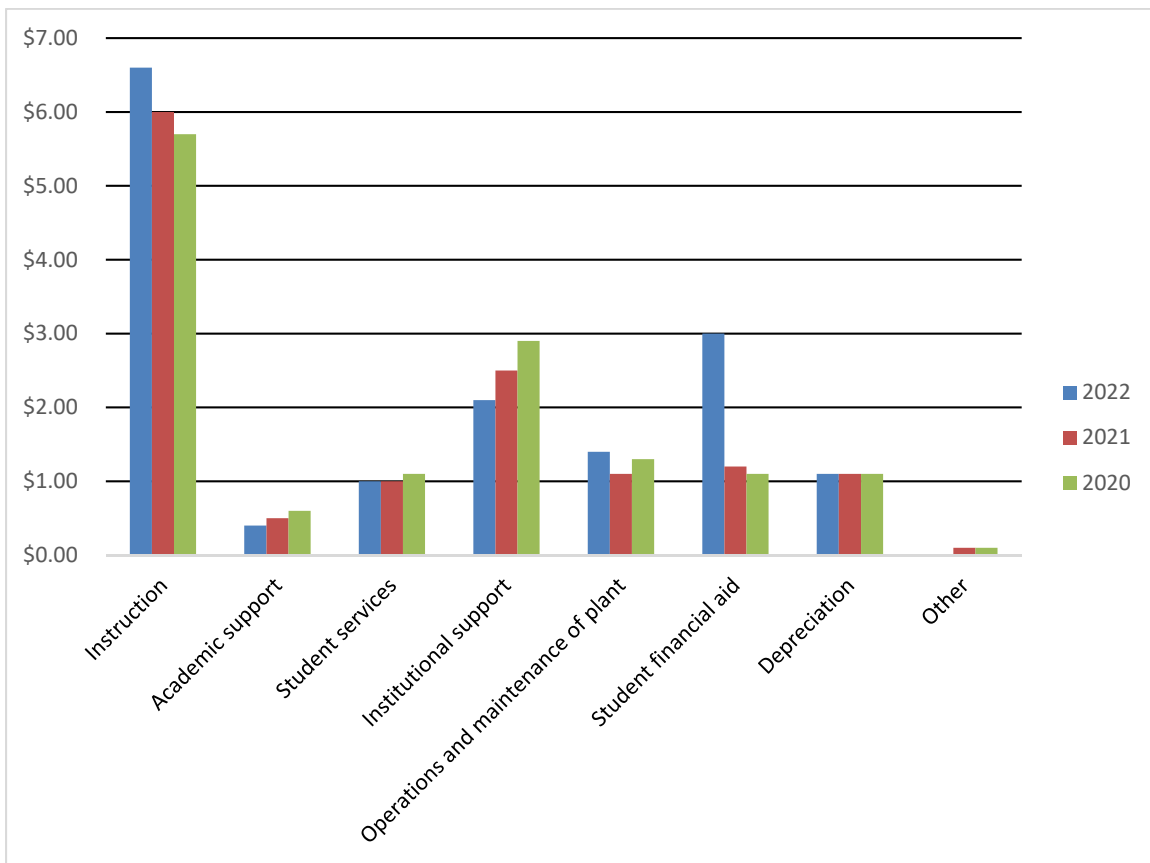
**NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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**Schedules of Operating Expenses
Years Ended June 30, 2022, 2021 and 2020
(in millions)**

FUNCTIONAL CLASSIFICATION OF EXPENSES	<u>2022</u>	<u>2021</u>	<u>2020</u>
Instruction	\$ 6.6	\$ 6.0	\$ 5.7
Academic support	0.4	0.5	0.6
Student services	1.0	1.0	1.1
Institutional support	2.1	2.5	2.9
Operations and maintenance of plant	1.4	1.1	1.3
Student financial aid	3.0	1.2	1.1
Depreciation	1.1	1.1	1.1
Other	-	0.1	0.1
Total	<u>\$ 15.6</u>	<u>\$ 13.5</u>	<u>\$ 13.9</u>

**New River Community and Technical College
Functional Classifications of Expenditures**



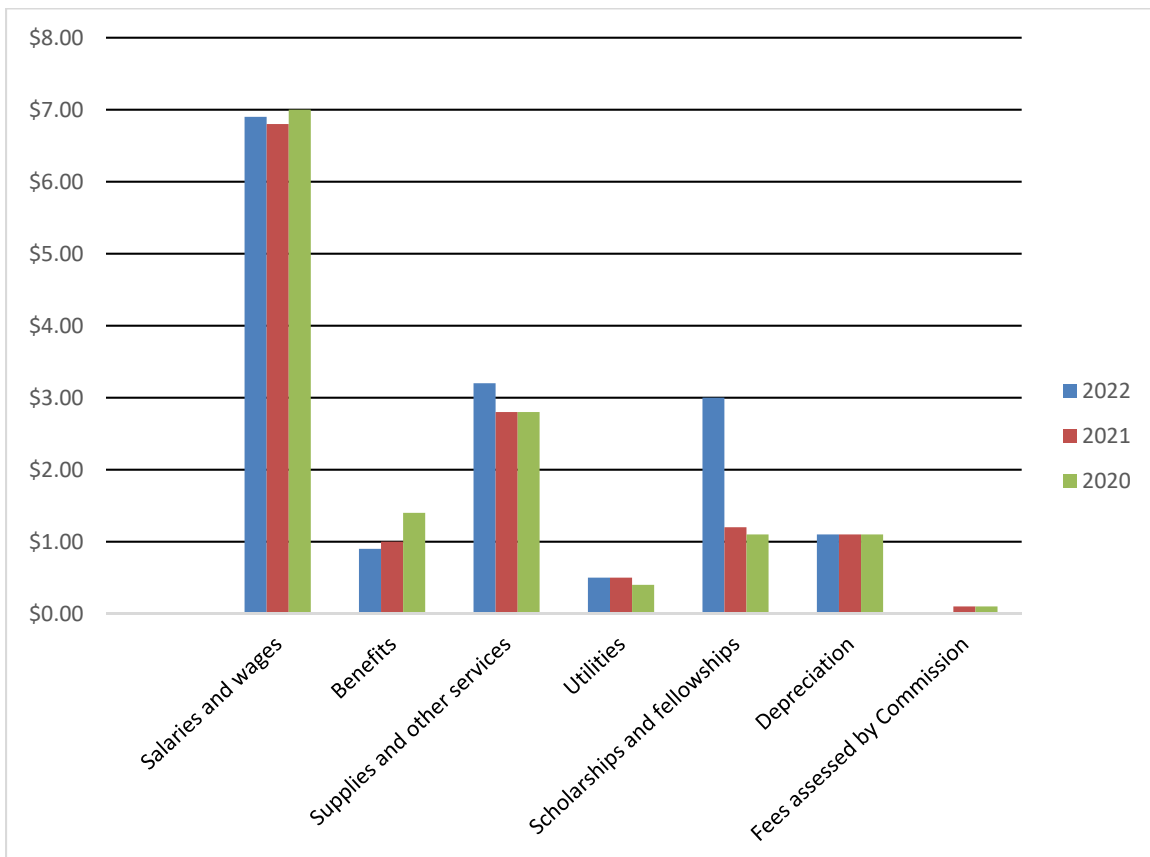
**NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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**Schedules of Natural Expenses
Years Ended June 30, 2022, 2021 and 2020
(in millions)**

NATURAL CLASSIFICATION OF EXPENSES	<u>2022</u>	<u>2021</u>	<u>2020</u>
Salaries and wages	\$ 6.9	\$ 6.8	\$ 7.0
Benefits	0.9	1.0	1.4
Supplies and other services	3.2	2.8	2.8
Utilities	0.5	0.5	0.4
Scholarships and fellowships	3.0	1.2	1.1
Depreciation	1.1	1.1	1.1
Fees assessed by Commission	<u>0.0</u>	<u>0.1</u>	<u>0.1</u>
Total	<u>\$ 15.6</u>	<u>\$ 13.5</u>	<u>\$ 13.9</u>

**New River Community and Technical College
Natural Classifications of Expenditures**



**NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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The Statement of Cash Flows presents detailed information about the cash activities of the College during the year. The statement is divided into five parts. The first section deals with operating cash flows and shows the net cash used in the operating activities. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and noncapital financing purposes. The third section deals with the cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital assets and related items and related funding received. The fourth section reflects the cash flows from investing activities and shows interest received from investing activities. The fifth section reconciles the net cash used in operating activities to the operating loss reflected in the statement of revenues, expenses, and changes in net position. Cash and cash equivalents for the years ended June 30, 2022 and 2021 were approximately \$5.0 million and approximately \$4.8 million, an increase of approximately \$0.2 million from FY2021 to FY2022.

**Condensed Schedules of Cash Flows
Years Ended June 30, 2022, 2021 and 2020
(in millions)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash provided by (used in)			
Operating activities	\$ (10.2)	\$ (9.3)	\$ (6.3)
Non capital financing activities	11.1	9.7	9.3
Capital and related financing activities	<u>(0.7)</u>	<u>0.1</u>	<u>(0.4)</u>
Increase (decrease) in cash and cash equivalents	0.2	0.5	2.6
 Cash and cash equivalents, beginning of year	 <u>4.8</u>	 <u>4.3</u>	 <u>1.7</u>
 Cash and cash equivalents, end of year	 <u>\$ 5.0</u>	 <u>\$ 4.8</u>	 <u>\$ 4.3</u>

Capital Asset and Debt Administration

In FY2022, the College purchased approximately \$0.9 million in buildings and equipment and retired approximately \$0.4 million in equipment.

In FY2018, the College entered into an operating loan with the Council to repay three loans received in FY2016 to fund payroll. The loan is to be repaid over a fifteen year period with payments commencing on June 15, 2018 with final payment due March 15, 2033. The outstanding balance on the loan was approximately \$0.3 million as of June 30, 2022. Readers interested in more detailed information regarding capital assets and debt administration should review the accompanying notes 4 and 5 to the financial statements.

**NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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Economic Outlook

Accreditation for the College was approved for a ten year period from the Higher Learning Commission following an institutional visitation in October 2015 providing for solid academic standards that potential students will likely consider when selecting a school to attend. Management is monitoring both the national and State economic conditions for changes which may impact the ability to meet the College mission. During times of economic distress, community colleges traditionally experience growth and management is confident that the College will be able to withstand economic downturns.

The COVID-19 pandemic has caused management to find new and innovative solutions to instruction and doing business as an institution. Many of the College's employees work from home and many classes are being taught over an online platform. The College continues to focus on student enrollment and programs that best serve the students in its region. The HEERF funds have provided assistance to the College as it faces unexpected expenditures related to the pandemic.

Contacting the College's Financial Management

This financial report is designed to provide a general overview of the College's finances. Questions concerning any of the information provided in this report should be addressed to the Chief Financial Officer, 280 University Drive, Beaver, West Virginia 25813. For additional information on the New River Community and Technical College Foundation, Inc. please see their separately issued financial statements.

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

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	<u>2022</u>	<u>2021</u>
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,009,835	\$ 4,803,832
Accounts receivable, net of allowance of \$1,085,690 and \$1,068,663	290,985	296,700
Due from Commission/Council	124,818	136,794
Due from Federal government	<u>188,226</u>	<u>456,173</u>
Total current assets	<u>5,613,864</u>	<u>5,693,499</u>
NONCURRENT ASSETS		
Capital assets - net	26,804,106	27,062,297
Other accounts receivable	22,727	29,628
Net other post employment benefits asset	<u>33,054</u>	<u>-</u>
Total noncurrent assets	<u>26,859,887</u>	<u>27,091,925</u>
Total assets	<u>32,473,751</u>	<u>32,785,424</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows relating to pension	17,044	33,573
Deferred outflows relating to OPEB	<u>204,398</u>	<u>387,941</u>
Total deferred outflows of resources	<u>221,442</u>	<u>421,514</u>
Total	<u>\$ 32,695,193</u>	<u>\$ 33,206,938</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 377,173	\$ 350,694
Accrued liabilities	802,432	777,248
Due to Commission/Council	10,000	3,173
Debt service obligation payable to the Council - current portion	30,668	30,668
Unearned revenue	3,302,065	3,594,665
Compensated absences - current portion	342,012	373,840
Note payable - current portion	<u>7,545</u>	<u>7,471</u>
Total current liabilities	<u>4,871,895</u>	<u>5,137,759</u>
NONCURRENT LIABILITIES		
Compensated absences	130,793	162,236
Debt service obligation payable to the Council	298,993	329,661
Net pension liability	36,366	81,136
Note payable	9,537	17,082
Net other post employment benefits liability	<u>-</u>	<u>503,575</u>
Total noncurrent liabilities	<u>475,689</u>	<u>1,093,690</u>
Total liabilities	<u>5,347,584</u>	<u>6,231,449</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows relating to pension	114,211	126,427
Deferred inflows relating to the OPEB	<u>1,204,807</u>	<u>1,657,103</u>
Total deferred inflows of resources	<u>1,319,018</u>	<u>1,783,530</u>
NET POSITION		
Net investment in capital assets	26,787,024	27,037,744
Restricted net position, expendable	45,388	288,746
Unrestricted net position (deficit)	<u>(803,821)</u>	<u>(2,134,531)</u>
Total net position	<u>26,028,591</u>	<u>25,191,959</u>
Total	<u>\$ 32,695,193</u>	<u>\$ 33,206,938</u>

The Accompanying Notes Are An Integral
Part Of These Financial Statements

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

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	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Student tuition and fees, net of scholarship allowance of \$3,308,539 and \$3,057,597	\$ 2,021,298	\$ 1,854,928
Contracts and grants		
Federal	803,163	537,201
State	2,096,704	1,976,881
Sales and services of educational activities	118,297	148,434
Miscellaneous - net	<u>91,123</u>	<u>66,818</u>
Total operating revenues	<u>5,130,585</u>	<u>4,584,262</u>
OPERATING EXPENSES		
Salaries and wages	6,920,929	6,838,128
Benefits	863,394	1,009,311
Supplies and other services	3,159,007	2,828,929
Utilities	479,783	447,596
Student financial aid - scholarships and fellowships	2,965,182	1,156,921
Depreciation	1,142,755	1,119,261
Assessments by the Policy Commission for operations	<u>49,754</u>	<u>54,746</u>
Total operating expenses	<u>15,580,804</u>	<u>13,454,892</u>
OPERATING LOSS	<u>(10,450,219)</u>	<u>(8,870,630)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	5,864,886	5,864,886
Federal Pell grants	2,648,594	2,586,630
Federal HEERF revenues	2,652,220	1,235,119
Gain (loss) on sale of assets	(1,995)	313,712
Investment income	<u>6,322</u>	<u>6,869</u>
Net nonoperating revenues	<u>11,170,027</u>	<u>10,007,216</u>
INCREASE IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	719,808	1,136,586
PAYMENTS MADE AND EXPENSES INCURRED (OFFSET) BY THE STATE ON BEHALF OF THE COLLEGE	(28,875)	66,315
PAYMENTS MADE AND EXPENSES INCURRED ON BEHALF OF THE COLLEGE	<u>145,699</u>	<u>312,287</u>
CHANGE IN NET POSITION	<u>836,632</u>	<u>1,515,188</u>
NET POSITION, beginning of year	<u>25,191,959</u>	<u>23,676,771</u>
NET POSITION, end of year	<u><u>\$ 26,028,591</u></u>	<u><u>\$ 25,191,959</u></u>

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

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	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	\$ 2,027,013	\$ 1,917,367
Contracts and grants	2,228,236	717,657
Payments to and on behalf of employees	(8,690,223)	(8,368,566)
Payments to suppliers	(3,132,718)	(2,847,580)
Payments to utilities	(479,593)	(454,867)
Payments for scholarships and fellowships	(2,299,401)	(436,016)
Sales and services of educational activities	118,297	148,434
Fees assessed by Commission	(49,754)	(54,746)
Other receipts (payments)-net	<u>91,123</u>	<u>66,818</u>
Net cash (used) in operating activities	<u>(10,187,020)</u>	<u>(9,311,499)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	5,864,886	5,864,886
Pell grants	2,648,594	2,586,630
Payments to the Commission on debt obligation	(30,668)	(30,668)
Federal HEERF revenues	2,652,220	1,235,119
William D. Ford direct lending receipts	665,781	720,905
William D. Ford direct lending payments	<u>(665,781)</u>	<u>(720,905)</u>
Net cash provided by noncapital financing activities	<u>11,135,032</u>	<u>9,655,967</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchases of capital assets	(740,860)	(500,496)
Proceeds from sale of capital assets	-	611,800
Proceeds from note payable	-	30,720
Principal payments on note payable	<u>(7,471)</u>	<u>(12,984)</u>
Net cash provided by (used) in capital financing activities	<u>(748,331)</u>	<u>129,040</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>6,322</u>	<u>6,869</u>
Net cash provided by investing activities	<u>6,322</u>	<u>6,869</u>
INCREASE IN CASH AND CASH EQUIVALENTS	206,003	480,377
CASH AND CASH EQUIVALENTS - beginning of year	<u>4,803,832</u>	<u>4,323,455</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 5,009,835</u>	<u>\$ 4,803,832</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH (USED) IN OPERATING ACTIVITIES		
Operating loss	\$ (10,450,219)	\$ (8,870,630)
Adjustments to reconcile operating loss to net cash (used) in operating activities:		
Depreciation expense	1,142,755	1,119,261
Pension expense-special funding situation	1,384	18,491
OPEB expense-special funding situation	(30,259)	47,824
Changes in assets and liabilities:		
Accounts receivables - net	5,715	62,439
Due from Commission/Council	11,976	(38,576)
Due from Federal government	267,947	(430,910)
Other accounts receivable	6,901	4,915
Deferred outflows of resources	200,072	(92,411)
Accounts payable	26,479	(25,922)
Accrued liabilities	25,184	165,341
Due to Commission/Council	6,827	(139,445)
Unearned revenue	(292,600)	(466,589)
Compensated absences	(63,271)	45,866
Net pension liability	(44,770)	18,747
Net other post employment benefits liability (asset)	(536,629)	(1,295,451)
Deferred inflows of resources	<u>(464,512)</u>	<u>565,551</u>
Net cash (used) in operating activities	<u>\$ (10,187,020)</u>	<u>\$ (9,311,499)</u>
NONCASH TRANSACTIONS		
Capital payments made on behalf of New River Community and Technical College	<u>\$ 145,699</u>	<u>\$ 312,287</u>
(Gain) loss on disposal of capital assets	<u>\$ 1,995</u>	<u>\$ (313,712)</u>

The Accompanying Notes Are An Integral
Part Of These Financial Statements

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

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<u>ASSETS</u>		
	<u>2022</u>	<u>2021</u>
Cash and equivalents	\$ 262,296	\$ 207,063
Accounts receivable, net of allowance for doubtful accounts of \$3,225 and \$0, respectively	2,775	3,950
Unconditional promises to give, less allowance for uncollectable amounts of \$0	25,000	25,000
Trust marketable securities, at fair market value	1,188,590	1,323,030
Title III marketable securities, at fair market value	422,195	490,747
Beneficial interest in assets held by community foundation	<u>1,344,155</u>	<u>1,612,231</u>
TOTAL ASSETS	<u>\$ 3,245,011</u>	<u>\$ 3,662,021</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities</u>		
Accounts payable	\$ 950	\$ 1,838
Accrued expenses	12,000	10,000
Scholarships payable	<u>182,750</u>	<u>112,000</u>
Total Liabilities	<u>195,700</u>	<u>123,838</u>
<u>Net Assets</u>		
Without donor restrictions	33,708	28,015
With donor restrictions	<u>3,015,603</u>	<u>3,510,168</u>
Total Net Assets	<u>3,049,311</u>	<u>3,538,183</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,245,011</u>	<u>\$ 3,662,021</u>

The Accompanying Notes Are An Integral
Part Of These Financial Statements

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2022

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	Without Donor Restrictions	With Donor Restrictions	Total
<u>Public Support and Revenue</u>			
Grants and contributions	\$ 7,488	\$ 154,027	\$ 161,515
Contributed services and supplies revenue	107,810	-	107,810
Fundraising activity, sponsorships, and event revenue	60,600	-	60,600
 Total Public Support and Revenue	 175,898	 154,027	 329,925
<u>Investment Income (Loss)</u>			
Interest and dividends income	1,227	61,040	62,267
Realized gain on investment securities	1,615	80,339	81,954
Unrealized loss on investment securities	(10,540)	(524,462)	(535,002)
Bank and investment fees	(518)	(25,766)	(26,284)
 Total Investment Income (Loss)	 (8,216)	 (408,849)	 (417,065)
Net assets released from restrictions	239,743	(239,743)	-
 Total Revenue and Other Support	 407,425	 (494,565)	 (87,140)
<u>Expenses</u>			
Student support and program services	269,911	-	269,911
Management and general	43,430	-	43,430
Fundraising	88,391	-	88,391
 Total Expenses	 401,732	 -	 401,732
Change in Net Assets	5,693	(494,565)	(488,872)
Net Assets, Beginning of Year	28,015	3,510,168	3,538,183
Net Assets, End of Year	\$ 33,708	\$ 3,015,603	\$ 3,049,311

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2021

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	Without Donor Restrictions	With Donor Restrictions	Total
<u>Public Support and Revenue</u>			
Grants and contributions	\$ 11,805	\$ 203,011	\$ 214,816
Contributed services and supplies revenue	119,538	-	119,538
Fundraising activity, sponsorships, and event revenue	37,735	-	37,735
Total Public Support and Revenue	169,078	203,011	372,089
<u>Investment Income (Loss)</u>			
Interest and dividends income	2,294	58,079	60,373
Realized gain on investment securities	1,115	28,230	29,345
Unrealized gain on investment securities	21,604	546,933	568,537
Bank and investment fees	(907)	(22,965)	(23,872)
Total Investment Income (Loss)	24,106	610,277	634,383
Net assets released from restrictions	156,091	(156,091)	-
Total Revenue and Other Support	349,275	657,197	1,006,472
<u>Expenses</u>			
Student support and program services	213,596	-	213,596
Management and general	43,525	-	43,525
Fundraising	77,149	-	77,149
Total Expenses	334,270	-	334,270
Change in Net Assets	15,005	657,197	672,202
Net Assets, Beginning of Year	13,010	2,852,971	2,865,981
Net Assets, End of Year	\$ 28,015	\$ 3,510,168	\$ 3,538,183

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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NOTE 1 - ORGANIZATION

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

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

S.B. 653 also created the West Virginia Higher Education Policy Commission (the Commission), which is responsible for developing, gaining consensus around and overseeing the implementation and development of a higher education public policy agenda. Senate Bill 448 gives the West Virginia Council for Community and Technical College Education (the Council) the responsibility of developing, overseeing, and advancing the State's Public Policy agenda as it relates to community and technical college education. Senate Bill 401 required the transfer of certain net position from Bluefield State College to its separately governed community and technical college after the community and technical college received its independent accreditation. The College received its accreditation on February 8, 2005.

As a requirement of Governmental Accounting Standards Board (GASB), the College has included information from the New River Community and Technical College Foundation, Inc. (the Foundation).

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

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

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The audited financial statements of the Foundation are presented here as a discrete component unit with the College financial statements in accordance with GASB. The Foundation's audited financial statements were as of and for the years ended June 30, 2022 and 2021. The Foundation is a private nonprofit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's audited financial information as it is presented herein except that in accordance with governmental accounting standards, the Foundation's statements of cash flows and statements of functional expenses are not presented.

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

- *Net investment in capital assets* - This represents the College's total investment in capital assets, net of depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets, net of related debt.
- *Restricted net position, expendable* - This includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.
- *Restricted net position, nonexpendable* - This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal. The College does not have any restricted nonexpendable net position at June 30, 2022 and 2021.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- *Unrestricted net position* - Unrestricted net position includes resources that are not subject to externally imposed stipulations. Such resources are derived from tuition and fees (not restricted as to use), state appropriations, sales and services of educational activities and auxiliary enterprises. Unrestricted net position is used for transactions related to the educational and general operations of the College and may be designated for specific purposes by action of the Board of Governors.

Basis of Accounting - For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been prepared on the accrual basis of accounting with a flow of economic resources measurement focus. Revenues are reported when earned and expenses are incurred 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 equivalent balances on deposit with the State of West Virginia Treasurer's Office (the State Treasurer) are pooled by the State Treasurer with other funds of the State for investment purposes by the West Virginia Board of Treasury Investments (BTI). These funds are transferred to the BTI and the BTI is directed by the State Treasurer to invest the funds in specific external investment pools in accordance with West Virginia code, policies set by the BTI, and by provisions of bond indentures and trust agreements, when applicable. Balances in the investment pools are recorded at fair value or amortized cost which approximates fair value. Fair value is determined by a third-party pricing service based on asset portfolio pricing models and other sources in accordance with GASB. The BTI was established by the State Legislature and is subject to oversight by the State Legislature. Fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. The amounts on deposit are available for immediate withdrawal or on the first day of each month for the WV Short Term Bond Pool and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

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

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

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Capital Assets - Capital assets include property, plant and equipment, and books and materials that are part of a catalogued library. Capital assets are stated at cost at the date of acquisition or construction or fair market value at the date of donation in the case of gifts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 20 to 50 years for buildings, 20 years for land improvements, 7 years for library books, and 3 to 10 years for furniture and equipment. The College's capitalization threshold is \$5,000. There was no interest capitalized during 2022 or 2021.

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

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

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

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by RHBT. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See note 6 for further discussion.

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

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 (STRS), administered by the West Virginia Consolidated Public Retirement Board (CPRB), and additions to/reductions from the STRS fiduciary net position have been determined on the same basis as they are reported in the STRS financial statements, which can be found at <https://www.wvretirement.com/Publications.html#CAFR>. The plan schedules of STRS are prepared using the accrual basis of accounting and economic resources measurement focus in accordance with U.S. GAAP as prescribed by GASB. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Investments are reported at fair value. Detailed information on investment valuation can be found in the STRS financial statements. Management of STRS has made certain estimates and assumptions relating to employer allocation schedules, and actual results could differ. See note 9 for further discussion.

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.

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.

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

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

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

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

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

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- *Nonoperating revenues* - Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB, such as state appropriations, Federal Pell Grants, and investment income, and sale of capital assets (including natural resources).
- *Other Revenue* - Other revenues consist primarily of capital gains and gifts.

Use of Restricted Net Position - The College has not adopted a formal policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Generally, the College attempts to utilize restricted net position 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 unsubsidized loans directly to students, through 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, respectively, the College received and disbursed approximately \$0.7 million and \$0.7 million under the Federal Direct Student Loan Program on behalf of the U.S. Department of Education, which is not included as revenue and expense on the statements of revenues, expenses and changes in net position.

The College also distributes other student financial assistance funds on behalf of the federal government to students under the Federal Pell Grant, Supplemental Educational Opportunity Grant, and College Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2022 and 2021, respectively, the College received and disbursed approximately \$2.8 million and \$2.7 million, under these federal student aid programs.

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

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and College Business Officers. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Reclassifications - Certain amounts in the 2021 financial statements have been reclassified to conform with the 2022 presentation. Such reclassifications had no effect on the 2021 net position or changes in net position.

Newly Adopted Statements Issued by the Governmental Accounting Standards Board - The College implemented GASB Statement No. 87, *Leases*, which is effective for fiscal years beginning after June 15, 2021. This Statement requires lessees and lessors to report leases under a single model. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources for each lease. This Statement also requires additional notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The adoption of GASB Statement No. 87 did not have a significant impact on the financial statements.

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

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
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YEARS ENDED JUNE 30, 2022 AND 2021

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
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NOTE 3 - CASH AND CASH EQUIVALENTS

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

	2022	2021
Cash on deposit with the Treasurer/BTI	\$ 4,980,713	\$ 4,769,660
Cash in bank	26,972	32,022
Cash on hand	2,150	2,150
	<u>\$ 5,009,835</u>	<u>\$ 4,803,832</u>

Cash held by the Treasurer and cash in banks includes \$3,287,269 and \$3,512,166 of restricted cash at June 30, 2022 and 2021, respectively.

The combined carrying amount of cash in the bank at June 30, 2022 and 2021, was \$26,972 and \$32,022, respectively, as compared with the combined bank balance of \$96,117 and \$93,139; respectively. The difference is primarily caused by outstanding checks and items in transit. The bank balances were covered by federal depository insurance as noted below or were collateralized by securities held by the State's agent. Regarding federal depository insurance, accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Amounts with the State Treasurer were \$4,980,713 and \$4,769,660 as of June 30, 2022 and 2021, respectively. Of these amounts, \$3,131,830 and \$3,389,372 were invested in the WV Money Market Pool and the WV Short Term Bond Pool as of June 30, 2022 and 2021, respectively. The remainder of the cash held with the State Treasurer was not invested at June 30, 2022 and 2021.

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

	2022		2021	
External Pool	Carrying Value	S & P Rating	Carrying Value	S & P Rating
WV Money Market Pool	\$ 3,059,210	AAAm	\$ 3,307,884	AAAm
WV Short Term Bond Pool	72,620	Not Rated	81,488	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.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
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NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

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

External Pool	2022		2021	
	Carrying Value	WAM (Days)	Carrying Value	WAM (Days)
WV Money Market Pool	\$ 3,059,210	21	\$ 3,307,884	52

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

External Pool	2022		2021	
	Carrying Value	Effective Duration (Days)	Carrying Value	Effective Duration (Days)
WV Short Term Bond Pool	\$ 72,620	584	\$ 81,488	638

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

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

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

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

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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NOTE 4 - CAPITAL ASSETS

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

	2022			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 894,000	\$ -	\$ -	\$ 894,000
Construction in progress	<u>9,440</u>	<u>76,721</u>	<u>9,440</u>	<u>76,721</u>
Total capital assets not being depreciated	<u>\$ 903,440</u>	<u>\$ 76,721</u>	<u>\$ 9,440</u>	<u>\$ 970,721</u>
Other capital assets:				
Land improvements	\$ 97,937	\$ -	\$ -	\$ 97,937
Buildings	32,222,190	248,759	-	32,470,949
Equipment	4,416,302	570,520	354,283	4,632,539
Library books	<u>522,467</u>	<u>-</u>	<u>-</u>	<u>522,467</u>
Total other capital assets	<u>37,258,896</u>	<u>819,279</u>	<u>354,283</u>	<u>37,723,892</u>
Less accumulated depreciation for:				
Land improvements	97,936	-	-	97,936
Buildings	7,440,688	823,715	-	8,264,403
Equipment	3,040,669	317,571	352,287	3,005,953
Library books	<u>520,746</u>	<u>1,469</u>	<u>-</u>	<u>522,215</u>
Total accumulated depreciation	<u>11,100,039</u>	<u>1,142,755</u>	<u>352,287</u>	<u>11,890,507</u>
Other capital assets, net	<u>\$ 26,158,857</u>	<u>\$ (323,476)</u>	<u>\$ 1,996</u>	<u>\$ 25,833,385</u>
Capital asset summary:				
Capital assets not being depreciated	\$ 903,440	\$ 76,721	\$ 9,440	\$ 970,721
Other capital assets	<u>37,258,896</u>	<u>819,279</u>	<u>354,283</u>	<u>37,723,892</u>
Total cost of capital assets	38,162,336	896,000	363,723	38,694,613
Less accumulated depreciation	<u>11,100,039</u>	<u>1,142,755</u>	<u>352,288</u>	<u>11,890,507</u>
Capital assets, net	<u>\$ 27,062,297</u>	<u>\$ (246,755)</u>	<u>\$ 11,435</u>	<u>\$ 26,804,106</u>

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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NOTE 4 - CAPITAL ASSETS (Continued)

	2021			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,184,000	\$ -	\$ 290,000	\$ 894,000
Construction in progress	20,475	9,440	20,475	9,440
Total capital assets not being depreciated	<u>\$ 1,204,475</u>	<u>\$ 9,440</u>	<u>\$ 310,475</u>	<u>\$ 903,440</u>
Other capital assets:				
Land improvements	\$ 97,937	\$ -	\$ -	\$ 97,937
Buildings	31,720,270	536,920	35,000	32,222,190
Equipment	4,162,496	286,898	33,092	4,416,302
Library books	522,467	-	-	522,467
Total other capital assets	<u>36,503,170</u>	<u>823,818</u>	<u>68,092</u>	<u>37,258,896</u>
Less accumulated depreciation for:				
Land improvements	97,936	-	-	97,936
Buildings	6,668,851	801,353	29,516	7,440,688
Equipment	2,756,957	314,200	30,488	3,040,669
Library books	517,038	3,708	-	520,746
Total accumulated depreciation	<u>10,040,782</u>	<u>1,119,261</u>	<u>60,004</u>	<u>11,100,039</u>
Other capital assets, net	<u>\$ 26,462,388</u>	<u>\$ (295,443)</u>	<u>\$ 8,088</u>	<u>\$ 26,158,857</u>
Capital asset summary:				
Capital assets not being depreciated	\$ 1,204,475	\$ 9,440	\$ 310,475	\$ 903,440
Other capital assets	<u>36,503,170</u>	<u>823,818</u>	<u>68,092</u>	<u>37,258,896</u>
Total cost of capital assets	37,707,645	833,258	378,567	38,162,336
Less accumulated depreciation	<u>10,040,782</u>	<u>1,119,261</u>	<u>60,004</u>	<u>11,100,039</u>
Capital assets, net	<u>\$ 27,666,863</u>	<u>\$ (286,003)</u>	<u>\$ 318,563</u>	<u>\$ 27,062,297</u>

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

At June 30, 2022, the College had approximately \$662 thousand outstanding contractual commitments for property, plant, and equipment expenditures.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
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NOTE 5 - LONG-TERM LIABILITIES

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

	2022				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Compensated absences	\$ 536,076	-	63,271	472,805	342,012
Note payable	24,553	-	7,471	17,082	7,545
Debt obligation due to the Council	<u>360,329</u>	<u>-</u>	<u>30,668</u>	<u>329,661</u>	<u>30,668</u>
Total noncurrent liabilities	<u>\$ 920,958</u>	<u>\$ -</u>	<u>\$ 101,410</u>	<u>\$ 819,548</u>	<u>\$ 380,225</u>

	2021				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Compensated absences	\$ 490,210	\$ 45,866	\$ -	\$ 536,076	\$ 373,840
Note payable	6,817	30,720	12,984	24,553	7,471
Debt obligation due to the Council	<u>390,997</u>	<u>-</u>	<u>30,668</u>	<u>360,329</u>	<u>30,668</u>
Total noncurrent liabilities	<u>\$ 888,024</u>	<u>\$ 76,586</u>	<u>\$ 43,652</u>	<u>\$ 920,958</u>	<u>\$ 411,979</u>

NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS

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

	<u>2022</u>	<u>2021</u>
Net OPEB liability (asset)	\$ (33,054)	\$ 503,575
Deferred outflows of resources	204,398	387,941
Deferred inflows of resources	1,204,807	1,657,103
Revenues	(30,259)	47,824
OPEB expense	(721,755)	(507,693)
Contributions made by the College	118,976	202,714

NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Plan Description

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

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

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

Benefits Provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

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

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

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NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Contributions

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

Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The paygo rates related to the measurement dates of June 30, 2021 and 2020 were:

	2021	2020
Paygo premium	\$ 160	\$ 168

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

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

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

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 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.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
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NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

The College's contributions to the OPEB plan for the years ended June 30, 2022, 2021, and 2020, were \$118,976, \$202,714, and \$220,369, respectively.

Assumptions

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

- Actuarial cost method: Entry age normal cost method.
- Amortization method: Level percentage of payroll over a 20 year closed period beginning June 30, 2017
- Investment rate of return: 6.65%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2020, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022. 9.15% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
- Projected salary increases: Specific to the OPEB Covered group ranging from 2.75% to 5.18%, including inflation.
- Inflation rate: 2.25%.
- Wage inflation: 2.75%
- Retirement age: Experienced based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2020 actuarial valuation.
- Aging factors: Based on the 2013 SOA Study "Health Care Costs- From Birth to Death"
- Expenses: Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.
- Mortality post retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females.
- Mortality pre-retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019.

The actuarial assumptions used in the June 30, 2020 valuation were based on results of an actuarial experience study for the period from July 1, 2015 to June 30, 2020. There were no assumption changes from the actuarial valuation as of June 30, 2020, measured at June 30, 2020 and rolled forward to a measurement date of June 30, 2021.

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.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
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NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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 nominal return for the Money Market Pool held with the BTI was estimated based on the WV-IMB assumed inflation of 2.0% plus a 25 basis point spread.

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

Asset Class	Target Allocation	Long-term Expected Real Return
Global equity	55%	4.8%
Core plus fixed income	15%	2.1%
Core real estate	10%	4.1%
Hedge fund	10%	2.4%
Private equity	10%	6.8%

Single discount rate. A single discount rate of 6.65% was used to measure the total OPEB liability (asset). This single discount rate was based on the expected rate of return on OPEB plan investments of 6.65%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

Sensitivity of the net OPEB liability (asset) to changes in the discount rate. The following presents the College's proportionate share of the net OPEB liability (asset) as of June 30, 2022 and 2021 calculated using the discount rate of 6.65%, as well as what the College's net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.65%) or one percentage point higher (7.65%) than the current rate.

	1% Decrease (5.65%)	Current Discount Rate (6.65%)	1% Increase (7.65%)
Net OPEB liability (asset) 2022	\$ 177,371	\$ (33,054)	\$ (207,767)
Net OPEB liability 2021	718,165	503,575	323,935

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB liability (asset) 2022	\$ (132,890)	\$ (33,054)	\$ 223,966
Net OPEB liability 2021	303,006	503,575	745,823

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

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

At June 30, 2022, the College's proportionate share of the net OPEB liability (asset) was \$(39,562). Of this amount, the College recognized \$(33,054) as its proportionate share on the statement of net position. The remainder of \$(6,508) denotes the College's proportionate share of net OPEB liability (asset) attributable to the special funding.

At June 30, 2021, the College's proportionate share of the net OPEB liability was \$614,923. Of this amount, the College recognized \$503,575 as its proportionate share on the statement of net position. The remainder of \$111,348 denotes the College's proportionate share of net OPEB liability attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to OPEB for each of the fiscal years ended June 30, 2021 and 2020. Employer contributions are recognized when due. At the June 30, 2021 measurement date, the College's proportion was 0.11116274%, a decrease of 0.002847854% from its proportion of 0.114010594% calculated as of June 30, 2020. At the June 30, 2020 measurement date, the College's proportion was 0.114010594%, an increase of 0.005578837% from its proportion of 0.108431757% calculated as of June 30, 2019.

For the year ended June 30, 2022, the College recognized OPEB expense of \$(721,755). Of this amount, \$(691,496) was recognized as the College's proportionate share of OPEB expense and \$(30,259) as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of \$(30,259) for support provided by the State.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
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NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

For the year ended June 30, 2021, the College recognized OPEB expense of \$(507,693). Of this amount, \$(555,517) was recognized as the College's proportionate share of OPEB expense and \$47,824 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of \$47,824 for support provided by the State.

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

<u>June 30, 2022</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual investment earnings on OPEB plan investments	\$ -	\$ 228,114
Differences between expected and actual non-investment experience	-	227,692
Changes in proportion and differences between employer contributions and proportionate share of contributions	85,422	37,647
Net difference between projected and actual investment earnings	-	-
Changes in assumptions	-	699,436
Reallocation of opt-out employer change in proportionate share	-	11,918
Contributions after the measurement date	<u>118,976</u>	<u>-</u>
	<u>\$ 204,398</u>	<u>\$ 1,204,807</u>
Total		
<u>June 30, 2021</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual non-investment experience	\$ -	\$ 326,509
Changes in proportion and differences between employer contributions and proportionate share of contributions	147,003	164,905
Net difference between projected and actual investment earnings	38,224	-
Changes in assumptions	-	1,136,675
Reallocation of opt-out employer change in proportionate share	-	29,014
Contributions after the measurement date	<u>202,714</u>	<u>-</u>
Total	<u>\$ 387,941</u>	<u>\$ 1,657,103</u>

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

The College will recognize the \$118,976 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability (asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Amortization</u>
2023	\$ (566,460)
2024	(403,189)
2025	(83,421)
2026	<u>(66,315)</u>
	<u>\$ (1,119,385)</u>

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 7 - LONG-TERM DEBT

During fiscal year 2016, the College received a loan from the Council totaling \$460,000 to fund payroll. On April 5, 2018 the College entered into a formal repayment agreement with the Council to repay the loan. Under the terms of the agreement, the loan is to be repaid over a fifteen year period with payments commencing on June 15, 2018. The loan is payable in quarterly installments of \$7,667 with the final payment due on March 15, 2033. The outstanding balance on the loan was \$329,661 and \$360,329 for the years ended June 30, 2022 and 2021, respectively.

Future payments required under this agreement as of June 30, 2022 is as follows:

<u>Year Ending June 30</u>	<u>Payments</u>
2023	\$ 30,668
2024	30,668
2025	30,668
2026	30,668
2027	30,668
Thereafter	<u>176,321</u>
Total	<u>\$ 329,661</u>

During fiscal year 2021, the College entered into a note payable for a vehicle. Under the terms of the agreement, the note is to be repaid over a four year period with payments commencing during October 2020. The note is payable in monthly installments of \$640 with the final payment due in September 2024. The outstanding balance on the note was \$17,082 and \$24,553 for the years ended June 30, 2022 and 2021, respectively.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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NOTE 7 - LONG-TERM DEBT (Continued)

Future payments required under this agreement as of June 30, 2022 is as follows:

<u>Year Ending June 30</u>	<u>Lease Payments</u>
2023	\$ 7,545
2024	7,545
2025	<u>1,992</u>
Total	<u>\$ 17,082</u>

NOTE 8 - UNRESTRICTED NET POSITION (DEFICIT)

The College's unrestricted net position (deficit) at June 30, 2022 and 2021 includes certain undesignated net position, as follows:

	<u>2022</u>	<u>2021</u>
Total unrestricted net position (deficit) before net OPEB liability	\$ (803,821)	\$ (1,630,956)
Less: net OPEB liability	<u>-</u>	<u>503,575</u>
Total unrestricted net position (deficit)	<u>\$ (803,821)</u>	<u>\$ (2,134,531)</u>

The College has taken numerous steps to work toward eliminating the net position deficit. In an effort to reduce operating costs, the College has reduced the personnel services budget by eliminating most extra-help positions and not filling vacancies in certain full-time positions. Additional policies have been implemented to monitor purchases and all purchases require approval by the Chief Financial Officer, Controller, and/or the Director of Purchasing. Only essential travel is being authorized. The College is implementing the Strategic and Master Plans which clearly highlight strategies and initiatives to recruit, serve, and retain students.

NOTE 9 - RETIREMENT PLANS

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

Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have an option to switch to the new Educators Money 401(a) basic retirement plan. New hires have a choice of either plan. As of June 30, 2022, no college employees were enrolled in the Educators Money 401(a) basic retirement plan.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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NOTE 9 - RETIREMENT PLANS (Continued)

DEFINED BENEFIT PENSION PLAN

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

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

STRS	2022	2021
Net pension liability	\$ 36,366	\$ 81,136
Deferred outflows of resources	17,044	33,573
Deferred inflows of resources	114,211	126,427
Revenues	1,384	18,491
Pension expense	(37,579)	(15,456)
Contributions made by the College	1,770	9,990

Plan Description

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

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

NOTE 9 - RETIREMENT PLANS (Continued)

Benefits Provided

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

Contributions

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

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

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

- 15% of gross salary of their TRS members hired prior to July 1, 1991;
- 7.5% of the gross salary of their TRS covered employees hired for the first time after July 1, 2005 and for those TDCRS members who elected to transfer to TRS effective July 1, 2008;
- a certain percentage of fire insurance premiums paid by State residents; and
- under WV State code section 18-9-A-6a, an amount determined by the State Actuary as being needed to eliminate the STRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2022 and 2021, the College's proportionate share attributable to this special funding subsidy was \$1,384 and \$18,491, respectively.

The College's contributions to STRS for the years ended June 30, 2022, 2021, and 2020, were \$1,770, \$9,990, and \$10,420, respectively.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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NOTE 9 - RETIREMENT PLANS (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 the current period measurement:

- Actuarial cost method: Entry age normal cost with level percentage of payroll.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method and period: Level dollar, fixed period over 40 years, from July 1, 1994 through fiscal year 2034.
- Investment rate of return of 7.25%, net of pension plan administrative and investment expenses.
- Projected salary increases: Teachers 2.75-5.90% and non-teachers 2.75-6.50%, based on age.
- Inflation rate of 2.75%.
- Discount rate of 7.25%
- Mortality rates based on Pub-2010 Mortality Tables.
- Withdrawal rates: Teachers 7.00-35.00% and non-teachers 2.33-18.00%.
- Disability rates: 0.004-0.563%
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Retirement rates: 15-100%
- Ad hoc cost-of-living increases in pensions are periodically granted by the Legislature. However, the retirement system makes no automatic provision for such increases.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2014 to June 30, 2019. These assumptions will remain in effect for valuation purposes until such time as the CPRB adopts revised assumptions.

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

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

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 - RETIREMENT PLANS (Continued)

Discount rate. The discount rate used to measure the total STRS pension liability was 7.25% and 7.50% for fiscal years 2022 and 2021. The projections of cash flows used to determine the discount rate assumed that State contributions will continue to follow the current funding policy. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on STRS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the College's proportionate share of the STRS net pension liability as of June 30, 2022 and 2021 calculated using the discount rate of (7.25% in 2022; 7.50% in 2021), as well as what the College's STRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25% in 2022; 6.50% in 2021) or one percentage point higher (8.25% in 2022; 8.50% in 2021) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability 2022	\$ 64,261	\$ 36,366	\$ 12,662
Net pension liability 2021	109,607	81,136	56,876

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

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

At June 30, 2022, the College's proportionate share of the STRS net pension liability was \$117,670. Of this amount, the College recognized \$36,366 as its proportionate share on the statement of net position. The remainder of \$81,304 denotes the College's proportionate share of net pension liability attributable to the special funding.

At June 30, 2021, the College's proportionate share of the STRS net pension liability was \$257,402. Of this amount, the College recognized \$81,136 as its proportionate share on the statement of net position. The remainder of \$176,266 denotes the College's proportionate share of net pension liability attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on their proportionate share of employer and non-employer contributions to STRS for each of the fiscal years ended June 30, 2021 and 2020. Employer contributions are recognized when due. At the June 30, 2021 measurement date, the College's proportion was 0.002327%, a decrease of 0.000192% from its proportion of 0.002519% calculated as of June 30, 2020. At the June 30, 2020 measurement date, the College's proportion was 0.002519%, an increase of 0.000422% from its proportion of 0.002097% calculated as of June 30, 2019.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 - RETIREMENT PLANS (Continued)

For the year ended June 30, 2022, the College recognized STRS pension expense of \$(37,579). Of this amount, \$(38,963) was recognized as the College's proportionate share of the STRS expense and \$1,384 as the amount of pension expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of \$1,384 for support provided by the State.

For the year ended June 30, 2021, the College recognized STRS pension expense of \$(15,456). Of this amount, \$(33,947) was recognized as the College's proportionate share of the STRS expense and \$18,491 as the amount of pension expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of \$18,491 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>June 30, 2022</u>		
Differences between expected and actual experience	\$ 2,963	\$ 1,065
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,796	84,082
Net difference between projected and actual investment earnings	-	29,064
Changes in assumptions	4,515	-
Contributions after the measurement date	1,770	-
	<u>17,044</u>	<u>-</u>
Total	<u>\$ 17,044</u>	<u>\$ 114,211</u>
	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>June 30, 2021</u>		
Differences between expected and actual experience	\$ 1,864	\$ 1,782
Changes in proportion and differences between employer contributions and proportionate share of contributions	15,660	124,645
Net difference between projected and actual investment earnings	4,916	-
Changes in assumptions	1,143	-
Contributions after the measurement date	9,990	-
	<u>33,573</u>	<u>-</u>
Total	<u>\$ 33,573</u>	<u>\$ 126,427</u>

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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NOTE 9 - RETIREMENT PLANS (Continued)

The College will recognize the \$1,770 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the STRS net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in STRS pension expense as follows.

<u>Fiscal Year Ended June 30,</u>	<u>Amortization</u>
2023	\$ (45,043)
2024	(42,799)
2025	(2,812)
2026	(8,283)
	<u>\$ (98,937)</u>

Payables to the Pension Plan

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

DEFINED CONTRIBUTION BENEFIT PLANS

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

Total contributions to the TIAA-CREF for the years ended June 30, 2022, 2021 and 2020 were \$741,476, \$719,494 ,and \$751,292, respectively, which consisted of equal contributions of \$370,738, \$359,747, and \$375,646, from both the College and covered employees.

The College's total payroll for the years ended June 30, 2022, 2021 and 2020 respectively, was \$6,920,929, \$6,838,128 and \$6,963,480. Total covered employees' salaries in STRS and TIAA-CREF were \$6,190,769, \$6,062,386 and \$6,330,229, respectively.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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NOTE 10 - FOUNDATION

The Foundation is a separate nonprofit organization incorporated in the State of West Virginia and has as its purpose "...to aid, strengthen and further in every proper and useful way, the work and services of the College and its affiliated nonprofit organizations..." Oversight of the Foundation is the responsibility of a separate and independently elected Board of Directors, not otherwise affiliated with the College. In carrying out its responsibilities, the Board of Directors of the Foundation employs management, forms policy, and maintains fiscal accountability over funds administered by the Foundation. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented with the College's financial statements in accordance with GASB. Based on the Foundation's audited financial statements for the years ended June 30, 2022 and 2021, the Foundation's net assets (including unrealized gains) totaled \$3,049,311 and \$3,538,183, respectively.

Complete financial statements for the Foundation can be obtained from the President of the New River Community and Technical College Foundation, Inc.

Gifts, grants, pledges, and bequests to the College totaled \$269,911 and \$213,596 for the years ended June 30, 2022 and 2021, respectively.

The College pays for certain services, supplies, and operating expenses for the Foundation. The total amount of services, supplies, and operating expenses contributed by the College were \$107,810 and \$119,538 for the years ended June 30, 2022 and 2021, respectively.

NOTE 11 - CONTINGENCIES

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

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

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

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 - CONTINGENCIES (Continued)

Beginning in the first quarter of 2021, the nation and the College's primary market area were affected by the consequences from the COVID-19 (coronavirus) pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies of many states, including the geographical area in which the College operates. It is unknown how long these conditions will last and what the complete financial effect will be to the College. Additionally, it is reasonably possible that estimates made in the financial statements may be adversely impacted in the near-term as a result of these conditions.

NOTE 12 - AFFILIATED ORGANIZATIONS AND OTHER STATE AGENCIES

The College receives funding or grants from and provides services to other state agencies, and utilizes services, supplies, and equipment provided by other state agencies. Amounts due from or to other state agencies at June 30, are as follows:

	<u>2022</u>	<u>2021</u>
Due to:		
RHBT	\$ 824	\$ 1,191
PEIA	213	492
State Treasurer's Office	-	45
Department of Administration	14	28
Egovernment	196	372
Workforce WV	4,889	7,569
Fleet Management	4	-
Office of the Attorney General	186	-
Division of Labor	90	-
	<u>\$ 6,416</u>	<u>\$ 9,697</u>

NOTE 13 - COMPONENT UNIT DISCLOSURES

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 1 — Description of the Organization

New River Community and Technical College Foundation, Inc. (**"the Organization"**) is a non-profit West Virginia corporation organized to promote educational and fraternal opportunities for current students and alumni of New River Community and Technical College (**"New River"**), located and operating in various communities in central and southeastern, West Virginia. It is organized to serve New River, its faculty, students and alumni through fundraising, managing funds, overseeing the distribution of these funds, and undertaking of capital and other educational projects. The Organization currently accomplishes these by engaging in the following principal activities:

- Solicitation of restricted and unrestricted charitable contributions.
- Sponsoring fundraising events and activities.
- Investment of available liquid assets.
- Awarding to qualifying students, faculty or staff of New River certain grants or scholarships.

Note 2 — Summary of Significant Accounting Policies

Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation: The Organization has implemented the financial statement presentation required by the *Financial Accounting Standards Board Codification of Accounting Standard No. 958*. The Organization is required to report information regarding its financial position and activities according to two classes of net assets; without donor restriction and with donor restriction, described as follows:

- **Without Donor Restriction:** Net assets/resources available for use in general operations and not subject to donor restrictions. These net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Board-designated endowment funds are not subject to donor restrictions and are included in net assets without donor restrictions. Revenues, gains, and losses that are not net assets with donor restrictions are included in this classification. Expenses are reported as decreases in this classification.
- **With Donor Restriction:** Net assets/resources subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or that can be fulfilled by action of the Organization pursuant to those stipulations. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resource be maintained in perpetuity. All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 2 — Summary of Significant Accounting Policies (continued)**Financial Statement Presentation (continued):**

- **With Donor Restriction (continued):** the statements of activities and changes in net assets due to expiration of spending purpose restrictions **(See Notes 3 and 5)**.

Contributions of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

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 and will likely differ from those estimates.

Cash and Equivalents: Cash and equivalents include cash, demand deposits with financial institutions and other short-term investments with original maturities of three months or less.

Accounts Receivable: Accounts receivable entirely represent uncollected sponsorships from the Organization's principal fundraising event, net of an allowance for doubtful accounts. The allowance is based on management's analysis of specific promises made. At June 30, 2022, and 2021, these receivables net of the allowance amounted to \$2,775 and \$3,950, respectively. Management periodically reviews the outstanding balances of individual accounts and determines if they should be written-off.

Unconditional Promises to Give: Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization uses the allowance method to determine uncollectable unconditional promises to give. The allowance is based on prior years' experience concerning the general trends of collection, and management's analysis of specific promises made. At June 30, 2022, and 2021 these amounted to \$25,000. Further, no allowance for uncollectable amounts is considered necessary at June 30, 2022, or 2021. Management periodically reviews the outstanding balances of individual accounts and determines if they should be written-off.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 2 — Summary of Significant Accounting Policies (continued)

Beneficial Interest In Assets Held By Community Foundation: The Organization has placed with the Greater Greenbrier Valley Community Foundation, Inc. (“GGVCF”) certain assets in the form of “Donor Designated Sub-Fund Agreements” (“the Agreements”). The substance of these agreements provides for the resulting investment returns from the investment of the underlying assets to be distributed to the Organization. One of these agreements further provides for the Organization to have at its discretion the ability to invade 100% of the principal (corpus) placed with GGVCF, whereas the others do not. The asset subject to this one agreement amounts to less than 1% of the total of such assets at June 30, 2022 and 2021. Notwithstanding this, GGVCF does have variance power with respect to these funds whereby the Board of GGVCF by majority vote has the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organizations, if in the sole judgment of the GGVCF Board (without the approval of any trustee, custodian or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with charitable needs of the area served by the GGVCF.

The applicable accounting standards require that if a community foundation accepts a contribution from an Agency and agrees to transfer those assets, the return on investment of those assets or both back to the Agency, then these contributions and accumulated net earnings are presented as an asset in financial statements of the agency (in this case the Organization). Accordingly, the value of the assets held by GGVCF for the benefit of the Organization as of June 30, 2022 and 2021 are presented in the accompanying statements of financial position in the amount of \$1,344,155 and \$1,612,231, respectively. See **Note 7** for a summary of transactions within these funds for the years ended June 30, 2022 and 2021.

Donated Goods, Facilities and Services: Contributions of donated services that create or enhance non-financial assets, or that require specialized skills and would typically need to be purchased, if not provided by donation, are recorded at their fair values in the period received as donations revenue with a corresponding expense (**See Note 5**).

Risks and Uncertainties: A substantial portion of the Organization’s assets consist of investment securities and beneficial interest in assets held by the community foundation, which is supported by investment securities held by the respective community foundation. The investment securities held by the Organization and community foundation are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the value of both of these assets reported in the statements of financial position, and the realized and unrealized gains and losses in the statements of activities and changes in net assets.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 2 — Summary of Significant Accounting Policies (continued)

Income Taxes: There is no provision for federal or state income taxes on income since the Organization is an exempt nonprofit association under Internal Revenue Code ("IRC") Section 501(c)(3). Further, the Organization qualifies for the charitable deduction under IRC Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation within the meaning of Section 509(a) of the IRC.

Management believes there is no unrelated business taxable income associated with the Organization. The Organization adopted Financial Accounting Standards Codification Topic "Accounting for Uncertainty in Income Taxes", which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained upon examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has greater than 50% likelihood of being realized upon ultimate settlement.

The Organization is generally no longer subject to examination by income taxing authorities for years ending prior to June 30, 2019.

Concentrations: Cash and equivalents: The Organization places its cash and cash equivalents with high credit quality financial institutions. Deposits with these financial institutions may exceed the amount of insurance provided on such deposits; however, these deposits typically may be redeemed upon demand and therefore, bear minimal risk. The amounts on deposit at June 30, 2022 exceeded the federally insured limit by \$-0-.

Significant fundraising event: During the years ended June 30, 2022, and 2021, \$60,600 and \$37,735, respectively, of total support and revenue was derived from one fundraising event.

Investment Risk: The Organization's investments in marketable securities are measured at their fair values in the statements of financial position, all of which are readily determinable. Cash and cash equivalents are carried at cost which approximates fair value. The Organization's investments are comprised of a variety of financial instruments and are managed by professional investment advisors (a wealth management group of a large commercial bank). The fair values reported in the statements of financial position are exposed to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities, it is reasonably possible that the amounts reported in the accompanying financial statements could change materially in the near term.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 2 — Summary of Significant Accounting Policies (continued)

Economic Geographic and Other Dependencies: The Organization generates a significant amount of its support and revenue (including fundraising activities) from within the state of West Virginia. Its economy is largely dependent upon the mineral extraction (coal), timbering, farming, and recreation/resort industries. Changes in economies of these industries could significantly influence the Organization's ability to provide its services.

The Organization is also dependent upon significant amounts of support in the form of salaries, wages and employee benefits and other operating assets and costs provided by New River. The ability or desire of New River to continue to provide this support could significantly influence the Organization's ability to provide its services **(See Note 6)**.

Functional Reporting: The costs of providing various programs and activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets. Accordingly, certain costs have been allocated based on management's estimates among program services and supporting services benefited and is presented in the accompanying statements of functional expenses. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Contributed salaries and wages	Time and effort
Contributed employee benefits and taxes	Time and effort
Contributed facilities rent and operational expenses	Time and effort
Executive director allowances	Time and effort
Liability insurance	Time and effort
Office supplies and expense	Time and effort
Professional fees	Time and effort
Travel, meals and entertainment	Time and effort
Web page design and development	Time and effort

A brief description of each of the functional classifications is as follows:

- Student Support and Program Services – Funds expended primarily to provide support services for students, alumni and faculty of New River. It includes scholarships awarded to the students and the provision of services that directly assist the academic functions, such as faculty development, as well as capital projects.
- Management and General – Expenses incurred principally for (1) central executive-level activities concerned with management of day-to-day operations and long-range planning, (2) legal and fiscal operations, and administrative data processing.
- Fundraising – Expenses related to community and alumni relations, including development fundraising and a special fundraising event.

Compensated Absences: Compensated absences are not provided for in the accompanying statements of financial position as New River provides the majority of employee compensation and benefits for employees who serve/operate the Organization **(See Note 6)**.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 2 — Summary of Significant Accounting Policies (continued)**Recently issued accounting pronouncements***Leases*

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The new guidance will require all leases to be recorded as assets and liabilities on the statement of financial position. This update would require capitalization of the "right-of-use" asset and recognition of an obligation for future lease payments for most leases currently classified as operating leases. Other leases currently classified as capital leases will be referred to as financing leases and will continue to be recorded as assets and liabilities in a similar manner. In June 2020, the FASB issued ASU No. 2020-05 which defers the effective date one year making it effective for annual reporting periods beginning after December 15, 2021, with early adoption permitted. The provisions of this ASU are to be applied using the modified retrospective approach. The Organization is currently evaluating the impact this standard will have on its financial statements.

Note 3 — Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year as of June 30, 2022, are:

Financial assets:	
Cash and equivalents	\$ 262,296
Accounts receivable, net	2,775
Unconditional promises to give	25,000
Trust marketable securities, at fair market value	1,188,590
Title III marketable securities, at fair market value	422,195
Beneficial interest in assets held by community foundation	<u>1,344,155</u>
Total financial assets	3,245,011
Less financial assets held to meet donor-imposed restrictions:	
Donor restricted net assets (Note 5)	<u>(3,015,603)</u>
Amount available for general expenditures within one year	<u>\$ 229,408</u>

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 4 — Marketable Securities**Trust Marketable Securities**

Trust marketable securities, at fair market value of \$1,188,590 and \$1,323,030 at June 30, 2022, and 2021, respectively, consisted of the following:

As of June 30, 2022

<u>Securities Category</u>	<u>Market Value</u>	<u>Investment Cost</u>	<u>Unrealized Gain (Loss)</u>
U.S. Government Agency Securities	\$ 11,386	\$ 11,871	\$ (485)
Municipal Bonds and Notes	28,456	30,352	(1,896)
Corporate Bonds and Notes	355,782	375,067	(19,285)
Bank Certificates of Deposit	13,053	14,830	(1,777)
Fixed Income Mutual Funds	69,342	78,975	(9,633)
High Yield Fixed Income Mutual Fund	12,778	15,000	(2,222)
Exchange Traded Funds-Fixed Income	13,152	14,681	(1,529)
Preferred Stock	9,508	10,000	(492)
Exchange Traded Funds-Mid Cap	24,621	26,607	(1,986)
Common Stock	463,318	334,073	129,245
Real Estate Investment Trusts	13,964	11,971	1,993
Exchange Traded Funds – Equity	60,720	58,855	1,865
Exchange Traded Funds – International	36,115	39,956	(3,841)
Foreign Equity Mutual Funds	9,825	9,963	(138)
International Equity Mutual Funds	14,080	15,000	(920)
Large Capitalization Mutual Funds	30,369	20,000	10,369
Small Capitalization Mutual Funds	22,121	19,999	2,122
Totals	<u>\$ 1,188,590</u>	<u>\$ 1,087,200</u>	<u>\$ 101,390</u>

As of June 30, 2021

<u>Securities Category</u>	<u>Market Value</u>	<u>Investment Cost</u>	<u>Unrealized Gain (Loss)</u>
U.S. Government Agency Securities	\$ 18,509	\$ 18,197	\$ 312
Municipal Bonds and Notes	30,756	30,501	255
Corporate Bonds and Notes	373,890	364,595	9,295
Fixed Income Mutual Funds	68,907	70,000	(1,093)
Preferred Mutual Fund	15,734	14,681	1,053
Preferred Stocks	10,592	10,000	592
Common Stock	598,052	386,007	212,045
Real Estate Investment Trusts	15,501	11,971	3,530
Foreign Equity Mutual Funds	14,464	9,963	4,501
Domestic Equity Mutual Funds	34,457	27,977	6,480
International Equity Mutual Funds	60,483	46,884	13,599
Large Capitalization Mutual Funds	34,480	20,000	14,480
Small Capitalization Mutual Funds	29,404	20,000	9,404
Midlevel Capitalization Mutual Funds	17,801	14,693	3,108
Totals	<u>\$ 1,323,030</u>	<u>\$ 1,045,469</u>	<u>\$ 277,561</u>

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 4 — Marketable Securities (continued)**Title III Marketable Securities**

Title III marketable securities amounted to \$422,195 and \$490,747, respectively, at June 30, 2022, and 2021 and consisted of the following:

As of June 30, 2022

<u>Securities Category</u>	<u>Market Value</u>	<u>Investment Cost</u>	<u>Unrealized Gain (Loss)</u>
Municipal Bonds and Notes	\$ 9,415	\$ 10,260	\$ (845)
Corporate Bonds and Notes	92,124	95,027	(2,903)
Fixed Income Mutual Funds	58,463	66,873	(8,410)
Exchange Traded Funds-Small Cap	11,551	8,303	3,248
Exchange Traded Funds-Fixed Income	17,087	19,095	(2,008)
Exchange Traded Funds-Equities	4,718	5,993	(1,275)
Exchange Traded Funds-Mid Cap	19,230	14,466	4,764
Common Stock	202,239	168,588	33,651
Foreign Equity Securities	7,368	6,226	1,142
Totals	<u>\$ 422,195</u>	<u>\$ 394,831</u>	<u>\$ 27,364</u>

As of June 30, 2021

<u>Securities Category</u>	<u>Market Value</u>	<u>Investment Cost</u>	<u>Unrealized Gain (Loss)</u>
Municipal Bond	\$ 10,366	\$ 10,316	\$ 50
Corporate Bonds and Notes	50,997	50,258	739
Fixed Income Mutual Funds	110,447	110,465	(18)
Common Stock	271,124	181,160	89,964
Foreign Equity	10,848	6,226	4,622
Small Capitalization Mutual Fund	14,123	8,303	5,820
Midlevel Capitalization Mutual Fund	22,842	14,466	8,376
Totals	<u>\$ 490,747</u>	<u>\$ 381,194</u>	<u>\$ 109,553</u>

All these securities are tradable in active markets and are stated at their market values. These assets are restricted under the terms of the Title III Grant **(See Note 9)**.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 5 — Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of June 30, 2022, and 2021:

	<u>2022</u>	<u>2021</u>
Capital campaign	\$ 113,295	\$ 100,966
Current scholarships	196,023	196,128
Endowments – investment income	311,841	775,649
Endowments – principal	1,957,620	1,915,713
Grants	433,347	518,235
Other	<u>3,477</u>	<u>3,477</u>
Totals	<u>\$ 3,015,603</u>	<u>\$ 3,510,168</u>

Note 6 — Related Party Transactions

New River provides furniture, fixtures and equipment which are used by the Organization. The value of the usage of these items has not been recorded in the accompanying financial statements, as there is no objective basis to determine their value.

New River also provides the majority of compensation, payroll taxes and employee benefits for the personnel who operate the Organization as well as supplies and other operational needs, principally the usage of space in New River's Beaver, West Virginia facility. These are recorded as contributed services and supplies revenue and contributed salaries, wages, payroll taxes and employee benefits and supplies and operating expenses in the accompanying statements of activities and changes in net assets. The total amount of the services, supplies and operating expenses provided were \$107,810 and \$119,538 for the years ended June 30, 2022 and 2021, respectively.

Note 7 — Endowments

Substantially all of net assets with donor restrictions which are permanently restricted are made up of endowments. Endowments consist almost entirely of sixty-one funds established principally for the purposes of awarding scholarships. These represent entirely donor-restricted endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments (if any), are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 7 — Endowments (continued)

The Board of Directors has interpreted the State of West Virginia Uniform Prudent Management of Institutional Funds Act (**WVUPMIFA**) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by WVPMIFA.

In accordance with WVUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization.

Certain permanently restricted scholarship funds are held and invested by the Greater Greenbrier Valley Community Foundation, Inc. in the form of Donor Designated Sub-Fund Agreements (**See Note 2**). Only the distributions/disbursements received from GGVCF for these funds have been used to pay scholarships during the year, which management believes have been determined in accordance with the provisions of the WVUPMIFA. The investable assets associated with the other permanently restricted scholarship funds are held and invested with a high-quality financial institution in various investable assets (**See Note 3**). The earnings from these along with earnings from the not specifically designated Donor Designated Sub-Fund Agreements (**see above**) are allocated to scholarship funds and undesignated net assets using a "pooled approach."

Spending against these scholarship funds which consists entirely of scholarship awards is principally determined by measurement of the balance of the temporarily restricted net asset component of the fund, which is considered the available amount for this purpose. This is determined annually by the scholarship committee of the Board of Directors.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 7 — Endowments (continued)

The endowment net assets, all of which are a component of net assets with donor restrictions, consisted of the following types of funds as of June 30, 2022 and 2021:

<u>June 30, 2022</u>	<u>Investment Income</u>	<u>Principal</u>
Donor restricted endowment funds	<u>\$ 311,841</u>	<u>\$ 1,957,620</u>
<u>June 30, 2021</u>	<u>Investment Income</u>	<u>Principal</u>
Donor restricted endowment funds	<u>\$ 775,649</u>	<u>\$ 1,915,713</u>

Changes in endowment net assets for the years ended June 30, 2022 and 2021 were as follows:

	<u>Investment Income</u>	<u>Principal</u>
Endowment net assets, June 30, 2020	<u>\$ 297,217</u>	<u>\$ 1,902,487</u>
Contributions	-	13,226
Investment return, net	<u>510,843</u>	<u>-</u>
Total additions	<u>510,843</u>	<u>13,226</u>
Scholarship awards	(31,750)	-
Other	<u>(661)</u>	<u>-</u>
Total reductions	<u>(32,411)</u>	<u>-</u>
Endowment net assets, June 30, 2021	<u>\$ 775,649</u>	<u>\$ 1,915,713</u>
Contributions	-	46,907
Investment return, net	<u>(341,882)</u>	<u>-</u>
Total (reductions) additions	<u>(341,882)</u>	<u>46,907</u>
Scholarship awards	(91,500)	-
Reclassification to temporarily restricted item	-	(5,000)
Administrative fees	<u>(30,426)</u>	<u>-</u>
Total reductions	<u>(121,926)</u>	<u>(5,000)</u>
Endowment net assets, June 30, 2022	<u>\$ 311,841</u>	<u>\$ 1,957,620</u>

From time to time the fair values of assets associated with individual donor restricted endowment funds have fallen below the level that the individual donor or WVUPMIFA requires the Organization to retain as a fund of perpetual duration; these are remedied in the normal course of business.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 8 — Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally Accepted Accounting Principles (**GAAP**) require the Organization to disclose fair value of all financial instruments for which it is practicable to estimate fair value, including those which are not reported at fair value in the statements of financial position. At June 30, 2022 and 2021, the fair values of all financial instruments were substantially equal to the carrying values.

The carrying value of certain financial assets and liabilities such as cash, cash equivalents, miscellaneous receivables and deposits, prepaid expenses, accounts payable, accrued expenses, and scholarships payable is a reasonable estimate of fair value due to the short term nature of these instruments. Following is a description of the techniques used for the fair values of all other financial instruments. There have been no changes in the techniques used during the years ended June 30, 2022 and 2021.

Beneficial Interest in Assets Held by Community Foundation: The beneficial interest in assets held at the Greater Greenbrier Valley Community Foundation (**the Foundation**), has been valued as a practical expedient, at the fair value of the Organization's share of the Foundation's investment pool as of the measurement date.

The Foundation values securities and other financial instruments on a fair value basis of accounting, all of which are readily tradeable securities on active markets (**See Note 2**).

The Foundation's investments totaling \$19.5 million are composed of approximately 54% domestic common stock, 17% corporate bonds and notes, 7% equity mutual funds, 6% fixed income mutual funds, 4% municipal bonds and notes, 2% United States government and agency securities, with the remaining 10% held in other high-grade securities. Generally, the beneficial interest in assets held at the Foundation are not redeemable by the Organization as described in **Note 2**.

Marketable Securities: This is determined based on quoted market prices based in active markets.

Financial Instruments Recorded at Fair Value

For financial instruments recorded at fair value on a recurring basis, GAAP provides a framework for measuring fair value using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value based upon whether the inputs to those valuation techniques are observable or unobservable. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments and the lowest priority to unobservable inputs. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The financial instrument's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 8 — Fair Value Measurements (continued)

The inputs are summarized in the three broad levels listed below:

- **Level 1:** Unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- **Level 2:** Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets and liabilities. At June 30, 2022 and 2021 there were no Level 2 financial instruments.
- **Level 3:** Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The estimated fair value amounts of financial instruments have been determined by the Organization using available market information and appropriate valuation methodologies. However, considerable judgment is required to interpret data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Organization could realize in current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. The following tables present the Organization's fair value hierarchy for the financial assets measured at fair value on a recurring basis:

**Fair Value Measurement at Reporting
Date of June 30, 2022, Using**

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Marketable securities	\$ 1,610,785	\$ 1,610,785	\$ -
Beneficial interest in assets held by community foundation	<u>1,344,155</u>	<u>-</u>	<u>1,344,155</u>
Total	<u>\$ 2,954,940</u>	<u>\$ 1,610,785</u>	<u>\$ 1,344,155</u>

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 8 — Fair Value Measurements (continued)**Fair Value Measurement at Reporting
Date of June 30, 2021, Using**

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Marketable securities	\$ 1,813,777	\$ 1,813,777	\$ -
Beneficial interest in assets held by community foundation	<u>1,612,231</u>	<u>-</u>	<u>1,612,231</u>
Total	<u>\$ 3,426,008</u>	<u>\$ 1,813,777</u>	<u>\$ 1,612,231</u>

Financial instruments classified as Level 3, (which are entirely a beneficial interest in assets held in community foundation), in the fair value hierarchy represent the Organization's investments in financial instruments in which management has used at least significant unobservable input in the valuation model. The following table presents a reconciliation of the activities for Level 3 financial instruments:

Balance at July 1, 2020	\$ 1,340,089
Additional amounts invested in funds	25,273
Earnings on underlying investment assets	27,923
Realized gain on underlying investment assets	10,975
Unrealized gain on underlying investment assets	276,644
Distributions received	(50,300)
Bank and administrative fees	<u>(18,373)</u>
Balance at June 30, 2021	1,612,231
Additional amounts invested in funds	-
Earnings on underlying investment assets	27,326
Realized gain on underlying investment assets	57,516
Unrealized (loss) on underlying investment assets	(276,642)
Distributions received	(56,100)
Bank and administrative fees	<u>(20,176)</u>
Balance at June 30, 2022	<u>\$ 1,344,155</u>

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 9 — Title III Grant

During the year ended June 30, 2013 the Organization received \$115,000, in the form of a grant from United States Department of Education under the Title III program, which is officially known as the “English Language Acquisition, Language Enhancement and Academic Achievement Act”. The purpose of this grant is to allow for the establishment of an endowment with a specified term of twenty years. The corpus and earnings of this “quasi endowment” are to be used for the professional development of the faculty at New River. The terms of this grant require the Organization to do the following:

- Receive grants which are expected to total \$170,500 and raise matching funds of an equal amount.
- Invest the grant and matching amounts in certain low risk segregated investment assets.
- During the twenty year grant period, one-half of the investment earnings may be used for the purposes of the grant summarized above. The remainder of investment earnings will be utilized to add to the quasi endowed fund.
- At the end of the twenty year grant period the entire corpus and residual earnings may be used for the purposes of the grant as summarized above.

The endowed component of these amounts along with the applicable investment earnings are and will be reflected as a component of net assets with donor restrictions which is temporarily restricted due to the non-permanent nature of the grantor restrictions.

At June 30, 2022, and 2021 the Organization had restricted marketable investments totaling \$422,195 and \$490,747, respectively, related to this grant **(See Note 4)**.

Note 10 — Subsequent Events

The Organization has evaluated all subsequent events through September 29, 2022, the date the financial statements were available to be issued.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 14 - NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

This table represents operating expenses within both natural and functional classifications for the years ended June 30:

	2022							
	Salaries and <u>Wages</u>	<u>Benefits</u>	Supplies and Other <u>Services</u>	<u>Utilities</u>	Scholarships and <u>Fellowships</u>	<u>Depreciation</u>	Fees Assessed by <u>Commission</u>	<u>Total</u>
Instruction	\$ 3,856,511	\$ 903,801	\$ 1,805,541	\$ -	\$ -	\$ -	\$ -	\$ 6,565,853
Academic support	188,481	51,604	154,820	-	-	-	-	394,905
Student services	740,548	199,848	39,532	-	-	-	-	979,928
General institutional support	1,797,415	(395,776)	657,571	-	-	-	-	2,059,210
Operations and maintenance of plant	337,974	103,917	501,543	479,783	-	-	-	1,423,217
Student financial aid	-	-	-	-	2,965,182	-	-	2,965,182
Depreciation	-	-	-	-	-	1,142,755	-	1,142,755
Other	-	-	-	-	-	-	49,754	49,754
Total	<u>\$ 6,920,929</u>	<u>\$ 863,394</u>	<u>\$ 3,159,007</u>	<u>\$ 479,783</u>	<u>\$ 2,965,182</u>	<u>\$ 1,142,755</u>	<u>\$ 49,754</u>	<u>\$ 15,580,804</u>

	2021							
	Salaries and <u>Wages</u>	<u>Benefits</u>	Supplies and Other <u>Services</u>	<u>Utilities</u>	Scholarships and <u>Fellowships</u>	<u>Depreciation</u>	Fees Assessed by <u>Commission</u>	<u>Total</u>
Instruction	\$ 3,624,900	\$ 861,054	\$ 1,528,144	\$ -	\$ -	\$ -	\$ -	\$ 6,014,098
Academic support	260,524	64,286	180,930	-	-	-	-	505,740
Student services	747,460	208,325	26,730	-	-	-	-	982,515
General institutional support	1,907,478	(210,965)	829,687	-	-	-	-	2,526,200
Operations and maintenance of plant	297,766	86,611	263,438	447,596	-	-	-	1,095,411
Student financial aid	-	-	-	-	1,156,921	-	-	1,156,921
Depreciation	-	-	-	-	-	1,119,261	-	1,119,261
Other	-	-	-	-	-	-	54,746	54,746
Total	<u>\$ 6,838,128</u>	<u>\$ 1,009,311</u>	<u>\$ 2,828,929</u>	<u>\$ 447,596</u>	<u>\$ 1,156,921</u>	<u>\$ 1,119,261</u>	<u>\$ 54,746</u>	<u>\$ 13,454,892</u>

REQUIRED SUPPLEMENTARY INFORMATION

**NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2022**

**State Teachers' Retirement System
Last 10 Fiscal Years***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
College's proportion of the net pension liability (percentage)	0.002327%	0.002519%	0.002097%	0.002860%	0.009317%	0.009557%	0.008659%	0.010161%		
College's proportionate share of the net pension liability	\$ 36,366	\$ 81,136	\$ 62,389	\$ 89,297	\$ 321,900	\$ 392,776	\$ 302,537	\$ 350,532		
State's proportionate share of the net pension liability	<u>81,304</u>	<u>176,266</u>	<u>150,648</u>	<u>231,376</u>	<u>711,834</u>	<u>748,134</u>	<u>684,644</u>	<u>792,052</u>		
Total proportionate share of the net pension liability	<u>\$ 117,670</u>	<u>\$ 257,402</u>	<u>\$ 213,037</u>	<u>\$ 320,673</u>	<u>\$ 1,033,734</u>	<u>\$ 1,140,910</u>	<u>\$ 987,181</u>	<u>\$ 1,142,584</u>		
College's covered payroll	\$ 66,603	\$ 69,470	\$ 60,573	\$ 84,623	\$ 263,539	\$ 269,633	\$ 312,047	\$ 312,047		
College's proportionate share of the net pension liability as a percentage of its covered payroll	54.60%	116.79%	103.00%	105.52%	122.15%	145.67%	96.95%	112.33%		
Plan fiduciary net position as a percentage of the total pension liability	86.38%	70.89%	72.64%	71.20%	67.85%	61.42%	66.25%	65.95%		

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year. (Measurement date)

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

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2022

State Teachers' Retirement System
Last 10 Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 1,770	\$ 9,990	\$ 10,420	\$ 9,086	\$ 12,693	\$ 39,531	\$ 40,445	\$ 46,807		
Contributions in relation to the contractually required contribution	<u>(1,770)</u>	<u>(9,990)</u>	<u>(10,420)</u>	<u>(9,086)</u>	<u>(12,693)</u>	<u>(39,531)</u>	<u>(40,445)</u>	<u>(46,807)</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
College's covered payroll	\$ 11,801	\$ 66,603	\$ 69,470	\$ 60,573	\$ 84,623	\$ 263,539	\$ 269,633	\$ 312,047		
Contributions as a percentage of covered payroll	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%		

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

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
June 30, 2022

Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
College's proportion of the net OPEB liability (asset) (percentage)	0.11116%	0.11401%	0.108432%	0.107444%	0.102496%					
College's proportionate share of the net OPEB liability (asset)	\$ (33,054)	\$ 503,575	\$ 1,799,026	\$ 2,305,140	\$ 2,520,364					
State's proportionate share of the net OPEB liability (asset)	<u>(6,508)</u>	<u>111,348</u>	<u>368,161</u>	<u>476,411</u>	<u>517,685</u>					
Total proportionate share of the net OPEB liability (asset)	<u>\$ (39,562)</u>	<u>\$ 614,923</u>	<u>\$ 2,167,187</u>	<u>\$ 2,781,551</u>	<u>\$ 3,038,049</u>					
College's covered-employee payroll	\$ 5,364,282	\$ 5,238,962	\$ 4,947,330	\$ 4,883,613	\$ 5,147,789					
College's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-0.62%	9.61%	36.36%	47.20%	48.96%					
Plan fiduciary net position as a percentage of the total OPEB liability	101.81%	73.49%	39.69%	30.98%	25.10%					

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year. (Measurement date)

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

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
June 30, 2022

Last 10 Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 118,976	\$ 202,714	\$ 220,369	\$ 223,400	\$ 219,561					
Contributions in relation to the statutorily required contribution	<u>(118,976)</u>	<u>(202,714)</u>	<u>(220,369)</u>	<u>(223,400)</u>	<u>(219,561)</u>					
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
College's covered-employee payroll	\$ 5,386,244	\$ 5,364,282	\$ 5,238,962	\$ 4,947,330	\$ 4,883,613					
Contributions as a percentage of covered-employee payroll	2.21%	3.78%	4.21%	4.52%	4.50%					

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

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2022 AND 2021

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

	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality</u>	<u>Discount Rate</u>
<u>2021</u>	2.75%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 5.9%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 6.5%.	7.25%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired: Healthy males – 100% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019.	7.25%
<u>2020</u>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.16%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.75%.	7.5%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired: Healthy males – 108% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019.	7.5%
<u>2019</u>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: Healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; Disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2022 AND 2021

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
<u>2018</u>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: Healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; Disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%
<u>2017</u>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%
<u>2016</u>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: Healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; Disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%
<u>2015</u>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.75 to 5.25%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.40 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant monthly mortality table. Retired: RP2000 healthy annuitant, scale AA; Disabled: RP2000 disabled annuitant mortality table, scale AA.	7.5%

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality</u>	<u>Discount Rate</u>
<u>2014</u>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.75 to 5.25%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.40 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant monthly mortality table; Retired: RP2000 healthy annuitant, scale AA; Disabled: RP2000 disabled annuitant mortality table, scale AA.	7.5%

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

**NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2022 AND 2021**

Actuarial Changes Other Postemployment Benefits Plan

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

	Inflation Rate	Salary Increases	Wage Inflation Rate	Investment Rate of Return & Discount Rate	Mortality	Retirement Age	Aging Factors	Expenses	Healthcare Cost Trend Rates
<u>2021</u>	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 Pub-2010 General Employee Mortality Tables projected with Scale MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2020, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
<u>2020</u>	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 Below-Median Income General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 106% for males and 113% for females; Pre-Retirement: Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2020, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
<u>2019</u>	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis; Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
<u>2018</u>	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis; Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.0% and 10.0% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.
<u>2017</u>	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis; Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.

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

Board of Governors
New River Community and Technical College
Beaver, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of New River Community and Technical College (the College), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 30, 2022, which states reliance on another auditor for the discretely presented component unit. Our report includes a reference to another auditor who audited the financial statements of The New River Community and Technical College Foundation, Inc., as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by that auditor. The financial statements of The New River Community and Technical College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink, reading "Seattle & Stalnak, PLLC". The signature is written in a cursive, flowing style.

Charleston, West Virginia
September 30, 2022