WEST VIRGINIA NORTHERN COMMUNITY COLLEGE

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

WEST VIRGINIA NORTHERN COMMUNITY COLLEGE
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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Governors
West Virginia Northern Community College
Wheeling, West Virginia

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, 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 West Virginia Northern Community College Foundation, Inc. (the Foundation), which represent 100% and 100%, respectively, of the assets and revenues of the component unit as of June 30, 2022 and 2021, and the respective changes in financial position, for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Foundation, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Foundation 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Proportionate Share of Net OPEB liability and Contributions, and the Schedule of Proportionate Share of Net Pension Liability and Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 20, 2022

Overview

West Virginia Northern Community College (WVNCC or the College) is providing its financial statements for the years ended June 30, 2022 and 2021. There are three Financial Statements presented: the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows as required by GASB reporting standards. This section of the annual financial report focuses on an overview of the College's financial performance during the fiscal year ended June 30, 2022, with comparisons to the two previous fiscal years (June 30, 2021 and 2020).

In addition, the financial statements of the College's component unit, WVNCC Foundation, Inc. consists of two basic financial statements; the Statements of Financial Position and the Statements of Activities. The WVNCC Foundation, Inc. assets are controlled by a separate Board of Trustees and its historical purpose has been in support of the College's student scholarships, capital improvements, and institutional support. More information about the accounting and reporting aspects of the Foundation can be found in Note 16 of these financial statements.

Statements of Net Position

The Statements of Net Position present the Assets (current and noncurrent), Deferred Outflows of Resources, Liabilities (current and non-current), Deferred Inflows of Resources and Net Position (Assets plus Deferred Outflows of Resources minus Liabilities and Deferred Inflows of Resources) of the College as of June 30, 2022. Assets denote the resources available to continue the operations of the College. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s). Liabilities indicate how much the College owes vendors, employees, lending institutions and the West Virginia Higher Education Policy Commission. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s). Net Position provides a way to measure the financial position of the College.

Net Position is Displayed in Three Major Categories:

- ***Net Investment in Capital Assets.*** This category provides equity in the property, plant, and equipment owned by WVNCC. The title is held by the West Virginia Northern Community College Board of Governors. It represents the College's investment in capital assets plus deferred outflows of resources attributable to those capital assets, net of accumulated depreciation, outstanding debt obligations and deferred inflows of resources related to those capital assets. To the extent debt or deferred inflows of resources has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets. Rather that portion of debt or deferred inflows of resources is included in the same net position component as the unspent amount.

- ***Restricted Net Position.*** This category includes net position whose use is restricted either due to externally imposed constraints or because of restrictions imposed by law. They are further divided into two additional components – expendable and non-expendable:

    Expendable restricted net position includes resources for which the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. For example, the expenditure must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets.

Statements of Net Position (Continued)

Non-expendable restricted net position 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 presently does not have any non-expendable net position.

- ***Unrestricted Net Position.*** This category represents resources derived from tuition and fees, state appropriations and sales and services of educational activities. These resources are used for transactions related to the educational and general operations of the College, and may be used at the sole discretion of the Governing Board to meet current expenses for any purpose.

Statement of Net Position
Fiscal Years Ended June 30

	2022	2021	Change FS 22-21	2020	Change FS 21-20
Assets and Deferred Outflows:					
Current Assets	$ 12,065,856	$ 13,536,059	(10.86)%	$ 13,810,165	(1.98)%
Other Noncurrent Assets	2,712,591	1,719,264	57.78	1,797,029	(4.33)
Capital Assets – Net	37,441,374	34,850,403	7.43	34,210,471	1.87
Total Assets	52,219,821	50,105,726	4.22	49,817,665	0.58
Deferred Outflows of Resources:	293,588	488,524	(39.90)	435,173	12.26
Liabilities, Deferred Inflows, and Net Position:					
Current Liabilities	3,259,117	1,845,257	76.62	1,649,652	11.86
Noncurrent Liabilities	69,294	858,816	(91.93)	2,528,620	(66.04)
Total Liabilities	3,328,411	2,704,073	23.09	4,178,272	(35.28)
Deferred Inflows of Resources:	1,684,169	2,073,453	(18.77)	1,219,603	70.01
Net Position:					
Net Investments in Capital Assets	37,441,374	34,850,403	7.43	34,021,145	2.44
Restricted for – Expendable	2,670,552	1,696,725	57.39	1,764,472	(3.84)
Unrestricted	7,388,903	9,269,596	(20.29)	9,069,346	2.21
Total Net Position	$ 47,500,829	$ 45,816,724	3.68	$ 44,854,963	2.14

Statement of Net Position 2022 to 2021 Financial Highlights

Assets

- Current and Non-Current cash and cash equivalents decreased by $0.8M or 5.1%
- Capital Assets, net increased $2.6M or 7.4%
    - Total Assets increased $2.0M or 4.0%

Liabilities

- Current Liabilities increased $1.4M or 76.6%
- Total Liabilities increased $0.6M or 21.5%
    - Other Post-Employment Benefits (OPEB) Liability decreased $0.7M or 107%

Comments

The post-employment benefits liability is a WV state program that is no longer in existence. However, former, and a few current employees, are participants. The impact of this is outside the control of the college and is not reflective of management decisions made. Over time, this will continue to diminish and eventually be a non-factor.

An indicator that the College has sufficient resources available to meet its obligations is the current ratio (current assets to current liabilities). This ratio is calculated at 3.7 to 1 and 7.3 to 1 for 2022 and 2021, respectively.

There is a commitment to maintain a reserve of cash to ensure consistent operation of the College. The cash position with all cash and cash equivalents is $13.9M representing 26.8% of total assets for FY 2022. The cash represents over 10 months of funds needed for operational expenses.

Statements of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses and Changes in Net Position present the operating results of the College for the fiscal year ended June 30, 2022 compared to the fiscal year ended June 30, 2021. The purpose of the Statement is to present the revenues of the College (operating and non-operating), the expenses of the College (operating and non-operating), and any other revenues, expenses, gains and losses of the College.

State Appropriations, while budgeted for operations, are considered and reported as non-operating revenues. This is due to state Appropriations being provided by the Legislature to the College without the Legislature directly receiving commensurate goods and services for those revenues. The utilization of capital assets is reflected in the Financial Statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Statements of Revenues, Expenses, and Changes in Net Position (Continued)

What seems to be a rare, one-time anomaly, the College acted as a pass-through agent for the CARES Act - Student Assistance Grants. Accounting guidelines require this revenue to be classified as nonoperating while the expenses are to be classified as student financial aid operating expense.

Statements of Revenues, Expenses, and Changes in Net Position
Fiscal Years Ended June 30

	2022	2021	Change FS 22-21	2020	Change FS 21-20
Total Operating Revenues	$ 4,861,477	$ 4,517,606	7.61 %	$ 4,050,416	11.53 %
Total Operating Expenses	16,359,341	14,902,190	9.78	15,737,720	(5.31)
Operating Loss	(11,497,864)	(10,384,584)	10.72	(11,687,304)	(11.15)
Net Nonoperating Revenues	13,098,364	11,231,534	16.62	10,614,920	5.81
Capital Payments on Behalf of College	83,605	114,811	(27.18)	75,987	51.09
Increase (Decrease) in Net Position	1,684,105	961,761	75.11	(996,397)	(196.52)
Net Position – Beginning of Year	45,816,724	44,854,963	2.14	45,851,360	(2.17)
Net Position – End of Year	$ 47,500,829	$ 45,816,724	3.68	$ 44,854,963	2.14

Statement of Revenue, Expenses, and Changes in Net Position 2022 to 2021 Financial Highlights

Operating Revenue

- Total Operating Revenues increased $344K or 7.6%
  - Tuition & Fees net of scholarship allowances decreased $696K or 42.7%
  - All Contracts and Grants increased $813K or 29.1%
  - Sales & Services of Educational Activity increased $229K or 239.0%

Operating Expenses

- Total Operating Expenses decreased $1.5M or 9.8%
  - Salaries and Wages with Benefits decreased $291K or 3.4%
  - Student Financial Aid increased $874K or 56.6%
  - Supplies &Other Services and Utilities increased by $798K or 24.6%
  - Depreciation increased $82K or 5.3%

Statements of Revenues, Expenses, and Changes in Net Position (Continued)

Non-Operating Revenues (Expenses)

- Net Non-Operating Revenues increased $1.9M or 16.6%
    - State appropriation decreased $219K or 3.0%
    - Pell Grant increased $93K or 4.1%
    - Investment income decreased $5K or 21.9%

Comments

Operational results were again skewed in the era of the pandemic. The impact was not only in revenue like tuition & fees, but also expenses like supplies and utilities as the traditional onsite model was not as prevalent as in the past. Year over year comparisons are to be seen through this lens.

Total operating revenue increased primarily from the increase in state grants.

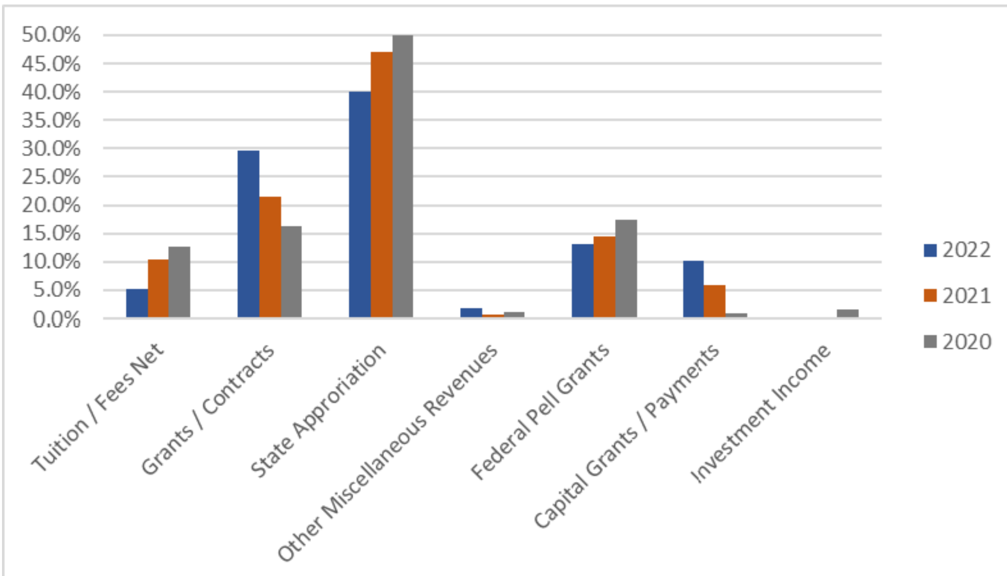
The College remains heavily dependent on state funding. Investments incomes remained low during the poor economic times while the proportion of revenue from Tuition and Fees continues to decrease. The College has begun initiatives to bolster revenues from Workforce development through corporate training and non-credit skill development reflective in the increase of Sales & Services of Educational Activities, 229K or 239%.

Since FY 2017, the College has made a conscious decision to invest in both physical plant and human capital. The investment is justified from strong cash reserves and high Composite Financial Index (CFI) score. The decrease in salaries and benefits were from turnover in significant position, leaving vacancies and savings from periods of time.

With the unique infusion of funds from CARES being the primary factor, the increase in Net Position is significant at $1.7M.

Major sources of revenue for the College are presented below. The graph illustrates the revenues by source and percentage based on the total revenues of $17.96M, $15.72M, and $14.60M for the years ended 2022, 2021, and 2020 respectively.

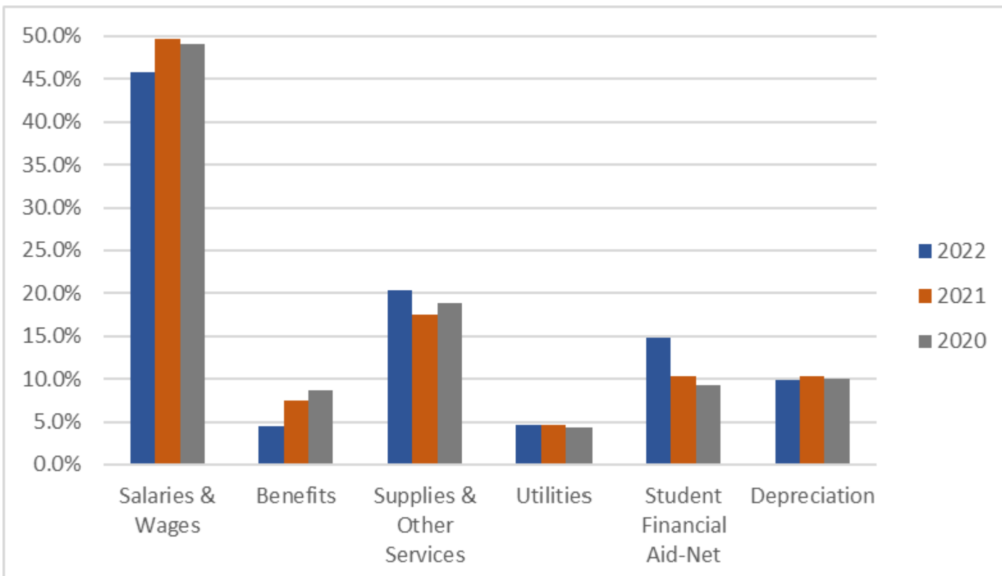
Total Revenue for Fiscal Years 2022, 2021, and 2020



Statements of Revenues, Expenses, and Changes in Net Position (Continued)

The graph illustrates the operating expenses by natural classifications and percentage based on the total expenditures of $16.4M, $14,9M, and $15,7M for the years ended 2022, 2021, and 2019 respectively. The sharp increase in 2022 is partially attributable to the Care Act Funds designated for emergency grants to students were classified as an expense to the College.

Total Expenses for the Fiscal Years
2022, 2021, and 2020



Statements of Cash Flows

The Statements of Cash Flows provide information about the cash receipts, cash payments, and net change in cash resulting from the activities of the College during the year. This Statement helps users assess the College's ability to generate net cash flows, its ability to meet obligations as they come due, and its need for external financing.

The Statement of Cash Flows is Divided into Four Parts:

Cash Flows from Operating Activities. This section shows the net cash used by the operating activities of the College.

Cash Flows from Non-Capital Financing Activities. This section reflects the cash received and paid for non-operating, non-investing, and non-capital financing purposes.

Cash Flows from Capital and Related Financing Activities. This section includes cash used for the acquisition and construction of capital and related items.

Cash Flows from Investing Activities. This section shows the purchases, proceeds, and interest received from investing activities.

Statements of Cash Flows (Continued)

Statements of Cash Flows
Fiscal Years Ended June 30

	2022	2021	Change FS 22-21	2020	Change FS 21-20
Cash Provided (Used) by:					
Operating Activities	$ (10,689,346)	$ (9,485,350)	12.69 %	$ (10,390,077)	(8.71)%
Noncapital Financing Activities	12,938,626	11,072,193	16.86	10,190,587	8.65
Capital Financing Activities	(3,903,931)	(1,962,635)	98.91	(2,403,379)	(18.34)
Investing Activities	11,680	30,097	(61.19)	242,699	(87.60)
Increase (Decrease) in Cash and Cash Equivalents	(1,642,971)	(345,695)	375.27	(2,360,170)	(85.35)
Cash and Cash Equivalents – Beginning of Year	13,013,191	13,358,886	(2.59)	15,719,056	(15.01)
Cash and Cash Equivalents – End of Year	$ 11,370,220	$ 13,013,191	(12.63)	$ 13,358,886	(2.59)

Comments

Cash flow from non-capital activity was approximately $2.2M. This is indicative of the CARES funds as well as prudent operational activity. However, the College made the conscious decision to invest in capital with the College's robust reserve funds leading to an overall decrease in cash and cash equivalents.

Capital Asset and Debt Activity

The College has invested approximately $3.0M in fixed assets over the last year. The investment in capital assets is creating top rated facilities, technology, and instructional tools. In conjunction with reserve funds, funding is sought from grants, bond proceeds and gifts. The College maintains no debt at this time.

Statements of Cash Flows (Continued)

Economic Outlook

WVNCC is, and will continue to be, financially stable. Prudent savings during past prosperous years coupled with cost containment through efficiency measures has placed the institution in a firm financial position. The program to invest in capital from reserves is ending. WVNCC will now hold the reserves for only emergency situation and will not currently use the funds as a windfall or to fund further initiatives.

The College is aggressively expanding programs in credit and non-credit areas. The early indication of increased enrollment for the next year may be indicative of breaking the trend of decreasing enrollment. These initiatives will aid the College in lessening the dependency on the state appropriation.

The funding formula does appear to be in place for operation. While this could be viewed as a threat to WVNCC funding, the formula has many safeguards that minimizes the impact that could occur on the College.

Financially, the institution has positioned itself incredibly sound during a period of declining enrollment. With indications that the tide is turning and enrollment improving, the College is positioned to sustain the significant investments in human capital and facilities; physical plant and information technology. The College will strive to balance the budget annually and make additions to the financial reserves when the opportunity arises.

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

	2022	2021
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 11,370,220	$ 13,013,191
Accounts Receivable, Net	415,367	214,935
Interest Receivable on State Cash Accounts	7,339	238
Due from Commission/Council	171,915	32,627
State Appropriation Receivable	-	109,287
Arrears Pay Conversion Receivable – Current Portion	-	5,191
Prepaid Expenses	101,015	160,590
Total Current Assets	12,065,856	13,536,059
NONCURRENT ASSETS		
Restricted Cash and Cash Equivalents	2,638,267	1,686,999
Arrears Pay Conversion Receivable	32,265	32,265
Other Postemployment Benefits Asset	42,059	-
Capital Assets, Net	37,441,374	34,850,403
Total Noncurrent Assets	40,153,965	36,569,667
Total Assets	52,219,821	50,105,726
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pension	42,076	55,557
Deferred Outflows Related to Other Postemployment Benefits	251,512	432,967
Total Deferred Outflows of Resources	293,588	488,524
Total Assets and Deferred Outflows	$ 52,513,409	$ 50,594,250

See accompanying Notes to Financial Statements.

WEST VIRGINIA NORTHERN COMMUNITY COLLEGE
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2022 AND 2021

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	2022	2021
CURRENT LIABILITIES		
Accounts Payable	$ 455,705	$ 164,760
Due to State of West Virginia	6,207	7,748
Due to Commission/Council	51,170	8,434
Accrued Liabilities	2,156,806	1,126,707
Unearned Revenues	62,144	27,854
Compensated Absences	527,085	509,754
Total Current Liabilities	3,259,117	1,845,257
NONCURRENT LIABILITIES		
Other Postemployment Benefits Liability (Asset)	-	634,928
Net Pension Liability	69,294	223,888
Total Noncurrent Liabilities	69,294	858,816
Total Liabilities	3,328,411	2,704,073
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pension	139,613	42,803
Deferred Inflows Related to Postemployment Benefits	1,544,556	2,030,650
Total Deferred Inflows of Resources	1,684,169	2,073,453
Total	5,012,580	4,777,526
NET POSITION		
Net Investment in Capital Assets	37,441,374	34,850,403
Restricted for:		
Capital Projects	2,638,267	1,686,999
Scholarships	32,285	9,726
Unrestricted	7,388,903	9,269,596
Total Net Position	47,500,829	45,816,724
Total Liabilities, Deferred Inflows, and Net Position	$ 52,513,409	$ 50,594,250

See accompanying Notes to Financial Statements.

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

	2022	2021
OPERATING REVENUES		
Student Tuition and Fees, Net of Scholarship Allowance of $2,416,051 in 2022 and $2,376,937 in 2021	$ 934,536	$ 1,630,667
Contracts and Grants:		
Federal	204,828	134,439
State	3,361,336	2,558,428
Private	41,057	100,852
Sales and Services of Educational Activities	324,351	95,667
Miscellaneous, Net	(4,631)	(2,447)
Total Operating Revenues	4,861,477	4,517,606
OPERATING EXPENSES		
Salaries and Wages	7,496,632	7,407,042
Benefits	731,182	1,111,863
Supplies and Other Services	3,281,127	2,546,860
Utilities	764,197	700,750
Student Financial Aid – Scholarships and Fellowships	2,417,829	1,544,085
Depreciation	1,617,758	1,536,092
Fees Assessed by the Commission for Operations	50,616	55,498
Total Operating Expenses	16,359,341	14,902,190
OPERATING LOSS	(11,497,864)	(10,384,584)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	7,176,538	7,395,111
Federal Pell Grants	2,365,133	2,272,089
Cares Act - Direct Student Assistance Grants	1,719,711	574,400
Cares Act - Institutional Grants	1,819,989	939,879
Gain (Loss) on Disposal of Fixed Assets	(874)	27,175
Investment Income	17,867	22,880
Net Nonoperating Revenues	13,098,364	11,231,534
GAIN BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	1,600,500	846,950
Capital Payments Made and Expenses Incurred on Behalf of College	83,605	114,811
INCREASE IN NET POSITION	1,684,105	961,761
Net Position – Beginning of Year	45,816,724	44,854,963
NET POSITION – END OF YEAR	$ 47,500,829	$ 45,816,724

See accompanying Notes to Financial Statements.

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Student Tuition and Fees	$ 1,078,635	$ 1,743,823
Contracts and Grants	3,426,879	2,686,491
Payments to and on Behalf of Employees	(9,179,113)	(9,187,240)
Payments to Suppliers	(3,033,725)	(2,525,598)
Payments to Utilities	(748,688)	(694,910)
Payments for Scholarships and Fellowships	(2,507,068)	(1,544,085)
Sales and Service of Educational Activities	324,350	91,667
Fees Assessed by the Commission for Operations	(50,616)	(55,498)
Federal Direct Lending Receipts	835,625	1,105,121
Federal Direct Lending Payments	(835,625)	(1,105,121)
Net Cash Used by Operating Activities	(10,689,346)	(9,485,350)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	7,285,825	7,285,825
Federal Pell Grants	2,365,133	2,272,089
Cares Act – Direct Student Assistance Grants	1,719,711	574,400
Cares Act – Institutional Grants	1,567,957	939,879
Net Cash Provided by Noncapital Financing Activities	12,938,626	11,072,193
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets	(2,948,030)	(1,842,838)
Principal Paid on Lease Liabilities	-	(185,326)
Interest Paid on Lease Liabilities	-	(2,416)
Fees Assessed by Commission	(4,633)	(4,629)
Withdrawals from (Deposits to) Restricted Cash and Cash Equivalents	(951,268)	72,574
Net Cash Used by Capital and Related Financing Activities	(3,903,931)	(1,962,635)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	11,680	30,097
DECREASE IN CASH AND CASH EQUIVALENTS	(1,642,971)	(345,695)
Cash and Cash Equivalents – Beginning of Year	13,013,191	13,358,886
CASH AND CASH EQUIVALENTS – END OF YEAR	$ 11,370,220	$ 13,013,191

See accompanying Notes to Financial Statements.

WEST VIRGINIA NORTHERN COMMUNITY COLLEGE
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$ (11,497,864)	$ (10,384,584)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	1,617,758	1,536,092
Benefit Payments Made on Behalf of the College	(38,503)	114,811
Effect of Changes in Operating Assets, Deferred Outflows, Liabilities, and Deferred Inflows:		
Accounts Receivable, Net	51,600	48,770
Interest Receivable from State Cash Accounts	(7,101)	7,218
Due from Commission / Council	(139,288)	298
Arrears Pay Conversion Receivable	5,191	3,289
Prepaid Expenses	59,575	(16,686)
Accounts Payable	62,659	38,224
Due to State of West Virginia	(1,541)	(6,154)
Due to Commission / Council	42,736	1,709
Accrued Liabilities	117,379	3,625
Unearned Revenue	34,290	7,417
Compensated Absences	17,331	32,539
Other Postemployment Benefits	(676,987)	(1,686,025)
Defined Benefit Pension	(154,594)	16,221
Deferred Outflows of Resources Related to Pensions	13,481	833
Deferred Outflows of Resources Related to Other Postemployment Benefits	181,455	(54,184)
Deferred Inflows of Resources Related to Pensions	96,810	(35,808)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(486,094)	893,658
Other	12,361	(6,613)
Net Cash Used by Operating Activities	$ (10,689,346)	$ (9,485,350)
SUPPLEMENTAL DISCLOSURES OF NONCASH TRANSACTIONS		
Capital Assets Purchased Through Accounts Payable and Accrued Liabilities	$ 1,511,750	$ 370,742
Capital Assets Acquired Through Contributions	$ -	$ 25
Capital Payments Made on Behalf of College	$ 122,108	$ -

See accompanying Notes to Financial Statements.

WEST VIRGINIA NORTHERN COMMUNITY COLLEGE
WEST VIRGINIA NORTHERN COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	$ 113,604	$ 113,885
Investments at Fair Value	5,853,966	6,411,303
Prepaid Expenses	1,489	1,781
Other Current Assets	2,546	-
Beneficial Interest in Perpetual Trust	1,147,926	1,399,588
Total Assets	$ 7,119,531	$ 7,926,557
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 506	$ 31,564
Total Liabilities	506	31,564
NET ASSETS		
Without Donor Restrictions	977,171	1,016,280
With Donor Restrictions	6,141,854	6,878,713
Total Net Assets	7,119,025	7,894,993
Total Liabilities and Net Assets	$ 7,119,531	$ 7,926,557

See accompanying Notes to Financial Statements.

WEST VIRGINIA NORTHERN COMMUNITY COLLEGE
WEST VIRGINIA NORTHERN COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

		Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES				
Grants and Donations		$ 60,472	$ 267,826	$ 328,298
Dividend and Interest Income		10,972	74,425	85,397
Investment Revenue from Beneficial Interest in Perpetual Trust		-	44,227	44,227
Special Events Fundraisers	$ 57,557			-
Less: Costs of Direct Benefit to Donors	(34,336)	23,221		23,221
Loss on Investment		(108,753)	(728,265)	(837,018)
Change in Value of Split-Interest Agreements		-	(251,662)	(251,662)
Net Assets Released from Restrictions - Satisfactions of Program Restrictions		143,410	(143,410)	-
Total Support and Revenues		129,322	(736,859)	(607,537)
EXPENSES				
WV Northern Community College Support:				
Scholarships/Student Assistance		104,393	-	104,393
Institutional Support		38,026	-	38,026
Fundraising		11,580	-	11,580
Management and General		14,432	-	14,432
Total Expenses		168,431	-	168,431
CHANGE IN NET ASSETS		(39,109)	(736,859)	(775,968)
Net Assets – Beginning of Year		1,016,280	6,878,713	7,894,993
NET ASSETS – END OF YEAR		$ 977,171	$ 6,141,854	$ 7,119,025

See accompanying Notes to Financial Statements.

WEST VIRGINIA NORTHERN COMMUNITY COLLEGE
WEST VIRGINIA NORTHERN COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Grants and Donations	$ 6,745	$ 120,649	$ 127,394
Dividend and Interest Income	8,769	55,991	64,760
Investment Revenue from Beneficial Interest in Perpetual Trust	-	55,863	55,863
Gain on Investment	125,259	1,014,038	1,139,297
Change in Value of Split-Interest Agreements	-	266,830	266,830
Net Assets Released from Restrictions - Satisfactions of Program Restrictions	163,370	(163,370)	-
Total Support and Revenues	304,143	1,350,001	1,654,144
EXPENSES			
WV Northern Community College Support:			
Scholarships/Student Assistance	102,654	-	102,654
Institutional Support	100,828	-	100,828
Fundraising	11,239	-	11,239
Management and General	15,401	-	15,401
Total Expenses	230,122	-	230,122
CHANGE IN NET ASSETS	74,021	1,350,001	1,424,022
Net Assets – Beginning of Year	942,259	5,528,712	6,470,971
NET ASSETS – END OF YEAR	$ 1,016,280	$ 6,878,713	$ 7,894,993

See accompanying Notes to Financial Statements.

WEST VIRGINIA NORTHERN COMMUNITY COLLEGE
WEST VIRGINIA NORTHERN COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services		Supporting Services		
	Scholarships/ Student Assistance	Institutional Support	Management and General	Fundraising	Total
Student Scholarships	$ 96,661	$ -	$ -	$ -	$ 96,661
Student Assistance	7,732	-	-	-	7,732
Contractual Services	-	-	10,775	-	10,775
College Program Support	-	38,026	-	-	38,026
Bank Charges	-	-	270	-	270
Insurance	-	-	1,416	-	1,416
Continuing Education	-	-	585	-	585
Meetings	-	-	1,227	-	1,227
Licenses	-	-	15	-	15
Office Expense	-	-	129	-	129
Dues and Memberships	-	-	15	-	15
Advertising	-	-	-	729	729
Cultivation/Stewardship	-	-	-	875	875
Computer Software	-	-	-	1,701	1,701
Postage/Printing	-	-	-	1,382	1,382
Special Event-Indirect Costs	-	-	-	6,548	6,548
Neighborhood Investment Program Fees	-	-	-	345	345
Total Functional Expenses	$ 104,393	$ 38,026	$ 14,432	$ 11,580	$ 168,431

See accompanying Notes to Financial Statements.

WEST VIRGINIA NORTHERN COMMUNITY COLLEGE
WEST VIRGINIA NORTHERN COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services		Supporting Services		
	Scholarships/ Student Assistance	Institutional Support	Management and General	Fundraising	Total
Student Scholarships	$ 98,874	$ -	$ -	$ -	$ 98,874
Student Assistance	3,780	-	-	-	3,780
Contractual Services	-	-	10,750	-	10,750
College Program Support	-	100,828	-	-	100,828
Bank Charges	-	-	145	-	145
Insurance	-	-	1,579	-	1,579
Meetings	-	-	437	-	437
Office Expense	-	-	242	-	242
Dues and Memberships	-	-	748	-	748
Advertising	-	-	-	3,000	3,000
Cultivation/Stewardship	-	-	-	258	258
Computer Software	-	-	-	1,431	1,431
Postage/Printing	-	-	-	2,023	2,023
Bad Debts	-	-	1,500	-	1,500
Fundraising Expenses	-	-	-	3,457	3,457
Neighborhood Investment Program Fees	-	-	-	1,070	1,070
Total Functional Expenses	$ 102,654	$ 100,828	$ 15,401	$ 11,239	$ 230,122

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

West Virginia Northern Community College (the College) is governed by the West Virginia Northern Community College Board of Governors (the Board). The Board was established by Senate Bill 448 (S.B. 448).

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

The accompanying financial statements present all funds under the authority of the College. The basic criterion for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from the College's ability to significantly influence operations and accountability for fiscal matters of related entities. A related alumni association of the College is not part of the College reporting entity and is not included in the accompanying financial statements, as the College has no ability to designate management, cannot significantly influence operations of this entity, and is not accountable for its fiscal matters under GASB.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

In accordance with GASB, the audited financial statements of West Virginia Northern Community College Foundation, Incorporated (the Foundation) are discretely presented herein with the College's financial statements for the fiscal 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. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, which 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, therefore, discretely presented with the College's financial statements in accordance with GASB. No modifications have been made to the Foundation's audited financial information as presented herein (see also Note 16).

Financial Statement Presentation

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

Net Investment in Capital Assets

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

Restricted Net Position, Expendable

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

Restricted Net Position, Nonexpendable

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

Unrestricted Net Position

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

Basis of Accounting

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

Cash and Cash Equivalents

For purposes of the statements of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Any cash and cash equivalents escrowed, restricted as noncurrent assets, or in funded reserves have not been included as cash and cash equivalents for the cash flow statement purposes.

Cash and cash equivalents balances on deposit with the State Treasurer's Office (the State Treasurer) are pooled by the State Treasurer with other available funds of the state for investment purposes by the West Virginia Board of Treasury Investments (BTI). These funds are transferred to the BTI, and the BTI is directed by the State Treasurer to invest the funds in specific external investment pools in accordance with West Virginia Code, policies set by the BTI, provisions of bond indentures, and trust agreements when applicable. Balances in the investment pools are recorded at fair value or amortized cost, which approximates fair value. Fair value is determined by a third-party pricing service based on asset portfolio pricing models and other sources, in accordance with GASB. The BTI was established by the State Legislature and is subject to oversight by the State Legislature.

Fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. The amounts on deposit are available for immediate withdrawal or on the first day of each month for the WV Short Term Bond Pool and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (Continued)

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

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.

Noncurrent Cash, Cash Equivalents, and Investments

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

Capital Assets

Capital assets include property, plant, and equipment; books and materials that are part of a catalogued library; and infrastructure assets. Capital assets are stated at cost at the date of acquisition or construction, or acquisition value at the date of donation in the case of gifts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and infrastructure, 15 years for land improvements, 7 years for library books, and 3 to 12 years for furniture and equipment. The College capitalizes all purchases of library books. The College uses capitalization thresholds of $5,000 for furniture and equipment; $2,500 for land improvements, leasehold and building improvements and computer software; and $15,000 for aggregate capital asset purchases. Land, buildings, infrastructure, and library books are capitalized regardless of cost.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenues

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

Compensated Absences and Other Postemployment Benefits

GASB provides standards for the measurement, recognition, and display of other postemployment benefit (OPEB) expenditures, assets, deferred outflows of resources, liabilities and deferred inflows of resources, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State. The College is required to participate in this multiple-employer, cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State. Details regarding this plan and its stand-alone financial statements can be obtained by contacting the West Virginia Public Employees Insurance Agency (PEIA), State Capital Complex, Building 5, Room 1001, 1900 Kanawha Boulevard East, Charleston, West Virginia 25305-0710 or http://www.wvpeia.com.

GASB requires entities to accrue for employees' rights to receive compensation for vacation leave or payments in lieu of accrued vacation or sick leave as such benefits are earned and payment becomes probable. The College's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination. Full-time employees also earn 1 1/2 sick-leave days for each month of service and are entitled to extend their health or life insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. Generally, two days of accrued sick leave extend health insurance for one month of single coverage and three days extend health insurance for one month of family coverage. For employees hired after 1988 or who were hired before 1988 but did not choose such coverage until after 1988 but before July 1, 2001, the employee shares in the cost of the extended benefit coverage to the extent of 50% of the premium required for the extended coverage. Employees hired July 1, 2001, or later will no longer receive sick-leave credit toward insurance premiums when they retire. Additionally, all retirees have the option to purchase continued coverage regardless of their eligibility for premium credits. This liability is now provided for under the multiple-employer, cost-sharing plan sponsored by the State.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences and Other Postemployment Benefits (Continued)

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

Net Pension Liability

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

Investments are reported at fair value. Detailed information on investment valuation can be found in the TRS financial statements. Management of TRS has made certain estimates and assumptions relating to employer allocation schedules, and actual results could differ (Note 10).

Deferred Outflows of Resources

Consumption of net position by the College that is applicable to a future fiscal year is reported as a deferred outflow of resources on the statement of net position. As of June 30, 2022 and 2021, the College had deferred outflows of resources related to pension and other postemployment benefits.

Deferred Inflows of Resources

An acquisition of net position by the College that is applicable to a future fiscal year is reported as a deferred inflow of resources on the statement of net position. As of June 30, 2022 and 2021, the College had deferred inflows related to pension and other postemployment benefits.

Risk Management

The State's Board of Risk and Insurance Management (BRIM) provides general, property and casualty, and liability coverage to the College and its employees. Such coverage is 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management (Continued)

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

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

Settled claims have not exceeded these coverages for the past three fiscal years.

Classification of Revenues

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

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

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

Other Revenues – Other revenues consist primarily of capital grants and gifts.

Use of Restricted Net Position

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Financial Assistance Program

The College makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students through institutions like the College. Direct student loan receivables are not included in the College's accompanying statements of net position since the loans are repayable directly to the U.S. Department of Education. In 2022 and 2021, the College received and disbursed approximately $836 thousand and $1.11 million, respectively, under the Federal Direct Student Loan Program on behalf of the U.S. Department of Education, which is not included as revenue and expense on the statements of revenues, expenses, and changes in net position.

The College also distributes other student financial assistance funds on behalf of the federal government to students under the federal Pell Grant, Supplemental Educational Opportunity Grant, and College Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2022 and 2021, the College received and disbursed approximately $2.46 million and $2.36 million, respectively, under these federal student aid programs.

Scholarship Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the accompanying 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.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Service Concession Arrangements

The College had service concession arrangements for the operation of bookstores. Significant renovations made to College facilities by service concession vendors are capitalized and revenues are deferred and accreted over the life of the contract.

Income Taxes

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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, including restricted cash and cash equivalents held in external pools, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain securities, it is reasonably possible that changes in risk and values will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Newly Adopted Statements Issued by the Governmental Accounting Standards Board

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

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred, and should no longer be capitalized as part of the cost of an asset. The College has determined that the effect of Statement No. 89 on its financial statements will vary from year to year, depending upon the amount of new debt incurred for capital assets. The adoption of this standard had no effect on the College’s financial statements.

NOTE 3 CASH AND CASH EQUIVALENTS

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

	2022		
	Current	Noncurrent	Total
State Treasurer	$ 10,508,468	$ 2,638,267	$ 13,146,735
Bank	861,752	-	861,752
Total	$ 11,370,220	$ 2,638,267	$ 14,008,487

	2021		
	Current	Noncurrent	Total
State Treasurer	$ 12,492,479	$ 1,686,999	$ 14,179,478
Bank	520,712	-	520,712
Total	$ 13,013,191	$ 1,686,999	$ 14,700,190

Cash held by the State Treasurer includes $2,638,267 and $1,686,999 at June 30, 2022 and 2021, respectively, restricted for capital assets. These amounts were collateralized by financial instruments held by the State's agent.

The combined carrying amount of cash in bank was $861,752 and $520,712 as compared with the combined bank balance of $697,677 and $573,158 at June 30, 2022 and 2021, respectively. The difference is primarily caused by items in transit and outstanding checks. The bank balances were covered by federal depository insurance as noted below or collateralized by securities held by the State's agent. Regarding federal depository insurance, accounts held by the bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At June 30, 2022, the amount uninsured and uncollateralized was $447,677. At June 30, 2021, the amount uninsured and uncollateralized was $323,158.

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

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

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	$ 9,174,634	AAAm	$ 13,838,574	AAAm
WV Short-Term Bond Pool	217,789	Not Rated	340,904	Not Rated
Total	$ 9,392,423		$ 14,179,478	

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

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

	2022		2021	
External Pool	Carrying Value	WAM (Days)	Carrying Value	WAM (Days)
WV Money Market Pool	$ 9,174,634	21	$ 13,838,574	52

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

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

	2022		2021	
External Pool	Carrying Value	Effective Duration (Days)	Carrying Value	Effective Duration (Days)
WV Short-Term Bond Pool	$ 217,789	584	$ 340,904	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. The College does not have a formal custodial credit risk policy.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The BTI's investment policy limits investment maturities from potential fair value losses due to increasing interest rates. No more than 5% of the money market fund's total market value may be invested in the obligations of a single issuer, with the exception of the U.S. government and its agencies. The College does not have a formal interest rate risk policy.

Foreign Currency Risk

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

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable at June 30 are as follows:

	2022	2021
Student Tuition and Fees, Net of Allowance for Doubtful Accounts of $626,285 in 2022 and $929,677 in 2021	$ 153,658	$ 204,012
Third-Party Contracts Receivable	261,709	10,923
Total	$ 415,367	$ 214,935

NOTE 5 CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2022 and 2021 is as follows:

	2022			
	Beginning Balance	Additions	Reductions	Ending Balance
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	$ 1,728,751	$ -	$ -	$ 1,728,751
Construction in Progress	1,972,748	2,922,942	(2,781,484)	2,114,206
Total Capital Assets Not Being Depreciated	$ 3,701,499	$ 2,922,942	$ (2,781,484)	$ 3,842,957
OTHER CAPITAL ASSETS				
Land Improvements	$ 740,567	$ -	$ -	$ 740,567
Infrastructure	2,263,596	2,013,549	-	4,277,145
Buildings	42,447,920	1,226,328	-	43,674,248
Equipment	9,671,957	828,172	(278,698)	10,221,431
Library Books	417,764	96	(13,800)	404,060
Total Other Capital Assets	55,541,804	4,068,145	(292,498)	59,317,451
LESS ACCUMULATED DEPRECIATION FOR				
Land Improvements	(737,529)	(675)	-	(738,204)
Infrastructure	(1,620,517)	(122,127)	-	(1,742,644)
Buildings	(15,083,507)	(802,684)	-	(15,886,191)
Equipment	(6,545,007)	(688,762)	277,824	(6,955,945)
Library Books	(406,340)	(3,510)	13,800	(396,050)
Total Accumulated Depreciation	(24,392,900)	(1,617,758)	291,624	(25,719,034)
OTHER CAPITAL ASSETS, NET	$ 31,148,904	$ 2,450,387	$ (874)	$ 33,598,417
CAPITAL ASSET SUMMARY				
Capital Assets Not Being Depreciated	$ 3,701,499	$ 2,922,942	$ (2,781,484)	$ 3,842,957
Other Capital Assets	55,541,804	4,068,145	(292,498)	59,317,451
Total Cost of Capital Assets	59,243,303	6,991,087	(3,073,982)	63,160,408
Less: Accumulated Depreciation	(24,392,900)	(1,617,758)	291,624	(25,719,034)
CAPITAL ASSETS, NET	$ 34,850,403	$ 5,373,329	$ (2,782,358)	$ 37,441,374

NOTE 5 CAPITAL ASSETS (CONTINUED)

	2021			
	Beginning Balance	Additions	Reductions	Ending Balance
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	$ 1,728,751	$ -	$ -	$ 1,728,751
Construction in Progress	488,510	1,484,238	-	1,972,748
Total Capital Assets Not Being Depreciated	$ 2,217,261	$ 1,484,238	$ -	$ 3,701,499
OTHER CAPITAL ASSETS				
Land Improvements	$ 738,067	$ 2,500	$ -	$ 740,567
Infrastructure	2,263,596	-	-	2,263,596
Buildings	42,367,391	80,529	-	42,447,920
Equipment	9,176,851	626,378	(131,272)	9,671,957
Library Books	508,850	1,607	(92,693)	417,764
Total Other Capital Assets	55,054,755	711,014	(223,965)	55,541,804
LESS ACCUMULATED DEPRECIATION FOR				
Land Improvements	(708,877)	(28,652)	-	(737,529)
Infrastructure	(1,533,401)	(87,116)	-	(1,620,517)
Buildings	(14,285,584)	(797,923)	-	(15,083,507)
Equipment	(6,039,124)	(617,928)	112,045	(6,545,007)
Library Books	(494,559)	(4,474)	92,693	(406,340)
Total Accumulated Depreciation	(23,061,545)	(1,536,093)	204,738	(24,392,900)
OTHER CAPITAL ASSETS, NET	$ 31,993,210	$ (825,079)	$ (19,227)	$ 31,148,904
CAPITAL ASSET SUMMARY				
Capital Assets Not Being Depreciated	$ 2,217,261	$ 1,484,238	$ -	$ 3,701,499
Other Capital Assets	55,054,755	711,014	(223,965)	55,541,804
Total Cost of Capital Assets	57,272,016	2,195,252	(223,965)	59,243,303
Less: Accumulated Depreciation	(23,061,545)	(1,536,093)	204,738	(24,392,900)
CAPITAL ASSETS, NET	$ 34,210,471	$ 659,159	$ (19,227)	$ 34,850,403

The College maintains various 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.

The College had $885,393 in construction commitments as of June 30, 2022.

NOTE 6 LEASE LIABILITY

The College leased land from the West Virginia Northern Community College Foundation. The original terms of the agreement included monthly payments of $3,363 from July 1, 2015 through July 1, 2025, with an annual interest rate of 4% and a principal amount of $332,115. This liability was paid in full on November 1, 2020.

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS

Employees of the College are enrolled in the West Virginia Other Postemployment Benefit Plan (the OPEB plan) which is administered by the West Virginia Public Employees Insurance Agency (PEIA) and the West Virginia Retiree Health Benefit Trust Fund (the RHBT).

Following is the College's other postemployment benefits liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, revenues, and other postemployment benefits expense and expenditures for the fiscal years ended June 30, 2022 and 2021 (dollars in thousands):

	2022	2021
Net OPEB Liability (Asset)	$ (42)	$ 635
Deferred Outflows of Resources	$ 252	$ 433
Deferred Inflows of Resources	$ 1,545	$ 2,031
Payments Made on Behalf of the College	$ (39)	$ 115
OPEB Expense	$ (804)	$ (528)
Contributions Made by the College	$ 184	$ 258

Plan Description

The OPEB plan is a cost-sharing, multiple-employer, defined benefit other postemployment benefit plan that covers the retirees of state agencies, colleges and universities, county boards of education, and other government entities as set forth in West Virginia Code Section 5-16D-2 (the Code). Plan benefits are established and revised by PEIA and the RHBT with approval of the Finance Board. The Finance Board is comprised of nine members. Finance Board members are appointed by the Governor, serve a term of four years and are eligible for reappointment. The State Department of Administration secretary serves as Chairman of the Board. Four members represent labor, education, public employees, and public retirees. Four remaining members represent the public-at-large.

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Description (Continued)

Active employees who retire are eligible for PEIA health and life benefits, provided they meet the minimum eligibility requirements of the applicable state retirement system and if their last employer immediately prior to retirement is a participating employer under the Consolidated Public Retirement Board (CPRB) and, as of July 1, 2008 forward, is a participating employer with PEIA. Active employees who, as of July 1, 2008, have 10 years or more of credited service in the CPRB and whose employer at the time of their retirement does participate with CPRB, but does not participate with PEIA will be eligible for PEIA retiree coverage provided: they otherwise meet all criteria under this heading and their employer agrees, in writing, upon a form prescribed by PEIA, that the employer will pay to PEIA the nonparticipating retiree premium on behalf of the retiree or retirees, or that the retiree agrees to pay the entire unsubsidized premium themselves. Employees who participate in non-state retirement systems but that are CPRB system affiliated, contracted, or approved (such as TIAA-CREF and Empower Retirement), or are approved, in writing, by the PEIA Director must, in the case of education employees, meet the minimum eligibility requirements of the State Teachers Retirement System (STRS), and in all other cases meet the minimum eligibility requirements of the Public Employees Retirement System to be eligible for PEIA benefits as a retiree.

The financial activities of the OPEB plan are accounted for in the RHBT, a fiduciary fund of the State of West Virginia. For purposes of measuring the net pension liability, deferred outflows and inflows, and pension expense, the information is consistent with that reported on the RHBT financial statements The RHBT audited financial statements and actuarial reports can be found on the PEIA website at www.peia.wv.gov.

Benefits Provided

The OPEB plan provides the following benefits: medical and prescription drug insurance and life insurance. The medical and prescription drug insurance is provided through two options: the self-insured preferred provider benefit plan option, which is primarily for non-Medicare-eligible retirees and spouses; and the external managed care organization option, which is primarily for Medicare-eligible retirees and spouses.

Contributions

Pay as you go premiums (paygo) are established by the 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 active premiums subsidize the retirees' health care.

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 between July 1, 1997 and 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 health care contributions with no sponsor provided implicit or explicit subsidy.

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Contributions (Continued)

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

- Members hired before July 1, 1988 may convert accrued sick or vacation leave days into 100% of the required retiree health care contribution.

- Members hired from July 1, 1988 to June 30, 2001 may convert sick or vacation leave days into 50% of the required retiree health care contribution.

The conversion rate is two days of unused sick and vacation leave days per month for single health care coverage and three days of unused sick and vacation leave days per month for family health care coverage.

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

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 coverage for one year of family coverage. Faculty hired after July 1, 2009 no longer receive years of service credit toward insurance premiums when they retire. Faculty hired on or after July 1, 2010 receive no health insurance premium subsidy when they retire. 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 had an original hire date prior to July 1, 2010 may return to active employment. In those cases, the original hire date may apply.

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions

The June 30, 2022 OPEB liability (asset) for financial reporting purposes was determined by an actuarial valuation as of June 30, 2020, and a measurement date of June 30, 2021. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

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

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

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

The long-term investment 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 West Virginia Investment Management Board (IMB) and an expected short-term rate of return of 2.5% for assets invested with the WV Board of Treasury Investments (BTI).

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

Long-term pre-funding assets are invested with the IMB. The strategic asset allocation consists of 55% equity, 15% fixed income, 10% private equity, 10% hedge fund, and 10% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the BTI.

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

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Global Equity	4.8 %	55.0 %
Core Plus Fixed Income	2.1	15.0
Core Real Estate	4.1	10.0
Hedge Fund	2.4	10.0
Private Equity	6.8	10.0
		100.0 %

Discount rate. The discount rate used to measure the OPEB liability was 6.65%. The projection of cash flows used to determine the discount rate assumed that RHBT contributions will be made at rates equal to the actuarially determined contribution rates, in accordance with prefunding and investment policies. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

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

	1% Decrease (5.65%)	Current Discount Rate (6.65%)	1% Increase (7.65%)
Net OPEB Liability (Asset) 2022	$ 226	$ (42)	$ (264)
Net OPEB Liability 2021	905	635	408

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

Sensitivity of the net OPEB liability to changes in health care cost trend rates. The following presents the College's proportionate share of the net OPEB liability as of June 30, 2022 and 2021 calculated using the current health care cost trend rates, as well as what the College's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates (dollars in thousands):

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
Net OPEB Liability 2022	$ (311)	$ (42)	$ 285
Net OPEB Liability 2021	382	635	940

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

At June 30, 2022 and 2021, the amount recognized as the College's proportionate share of the net OPEB liability (asset) was approximately $(42,000) and $635,000, respectively. At June 30, 2022, the nonemployer contributing entity's (State of West Virginia) portion of the collective net OPEB liability/(asset) is $(8,200) and the total net OPEB liability/(asset) attributable to the College is $(50,000). At June 30, 2021, the nonemployer contributing entity's (State of West Virginia) portion of the collective net OPEB liability is $140,000 and the total net OPEB liability attributable to the College is $775,000.

The allocation percentage assigned to each contributing employer is based on the employer's proportionate share of employer contributions to the RHBT for the fiscal years ended June 30, 2021 and June 30, 2020. Employer contributions are recognized when due. At June 30, 2021, the College's proportion was 0.141446121%, a decrease of 0.002302971% from its proportion of 0.143749092%, calculated as of June 30, 2020.

For the years ended June 30, 2022 and 2021, the College recognized OPEB expense of $(843,000) and $(528,000), respectively. Of this amount, $(804,000) and $(588,000) at June 30, 2022 and 2021, respectively, was recognized as the College's proportionate share of the OPEB expense, and $(39,000) and $60,000 at June 30, 2022 and 2021, respectively, as the amount of OPEB expense attributed to special funding. The College also recognized revenue(expense) of $(39,000) and $60,000 at June 30, 2022 and 2021, respectively, for support provided by the State.

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

At June 30, 2022, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	$ 68	$ 59
Net Difference Between Projected and Actual Investment Earnings	-	291
Differences Between Expected and Actual Experience	-	290
Changes in Assumptions	-	890
Reallocation of Opt-Out Change in Proportionate Share	-	15
Contributions After the Measurement Date	184	-
Total	$ 252	$ 1,545

At June 30, 2021, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	$ 126	$ 148
Net Difference Between Projected and Actual Investment Earnings	-	21
Differences Between Expected and Actual Experience	51	393
Changes in Assumptions	-	1,433
Reallocation of Opt-Out Change in Proportionate Share	-	36
Contributions After the Measurement Date	256	-
Total	$ 433	$ 2,031

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

The College will recognize $184,000 of the amount reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (dollars in thousands):

Fiscal Year Ending	Total Amortization
June 30, 2023	$ (730)
June 30, 2024	(559)
June 30, 2025	(108)
June 30, 2026	(80)
Total	$ (1,477)

NOTE 8 STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

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

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

The Commission has the authority to assess each public institution of higher education for payment of debt service on these system bonds. The education and general capital fees (previously tuition and registration fees) of the members of the former State College System are generally pledged as collateral for the Commission's bond indebtedness. Student fees collected by the institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. Although the bonds remain as a capital obligation of the Commission, an estimate of the obligation of each institution is reported as a long-term payable by each institution and as a receivable by the Commission, effective as of June 30, 2002. As of June 30, 2022 and 2021, there were no debt obligations due to the Commission.

NOTE 9 UNRESTRICTED NET POSITION

The College's unrestricted net position for years ended June 30, 2022 and 2021 was as follows:

	2022	2021
Total Unrestricted Net Position Before OPEB Liability	$ 7,388,903	$ 9,904,524
Less: OPEB Liability (Asset)	-	634,928
Total Unrestricted Net Position	$ 7,388,903	$ 9,269,596

NOTE 10 DEFINED BENEFIT PENSION PLAN

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

Following is the College's pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, revenues, and the pension expense and expenditures for the fiscal years ended June 30, 2022 and 2021:

	2022	2021
Net Pension Liability	$ 69,294	$ 223,888
Deferred Outflows of Resources	$ 42,076	$ 55,557
Deferred Inflows of Resources	$ 139,613	$ 42,803
Payments Made on Behalf of the College	$ (6,670)	$ 51,030
Pension Expense (Revenue)	$ (32,323)	$ 57,118
Contributions Made by the College	$ 19,354	$ 18,506

TRS

Plan Description

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

TRS is considered a component unit of the state for financial reporting purposes, and, as such, its financial report is also included in the State of West Virginia's Comprehensive Annual Financial Report. TRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained from the TRS website at https://www.wvretirement.com/Publications.html#CAFR.3

NOTE 10 DEFINED BENEFIT PENSION PLAN (CONTINUED)

TRS (Continued)

Benefits Provided

TRS provides retirement, death, and disability benefits. A member is eligible for normal retirement at age 60 with 5 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 5 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. Contribution requirements are set by CPRB. A member who withdraws from service for any cause other than death or retirement may request that the accumulated employee contributions plus interest be refunded.

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

Employer Contributions: Employers make the following contributions:

The state (including institutions of higher education) contributes:

1. 15% of gross salary of their State-employed members hired prior to July 1, 1991;
2. 15% of School Aid Formula (SAF) covered payroll of county-employed members;
3. 7.5% of SAF-covered payroll of members of the TDCRS;
4. A certain percentage of fire insurance premiums paid by state residents; and
5. Under WV State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the TRS unfunded liability within 40 years of June 30, 1994. As of the June 30, 2020 and 2019 measurement dates, respectively, the College's proportionate share attributable to this special funding subsidy was $(6,670) and $51,030 and is recorded as revenue (expense).

The College's contributions to TRS for the years ended June 30, 2022, 2021, and 2020, were approximately $19,354, $18,506, and $29,387, respectively.

NOTE 10 DEFINED BENEFIT PENSION PLAN (CONTINUED)

TRS (Continued)

Assumptions

The total pension liabilities for June 30, 2022 and 2021 financial reporting purposes were determined by actuarial valuations as of July 1, 2020 and 2019, respectively and rolled forward to June 30, 2021 and 2020, respectively. The following actuarial assumptions were used and applied to all periods included in the measurement:

- Actuarial cost method: Entry age normal cost with level percentage of payroll.
- Asset valuation method: Investments are reported at fair value.
- Amortization method and period for contributions: Level dollar, fixed period 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: Active – based on Pub-2010 General Employee Tables, headcount-weighted, projected with Scale MP-2019.
- Withdrawal rates: Teachers 7%-35% and Non-Teachers 2.30%-18%.
- Disability rates: 0.004%-0.563%.
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Retirement rates: 15%-100%, based on age, after 55.
- Ad hoc cost-of-living increases in pensions are periodically granted by the State Legislature. However, the retirement system makes no automatic provision for such increases.

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

NOTE 10 DEFINED BENEFIT PENSION PLAN (CONTINUED)

TRS (Continued)

Assumptions (Continued)

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

Asset Class	2021 Long-Term Expected Real Rate of Return	Target Allocation
Domestic Equity	5.1 %	27.5 %
International Equity	5.2 %	27.5 %
Core Fixed Income	1.5 %	15.0 %
Real Estate	5.8 %	10.0 %
Private Equity	9.3 %	10.0 %
Hedge Funds	3.8 %	10.0 %

Asset Class	2020 Long-Term Expected Real Rate of Return	Target Allocation
Domestic Equity	5.5 %	27.5 %
International Equity	7.0 %	27.5 %
Core Fixed Income	2.2 %	15.0 %
Real Estate	6.6 %	10.0 %
Private Equity	8.5 %	10.0 %
Hedge Funds	4.0 %	10.0 %

Discount Rate. The discount rate used to measure the total TRS pension liability was 7.25% and 7.50% for fiscal years ending June 30, 2021 and 2020, respectively. The projection of cash flows used to determine the discount rate assumed that state contributions will continue to follow the current funding policy. Based on those assumptions, TRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on TRS' investments was applied to all periods of projected benefit payments to determine the total pension liability. In the event of benefit payments that are not covered by the pension plan's fiduciary net position, a municipal bond rate of 2.18% is to be used to discount the benefit payments not covered by the plan's fiduciary net position. The rate equals the S&P Municipal Bond 20 Year High Grade Rate Index at June 30, 2021.

NOTE 10 DEFINED BENEFIT PENSION PLAN (CONTINUED)

TRS (Continued)

Assumptions (Continued)

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

	1% Decrease	Discount Rate Used	1% Increase
Net Pension Liability 2022	$ 122,447	$ 69,294	$ 24,127
Net Pension Liability 2021	302,453	223,888	156,944

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

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

At June 30, 2022 and 2021, the College's proportionate share of the TRS net pension liability was $461,052 and $710,344, respectively. Of this amount, the College recognized $69,294 and $223,888, respectively, as its proportionate share on the statement of net position. The remainder of $391,758 and $486,456, respectively, denotes the College's proportionate share of net pension liability attributable to the special funding provided by the state.

The allocation percentage assigned to each participating employer and nonemployer contributing entity is based on their proportionate share of employer and nonemployer contributions to TRS for each of the fiscal years ended June 30, 2022 and 2021. Employer contributions are recognized when due. At the June 30, 2021 measurement date, the College's proportion was 0.004434%, a decrease of 0.002517% from its proportion of 0.006951% calculated as of June 30, 2020.

For the years ended June 30, 2022 and 2021, the College recognized total TRS pension expense (benefit) of $(32,323) and $57,118, respectively. Of this amount, $(25,653) and $2,605, respectively was recognized as the College's proportionate share of the TRS benefit, offset by, $(6,670) and $51,030, respectively, as the amount of pension expense (benefit) attributable to special funding from a nonemployer contributing entity, and $-0- and $3,483, respectively, as the amount of pension expense from a nonemployer contributing entity not attributable to a special funding situation. The College also recognized revenue (expense) of $(6,670) and $54,513, respectively, for support provided by the State.

NOTE 10 DEFINED BENEFIT PENSION PLAN (CONTINUED)

TRS (Continued)

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

At June 30, 2022, deferred outflows of resources and deferred inflows of resources related to the TRS pension are as follows:

	Deferred Outflows of of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	$ 8,475	$ 82,203
Net Difference Between Projected and Actual Investment Earnings	-	55,381
Difference Between Projected and Actual Experience	5,645	2,029
Changes in Assumptions	8,602	-
Contributions After Measurement Date	19,354	-
Total	$ 42,076	$ 139,613

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	$ 15,187	$ 37,887
Net Difference Between Projected and Actual Investment Earnings	13,565	-
Difference Between Projected and Actual Experience	5,144	4,916
Changes in Assumptions	3,155	-
Contributions After Measurement Date	18,506	-
Total	$ 55,557	$ 42,803

NOTE 10 DEFINED BENEFIT PENSION PLAN (CONTINUED)

TRS (Continued)

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

The College will recognize $19,354 of the amount reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the TRS net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction of or increase in the TRS pension expense as follows:

Fiscal Year Ending	Amortization
June 30, 2023	$ (38,001)
June 30, 2024	(24,780)
June 30, 2025	(22,458)
June 30, 2026	(30,402)
June 30, 2027	(1,250)
Total	$ (116,891)

Payables to the Pension Plan

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

NOTE 11 RETIREMENT PLANS

Substantially all full-time employees of the College participate in either the West Virginia State Teachers' Retirement System (the TRS) or the Teachers' Insurance and Annuities Association – College Retirement Equities Fund (the TIAA-CREF). (See Note 10 for information regarding TRS).

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

The TIAA-CREF and Educators Money are defined contribution benefit plans in which benefits are based solely upon amounts contributed plus investment earnings. Each employee who elects to participate in this plan is 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 and Educators Money, which are not matched by the College.

Total contributions to the TIAA-CREF for the years ended June 30, 2022, 2021, and 2020 were $767,692, $759,138, and $720,440, respectively, which consisted of equal contributions from the College and covered employees of $383,846 in 2022, $379,569 in 2021, and $360,220 in 2020.

NOTE 11 RETIREMENT PLANS (CONTINUED)

Total contributions to Educators Money for the years ended June 30, 2022, 2021, and 2020, were $28,268, $23,240, and $21,122, respectively, which consisted of equal contributions from the College and covered employees of $14,134, $11,620, and $10,561, in 2022, 2021, and 2020, respectively.

The College's total payroll for the years ended June 30, 2022, 2021, and 2020, was $7,299,311, $7,220,456, and $7,690,813, respectively; total covered employees' salaries in the TIAA-CREF and Educators Money were $6,772,724 and $235,565; $6,326,172 and $193,670; and $6,003,654 and $176,020; in 2022, 2021, and 2020, respectively.

NOTE 12 CONTINGENCIES

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

Under the terms of federal grants and awards, 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 by federal environmental, health and safety regulations to manage the presence of asbestos in its buildings in a safe manner. The College addresses its responsibility to manage the presence of asbestos in its buildings on a case-by-case basis. Significant problems of dangerous asbestos conditions are abated, as the 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 manner.

NOTE 13 SERVICE CONCESSION ARRANGEMENTS

The College had identified one contract for services that met the four criteria of a service concession arrangement (SCA) under GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. SCAs are defined as a contract between a government and an operator, another government or a private entity, in which the operator provides services, the operator collects and is compensated by fees from third parties, the government still has control over the services provided and the government retains ownership of the assets at the end of the contract. The contract is with Barnes & Noble College Booksellers, Inc. The management of the College entered into this agreement to improve the quality of the services to students while increasing the revenues from these operations.

The Bookstore Operating Agreement was effective on August 1, 2010, between the College and Barnes & Noble College Booksellers, Inc. (B&N). The Agreement is for B&N to operate bookstores on the College's three campus locations for a period of five years and may be renewed if both parties agree for an additional five-year period. B&N agreed to cover the cost of bookstore capital improvements up to $240,000 over the term of the Agreement. During fiscal year 2014, $355,630 in B&N construction costs for a new Student Union/Bookstore was classified as a capital asset with an offsetting $240,000 in Deferred Inflow of Resources, $70,894 in B&N contributed construction costs, and $44,736 in reimbursed construction costs to B&N by the College. Beginning August 1, 2015, the College amortized the Deferred Inflow of Resources, while recognizing Auxiliary Revenue each year until the contract expired on July 31, 2020. The unamortized portion of B&N's investment was $-0- and $4,000 at June 30, 2022 and 2021, respectively. No significant renovations to College facilities were made by B&N in 2022 or 2021.

In addition, B&N annually paid commission to the College calculated as a contractually agreed percentage of bookstore revenue. In 2022 and 2021, the College received $-0- and $4,838, respectively, in commissions from B&N. The College shares payroll expenses of $10,000 in the New Martinsville campus bookstore by B&N reducing the last commission check payable to the College for the fiscal year. B&N provided $2,000 annually for textbook scholarships and $1,000 annually for the Presidential Scholarship to the College during the term of the agreement for student scholarships. B&N provided up to $6,000 annually to cover the cost for uncollected or nonissued Pell grant money in exchange for letting student financial aid be used for all merchandise in the B&N bookstore. B&N also provided $1,000 annually for the West Virginia Northern Community College Foundation, Inc.

This contract matured on July 31, 2020. The College entered into a new agreement with AKADEMOS, Inc., which was effective on January 1, 2021 and will extend through June 30, 2026. The Agreement is for AKADEMOS, Inc. to design, produce, and operate a website which will provide the College's students and faculty with the ability to purchase all books or other materials, provide access to AKADEMOS, Inc.'s broad base of other educational texts and materials online, and permit the faculty to modify the course information.

NOTE 14 NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

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

2022

	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellow ships	Depreciation	Fees Assessed by the Commission	Total
Instruction	$ 3,882,557	$ 431,000	$ 722,171	$ 89,905	$ -	$ -	$ -	$ 5,125,633
Public Service	84,643	9,851	80,917	62	-	-	-	175,473
Academic Support	395,899	16,560	295,386	89,843	-	-	-	797,688
Student Services	1,070,752	57,818	98,279	-	-	-	-	1,226,849
General Institutional Support	1,624,472	182,078	1,346,355	234,825	-	-	-	3,387,730
Operations and Maintenance of Plant	438,309	33,875	738,019	349,562	-	-	-	1,559,765
Student Financial Aid	-	-	-	-	2,417,829	-	-	2,417,829
Depreciation	-	-	-	-	-	1,617,758	-	1,617,758
Other	-	-	-	-	-	-	50,616	50,616
Total	$ 7,496,632	$ 731,182	$ 3,281,127	$ 764,197	$ 2,417,829	$ 1,617,758	$ 50,616	$ 16,359,341

2021

	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellow ships	Depreciation	Fees Assessed by the Commission	Total
Instruction	$ 3,700,577	$ 516,472	$ 304,845	$ 83,389	$ -	$ -	$ -	$ 4,605,283
Public Service	115,384	17,301	31,419	-	-	-	-	164,104
Academic Support	452,348	54,972	167,482	83,389	-	-	-	758,191
Student Services	1,067,158	136,417	268,630	-	-	-	-	1,472,205
General Institutional Support	1,664,923	333,569	1,079,779	215,263	-	-	-	3,293,534
Operations and Maintenance of Plant	406,652	53,132	694,705	318,709	-	-	-	1,473,198
Student Financial Aid	-	-	-	-	1,544,085	-	-	1,544,085
Depreciation	-	-	-	-	-	1,536,092	-	1,536,092
Other	-	-	-	-	-	-	55,498	55,498
Total	$ 7,407,042	$ 1,111,863	$ 2,546,860	$ 700,750	$ 1,544,085	$ 1,536,092	$ 55,498	$ 14,902,190

NOTE 15 BALANCES DUE TO OR FROM WEST VIRGINIA STATE AGENCIES

For the years ended June 30, 2022 and 2021, the following table represents amounts due (to) from West Virginia State Agencies:

	2022	2021
Amounts Due from State Agencies:		
Higher Education Policy Commission, Including Interest Receivable	$ 179,254	$ 32,865
Amounts Due to State Agencies:		
Higher Education Policy Commission/ Council for Community and Technical Colleges	$ (51,170)	$ (8,434)
West Virginia Workforce		-
Public Employees Insurance Agency	(6,079)	(6,831)
West Virginia State Treasurer		(813)
West Virginia Department of Administration	(108)	-
West Virginia Attorney General		(62)
West Virginia Department of Labor		-
West Virginia Central Mail	(20)	(42)
Total Amounts Due to State Agencies	$ (57,377)	$ (16,182)

NOTE 16 COMPONENT UNIT DISCLOSURES (FOUNDATION)

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

Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities - West Virginia Northern Community College Foundation, Inc. (the "Foundation") is a nonprofit corporation organized under the laws of the State of West Virginia. The Foundation is classified as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation was organized to support and assist in the development and growth of West Virginia Northern Community College ("the College") for all aspects of its programs and services. The Foundation's mission "…seeks, receives, and manages private funds to increase the College's capabilities in the areas of institutional development, professional development, capital facilities and equipment, and financial assistance to students." Oversight of the Foundation is the responsibility of a separate and independently elected Board of Trustees not otherwise affiliated with the College. The President of the College is a nonvoting member of the Board of Trustees. In fulfilling its responsibilities, the Board of Trustees of the Foundation oversees management, forms policy, and maintains fiscal accountability over funds administered by the Foundation. Although West Virginia Northern Community College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests, is restricted to the activities of the College by the donors. During the years ended June 30, 2022 and 2021, the Foundation contributed $104,393 and $102,654, respectively, to the College for scholarships and student assistance.

NOTE 16 COMPONENT UNIT DISCLOSURES (FOUNDATION) (CONTINUED)

Nature of Activities and Summary of Significant Accounting Policies (Continued)

Basis of Accounting – The Foundation financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation – The Foundation reports its financial position and activities according to standards established by the Financial Accounting Standards Board (FASB). Accordingly, the Foundation has classified its net assets and its revenue, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Under FASB, the Foundation is required to report its financial position and activities according to two classes of net assets. Below is a summary of those classifications:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Foundation and/or the passage of time.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reporting amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Foundation considers all highly liquid investments, available for current use, with an initial maturity of three months or less to be cash equivalents. Money market funds included in investments are not considered cash equivalents.

Accounts Receivable – Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management monitors accounts receivable closely and considers all accounts receivable amounts fully collectible, thus no provision for uncollectible accounts has been made.

NOTE 16 COMPONENT UNIT DISCLOSURES (FOUNDATION) (CONTINUED)

Nature of Activities and Summary of Significant Accounting Policies (Continued)

Investments – Investments in marketable securities and all debt securities are reported at their fair value based upon quoted market prices in the statement of financial position.

The Foundation operates a pooled investment portfolio consisting of common trust funds for all funds. New funds or additions to existing funds are assigned a share in the common trust fund investment pool based upon the amount of cash or estimated fair value of securities deposited. Income, including unrealized appreciation or depreciation and realized capital gains and losses, are allocated depending on whether the investment was established for general operating (without donor restrictions) or a specific purpose (with donor restrictions).

Split-interest agreements consist of beneficial interests in perpetual trusts. The Foundation was bequeathed a beneficial interest in a perpetual trust established at a financial institution in accordance with a decedent's will. Under the terms of this split-interest agreement, the Foundation is to receive distributions of 5% of the income from the trust in perpetuity. These distributions are to be used to establish an endowment, the income from which will be used to provide scholarships. The Foundation's beneficial interest is valued in the statement of financial position at 5% of the fair market value of the trust assets. Adjustments due to changes in the market value of the trust assets are recorded as changes in value of split interest agreements. Distributions received from the trust are restricted for endowed scholarships and are recorded as investment income with donor restrictions from beneficial interest in perpetual trust.

Contributions – All contributions are recorded at their estimated fair value and are considered to be available without donor restriction use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restrictions which increases that net asset class. When a restriction is satisfied or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as released from restrictions. Contributions of donated noncash assets are recorded at fair value in the period received. Donated services are recognized as contributions at their fair values in the period received in accordance with FASB, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

Functional Expenses – Expenses are charged directly to program and management and general categories based on specific identification.

NOTE 16 COMPONENT UNIT DISCLOSURES (FOUNDATION) (CONTINUED)

Liquidity and Availability of Financial Assets

As part of the Foundation's liquidity management, it has a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation has $763,230 in financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of $113,604 in cash and $649,626 in investments. The remainder of the investments are subject to donor restrictions making them unavailable for general expenditure. General operating expenditures for the upcoming year are budgeted to be approximately $67,765.

Restricted Cash

Restricted cash of $21,500 and $19,671 at June 30, 2022 and 2021, respectively, are included in cash in the Statements of Financial Position. The restrictions have been imposed by the donors.

	2022	2021
Cash Restricted for Institutional Support	$ 21,500	$ 19,671

Notes Receivable

The Foundation leases land under a capital lease agreement to West Virginia Northern Community College. Terms of the agreement include monthly payments of $3,363 from July 1, 2015 through June 30 2025, with an annual interest rate of 4% and a principal amount of $332,115. On November 3, 2020, the Foundation received the full remaining balance on this note receivable in the amount of $174,292.

NOTE 16 COMPONENT UNIT DISCLOSURES (FOUNDATION) (CONTINUED)

Investments

The cost and estimated fair values of investments at June 30 are:

	2022		2021	
	Cost	Estimated Fair Value	Cost	Estimated Fair Value
U.S. Government Agency Obligations		$ 99,860		$ 102,535
Corporate Bonds and Notes		220,673		288,126
Mortgage Backed Securities		15,600		228,796
Equity Securities		1,847,145		2,364,049
Equity Mutual Funds		1,523,385		1,540,999
Fixed Income Mutual Funds		1,605,940		1,443,238
Common Trust Fund Balance	$ 5,541,102	5,312,603	$ 4,956,013	5,967,743
Cash Equivalents	541,363	541,363	443,560	443,560
Total	$ 6,082,465	$ 5,853,966	$ 5,399,573	$ 6,411,303

Gains (losses) on investments for the years ended June 30, 2022 and 2021 are summarized as follows:

	2022	2021
Realized Gains	$ 2,443	$ 8,652
Unrealized Gains (Losses)	(839,461)	1,130,645
Total Gains (Losses) on Investments	$ (837,018)	$ 1,139,297

Investment income and gains and losses on investments are reported as an increase or decrease in net assets without donor restrictions unless a donor or law restricts their use as to time or purpose.

All of the Foundation investment funds are invested in a financial institution’s common trust fund. The common trust fund balance reflects the aggregate cost basis that each of these investment funds has in the financial institutions common trust fund. The common trust fund fair market value reflects the market value of individual investments held by the fund at June 30, 2022 and 2021.

The Foundation, through a trust department, invests in cash equivalents and a common trust fund, which allows the Foundation to purchase domestic and foreign equities, fixed income and equity mutual funds, U.S. government obligations, corporate bonds and commercial paper. “The Foundation’s primary investment objective is to outperform the established spending rate of 3.00% plus inflation over the long-term in order for the Foundation to operate in perpetuity."

NOTE 16 COMPONENT UNIT DISCLOSURES (FOUNDATION) (CONTINUED)

Investments (Continued)

It is the Foundation's investment policy that with the exception of fixed income investments explicitly guaranteed by the U.S. government, no single investment security shall represent more than 5% of total Portfolio assets. With the exception of passively managed investment vehicles seeking to match the returns on a broadly diversified market index, no single investment pool or investment company (mutual fund) shall comprise more than 20% of total Portfolio assets. With respect to fixed income investments, for individual bonds, the minimum average credit quality of these investments shall be investment grade (Standard & Poor's BBB or Moody's Baa or higher). A maximum of 5% of fixed income investments may be exempted from this guideline.

The Foundation's spending policy states that income available for spending is determined by the Allocation Committee, unless the investment fund has a legal document stipulating otherwise. For scholarships, the Allocation Committee calculates 3% of the three-year rolling fair market value average to determine the amount of student assistance available. Capital spending and institutional development spending is discretionary depending on adequate funding sources to maintain the expenditure level of the program. All income and appreciation not needed to meet the spending needs will be reinvested.

Split-Interest Agreements

The following summarized the transactions affecting the beneficial interest in perpetual trust for the years ended June 30, 2022 and 2021:

	2022	2021
Distributions Received from the Trust Recorded as an Investment with Donor Restrictions	$ 44,227	$ 69,053
Change in Value of the Split-Interest Agreement	$ (251,262)	$ 266,830

Net Assets with Donor Restrictions

Net assets with donor restrictions are for the following purposes at June 30, 2022 and 2021:

	2022	2021
Scholarship/Student Assistance	$ 5,077,085	$ 5,739,339
Capital Projects	155,543	161,959
Institutional Support	909,226	977,415
Total	$ 6,141,854	$ 6,878,713

Supplemental Cash Flow Information

The Foundation had the following noncash transactions during the year ended June 30, 2022 and 2021:

	2022	2021
Noncash contributions received - supplies and other goods	$ 8,680	$ -

NOTE 16 COMPONENT UNIT DISCLOSURES (FOUNDATION) (CONTINUED)

Fair Value of Financial Instruments

The Foundation follows FASB standards for using fair value to measure financial assets and financial liabilities. This standard applies whenever other standards require or permit assets or liabilities to be measured at fair value.

FASB establishes a three-level hierarchy based on pricing availability in measuring fair values for assets and liabilities. These three levels are:

Level 1 – Quoted market prices are available in active trading markets for identical assets or liabilities as of the report date.

Level 2 – Pricing inputs other than quoted market prices are available in active trading markets as of the report date. These assets or liabilities have prices available but are traded less frequently, or are fair valued using other financial instruments, the parameters of which can be directly observed.

Level 3 – Assets or liabilities have little or no pricing observability as of the report date. These items are usually measured using management's best estimate of fair value, where the inputs into the determination of fair value require significant management judgment or estimation.

The Foundation reports all investments at their fair value as of June 30:

June 30, 2022	Level 1	Level 2	Level 3	Total
Valued on a Recurring Basis:				
Assets:				
Equity Securities	$ 1,847,145	$ -	$ -	$ 1,847,145
Debt Securities	-	336,133	-	336,133
Mutual Funds	3,129,325	-	-	3,129,325
Cash Equivalents	541,363	-	-	541,363
Beneficial Interest in Perpetual Trust	-	-	1,147,926	1,147,926
Total	$ 5,517,833	$ 336,133	$ 1,147,926	$ 7,001,892

June 30, 2021	Level 1	Level 2	Level 3	Total
Valued on a Recurring Basis:				
Assets:				
Equity Securities	$ 2,364,049	$ -	$ -	$ 2,364,049
Debt Securities	-	619,457	-	619,457
Mutual Funds	2,984,237	-	-	2,984,237
Cash Equivalents	443,560	-	-	443,560
Beneficial Interest in Perpetual Trust	-	-	1,399,588	1,399,588
Total	$ 5,791,846	$ 619,457	$ 1,399,588	$ 7,810,891

NOTE 16 COMPONENT UNIT DISCLOSURES (FOUNDATION) (CONTINUED)

Endowments

The Foundation discloses its endowment funds under the provisions of FASB, which provides guidance on the net asset classification of donor-restricted and board-designated endowment funds for a nonprofit organization subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The state of West Virginia has adopted the provisions of the UPMIFA.

The Foundation's endowment consists of two individual funds established for scholarships. Its endowment is donor-restricted only. The Foundation holds no Board of Trustees designated endowments. As required by GAAP, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation Board of Trustees has interpreted the UPMIFA as requiring the preservation of the fair value of the original contribution as of the contribution date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions, (a) the original value of contributions donated to the perpetual endowment, and (b) the original value of subsequent contributions to the perpetual endowment. Accumulations of interest, dividends, and market appreciation made in accordance with the direction of the applicable endowment instrument are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation allocation committee in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in deciding to spend or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the organization and the donor-restricted endowment fund.
3. General economic conditions.
4. Possible effects of inflation/deflation.
5. Expected total return from income and the appreciation of investments.
6. Other financial resources of the Foundation.
7. Foundation investment policies.

NOTE 16 COMPONENT UNIT DISCLOSURES (FOUNDATION) (CONTINUED)

Endowments (Continued)

Endowment net asset composition as of June 30 is as follows:

Net Asset Endowment Composition	2022	2021
With Donor Restrictions	$ 2,060,666	$ 2,323,255

Description of Amounts Classified as With Donor Restrictions	2022	2021
Portion of Perpetual Endowment Funds Required to be Retained by Donor Stipulation or UPMIFA	$ 1,235,695	$ 1,191,468
Term Endowment Funds	479,849	530,417
Portion of Perpetual Endowment Funds Subject to Purpose Restrictions	345,122	601,370
Total	$ 2,060,666	$ 2,323,255

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

June 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets – Beginning of Year	$ -	$ 2,323,255	$ 2,323,255
Investment Return:			
Investment Income	-	39,022	39,022
Net Appreciation (Realized and Unrealized)	-	(285,837)	(285,837)
Total Investment Return	-	(246,815)	(246,815)
Contributions	-	44,227	44,227
Appropriation of Endowment Assets for Expenditure	-	(60,001)	(60,001)
Endowment Net Assets – End of Year	$ -	$ 2,060,666	$ 2,060,666

NOTE 16 COMPONENT UNIT DISCLOSURES (FOUNDATION) (CONTINUED)

Endowments (Continued)

June 30, 2021	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets – Beginning of Year	$ -	$ 1,887,082	$ 1,887,082
Investment Return:			
Investment Income	-	31,332	31,332
Net Appreciation (Realized and Unrealized)	-	404,653	404,653
Total Investment Return	-	435,985	435,985
Contributions	-	55,863	55,863
Appropriation of Endowment Assets for Expenditure	-	(55,675)	(55,675)
Endowment Net Assets – End of Year	$ -	$ 2,323,255	$ 2,323,255

Funds with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted perpetual endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. No deficiencies of this nature were reported in unrestricted net assets as of June 30, 2022 and 2021, respectively.

Return Objectives and Risk Parameters – The Foundation's Board of Trustees has adopted investment and spending policies for endowment assets similar to those as described on page 59 identified for all investments of the Foundation. Such policies attempt to provide a predictable stream of funding the scholarship programs supported by its endowment while trying to achieve appreciation in excess of inflation rates. Actual returns in any given year may vary from this objective.

Strategies Employed for Achieving Objectives – To satisfy its long-term rate-of-return objective, Foundation investment strategies rely on a total return philosophy in which returns are achieved through both realized and unrealized capital appreciation and current investment yields. The Foundation seeks diversification of investments with an emphasis on equity-based investments to achieve this objective.

Spending Policy and How the Investment Objectives Relate to Spending Policy – The Foundation has a spending policy of appropriating 3% of the three-year rolling fair market value investment average. The Foundation expects the current spending policy to allow its endowment to grow in excess of this spending level. This is consistent with the Foundation's objective to maintain the donor-required level of perpetual duration or for a specified term as well as to provide for additional real growth through new contributions and investment return.

NOTE 16 COMPONENT UNIT DISCLOSURES (FOUNDATION) (CONTINUED)

Special Events Fundraisers

Gross revenues and direct expenses related to the current year event are as follows at June 30, 2022:

June 30, 2022	Golf Scramble	50th Anniversary Gala	Total
Special Event Revenue	$ 12,428	$ 45,129	$ 57,557
Less: Cost of Direct Benefit for Donors	(10,363)	(23,973)	(34,336)
Total	$ 2,065	$ 21,156	$ 23,221

No special events fundraisers were held during the prior year ending June 30, 2021.

WEST VIRGINIA NORTHERN COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS
JUNE 30, 2022 AND 2021

Schedule of Proportionate Share of TRS Net Pension Liability
(In Thousands)

Measurement Date	College's Proportionate Share as a Percentage of Net Pension Liability	College's Proportionate Share	State's Proportionate Share	Total Proportionate Share	College's Covered Employee Payroll	College's Proportionate Share as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2014	0.011164 %	$ 385	$ 870	$ 1,255	$ 342	112.57 %	65.95 %
June 30, 2015	0.008548 %	296	676	972	259	114.29	66.25
June 30, 2016	0.008977 %	369	702	1,071	232	159.05	61.42
June 30, 2017	0.007685 %	266	587	853	198	134.34	67.85
June 30, 2018	0.006360 %	199	515	714	202	98.51	71.20
June 30, 2019	0.006980 %	208	501	709	196	106.12	72.64
June 30, 2020	0.006951 %	224	486	710	123	182.11	70.89
June 30, 2021	0.004434 %	69	392	461	124	55.65	86.38

Schedule of Employer Contributions
(In Thousands)

Fiscal Year	Actuarially Determined Contribution	Actual Contribution Recognized	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
June 30, 2015	$ 51	$ 51	$ -	$ 259	19.69 %
June 30, 2016	39	42	(3)	232	18.10
June 30, 2017	35	35	-	212	16.51
June 30, 2018	32	32	-	198	16.16
June 30, 2019	30	29	1	202	14.36
June 30, 2020	34	34	-	196	17.35
June 30, 2021	32	32	-	123	26.02
June 30, 2022	19	19	-	124	15.32

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022

There are no factors that affect trends in the amounts reported, such as a change of benefit terms or assumptions. Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the College will present information for only those years for which information is available. Additional information, if necessary, can be obtained from the CPRB Comprehensive Annual Financial Report.

WEST VIRGINIA NORTHERN COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPORTIONATE SHARE OF NET OPEB LIABILITY AND CONTRIBUTIONS
JUNE 30, 2022 AND 2021

Schedule of Proportionate Share of Net OPEB Liability
(In Thousands)

Measurement Date	University's Proportionate Share as a Percentage of Net OPEB Liability	University's Proportionate Share	State's Proportionate Share	Total Proportionate Share	University's Covered Employee Payroll	University's Proportionate Share as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
June 30, 2017	0.137042972 %	$ 3,370	$ 692	$ 4,062	$ 4,754	70.89 %	25.10 %
June 30, 2018	0.144171698	3,093	639	3,732	6,156	50.24	28.45
June 30, 2019	0.139889586	2,321	475	2,796	7,100	32.69	39.69
June 30, 2020	0.143749092	635	140	775	7,220	8.80	73.49
June 30, 2021	0.001414461	(42)	(8)	(50)	7,299	(0.6)	101.81

Schedule of Employer Contributions
(In Thousands)

Fiscal Year	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
June 30, 2018	$ 281	$ 281	$ -	$ 4,754	5.91 %
June 30, 2019	295	295	-	6,156	4.79
June 30, 2020	278	278	-	7,100	3.92
June 30, 2021	258	258	-	7,220	3.57
June 30, 2022	184	184	-	7,299	2.52

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022

There are no factors that affect trends in the amounts reported, such as a change of benefit terms or assumptions. Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the College will present information for only those years for which information is available.

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

Board of Governors
West Virginia Northern Community College
Wheeling, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of West Virginia Northern Community College (the College), a component unit of the West Virginia Council for Community and Technical College Education, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 20, 2022. Our report includes a reference to other auditors who audited the financial statements of West Virginia Northern Community College Foundation, Inc. (the Foundation), the College's discretely presented component unit, as described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards* and, accordingly, do not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 20, 2022