Southern West Virginia Community and Technical College

Financial Statements

Years Ended June 30, 2023 and 2022

and

Independent Auditor's Reports

Suttle & Stalnaker Certified Public Accountants

A Professional Limited Liability Company

SOUTHERN WEST VIRGINIA
COMMUNITY AND TECHNICAL COLLEGE

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Suttle & Stalnaker PLLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of the Southern West Virginia Community and Technical College (the College), a component unit of the West Virginia Council for Community and Technical College Education, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2023 and 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 14, the schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of proportionate share of the net OPEB liability (asset), and schedule of OPEB contributions, and related footnotes on pages 62 through 69 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2023, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
October 4, 2023

Overview of the Financial Statements and Financial Analysis

Southern West Virginia Community and Technical College (the College) presents its financial statements for the fiscal years ended June 30, 2023 and June 30, 2022. The emphasis of discussions about these statements will be on current year data. There are three financial statements presented: the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows. This discussion and analysis of the College's financial statements provides an overview of its financial activities for the year and is required supplemental information. Since this analysis is designed to focus on current activities, resulting change and currently known facts, please read it in conjunction with the College's basic financial statements and the footnotes to these financial statements. Responsibility for the completeness and fairness of this information rests with the College.

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

Statements of Net Position

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

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

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

Condensed Schedules of Net Position
June 30,
(in thousands)

	2023	2022	2021
Assets and deferred outflows			
Current assets	$ 13,365	$ 15,651	$ 14,759
Other noncurrent assets	55	116	70
Capital assets, net	26,977	27,311	27,817
Total assets	40,397	43,078	42,646
Deferred outflows of resources	443	399	647
Total	$ 40,840	$ 43,477	$ 43,293
Liabilities, deferred inflows and net position			
Current liabilities	$ 3,272	$ 4,716	$ 3,663
Noncurrent liabilities	476	228	1,260
Total liabilities	3,748	4,944	4,923
Deferred inflows of resources	859	2,089	2,526
Net position			
Net investment in capital assets	26,977	27,311	27,817
Unrestricted net position	9,256	9,133	8,027
Total net position	36,233	36,444	35,844
Total	$ 40,840	$ 43,477	$ 43,293

Total net position of the College decreased by $211 thousand from June 30, 2022 to June 30, 2023. Total net position increased by $600 thousand from June 30, 2021 to June 30, 2022. These changes are related to a number of changes as described below:

- The total net position decreased in 2023 due to several factors, such as a decrease in nonoperating revenues of $3.6 million offset by a decrease in operating expenses of $1.9 million and increase in operating revenues of $1.2 million.

- The current ratio for fiscal years 2023 and 2022 is 4.1 and 3.3, respectively. The current ratio measures the ability to meet short-term obligations. The current ratio is the most widely-used measure of liquidity. Typically, current ratios range from 1 to 4.

- The net working capital for the College was $10.1 million at the end of 2023. This is a decrease of $800 thousand from the previous year's working capital of $10.9 million.

Statements of Revenues, Expenses and Changes in Net Position

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

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

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

	2023	2022	2021
Operating revenues	$ 6,345	$ 5,102	$ 4,964
Operating expenses	20,232	22,155	18,841
Operating loss	(13,887)	(17,053)	(13,877)
Non-operating revenues	13,694	17,311	15,293
Capital payments on behalf	148	398	629
Other payments on behalf	(166)	(56)	185
Increase (decrease) in net position	(211)	600	2,230
Net position - beginning of year	36,444	35,844	33,614
Net position - end of year	$ 36,233	$ 36,444	$ 35,844

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

Operating Revenues

- For fiscal year 2023, operating revenues increased by approximately 24%. This was due to an increase in state grant and contract revenue of 25%.

- State grant revenue increased by 25% in 2023; an increase of $900 thousand.

- Tuition and fee revenue increased by $200 thousand, a 14% increase from the previous year.

Operating Expenses

- For fiscal year 2023, the total cost of scholarships decreased $3.1 million, or 53%. The decrease is primarily due to the distribution of the remainder of the student portion of higher education emergency relief funds (HEERF) to students in 2022. Total HEERF disbursements to students totaled $2.8 million in 2022.

- For fiscal year 2023, supplies and other services decreased approximately $268 thousand, or 6%. The decrease is primarily due to a decrease in spending after a bulk of the higher education emergency relief funds (HEERF) were spent in recent years.

- Salaries and wages increased by $1.1 million, or 13%, and depreciation increased by $94 thousand, or 7% in 2023.

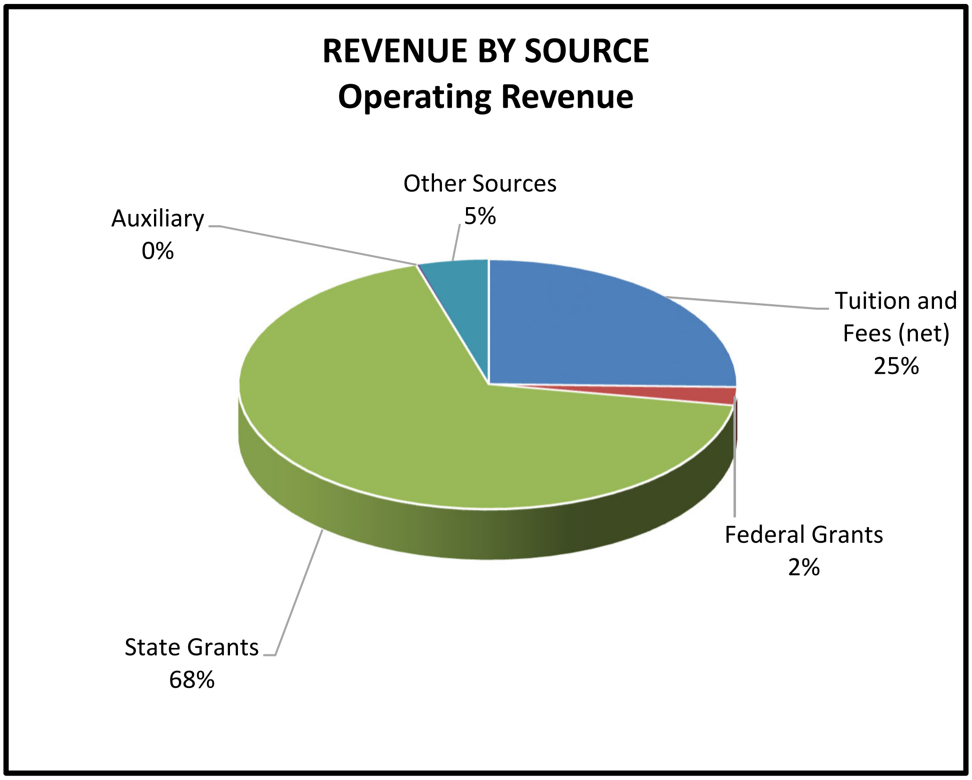
Non-operating Revenues

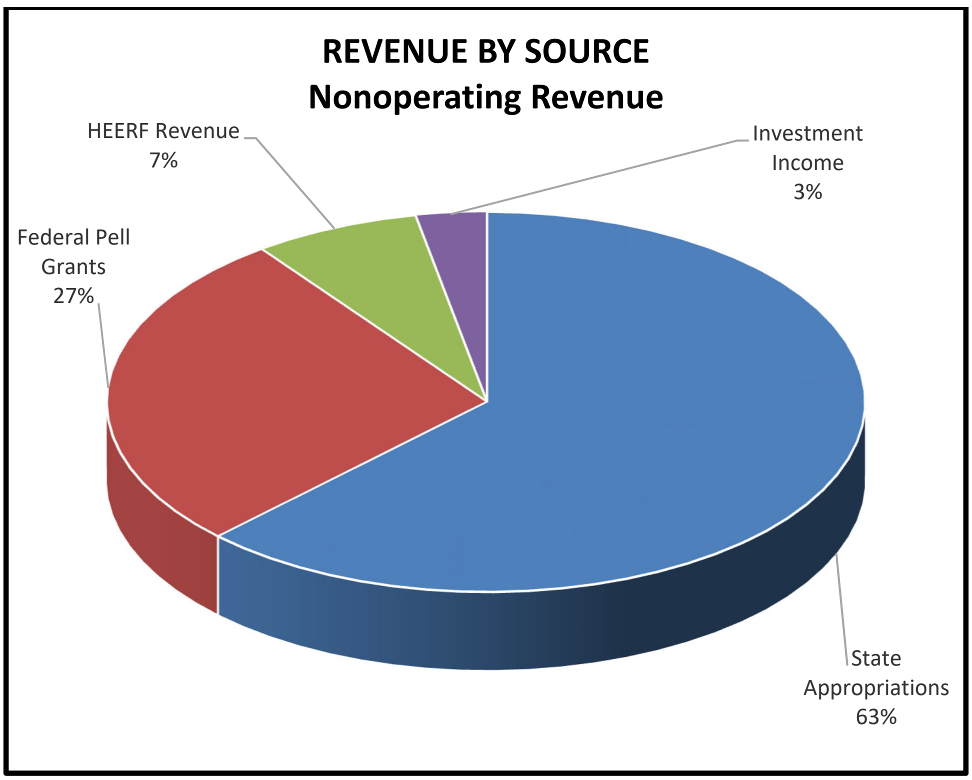
- For fiscal year 2023, there was an increase in the amount of state appropriations. State appropriations totaled $8.6 million and $8.2 million for fiscal years 2023 and 2022, respectively.

- For fiscal year 2023, higher education emergency relief (HEERF) revenues decreased by $4.3 million. No additional funds were awarded in fiscal year 2023. The College expended and recognized the remainder of their HEERF funds in 2023.

- For fiscal year 2023, investment income increased $392 thousand due to more favorable interest rates during the year. Investment income was $20 thousand in fiscal year 2022.

- For fiscal year 2023, the Higher Education Policy Commission made capital payments on behalf of the College for $148 thousand. This was a decrease from the previous year of approximately $250 thousand.

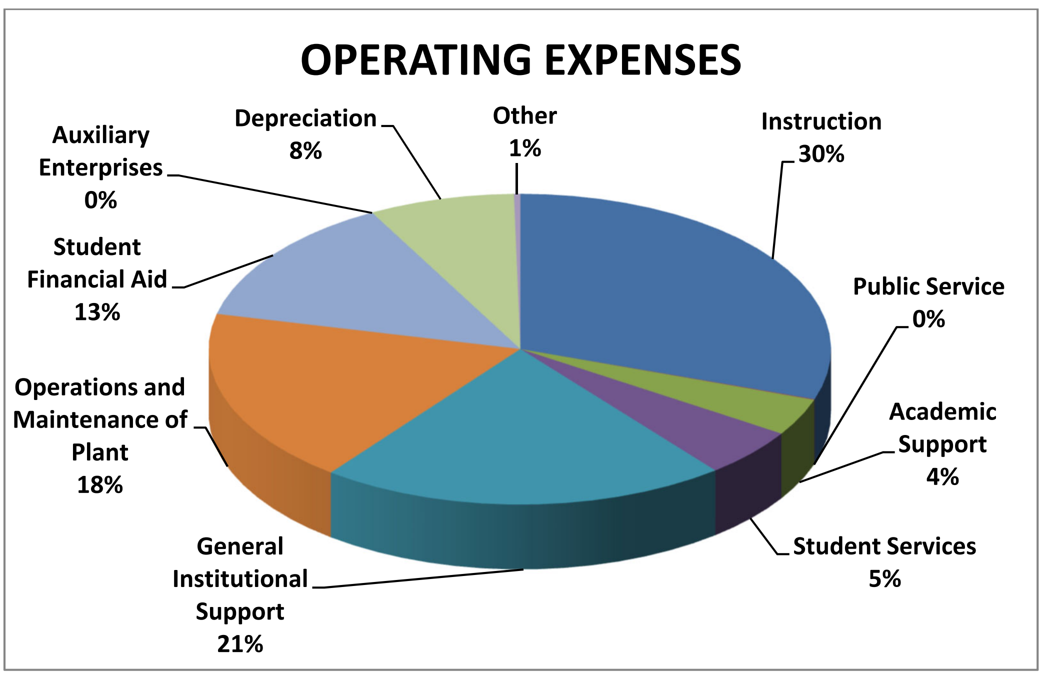

REVENUE BY SOURCE
Operating Revenue
Other Sources 5%
Auxiliary 0%
Tuition and Fees (net) 25%
Federal Grants 2%
State Grants 68%


REVENUE BY SOURCE
Nonoperating Revenue
HEERF Revenue 7%
Investment Income 3%
Federal Pell Grants 27%
State Appropriations 63%

Operating Expenses
Years Ended June 30,
(in thousands)

	2023	2022	2021	(2022 to 2023) Increase (Decrease)	(2022 to 2023) Percent Change
Operating expense					
Instruction	$ 6,120	$ 4,986	$ 5,326	$ 1,134	22.7 %
Academic support	781	881	1,061	(100)	(11.4)%
Student services	1,032	1,642	1,573	(610)	(37.2)%
Public service	11	355	437	(344)	(96.9)%
Operations & maintenance plant	3,691	1,627	1,780	2,064	127.0 %
Institutional support	4,274	5,354	3,640	(1,080)	(20.2)%
Financial aid	2,724	5,793	3,625	(3,069)	(53.0)%
Auxiliary	-	7	4	(7)	(100.0)%
Depreciation	1,531	1,437	1,325	94	6.5 %
Other	68	73	70	(5)	(6.9)%
Total	$ 20,232	$ 22,155	$ 18,841	$ (1,923)	(8.7)%

The following is a graphic illustration of fiscal year 2023 operating expenses:



Statements of Cash Flows

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

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

	2023	2022	2021
Cash provided (used) by:			
Operating activities	$ (14,680)	$ (16,144)	$ (14,043)
Noncapital financing activities	13,073	17,393	14,453
Capital and related financing activities	(1,126)	(530)	(160)
Investing activities	412	20	20
Net change in cash	(2,321)	739	270
Cash, beginning of year	15,210	14,471	14,201
Cash, end of year	$ 12,889	$ 15,210	$ 14,471

Capital Asset and Debt Administration

Capital Assets, Net
June 30,
(in thousands)

	2023	2022	2021	(2022 to 2023) Increase (Decrease)	(2022 to 2023) Percent Change
Capital Assets					
Land and Improvements	$ 1,563	$ 1,563	$ 1,563	$ -	- %
Construction in Progress	-	-	538	-	- %
Buildings	43,939	43,432	42,506	507	1.2 %
Equipment	4,072	6,136	5,650	(2,064)	(33.6)%
Library Holdings	3,933	3,938	3,942	(5)	(0.1)%
Total	53,507	55,069	54,199	(1,562)	(2.8)%
Less: Accum Depreciation	(26,530)	(27,758)	(26,382)	1,228	4.4 %
Net Capital Assets	$ 26,977	$ 27,311	$ 27,817	$ (334)	(1.2)%

Capital assets net decrease of $334 thousand was a result of current year additions offset by depreciation and retirements.

At June 30, 2023, the College had no significant outstanding contractual commitments for property, plant and equipment expenditures.

Readers interested in more detailed information regarding capital assets should review the accompanying note 5 to the financial statements.

Economic Outlook

The economic outlook for West Virginia (the State), and particularly the College's service area, continues to present challenges. The State has experienced a gradual population decrease of approximately 3% per year since 2009. Over that same time period, the College's service area experienced a population decrease of approximately 16%. The State also has one of the nation's oldest populations, and the age distribution is expected to skew toward older age groups in the coming years. The State's college matriculation rate has also experienced a decline over the last several years and dropped to just 46% in 2021. The College's service area has a matriculation rate of only 43%.

These challenges also present opportunities. The College's Early College Academy has been wildly successful over the past three years in Logan and Mingo counties, and continued expansion of the Academy is expected over the next few years. The Early College Academy not only provides the opportunity to earn college credit while still in high school, but it introduces many students who may not view college as an option to college coursework. The College anticipates the Early College Academy will assist with the increase in matriculation rates across the College's service area.

The College has also adapted its program offerings to the needs of our workforce. Programs such as Commercial Driver's License, Lineman, and Cosmetology have been successful, and the College's Nursing program has expanded to a weekend option to help meet employer demand. Due to the aging population in the College's service area, the healthcare industry job outlook remains strong. The College's programming aims to meet the demand with our Nursing, Radiological Tech, Surgical Tech and other Allied Health programs.

State appropriations have been steady over the past few years after a decade of fluctuation. The State recently codified their first higher education funding model for community & technical colleges, which will assist the College with predicting future appropriations. While economic performance is expected to remain variable across the State, tax collections from natural gas extraction should help the State budget remain relatively flat.

Requests for Information

The financial report is designed to provide an overview of the finances of the College for those with an interest in this organization. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Southern West Virginia Community and Technical College at 100 College Drive, Logan, West Virginia 25601. For additional information on the Southern West Virginia Community College Foundation, Inc. please see their separately issued financial statements.

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 12,888,813	$ 15,209,798
Accounts receivable, net of allowance for doubtful accounts	314,643	141,182
Due from the Commission/Council	159,765	297,395
Due from Federal Government	-	496
Prepaid expenses	2,251	2,333
Total current assets	13,365,472	15,651,204
NONCURRENT ASSETS:		
Other accounts receivable	55,355	63,264
Net other postemployment benefit (OPEB) asset	-	52,134
Capital assets, net of accumulated depreciation	26,976,896	27,310,632
Total noncurrent assets	27,032,251	27,426,030
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows relating to pension	99,395	111,952
Deferred outflows relating to OPEB	343,372	287,357
Total deferred outflows of resources	442,767	399,309
TOTAL	$ 40,840,490	$ 43,476,543
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 24,117	$ 54,962
Due to other State agencies	7,309	20,852
Due to other governments	284,740	285,940
Accrued liabilities	796,120	1,350,964
Compensated absences	656,963	575,296
Unearned revenue	1,503,073	2,427,726
Total current liabilities	3,272,322	4,715,740
NONCURRENT LIABILITIES:		
Net other postemployment benefit (OPEB) liability	197,013	-
Net pension liability	279,301	228,228
Total noncurrent liabilities	476,314	228,228
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows relating to pension	105,895	248,048
Deferred inflows relating to OPEB	752,895	1,840,937
Total deferred inflows of resources	858,790	2,088,985
NET POSITION:		
Net investment in capital assets	26,976,896	27,310,632
Unrestricted net position	9,256,168	9,132,958
Total net position	36,233,064	36,443,590
TOTAL	$ 40,840,490	$ 43,476,543

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
OPERATING REVENUES:		
Student tuition and fees, net of scholarship allowance of $3,748,533 and $3,426,410 for 2023 and 2022, respectively	$ 1,609,866	$ 1,414,778
Contracts and grants:		
Federal	150,237	129,382
State	4,286,707	3,426,669
Auxiliary enterprise revenue	12,765	62,615
Miscellaneous, net	285,909	68,289
Total operating revenues	6,345,484	5,101,733
OPERATING EXPENSES:		
Salaries and wages	9,686,624	8,538,457
Benefits	1,360,531	1,254,380
Supplies and other services	4,036,193	4,304,174
Utilities	826,008	754,656
Student financial aid - scholarships and fellowships	2,724,043	5,793,455
Depreciation	1,531,286	1,436,816
Fees assessed by the Commission for operations	67,533	73,000
Total operating expenses	20,232,218	22,154,938
OPERATING LOSS	(13,886,734)	(17,053,205)
NONOPERATING REVENUES:		
State appropriations	8,557,086	8,241,823
Gifts	76,500	44,030
Investment income	412,422	19,940
Federal Pell grants	3,753,781	3,745,591
Higher education emergency relief fund (HEERF) revenue	971,060	5,257,046
Other nonoperating revenues (expenses)	(76,435)	2,147
Total nonoperating revenues	13,694,414	17,310,577
INCREASE (DECREASE) IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(192,320)	257,372
CAPITAL PAYMENTS MADE AND EXPENSES INCURRED ON BEHALF OF THE COLLEGE	147,537	398,141
PAYMENTS MADE AND EXPENSES (OFFSET) INCURRED BY THE STATE ON BEHALF OF THE COLLEGE	(165,743)	(56,414)
INCREASE (DECREASE) IN NET POSITION	(210,526)	599,099
NET POSITION - Beginning of year	36,443,590	35,844,491
NET POSITION - End of year	$ 36,233,064	$ 36,443,590

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from student tuition and fees	$ 1,436,405	$ 1,355,965
Cash received from contracts and grants	3,921,207	4,240,323
Payments to and on behalf of employees	(12,527,962)	(11,001,205)
Payments to suppliers	(4,190,593)	(4,248,765)
Payments to utilities	(826,008)	(754,656)
Payments for scholarships and fellowships	(2,724,043)	(5,793,455)
Auxiliary enterprise charges	12,765	62,615
Fees assessed by Commission	(67,533)	(73,000)
Other receipts, net	285,909	68,289
Net cash used in operating activities	(14,679,853)	(16,143,889)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	8,557,086	8,241,823
Federal student loan program - direct lending receipts	1,662,869	1,765,613
Federal student loan program - direct lending payments	(1,662,869)	(1,765,613)
Gifts	76,500	44,030
Pell grants	3,753,781	3,745,591
Higher education emergency relief fund (HEERF) revenue	685,527	5,361,772
Net cash provided by noncapital financing activities	13,072,894	17,393,216
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Purchases of capital assets	(1,127,669)	(532,247)
Other nonoperating revenues (expenses)	1,221	2,147
Net cash used in capital financing activities	(1,126,448)	(530,100)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	412,422	19,940
Net cash provided by investing activities	412,422	19,940
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,320,985)	739,167
CASH AND CASH EQUIVALENTS - Beginning of year	15,209,798	14,470,631
CASH AND CASH EQUIVALENTS - End of year	$ 12,888,813	$ 15,209,798
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (13,886,734)	$ (17,053,205)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	1,531,286	1,436,816
Pension expense (offset) - special funding situation	51,479	(8,688)
OPEB expense (offset) - special funding situation	(217,222)	(47,726)
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable, net of allowance for doubtful accounts	(173,461)	(80,608)
Due from the Commission/Council	137,630	(102,129)
Due from the Federal Government	496	29,504
Prepaid expenses	82	571
Other accounts receivable	7,909	6,303
Deferred outflows of resources	(43,458)	247,274
Accounts payable	(30,845)	(36,690)
Due to other State agencies	(13,543)	(56,830)
Due to other governments	(1,200)	-
Accrued liabilities	(554,844)	125,464
Compensated absences	81,667	80,603
Other postemployment benefit (OPEB) liability (asset)	249,147	(820,382)
Net pension liability	51,073	(263,094)
Unearned revenue	(639,120)	835,522
Deferred inflows of resources	(1,230,195)	(436,594)
Net cash used in operating activities	$ (14,679,853)	$ (16,143,889)
NONCASH TRANSACTIONS:		
Capital payments made and expenses incurred on behalf of the College	$ 147,537	$ 398,141

The Accompanying Notes Are An Integral
Part Of These Financial Statements

SOUTHERN WEST VIRGINIA COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 17,197	$ 203,077
Restricted cash and cash equivalents	307,577	-
Certificate of deposit	56,101	56,009
Investments (Note 9)	4,341,894	4,390,916
Interest and dividends receivable	-	7,385
Prepaid expenses and other assets	14,234	16,030
Contributions receivable (Note 4)	254,331	163,707
Total assets	$ 4,991,334	$ 4,837,124
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 495	$ 3,000
Payable to related party	-	44,000
Total liabilities	495	47,000
NET ASSETS		
With donor restrictions (Note 7)	4,125,769	3,878,098
Without donor restrictions	865,070	912,026
Total net assets	4,990,839	4,790,124
TOTAL LIABILITIES AND NET ASSETS	$ 4,991,334	$ 4,837,124

SOUTHERN WEST VIRGINIA COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions	$ 179,504	$ 437,262	$ 616,766
Contributions - donated services (Note 5)	302,838	-	302,838
Interest and dividend income	29,363	132,144	161,507
In-kind contributions	650	-	650
Net unrealized and realized gain (loss) on investments	(32,781)	(110,981)	(143,762)
Net assets released from restrictions	210,754	(210,754)	-
Total revenues and other support	690,328	247,671	937,999
EXPENSES (Note 6)			
Program services	305,180	-	305,180
Administrative and general	250,049	-	250,049
Fundraising	182,055	-	182,055
Total expenses	737,284	-	737,284
CHANGE IN NET ASSETS	(46,956)	247,671	200,715
NET ASSETS, beginning, as restated (Note 2)	912,026	3,878,098	4,790,124
NET ASSETS, ending	$ 865,070	$ 4,125,769	$ 4,990,839

SOUTHERN WEST VIRGINIA COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions	$ -	$ 306,470	$ 306,470
Interest and dividend income	-	148,078	148,078
In-kind contributions	118,116	-	118,116
Net unrealized and realized gain (loss) on investments	7,129	553,150	560,279
Net assets released from restrictions	114,402	(114,402)	-
Total revenues and other support	239,647	893,296	1,132,943
EXPENSES (Note 6)			
Program services	220,270	-	220,270
Administrative and general	239,753	-	239,753
Fundraising	12,095	-	12,095
Total expenses	472,118	-	472,118
CHANGE IN NET ASSETS	(232,471)	893,296	660,825
NET ASSETS, beginning	746,192	3,383,107	4,129,299
NET ASSETS, ending, as previously reported (Note 2)	$ 513,721	$ 4,276,403	$ 4,790,124

NOTE 1 - ORGANIZATION

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

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

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The audited financial statements of the Foundation are presented here as a discrete component unit with the College financial statements in accordance with GASB. The Foundation is a private non-profit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's audited financial information as it is presented herein (see also Notes 8, 9 and 11).

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

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

- *Restricted net position, expendable* - This includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

  The West Virginia State Legislature, as a regulatory body outside the reporting entity, has restricted the use of certain funds by Article 10, *Fees and Other Money Collected as State Institutions of Higher Education* of the West Virginia State Code. House Bill 101 passed in March 2005 simplified the tuition and fee structure and removed the restrictions but included designations associated with auxiliary and capital items. These activities are fundamental to the normal ongoing operations of the institution. These restrictions are subject to change by future actions of the West Virginia State Legislature. The College does not have any restricted expendable net position at June 30, 2023 or 2022.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- *Restricted net position, nonexpendable* - This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The College does not have any restricted nonexpendable net position at June 30, 2023 or 2022.

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

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Capital Assets - Capital assets include property, plant and equipment and books and materials that are part of a catalogued library. Capital assets are stated at cost at the date of acquisition or construction, or fair market value at the date of donation in the case of gifts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings and infrastructure, 20 years for land improvements, 7 years for library holdings, and 5 to 10 years for furniture and equipment. The College's capitalization threshold is $5,000.

Unearned Revenue - Revenues for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenue. Unearned revenue at the College primarily consists of grant funding not spent or with unmet timing requirements and summer tuition collected in advance. Financial aid and other deposits are separately classified as deposits.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Net Pension Liability - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Teachers' Retirement System (STRS), administered by the West Virginia Consolidated Public Retirement Board (CPRB), and additions to/reductions from the STRS fiduciary net position have been determined on the same basis as they are reported in the STRS financial statements, which can be found at https://www.wvretirement.com/Publications.html#CAFR. The plan schedules of STRS are prepared using the accrual basis of accounting and economic resources measurement focus in accordance with U.S. GAAP as prescribed by GASB. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Investments are reported at fair value. Detailed information on investment valuation can be found in the STRS financial statements. Management of STRS has made certain estimates and assumptions relating to employer allocation schedules, and actual results could differ. (See Note 7)

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Federal Financial Assistance Programs - The College makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through institutions like the College. Direct student loan receivables are not included in the College's statements of net position as the loans are repayable directly to the U. S. Department of Education. In 2023 and 2022, the College received and disbursed $1,662,869 and $1,765,613, respectively, under the Federal Direct Student Loan Program on behalf of the U. S. Department of Education, which is not included as revenue and expense on the statements of revenues, expenses, and changes in net position.

The College distributes student financial assistance funds on behalf of the federal government to students under the Federal Pell Grant, Supplemental Educational Opportunity Grant and College Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2023 and 2022, the College received and disbursed $3,937,951 and $3,883,194, respectively, under these federal student aid programs.

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

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Reclassifications - Certain amounts in the June 30, 2022 financial statements have been reclassified to conform to the 2023 presentation. The reclassifications had no impact on net position or the change in net position.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

NOTE 3 - CASH AND CASH EQUIVALENTS

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

	2023	2022
Cash on deposit with the State Treasurer/BTI	$ 12,873,249	$ 15,196,444
Cash in bank	7,753	9,154
Cash on hand	7,811	4,200
	$ 12,888,813	$ 15,209,798

Cash held by the State Treasurer includes $1,468,941 and $2,322,140 of restricted cash primarily for operating grants as of June 30, 2023 and 2022, respectively.

The combined carrying amount of cash in the bank at June 30, 2023 and 2022 was $7,753 and $9,154, as compared with the combined bank balance of $7,753 and $9,154, respectively. Any differences are primarily caused by items in transit and outstanding checks. The bank balances were covered by federal depository insurance as noted below or were collateralized by securities held by the State's agent. Regarding federal depository insurance, interest-bearing accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000.

Amounts with the State Treasurer were $12,873,249 and $15,196,444 as of June 30, 2023 and 2022, respectively. Of these amounts $11,071,022 and $10,856,796 were invested in the WV Money Market Pool and the WV Short Term Bond Pool as of June 30, 2023 and 2022, respectively. The remainder of the cash held with the State Treasurer was not invested at June 30, 2023 and 2022.

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

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

	2023		2022	
External Pool	Carrying Value	S & P Rating	Carrying Value	S & P Rating
WV Money Market Pool	$ 10,819,951	AAAm	$ 10,605,052	AAAm
WV Short Term Bond Pool	251,071	Not Rated	251,744	Not Rated

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

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

	2023		2022	
External Pool	Carrying Value	WAM (Days)	Carrying Value	WAM (Days)
WV Money Market Pool	$ 10,819,951	29	$ 10,605,052	21

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

	2023		2022	
External Pool	Carrying Value	Effective Duration (Days)	Carrying Value	Effective Duration (Days)
WV Short Term Bond Pool	$ 251,071	609	$ 251,744	584

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.

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

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

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

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable are as follows at June 30:

	2023	2022
Student tuition and fees, net of allowance for doubtful accounts of $395,170 and $259,194 in 2023 and 2022, respectively	$ 278,147	$ 141,182
Other accounts receivable, net of allowance for doubtful accounts of $- and $- in 2023 and 2022, respectively	36,496	-
	$ 314,643	$ 141,182

NOTE 5 - CAPITAL ASSETS

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

	2023			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Construction in process	$ -	$ -	$ -	$ -
Land	1,563,470	-	-	1,563,470
Total capital assets not being depreciated	$ 1,563,470	$ -	$ -	$ 1,563,470
Other capital assets:				
Buildings	$ 43,431,631	$ 507,238	$ -	$ 43,938,869
Equipment	6,135,962	749,347	(2,813,994)	4,071,315
Library holdings	3,937,503	18,650	(23,216)	3,932,937
Total other capital assets	53,505,096	1,275,235	(2,837,210)	51,943,121
Less accumulated depreciation for:				
Buildings	(19,133,385)	(1,138,740)	-	(20,272,125)
Equipment	(4,766,382)	(358,469)	2,736,309	(2,388,542)
Library holdings	(3,858,167)	(34,077)	23,216	(3,869,028)
Total accumulated depreciation	(27,757,934)	(1,531,286)	2,759,525	(26,529,695)
Other capital assets, net	$ 25,747,162	$ (256,051)	$ (77,685)	$ 25,413,426
Capital asset summary:				
Capital assets not being depreciated	$ 1,563,470	$ -	$ -	$ 1,563,470
Other capital assets	53,505,096	1,275,235	(2,837,210)	51,943,121
Total cost of capital assets	55,068,566	1,275,235	(2,837,210)	53,506,591
Less accumulated depreciation	(27,757,934)	(1,531,286)	2,759,525	(26,529,695)
Capital assets, net	$ 27,310,632	$ (256,051)	$ (77,685)	$ 26,976,896

NOTE 5 - CAPITAL ASSETS (Continued)

	2022			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Construction in process	$ 537,862	$ -	$ (537,862)	$ -
Land	1,563,470	-	-	1,563,470
Total capital assets not being depreciated	$ 2,101,332	$ -	$ (537,862)	$ 1,563,470
Other capital assets:				
Buildings	$ 42,506,311	$ 925,320	$ -	$ 43,431,631
Equipment	5,649,830	513,161	(27,029)	6,135,962
Library holdings	3,941,233	29,769	(33,499)	3,937,503
Total other capital assets	52,097,374	1,468,250	(60,528)	53,505,096
Less accumulated depreciation for:				
Buildings	(18,060,185)	(1,073,200)	-	(19,133,385)
Equipment	(4,468,008)	(325,403)	27,029	(4,766,382)
Library holdings	(3,853,453)	(38,213)	33,499	(3,858,167)
Total accumulated depreciation	(26,381,646)	(1,436,816)	60,528	(27,757,934)
Other capital assets, net	$ 25,715,728	$ 31,434	$ -	$ 25,747,162
Capital asset summary:				
Capital assets not being depreciated	$ 2,101,332	$ -	$ (537,862)	$ 1,563,470
Other capital assets	52,097,374	1,468,250	(60,528)	53,505,096
Total cost of capital assets	54,198,706	1,468,250	(598,390)	55,068,566
Less accumulated depreciation	(26,381,646)	(1,436,816)	60,528	(27,757,934)
Capital assets, net	$ 27,817,060	$ 31,434	$ (537,862)	$ 27,310,632

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

At June 30, 2023, the College had no significant outstanding contractual commitments for property, plant and equipment expenditures.

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS

As related to GASB 75, following are the College's net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, revenues, and the OPEB expense and expenditures for the fiscal years ended June 30, 2023 and 2022:

	2023	2022
Net OPEB liability (asset)	$ 197,013	$ (52,134)
Deferred outflows of resources	343,372	287,357
Deferred inflows of resources	752,895	1,840,937
Revenues	(217,222)	(47,726)
OPEB expense (offset)	(962,576)	(1,030,214)
Contributions made by the College	149,500	208,124

Plan Description

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

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

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

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

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

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

Contributions

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

Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The paygo rates related to the measurement dates of June 30, 2022 and 2021 were:

	July 2020-June 2021	July 2021-January 2022	February 2022-June 2022
Paygo premium	$ 160	$ 116	$ 48

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

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

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

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

The College's contributions to the OPEB plan for the years ended June 30, 2023, 2022, and 2021, were $149,500, $208,124, and $319,568, respectively.

Assumptions

The June 30, 2023 OPEB liability (asset) for financial reporting purposes was determined by an actuarial valuation as of June 30, 2021 and a measurement date of June 30, 2022. 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 2023, decreasing by 0.50% for two years 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 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.
- 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-2021 and scaling factors of 100% for males and 108% for females.
- Mortality pre-retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 100% for females.

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

The actuarial valuation as of June 30, 2021, reflects updates to the following assumptions which are reviewed at each measurement date:

- Projected capped subsidies;
- Per capita claim costs;
- Healthcare trend rates;
- Coverage and continuance;
- Percentage eligible for tobacco-free premium discount; and
- Retired employee assistance program participation

The long-term expected rate of return of 6.65% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.00% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 2.50% for assets invested with the BTI.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Target asset allocations, capital market assumptions (CMA), and forecast returns were provided by the Plan's investment advisors, including the West Virginia Investment Management Board (WV-IMB). The projected nominal return for the Money Market Pool held with the BTI was estimated based on the WV-IMB assumed inflation of 2.0% plus a 25 basis point spread.

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

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

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

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the net OPEB liability (asset) to changes in the discount rate. The following presents the College's proportionate share of the net OPEB liability (asset) as of June 30, 2023 and 2022 calculated using the discount rate of 6.65%, as well as what the College's net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.65%) or one percentage point higher (7.65%) than the current rate.

	1% Decrease (5.65%)	Current Discount Rate (6.65%)	1% Increase (7.65%)
2023	$ 506,399	$ 197,013	$ (68,405)
2022	279,756	(52,134)	(327,697)

Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rate. The following presents the College's proportionate share of the net OPEB liability (asset) as of June 30, 2023 and 2022 calculated using the healthcare cost trend rate, as well as what the College's net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease	Trend Rate	1% Increase
2023	$ (112,006)	$ 197,013	$ 562,664
2022	(384,928)	(52,134)	353,248

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

The June 30, 2023 net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022. The June 30, 2022 net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2020, rolled forward to the measurement date of June 30, 2021.

At June 30, 2023, the College's proportionate share of the net OPEB liability was $264,502. Of this amount, the College recognized $197,013 as its proportionate share on the statement of net position. The remainder of $67,489 denotes the College's proportionate share of net OPEB liability attributable to the special funding.

At June 30, 2022, the College's proportionate share of the net OPEB liability (asset) was $(62,399). Of this amount, the College recognized $(52,134) as its proportionate share on the statement of net position. The remainder of $(10,265) denotes the College's proportionate share of net OPEB liability (asset) attributable to the special funding.

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to OPEB for each of the fiscal years ended June 30, 2022 and 2021. Employer contributions are recognized when due. At the June 30, 2022 measurement date, the College's proportion was 0.177012624%, an increase of 0.001682874% from its proportion of 0.175329750% calculated as of June 30, 2021. At the June 30, 2021 measurement date, the College's proportion was 0.175329750%, an increase of 0.001396712% from its proportion of 0.173933038% calculated as of June 30, 2020.

For the year ended June 30, 2023, the College recognized OPEB expense (offset) of $(962,576). Of this amount, $(745,354) was recognized as the College's proportionate share of OPEB expense and $(217,222) as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of $(217,222) for support provided by the State.

For the year ended June 30, 2022, the College recognized OPEB expense (offset) of $(1,030,214). Of this amount, $(982,488) was recognized as the College's proportionate share of OPEB expense and $(47,726) as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of $(47,726) for support provided by the State.

At June 30, 2023 and 2022, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual non-investment experience	$ -	$ 251,329
Changes in proportion and difference between employer contributions and proportionate share of contributions	36,947	-
Net difference between projected and actual investment earnings	30,580	-
Changes in assumptions	126,345	500,576
Reallocations of opt-out employer changes in proportionate share	-	990
Contributions after the measurement date	149,500	-
Total	$ 343,372	$ 752,895

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual non-investment experience	$ -	$ 359,124
Changes in proportion and difference between employer contributions and proportionate share of contributions	79,233	-
Net difference between projected and actual investment earnings	-	359,790
Changes in assumptions	-	1,103,175
Reallocations of opt-out employer changes in proportionate share	-	18,848
Contributions after the measurement date	208,124	-
Total	$ 287,357	$ 1,840,937

The College will recognize the $149,500 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability (asset) in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30,	Amortization
2024	$ (571,652)
2025	(52,132)
2026	(9,208)
2027	73,969
	$ (559,023)

Payables to the OPEB Plan

The College did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2023 and 2022.

NOTE 7 - RETIREMENT PLANS

Substantially all eligible full-time employees of the College participate in either the West Virginia State Teachers' Retirement System (STRS) or the Teachers' Insurance and Annuities Association - College Retirement Equities Fund (TIAA-CREF), now known as TIAA. In years past upon full-time employment, each employee was required to make an irrevocable selection between the STRS and TIAA-CREF. Remaining participants in the STRS are permitted to make a one-time election to cease their participation in that plan and commence contributions to the West Virginia Teachers' Defined Contribution Plan. Contributions to and participation in this plan by College employees have not been significant to date.

NOTE 7 - RETIREMENT PLANS (Continued)

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. New hires have the choice of either plan. As of June 30, 2023, no College employees were enrolled in the Educators Money 401(a) basic retirement plan.

The College's total payroll for the years ended June 30, 2023, 2022, and 2021 was $9,897,790, $8,665,510, and $8,412,024, respectively; total covered employees' salaries in the STRS and TIAA-CREF were $327,715 and $9,164,581 in 2023; $304,991 and $8,018,829 in 2022; and $412,627 and $7,554,402 in 2021.

DEFINED CONTRIBUTION PENSION PLAN

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

Total contributions to the TIAA-CREF for the years ended June 30, 2023, 2022 and 2021 were $1,099,750, $962,260, and $906,528, respectively, which consisted of equal contributions from the College and covered employees in 2023, 2022, and 2021 of $549,875, $481,130, and $453,264, respectively.

DEFINED BENEFIT PENSION PLAN

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

STRS	2023	2022
Net pension liability	$ 279,301	$ 228,228
Deferred outflows of resources	99,395	111,952
Deferred inflows of resources	105,895	248,048
Revenues	51,479	(8,688)
Pension expense (offset)	28,812	(53,938)
Contributions made by the College	49,157	45,749

NOTE 7 - RETIREMENT PLANS (Continued)

Plan Description

STRS is a multiple employer, defined benefit, cost sharing, public employee retirement system providing retirement benefits as well as death and disability benefits. It covers all full-time employees of the 55 county, public school systems in the State of West Virginia 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 1991 are required to participate in the Higher Education Retirement System. STRS closed membership to new hires effective July 1, 1991. However, effective July 1, 2005, all new employees hired for the first time are required to participate in STRS.

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

Benefits Provided

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

Contributions

The funding objective of the CPRB pension trust funds is to meet long-term benefit requirements through contributions, which remain relatively level as a percent of member payroll over time, and through investment earnings. Contribution requirements are set by the 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: STRS funding policy provides for member contributions based on 6% of members' gross salary. Contributions as a percentage of payroll for members and employers are established by State law and are not actuarially determined.

NOTE 7 - RETIREMENT PLANS (Continued)

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

- 15% of gross salary of their State-employed members hired prior to July 1, 1991;
- 7.5% of the gross salary of their STRS covered employees hired for the first time after July 1, 2005 and for those TDCRS members who elected to transfer to STRS effective July 1, 2008;
- a certain percentage of fire insurance premiums paid by State residents; and
- under WV State code section 18-9-A-6a, an amount determined by the State Actuary as being needed to eliminate the STRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2023 and 2022, respectively, the College's proportionate share attributable to this special funding subsidy was $51,479 and $(8,688).

The College's contributions to STRS for the years ended June 30, 2023, 2022, and 2021, were $49,157, $45,749, and $61,894, respectively.

Assumptions

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

- Actuarial cost method: Entry age normal cost with level percentage of payroll.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method and period: Level dollar, fixed period over 40 years, from July 1, 1994 through fiscal year 2034.
- Investment rate of return: 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: 2.75%.
- Discount rate: 7.25%.
- Mortality rates based on Pub-2010 Mortality Tables.
- Withdrawal rates: State 7.00-35.00% and nonstate 2.30-18.00%.
- Disability rates: 0.004-0.563%.
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Retirement rates: 15.00-100.00%.
- Ad hoc cost-of-living increases in pensions are periodically granted by the Legislature. However, the retirement system makes no automatic provision for such increases.

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

NOTE 7 - RETIREMENT PLANS (Continued)

The long-term expected rate of return on pension plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term geometric real rates of return for each major asset class included in STRS' target asset allocation as of June 30, 2022 and 2021, are summarized below.

June 30, 2022

Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	5.3%	27.5%
International equity	6.1%	27.5%
Fixed income	2.2%	15.0%
Real estate	6.5%	10.0%
Private equity	9.5%	10.0%
Hedge funds	3.8%	10.0%

June 30, 2021

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

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

Sensitivity of the net pension liability to changes in the discount rate. The following presents the College's proportionate share of the STRS net pension liability as of June 30, 2023 and 2022 calculated using the discount rate of 7.25%, as well as what the College's STRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

NOTE 7 - RETIREMENT PLANS (Continued)

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability 2023	$ 410,817	$ 279,301	$ 167,605
Net pension liability 2022	403,295	228,228	79,465

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

The June 30, 2023 STRS net pension liability was measured as of June 30, 2022, and the total pension liability was determined by an actuarial valuation as of July 1, 2021, rolled forward to the measurement date of June 30, 2022. The June 30, 2022 STRS net pension liability was measured as of June 30, 2021, and the total pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to the measurement date of June 30, 2021.

At June 30, 2023, the College's proportionate share of the STRS net pension liability was $901,491. Of this amount, the College recognized $279,301 as its proportionate share on the statement of net position. The remainder of $622,190 denotes the College's proportionate share of net pension liability attributable to the special funding.

At June 30, 2022, the College's proportionate share of the STRS net pension liability was $738,514. Of this amount, the College recognized $228,228 as its proportionate share on the statement of net position. The remainder of $510,286 denotes the College's proportionate share of net pension liability attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on their proportionate share of employer and non-employer contributions to STRS for each of the fiscal years ended June 30, 2022 and 2021. Employer contributions are recognized when due. At the June 30, 2022 measurement date, the College's proportion was 0.010859%, a decrease of (0.003745)% from its proportion of 0.014604% calculated as of June 30, 2021. At the June 30, 2021 measurement date, the College's proportion was 0.014604%, a decrease of (0.000650)% from its proportion of 0.015254% calculated as of June 30, 2020.

For the year ended June 30, 2023, the College recognized STRS pension expense (offset) of $28,812. Of this amount, $(22,667) was recognized as the College's proportionate share of the STRS expense and $51,479 as the amount of pension expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of $51,479 for support provided by the State.

For the year ended June 30, 2022, the College recognized STRS pension expense (offset) of $(53,938). Of this amount, $(45,250) was recognized as the College's proportionate share of the STRS expense and $(8,688) as the amount of pension expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of $(8,688) for support provided by the State.

NOTE 7 - RETIREMENT PLANS (Continued)

At June 30, 2023 and 2022, deferred outflows of resources and deferred inflows of resources related to the STRS pension are as follows.

June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	$ 11,532	$ 103,617
Net difference between projected and actual investment earnings	11,329	-
Differences between expected and actual experience	11,598	2,278
Changes in assumptions	15,779	-
Contributions after the measurement date	49,157	-
Total	$ 99,395	$ 105,895

June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	$ 19,277	$ 58,960
Net difference between projected and actual investment earnings	-	182,405
Differences between expected and actual experience	18,593	6,683
Changes in assumptions	28,333	-
Contributions after the measurement date	45,749	-
Total	$ 111,952	$ 248,048

The College will recognize the $49,157 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the STRS net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in STRS pension expense as follows.

Fiscal Year Ended June 30,	Amortization
2024	$ (25,807)
2025	(16,920)
2026	(30,630)
2027	17,700
	$ (55,657)

Payables to the Pension Plan

The College did not report any amounts payable for normal contributions to the STRS as of June 30, 2023 and 2022.

NOTE 8 - FOUNDATION

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

The Foundation's net assets totaled $4,990,839 and $4,790,124 at December 31, 2022 and 2021, respectively. The net assets include amounts which are restricted by donors to use for specific projects or departments of the College. During the years ended December 31, 2022 and 2021, the Foundation made $305,180 and $220,270 respectively, in contributions to the College for student scholarships and other support. Complete financial statements for the Foundation can be obtained from the Southern West Virginia Community College Foundation, Inc.

NOTE 9 - AFFILIATED ORGANIZATION AND OTHER STATE AGENCIES

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

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

	2023	2022
Due to:		
WVNET	$ 3,310	$ 13,242
WV State Treasurer's Office	-	187
WV Department of Administration	37	139
WV Public Employees Insurance Agency	3,962	7,284
	$ 7,309	$ 20,852

NOTE 10 - CONTINGENCIES

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

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

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

NOTE 11 - COMPONENT UNIT DISCLOSURES

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

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

Cash and Cash Equivalents – Cash and cash equivalents consist primarily of demand deposits and money market funds. The Foundation places its cash with high-credit quality financial institutions. At times, the balances in such institutions may exceed the FDIC limit. Restricted cash includes cash and cash equivalents held within the Foundation's investment portfolios for donor-restricted purposes.

Investments – Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 9 for discussion of fair value measurements.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions – Donated goods are recorded as revenue when they are received and are expensed when they are used or distributed. Donated services are recognized as contributions 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.

Contributions and Unconditional Promises to Give – Contributions received and unconditional promises to give ("contributions receivable") are measured at their fair values and are reported as increases in net assets. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional promises to give are not recorded until the condition on which it depends is substantially met.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimate future cash flows. The discounts on those amounts are computed using a risk-adjusted discount rate applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

The allowance for uncollectible contributions receivable is determined based upon management's evaluation of the collectability of the individual promises. Promises that remain uncollected for more than one year after their due dates are then written off, unless the donors indicate that the payment is merely postponed. No allowance for uncollectible contributions receivable was considered necessary at December 31, 2022 and 2021.

Functional Expenses – The cost of providing the Foundation's programs and other activities is summarized in Note 6. The expenses that can be identified with a specific program or support service are charged directly to that program and support service. Expenses that are allocated include personnel costs which are allocated based on estimates of time and effort. Administrative and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Foundation.

All scholarships and direct program support services distributions are approved by the Board of Directors.

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

Income Taxes – The Foundation is classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and, therefore, is not subject to taxes on incomes derived from its exempt activities. The College has been classified as an organization that is a not a private foundation under Section 509(a)(2).

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events – The date to which events occurring after December 31, 2022, have been evaluated for possible adjustment to or disclosure in the financial statements is September 11, 2023, which is the date the financial statements were available to be issued.

NOTE 2 – PRIOR PERIOD ADJUSTMENT

Net assets have been restated as of January 1, 2022, to reflect adjustments necessary to present net assets in accordance with the generally accepted accounting principles. Management has determined that net assets of $398,305 were previously classified as net assets with donor restrictions, but should have been classified as net assets without donor restrictions. This reclassification had no effect on total net assets.

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets and liquidity resources available within one year for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2022, are as follows:

Financial assets available within one year:	
Cash and cash equivalents	$ 324,774
Contributions receivable	254,331
Investments	4,341,894
Certificate of deposit	56,101
Interest and dividends receivable	-
Total financial assets	4,977,100
Financial assets held to meet donor-imposed restrictions:	(4,125,769)
Financial assets not available within one year:	
Pledges receivable	-
Amount available for general expenditures within one year	$ 851,331

NOTE 3 – LIQUIDITY AND AVAILABILITY (Continued)

Financial assets and liquidity resources available within one year for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2021, are as follows:

Financial assets available within one year:	
Cash and cash equivalents	$ 203,077
Contributions receivable	163,707
Investments	4,390,916
Certificate of deposit	56,009
Interest and dividends receivable	7,385
Total financial assets	4,821,094
Financial assets held to meet donor-imposed restrictions:	(4,276,403)
Financial assets not available within one year:	
Pledges receivable	(124,500)
Amount available for general expenditures within one year	$ 420,191

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

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following unconditional promises to give:

Unconditional promises to give at December 31, 2022 and 2021, are as follows:

	2022	2021
Receivable within one year	$ 82,250	$ 51,750
Receivable in two to five years	170,250	124,500
Receivable in more than five years	22,493	-
Total unconditional promises to give	274,993	176,250
Discounts to net present value	(20,662)	(12,543)
Net unconditional promises to give	$ 254,331	$ 163,707

NOTE 5 – RELATED-PARTY TRANSACTIONS

The Foundation's scholarships are awarded by the College. The Foundation recognized expenses in the amount of $92,144 and $102,154 in 2022 and 2021, respectively. In addition, the Foundation paid $44,000 to the College for support of the respiratory program and certain expenses of $85,981 were paid directly by the Foundation for the benefit of the College during 2022. No direct program support payments were recognized in 2021.

The Foundation recognized contribution revenue and corresponding program expense for donated services provided by the College related to accounting and management personnel costs. The fair value of these donated services, determined by management, was $302,838 for the year ended December 31, 2022. No contributes services received from the College and from unrelated volunteers were recorded for the year ended December 31, 2021.

NOTE 6 – FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses for the years ended December 31, 2022 and 2021 were allocated as follows:

	2022	2021
Program Services:		
Scholarships	$ 92,144	$ 102,154
Personnel	73,615	-
Other	139,421	-
Food donations (in-kind)	-	118,116
Total program services	305,180	220,270
Administrative and general:		
Personnel	124,379	-
Outside services	56,283	87,643
Bank fees	4,542	43,402
Insurance	852	3,058
Business expense	63,993	105,650
Total administrative and general	250,049	239,753
Fundraising:		
Personnel	104,844	-
Fundraising events	77,211	12,095
Total fundraising	182,055	12,095
Total functional expenses	$ 737,284	$ 472,118

NOTE 7 – NET ASSETS WITH DONOR RESTRICTION

At December 31, 2022 and 2021, net assets with donor restriction are available for the following purposes or periods:

	2022	2021 (As Previously Reported)
Subject to expenditure for specific purposes:		
Scholarships	$ 2,059,921	$ 1,818,546
Educational development	1,376,135	1,614,544
	3,436,056	3,433,090
Promises to give, without donor restrictions, but which are unavailable for expenditure until due	19,500	-
Investment in perpetuity, the income from which is expendable to support scholarships	670,213	843,313
Total net assets with donor restrictions	$ 4,125,769	$ 4,276,403

NOTE 8 – ENDOWMENT FUNDS

Interpretations of the relevant law – The Board of Directors of the Foundation has interpreted Uniform Prudent Management of institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds, absent of any 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 gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time of the accumulation is added to the fund. Also included in net assets with donor restrictions is accumulated appreciated on donor- restricted endowments which are available for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA and deficiencies associated with funds where the value of the fund has fallen below the original value of the gifts.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Return objectives, risk parameters, and strategies – The endowed funds consist of scholarship funds which are awarded annually at the discretion of the Board of Directors, or as stipulated by donors of permanently endowed contributions. The Foundation has adopted investment and spending policies to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term.

NOTE 8 – ENDOWMENT FUNDS (Continued)

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. During 2022, the Foundation did not appropriate any expenditure from underwater endowments and as of December 31, 2022 there were no underwater endowments.

Endowment net asset composition, by restriction, as of December 31, 2022, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 1,359,452	$ 1,359,452
Board-designated endowment funds	-	2,146,628	2,146,628
Total	$ -	$ 3,506,080	$ 3,506,080

Changes in the endowment net assets from 2021 to 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
ENDOWMENT NET ASSETS, BEGINNING OF YEAR	$ -	$ 3,433,090	$ 3,433,090
Endowment investment return:			
Interest and dividends	-	123,502	123,502
Net realized and unrealized losses	-	(109,374)	(109,374)
Total endowment investment return	-	14,128	14,128
Contributions	-	214,017	214,017
Appropriation of endowments - release from restriction	-	(155,155)	(155,155)
ENDOWMENT NET ASSETS, END OF YEAR	$ -	$ 3,506,080	$ 3,506,080

NOTE 8 – ENDOWMENT FUNDS (Continued)

Endowment net asset composition, by restriction, as of December 31, 2021, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 791,956	$ 791,956
Board-designated endowment funds	-	2,641,134	2,641,134
Total	$ -	$ 3,433,090	$ 3,433,090

Changes in the endowment net assets from 2020 to 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
ENDOWMENT NET ASSETS, BEGINNING OF YEAR	$ -	$ 2,889,197	$ 2,889,197
Endowment investment return:			
Interest and dividends	-	114,012	114,012
Net unrealized and realized gains	-	418,718	418,718
Total endowment investment return	-	532,730	532,730
Contributions	-	203,836	203,836
Appropriation of endowments - release from restriction	-	(192,673)	(192,673)
ENDOWMENT NET ASSETS, END OF YEAR	$ -	$ 3,433,090	$ 3,433,090

NOTE 9 – FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value (or at net asset value as a practical expedient for fair value) on a recurring basis. There have been no changes to the methodologies.

Equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Exchange-traded funds: Valued at the net asset value (NAV) of shares on the last trading day of the fiscal year, which is the basis for transactions at that date.

Money market: Valued at amortized cost.

NOTE 9 – FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets that are reported on the financial statements at their fair values as of December 31, 2022 and 2021:

	Level 1	Level 2	Level 3	Total
2022				
Money market	$ 247,265	$ -	$ -	$ 247,265
Equity securities	4,003,039	-	-	4,003,039
Exchange-traded funds	91,590	-	-	91,590
	$ 4,341,894	$ -	$ -	$ 4,341,894
2021				
Equity securities	$ 4,390,916	$ -	$ -	$ 4,390,916
	$ 4,390,916	$ -	$ -	$ 4,390,916

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 12 - NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

These tables represent operating expenses within both natural and functional classifications for the years ended June 30:

2023

	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Fees Assessed by the Commission	Total
Instruction	$ 4,036,476	$ 435,199	$ 1,648,048	$ -	$ -	$ -	$ -	$ 6,119,723
Public service	2,251	306	8,738	-	-	-	-	11,295
Academic support	692,843	86,648	1,678	-	-	-	-	781,169
Student services	698,979	108,377	223,845	427	-	-	-	1,031,628
General institutional support	2,425,176	335,507	1,501,269	12,146	-	-	-	4,274,098
Operations and maintenance of plant	1,830,899	394,494	652,615	813,435	-	-	-	3,691,443
Student financial aid	-	-	-	-	2,724,043	-	-	2,724,043
Auxiliary enterprises	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	1,531,286	-	1,531,286
Other	-	-	-	-	-	-	67,533	67,533
Total	$ 9,686,624	$ 1,360,531	$ 4,036,193	$ 826,008	$ 2,724,043	$ 1,531,286	$ 67,533	$ 20,232,218

2022

	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Fees Assessed by the Commission	Total
Instruction	$ 3,386,299	$ 494,879	$ 1,105,243	$ -	$ -	$ -	$ -	$ 4,986,421
Public service	270,306	43,335	41,343	-	-	-	-	354,984
Academic support	693,364	122,448	65,522	-	-	-	-	881,334
Student services	1,120,468	198,446	322,756	-	-	-	-	1,641,670
General institutional support	2,714,791	341,089	2,087,749	209,996	-	-	-	5,353,625
Operations and maintenance of plant	353,229	54,183	674,819	544,660	-	-	-	1,626,891
Student financial aid	-	-	-	-	5,793,455	-	-	5,793,455
Auxiliary enterprises	-	-	6,742	-	-	-	-	6,742
Depreciation	-	-	-	-	-	1,436,816	-	1,436,816
Other	-	-	-	-	-	-	73,000	73,000
Total	$ 8,538,457	$ 1,254,380	$ 4,304,174	$ 754,656	$ 5,793,455	$ 1,436,816	$ 73,000	$ 22,154,938

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2023

State Teachers' Retirement System
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
College's proportion of the net pension liability (asset) (percentage)	0.010859%	0.014604%	0.015254%	0.015165%	0.013950%	0.017543%	0.018586%	0.021596%	0.025505%	
College's proportionate share of the net pension liability (asset)	$ 279,301	$ 228,228	$ 491,322	$ 451,185	$ 435,555	$ 606,106	$ 763,874	$ 754,590	$ 879,883	
State's proportionate share of the net pension liability (asset)	622,190	510,286	1,067,592	1,089,203	1,128,572	1,340,375	1,454,976	1,707,576	1,988,159	
Total proportionate share of the net pension liability (asset)	$ 901,491	$ 738,514	$ 1,558,914	$ 1,540,388	$ 1,564,127	$ 1,946,481	$ 2,218,850	$ 2,462,166	$ 2,868,042	
College's covered payroll	$ 304,991	$ 412,627	$ 420,743	$ 437,954	$ 424,629	$ 484,171	$ 480,377	$ 654,684	$ 783,432	
College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	91.58%	55.31%	116.77%	103.02%	102.57%	125.18%	159.02%	115.26%	112.31%	
Plan fiduciary net position as a percentage of the total pension liability	77.78%	86.38%	70.89%	72.64%	71.20%	67.85%	61.42%	66.25%	65.95%	

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

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2023

State Teachers' Retirement System
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 49,157	$ 45,749	$ 61,894	$ 63,111	$ 65,693	$ 63,694	$ 72,626	$ 72,057	$ 98,203	
Contributions in relation to the contractually required contribution	(49,157)	(45,749)	(61,894)	(63,111)	(65,693)	(63,694)	(72,626)	(72,057)	(98,203)	
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
College's covered payroll	$ 327,715	$ 304,991	$ 412,627	$ 420,743	$ 437,954	$ 424,629	$ 484,171	$ 480,377	$ 654,684	
Contributions as a percentage of covered payroll	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	

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

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
June 30, 2023

Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
College's proportion of the net OPEB liability (asset) (percentage)	0.177012624%	0.175329750%	0.173933038%	0.171521178%	0.170222668%	0.161373742%				
College's proportionate share of the net OPEB liability (asset)	$ 197,013	$ (52,134)	$ 768,248	$ 2,845,763	$ 3,652,018	$ 3,968,163				
State's proportionate share of the net OPEB liability (asset)	67,489	(10,265)	169,872	582,370	754,775	815,065				
Total proportionate share of the net OPEB liability (asset)	$ 264,502	$ (62,399)	$ 938,120	$ 3,428,133	$ 4,406,793	$ 4,783,228				
College's covered-employee payroll	$ 7,028,629	$ 6,814,218	$ 6,791,670	$ 6,083,379	$ 6,268,021	$ 6,247,930				
College's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	2.80%	-0.77%	11.31%	46.78%	58.26%	63.51%				
Plan fiduciary net position as a percentage of the total OPEB liability	93.59%	101.81%	73.49%	39.69%	30.98%	25.10%				

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

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
June 30, 2023

Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	$ 149,500	$ 208,124	$ 319,568	$ 336,192	$ 276,087	$ 280,764				
Contributions in relation to the statutorily required contribution	(149,500)	(208,124)	(319,568)	(336,192)	(276,087)	(280,764)				
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -				
College's covered-employee payroll	$ 7,922,055	$ 7,028,629	$ 6,814,218	$ 6,791,670	$ 6,083,379	$ 6,268,021				
Contributions as a percentage of covered-employee payroll	1.89%	2.96%	4.69%	4.95%	4.54%	4.48%				

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

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

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
2022	2.75%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 5.90%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 6.50%.	7.25%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired: Healthy males – 100% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019; Beneficiary males-101% of Pub-2010 Contingent Survivor Male table, headcount weighted, projected generationally with Scale MP-2019; Beneficiary females-113% of Pub-2010 Contingent Survivor Female table, headcount weighted, projected generationally with Scale MP-2019.	7.25%
2021	2.75%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 5.9%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 6.5%.	7.25%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired: Healthy males – 100% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019.	7.25%
2020	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.16%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.75%.	7.5%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired: Healthy males – 108% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019.	7.5%

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
2019	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: Healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; Disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%
2018	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: Healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; Disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%
2017	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%
2016	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: Healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; Disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%

SOUTHERN WEST VIRGINIA COMMUNITY TECHNICAL COLLEGE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2023 AND 2022

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
2015	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.75 to 5.25%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.40 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant monthly mortality table. Retired: RP2000 healthy annuitant, scale AA; Disabled: RP2000 disabled annuitant mortality table, scale AA.	7.5%
2014	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.75 to 5.25%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.40 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant monthly mortality table; Retired: RP2000 healthy annuitant, scale AA; Disabled: RP2000 disabled annuitant mortality table, scale AA.	7.5%

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

Actuarial Changes Other Postemployment Benefits Plan

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

	Inflation Rate	Salary Increases	Wage Inflation Rate	Investment Rate of Return & Discount Rate	Mortality	Retirement Age	Aging Factors	Expenses	Healthcare Cost Trend Rates
2022	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% for two years then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.
2021	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 Pub-2010 General Employee Mortality Tables projected with Scale MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2020, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
2020	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, 6.5% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
2019	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP–2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis; Pre-Retirement: RP–2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
2018	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP–2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis; Pre-Retirement: RP–2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.0% and 10.0% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.
2017	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP–2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis; Pre-Retirement: RP–2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.

Suttle & Stalnaker PLLC
Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of Southern West Virginia Community and Technical College (the College), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 4, 2023, which states reliance on another auditor for the discretely presented component unit. Our report includes a reference to another auditor who audited the financial statements of The Southern West Virginia Community College Foundation, Inc. (the Foundation), as described in our report on the College's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by that auditor. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

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

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

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

The College's Response to Findings

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

Purpose of this Report

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

Suttle & Stalnaker, PLLC

Charleston, West Virginia
October 4, 2023

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2023

2023-001 FINANCIAL REPORTING

Criteria: Management of the College is responsible for establishing an internal control structure that reduces to an acceptable level the risk of errors and fraud occurring and not being detected. The College is also responsible for having a financial management system in place to account for the receipt and expenditure of grant and other funds, prepare accurate financial reports and be able to trace funds to a level of expenditures adequate to establish that such funds have not been used in violation of applicable laws and regulations, in a timely manner.

Condition: Several accounts in the general ledger required material adjustments to reconcile to supporting documentation. Additionally, the trial balance initially provided did not balance and beginning net position did not progress from prior year audited net position.

Context: Total assets, deferred outflows, liabilities, deferred inflows, net position, revenues, and expenses of the College are $40.4 million, $443 thousand, $3.7 million, $859 thousand, $36.2 million, $20.2 million, and $20.4 million, respectively. The impact of adjustments to assets, deferred outflows, liabilities, deferred inflows, net position, revenues, and expenses was $450 thousand, $0, $2.9 million, $0, $192 thousand, $7.9 million, and $5.2 million, respectively.

Cause: Inaccuracies in posting prior year audit adjustments, recording yearend accruals, and reconciling supporting schedules to the fiscal year 2023 trial balance resulted in material adjustments to the financial statements.

Effect: The financial statements required material audit adjustments in order to be presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Additionally, the discrepancies between accounting records and the trial balance resulted in delays in issuing the audited financial statements.

Recommendation: We recommend that management review the daily accounting functions, staffing, and financial reporting processes to ensure adequate policies and procedures are in place to ensure accurate and timely financial reporting. Management should ensure that account reconciliations are prepared and reviewed in a timely manner and ensure supporting schedules agree to the College's financial records for all account balances.

Views of Responsible Officials: *We agree with the findings and will take the necessary corrective actions.*

SOUTHERN
WV COMMUNITY & TECHNICAL COLLEGE

October 4, 2023

West Virginia Council for Community and Technical College Education

Southern West Virginia Community and Technical College respectfully submits the following corrective action plan for the year ended June 30, 2023.

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

<u>Audit Period:</u> Year ended June 30, 2023

The finding from the October 4, 2023 schedule of findings and responses is discussed below. The finding is numbered consistently with the number assigned in the schedule.

FINDING-FINANCIAL STATEMENT AUDIT

2023-001 – FINANCIAL REPORTING

<u>Recommendation:</u>

We recommend that management review the daily accounting functions, staffing, and financial reporting processes to ensure adequate policies and procedures are in place to ensure accurate and timely financial reporting. Management should ensure that account reconciliations are prepared and reviewed in a timely manner and ensure supporting schedules agree to the College's financial records for all account balances.

<u>Planned Corrective Action:</u>

Management is aware of the issues mentioned above due to the turnover in Finance Management and changes in policies and procedures. We are currently reviewing accounting policies and procedures to ensure accuracy, consistency, and timeliness of financial reporting. Cross training the accounting staff to strengthen the Finance Department will be a priority. It will be the responsibility of the Chief Finance Officer to make sure this corrective action plan is put into effect immediately.

If the West Virginia Council for Community and Technical College Education has questions regarding this plan, please call Velva Pennington, Interim CFO at 304-896-7405

Sincerely,

Velva Pennington, CFO