SOUTHERN WEST VIRGINIA
COMMUNITY AND TECHNICAL COLLEGE

FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2026 AND 2025

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 Certified Public Accountants
A Professional Limited Liability Company

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, 2026 and 2025, 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, 2026 and 2025, 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.

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Change in Accounting Principle

As described in Note 2 to the financial statements, during fiscal year 2026, the College implemented Governmental Accounting Standards Board Statement No. 103, *Financial Reporting Model Improvements* and Statement No. 104 *Disclosure of Certain Capital Assets*. Our opinion is not modified with respect to this matter.

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 13, 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 49 through 58 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2026, 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
September 30, 2026

Overview of the Financial Statements

Management's Discussion and Analysis is required supplementary information and has been prepared in accordance with the requirements of Governmental Accounting Standards Board (GASB) standards. This section of Southern West Virginia Community & Technical College's (Southern or the College) annual financial report provides an overview of the College's financial performance during the fiscal years ended June 30, 2026, 2025, and 2024, with a focus on 2026. A comparative analysis is presented for fiscal year 2026 compared to fiscal year 2025 and fiscal year 2025 compared to fiscal year 2024.

Southern's financial statements consist of three basic financial statements: the statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows. These statements focus on the financial condition of the College, the results of operations, and cash flows of the College as a whole.

As required by GASB, the Southern West Virginia Community College Foundation, Inc. is included in the financial statements as a discretely presented component unit. Complete financial statements for the Foundation can be obtained from the Southern West Virginia Community College Foundation, Inc.

Statement of Net Position - This statement presents the assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position (assets and deferred outflows minus liabilities and deferred inflows) of the College as of the end of the fiscal year. The Statement of Net Position is a point of time financial statement designed to present the readers with a fiscal snapshot of the College.

Statement of Revenues, Expenses and Changes in Net Position - The change in 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, operating, subsidies, and non-operating, and the expenses paid by the College, both operating and non-operating.

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

Financial Summary

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

	2026	2025	2024
Assets and deferred outflows			
Current and other assets	$ 15,925	$ 15,915	$ 14,659
Capital assets	24,761	24,110	26,047
Total assets	40,686	40,025	40,706
Deferred outflows of resources	522	316	212
Total	$ 41,208	$ 40,341	$ 40,918
Liabilities, deferred inflows and net position			
Current liabilities	$ 2,889	$ 3,751	$ 3,444
Noncurrent liabilities	242	158	274
Total liabilities	3,131	3,909	3,718
Deferred inflows of resources	335	311	408
Net position			
Net investment in capital assets	24,761	24,110	26,047
Restricted net position, expendable	-	106	48
Unrestricted net position	12,981	11,905	10,697
Total net position	37,742	36,121	36,792
Total	$ 41,208	$ 40,341	$ 40,918

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

	2026	2025	2024
Operating revenues	$ 8,756	$ 11,949	$ 9,953
Operating expenses	18,863	22,210	19,408
Operating loss	(10,107)	(10,261)	(9,455)
Noncapital subsidies	9,659	9,365	9,368
Operating loss & noncapital subsidies	(448)	(896)	(87)
Net other non-operating revenues (expense)	2,069	225	646
Increase (decrease) in net position	1,621	(671)	559
Net position - beginning of year	36,121	36,792	36,233
Net position - end of year	$ 37,742	$ 36,121	$ 36,792

Total net position of the College increased by $1.6 million from June 30, 2025 to June 30, 2026. Total operating revenues and expenses decreased $3.2 million and $3.3 million, respectively. Noncapital subsidies increased $294 thousand and nonoperating revenues increased substantially, over $1.8 million. Total net position decreased by $671 thousand from June 30, 2024 to June 30, 2025. Total operating revenues and expenses increased $2 million and $2.8 million, respectively. Noncapital subsidies were consistent over the years and net nonoperating revenues fell $421 thousand. These changes are related to several factors described on the following pages.

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 current ratios for 2026, 2025, and 2024 are 5.5, 4.2, and 4.2. Net working capital for the College was $13.1 million at the end of 2026 a $1 million increase from the previous year. Net working capital for the College was $12.1 million at the end of 2025. This is an increase of $1.2 million from 2024 net working capital of $10.9 million.

Detailed Analysis

Changes in assets and liabilities from June 30, 2025 to June 30, 2026 include:

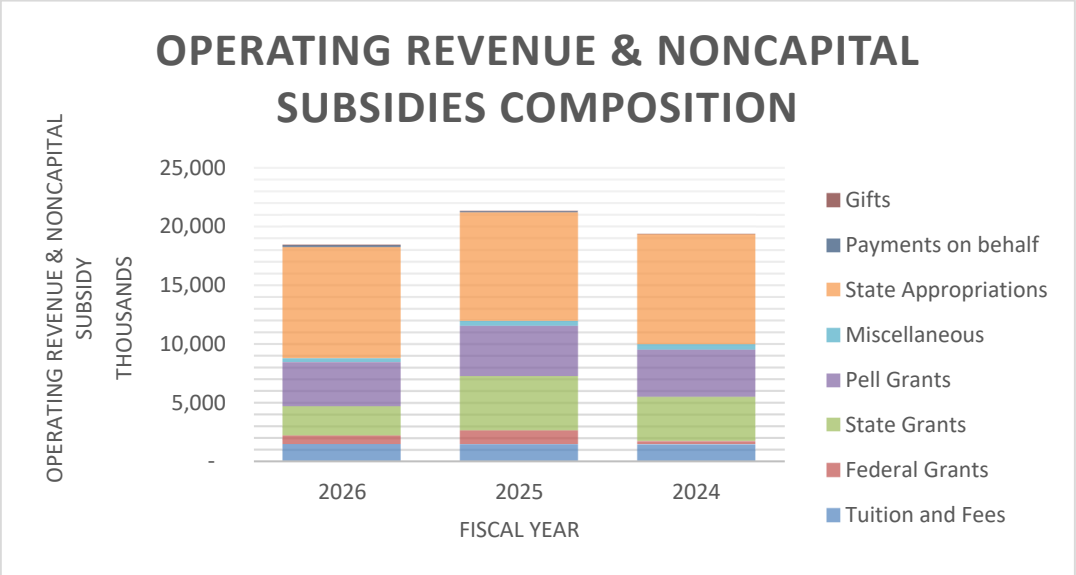
- Current assets remained consistent over the two years.
- Increases in capital assets relate to equipment asset acquisitions and building improvements financed by deferred maintenance funding which are discussed further in the significant capital asset and long term debt activity section.
- Decreases were noted in nearly all categories of current liabilities; Unearned revenue decreases were related to the spending down or return of grant funds as the respective time periods ended, combined with a decrease in new funding received up front. Compensated absences decreased in conjunction with an overall decrease in employees and a decrease in the percentage of sick leave expected to be paid out. Changes in accrued liabilities are associated with the timing of invoice receipt and payments around year end.
- Changes in the net other post-employment benefit (asset) liability and its related deferred inflows and outflows are tied to actuarial and market changes and are based on the College's allocation of the total liability (asset) at the State level.

Changes in assets and liabilities from June 30, 2024 to June 30, 2025 are highlighted below:

- Increases in current assets were due to additional reimbursements due from the Commission for grant expenses, interest income, and level-up funds not received at year end. There was also an increase in cash related to cash proceeds from the sale of the Wyoming Campus.
- Capital assets decreased because of closing the Boone Campus and the sale of the Wyoming Campus.
- There was a decrease in the net OPEB asset due to changes in actuarial assumptions because the PEIA subsidy was not included in the State Budget in 2025, which increased employers' expense.
- The implementation of GASB 101 resulted in an increase in current liabilities for compensated absences due to the recognition of sick leave and taxes/benefits related to leave in the accrual.

Revenues

The following charts reflect the percentage allocation of total revenue and noncapital subsidies from all sources in fiscal years 2026, 2025, and 2024. Following these charts is a discussion regarding the changes across fiscal years.



Highlights of the changes in fiscal year 2026 revenues and noncapital subsidies compared with fiscal year 2025 are as follows:

- For fiscal year 2026, operating revenues decreased by approximately 27% driven by the decreases in State, and Federal Grant revenue of $2.6 million. There was also a tuition rate increase of approximately 6% but decreases in enrollment resulted in similar tuition revenue to the prior year.
- Grant revenue decreased 45% in 2026. The decrease was related to $2.1 million decrease in state grant revenue and a $460 thousand decrease in federal revenue. Specifically, the decreases are tied to the WV Higher Education Grant and the Federal Earmark funds. During fiscal year 2025, the West Virginia Legislature provided additional support for the West Virginia Higher Education grants to address disruptions associated with the Free Application for Federal Student Aid (FAFSA) process. As a result, during fiscal year 2026, revenue from the West Virginia Higher Education grants decreased by $1.5 million since this additional funding was not provided again in fiscal year 2026. The Federal Earmark grant was received in 2025 to provide additional funding for the Early College Academy, and this funding was also not provided in fiscal year 2026.
- Pell grants totaled $3.7 million, a decrease of $535 thousand from the prior year due to declining enrollment.
- For fiscal year 2026, there was an increase in the amount of state appropriations. State appropriations totaled $9.5 million and $9.2 million for fiscal years 2026 and 2025, respectively.

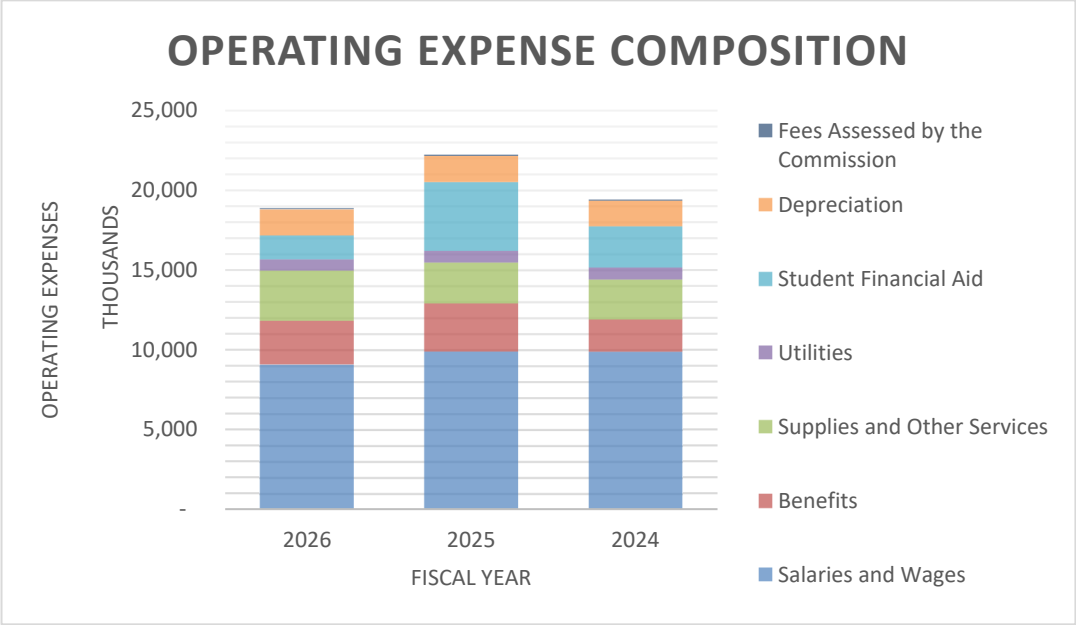
Highlights of the changes in fiscal year 2025 revenues and noncapital subsidies compared with fiscal year 2024 are as follows:

- For fiscal year 2025, operating revenues increased by approximately 20% driven by the increase in State and Federal Grant revenue.

- Grant revenue increased by 43% in 2025; an increase of $1.7 million. The increase was related to a $821 thousand increase in state grant revenue, and a 352% or $925 thousand increase in federal revenue. Specifically, the increases relate to the increase in the WV Higher Education grant and the Federal Pell Grant. The College also received Federal Earmark funds of $762 thousand to provide additional funding for the Early College Academy. During fiscal year 2025, the West Virginia Legislature provided additional support for the West Virginia Higher Education grants to address disruptions associated with the Free Application for Federal Student Aid (FAFSA) process. As a result, during fiscal year 2025, revenue from the West Virginia Higher Education grants increased by $1.0 million.
- Tuition and fee revenue increased by $8 thousand, a 1% increase from the previous year due to a 5% increase in tuition and fee rates and increases in enrollment, however enrollment increases were driven by the Early College Academy (ECA) Program. ECA students only pay $75/credit hour, offsetting the increase that should have resulted from increasing tuition rates. Additionally, the College switched from the alternative method to the allocation method as outlined in NACUBO advisory 2023-01, for scholarship allowances, and as a result the allowance offset to tuition and fees increased over $196 thousand.
- Pell grants totaled nearly $4.3 million in 2025, an increase of $275 thousand over fiscal year 2024.
- For fiscal year 2025, there was a decrease in the amount of state appropriations. State appropriations totaled $9.2 million and $9.4 million for fiscal years 2025 and 2024, respectively.

Operating Expenses

The following is a graphic illustration of total operating expenses by natural classification for fiscal years 2026, 2025, and 2024.



Total operating expenses for fiscal year 2026 were $18.9 million, a decrease of $3.3 million compared to fiscal year 2025. Highlights of the changes in fiscal year 2026 expenses compared with fiscal year 2025 are as follows:

- For fiscal year 2026, the total cost of scholarships decreased $2.8 million or 65%. The decrease is primarily due to a decrease in the WV Higher Education Grant. State-funded aid declined following the reduction of supplemental West Virginia Higher Education grant awards provided in fiscal year 2025 to address FAFSA related challenges. As a result, student financial aid awards under these grants decreased by $2.3 million. The remaining portion of the decrease is due to a decline in Pell grants of $538 thousand related to decreases in enrollment.
- For fiscal year 2026, supplies and other services increased approximately $573 thousand, or 22%. The increase is primarily due to increases in contractual fees passed on to students for book charges.
- Salaries and wages decreased $820 thousand or 8% from the prior year, benefits also decreased 8% or $257 thousand. These decreases were due to reduction in employee headcount and a decrease in the accrual for compensated absences in the current year related to sick leave not paid out on separated employees.

Total operating expenses for fiscal year 2025 were $22.2 million, an increase of $2.8 million over fiscal year 2024. Highlights of the changes in fiscal year 2025 expenses compared with fiscal year 2024 are as follows:

- For fiscal year 2025, the total cost of scholarships increased $1.7 million or 67%. The increase is primarily due to an increase in the WV Higher Education Grant, the WV Emergency Grant and the Federal Pell Grant.
- For fiscal year 2025, supplies and other services increased approximately $68 thousand, or 2.7%. The increase is primarily due to the aging of the HVAC systems and the repairs needed to maintain while waiting for the upcoming replacement through the deferred maintenance funding.
- Salaries and wages remained consistent with the prior year, while benefits increased $990 thousand or 49%. The increase was due to a significant increase in the College's proportion of the actuarially determined OPEB expense and an increase in the cost of WV PEIA Insurance.

Significant Capital Asset and Long-term Debt Activity

Capital Assets, Net
June 30,
(in thousands)

	2026	2025	Increase (Decrease)	Percent Change
Capital Assets				
Land and Improvements	$ 1,563	$ 1,563	$ -	0.00%
Construction in process	1,745	759	986	129.91%
Buildings	40,687	39,687	1,000	2.52%
Equipment	5,132	4,864	268	5.51%
Library holdings	3,953	3,943	10	0.25%
Total	50,080	50,816	2,264	4.46%
Less: Accum depreciation	(28,319)	(26,706)	(1,613)	6.04%
Net Capital Assets	$ 24,761	$ 24,110	$ 651	2.70%

In the summer of 2023, the Governor's Office provided guidance for applying for Deferred Maintenance Projects Funding. The WV Community and Technical College System staff oversee the projects for two-year institutions. Southern West Virginia Community and Technical College was awarded funding for four projects totaling $3.9 million. Projects include science lab renovations on both the Logan and Williamson Campuses, roof replacement on the main building on Williamson Campus and an HVAC replacement on the Logan Campus. The Williamson roof project was in process at June 30, 2025, and was completed during fiscal year 2026. The remaining two deferred maintenance projects should be completed in fiscal year 2027: the HVAC project, which is nearing completion and the science lab upgrade. The drawings for the science lab have been completed, but the work has not yet begun. The award amount for the HVAC project was $2.2 million and the science lab project was awarded $650 thousand. Southern reported capital payments on behalf of $1.7 million and $609 thousand in fiscal years ended June 30, 2026 and 2025, respectively, related to funding received for these projects.

During fiscal year 2025 the College vacated the Boone Campus and sold the Wyoming Campus, as a result capital assets decreased $1.9 million and a loss of $817 thousand was reported in non-operating activities.

The College does not hold any long-term debt related to capital projects.

Current Known Facts, Decisions, or Conditions

For fiscal year 2027 the Board of Governor's approved a 9.69% increase in tuition. This brings our per credit hour rate to $215 for a tuition rate of $2,580 per semester. This increase will allow us to increase our unrestricted operational revenue. We believe this increase will keep us in line with inflationary increases and provide us with adequate operating revenue while maintaining a low-cost college option in our service area. For fiscal year 2027 our Board of Governors approved a list of course fees. Most of these fees are a one-time charge to students or a per semester charge. The benefit of incorporating these fees to our fee schedule is that they will be pass through fees not generating revenue, but financial aid will cover these fees. Students previously had to pay these fees out of pocket.

Declining enrollment at Southern presents significant challenges for the institution and the communities it serves throughout the region. As student enrollment decreases, the College faces reduced tuition revenue and funding pressures that can affect academic programs, student services, and operational resources. Contributing factors may include population decline in Southern West Virginia, workforce shortages that encourage individuals to enter employment rather than pursue higher education, competition from online and four-year institutions, and changing economic conditions that influence educational choices. To address these challenges, the College continues to focus on workforce development, career and technical education, partnerships with local industries, and flexible learning opportunities designed to meet the needs of students and employers. By adapting to changing demographics and workforce demands, the College can strengthen its role as a vital provider of accessible, affordable, and high-quality education for the communities it serves.

To help with declining enrollment Southern is looking at establishing partnerships with local, state, or federal correctional facilities. Faculty members may travel to prisons to teach courses in person, or courses may be delivered through secure learning management systems that operate without internet access. The College may also use correspondence-based programs, printed course materials, and monitored computer labs to provide instruction.

Southern has also been awarded a Strengthening Institutions Program (SIP) grant effective October 1, 2026. This grant proposes the Southern Health Pathways: Nursing and Allied Health Student Success project as a five-year Individual Development Grant under the Strengthening Institutions Program. The initiative is designed to strengthen institutional capacity in academic quality, student success, data-informed management, and long-term sustainability. This is a $3 million grant that spans 60 months.

Southern will be receiving an estimated $1.5 million in a TRIO EOC grant over the next 5 years. The College will receive approximately $300,000 per year under this grant. Funds will be awarded through the WV Council for Community and Technical College Education. Blue Ridge College will be the lead on the grant, and other community colleges will be the sub recipients. This grant's goal is to increase college and career readiness for adults older than 19.

Southern is also the recipient of federal earmarked funds provided by the United States Department of Agriculture through the Community Facilities (CF) Program. The federal funds obligated are $1.3 million. These funds will allow Southern to renovate the library, perform technology upgrades in this space, and provide new equipment and furnishings. The College has recently worked with HEPC to award this project to an architect. Southern has until September 2029 to spend these funds.

The College is currently in negotiations with the Lincoln County Board of Education regarding the termination of the existing usage agreement for the space utilized within Lincoln County High School. As of the Fall 2026 semester, all staff have been relocated from that site, and operations are no longer being conducted at that location. The termination of this agreement is expected to result in annual cost savings of approximately $70 thousand. Students residing in the Lincoln County area will continue to receive services through online programming, ensuring uninterrupted access to educational opportunities.

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF NET POSITION
JUNE 30, 2026 AND 2025

	Southern WV Community and Technical College		Southern WV Community College Foundation, Inc. *	
	2026	2025	2026	2025
ASSETS AND DEFERRED OUTFLOWS				
CURRENT ASSETS:				
Cash and cash equivalents	$ 15,118,446	$ 15,048,139	$ 513,898	$ 519,030
Accounts receivable, net of allowance for doubtful accounts	514,748	530,999	-	-
Due from the Commission/Council	261,863	234,932	-	-
Prepaid expenses	1,372	1,919	35,573	11,173
Total current assets	15,896,429	15,815,989	549,471	530,203
NONCURRENT ASSETS:				
Investments	-	-	5,316,296	4,658,737
Other accounts receivable	28,886	49,296	66,907	254,781
Net other postemployment benefit (OPEB) asset	-	49,576	-	-
Capital assets, net of accumulated depreciation	24,760,982	24,109,856	-	-
Total noncurrent assets	24,789,868	24,208,728	5,383,203	4,913,518
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows relating to pension	43,483	67,839	-	-
Deferred outflows relating to OPEB	478,762	248,815	-	-
Total deferred outflows of resources	522,245	316,654	-	-
TOTAL	$ 41,208,542	$ 40,341,371	$ 5,932,674	$ 5,443,721
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION				
CURRENT LIABILITIES:				
Accounts payable	$ 4,097	$ 4,097	$ 25,223	$ 5,345
Due to other State agencies	9,547	26,783	-	-
Due to other governments	284,740	284,740	-	-
Accrued liabilities	685,471	774,665	-	-
Compensated absences	759,842	924,520	-	-
Unearned revenue	1,145,392	1,736,174	-	-
Total current liabilities	2,889,089	3,750,979	25,223	5,345
NONCURRENT LIABILITIES:				
Net other postemployment benefit (OPEB) liability	132,269	-	-	-
Net pension liability	109,485	158,430	-	-
Total noncurrent liabilities	241,754	158,430	-	-
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows relating to pension	95,080	118,745	-	-
Deferred inflows relating to OPEB	240,447	191,776	-	-
Total deferred inflows of resources	335,527	310,521	-	-
NET POSITION:				
Net investment in capital assets	24,760,982	24,109,856	-	-
Restricted, expendable	-	106,615	4,214,346	3,869,902
Restricted, nonexpendable	-	-	818,927	718,926
Unrestricted net position	12,981,190	11,904,970	874,178	849,548
Total net position	37,742,172	36,121,441	5,907,451	5,438,376
TOTAL	$ 41,208,542	$ 40,341,371	$ 5,932,674	$ 5,443,721

* The Southern West Virginia Community College Foundation's fiscal year ends December 31. Financial information presented is for the preceeding year end.

The Accompanying Notes Are An Integral
Part Of These Financial Statements

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2026 AND 2025

	Southern WV Community and Technical College		Southern WV Community College Foundation, Inc. *	
	2026	2025	2026	2025
OPERATING REVENUES:				
Student tuition and fees, net of scholarship allowance of $4,104,703 and $4,454,621 for 2026 and 2025, respectively	$ 1,474,643	$ 1,454,395	$ -	$ -
Contracts and grants:				
Pell grants	3,737,110	4,271,955	-	-
Federal	726,783	1,186,970	-	-
State	2,489,212	4,607,531	-	-
Miscellaneous, net	327,434	428,555	183,932	136,921
Total operating revenues	8,755,182	11,949,406	183,932	136,921
OPERATING EXPENSES:				
Salaries and wages	9,067,292	9,887,615	183,932	136,921
Benefits	2,752,407	3,009,401	-	-
Supplies and other services	3,139,264	2,566,067	277,906	329,783
Utilities	698,826	734,470	-	-
Student financial aid - scholarships and fellowships	1,502,541	4,304,041	181,353	105,778
Depreciation	1,618,532	1,629,672	-	-
Fees assessed by the Commission for operations	83,865	79,168	-	-
Total operating expenses	18,862,727	22,210,434	643,191	572,482
OPERATING LOSS	(10,107,545)	(10,261,028)	(459,259)	(435,561)
NONCAPITAL SUBSIDIES				
State appropriations	9,459,029	9,217,907	-	-
Payments made on behalf of the College	156,016	103,655	-	-
Contributions for scholarships	44,000	44,000	238,647	615,304
Total noncapital subsidies	9,659,045	9,365,562	238,647	615,304
OPERATING LOSS AND NONCAPITAL SUBSIDIES	(448,500)	(895,466)	(220,612)	179,743
OTHER NONOPERATING REVENUES (EXPENSES):				
Investment income	446,852	462,513	689,687	592,893
Gain (loss) on disposal of assets	-	(817,371)	-	-
Other nonoperating revenues (expenses)	(41,023)	(28,979)	-	-
Capital payments made on behalf of the College	1,663,402	608,781	-	-
Total other nonoperating revenues (expenses)	2,069,231	224,944	689,687	592,893
INCREASE (DECREASE) IN NET POSITION	1,620,731	(670,522)	469,075	772,636
NET POSITION - Beginning of year	36,121,441	36,791,963	5,438,376	4,665,740
NET POSITION - End of year	$ 37,742,172	$ 36,121,441	$ 5,907,451	$ 5,438,376

* The Southern West Virginia Community College Foundation's fiscal year ends December 31. Financial information presented is for the preceeding year end.

The Accompanying Notes Are An Integral
Part Of These Financial Statements

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from student tuition and fees	$ 1,458,119	$ 1,376,848
Cash received from contracts and grants	2,603,123	5,683,532
Payments to and on behalf of employees	(11,867,392)	(12,598,417)
Payments to suppliers	(3,205,457)	(2,590,794)
Payments to utilities	(698,826)	(734,470)
Payments for scholarships and fellowships	(1,502,541)	(4,304,041)
Fees assessed by Commission	(83,865)	(79,168)
Other receipts, net	327,434	428,555
Net cash used in operating activities	(12,969,405)	(12,817,955)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	9,459,029	9,217,907
Federal Pell grants	3,737,110	4,271,955
Federal student loan program - direct lending receipts	1,755,843	1,398,262
Federal student loan program - direct lending payments	(1,755,843)	(1,398,262)
Gifts	44,000	44,000
Net cash provided by noncapital financing activities	13,240,139	13,533,862
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Purchases of capital assets	(606,256)	(993,816)
Proceeds from sales of capital assets	-	1,092,504
Other nonoperating revenues (expenses)	(41,023)	(28,979)
Net cash provided by (used in) capital financing activities	(647,279)	69,709
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	446,852	462,513
Net cash provided by investing activities	446,852	462,513
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	70,307	1,248,129
CASH AND CASH EQUIVALENTS - Beginning of year	15,048,139	13,800,010
CASH AND CASH EQUIVALENTS - End of year	$ 15,118,446	$ 15,048,139
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (10,107,545)	$ (10,261,028)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Federal Pell grants	(3,737,110)	(4,271,955)
Depreciation expense	1,618,532	1,629,672
Pension expense (offset) - special funding situation	(1,321)	19,721
OPEB expense (offset) - special funding situation	150,837	83,934
Other operating payments on behalf	6,500	-
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable, net of allowance for doubtful accounts	16,251	(77,547)
Due from the Commission/Council	(26,931)	(147,712)
Prepaid expenses	547	4,342
Other accounts receivable	20,410	2,649
Deferred outflows of resources	(205,591)	(104,278)
Due to the Commission/Council	-	(3,199)
Due to other State agencies	(17,236)	25,275
Accrued liabilities	(89,194)	22,520
Compensated absences	(164,678)	234,783
Other postemployment benefit (OPEB) liability (asset)	181,845	210,216
Net pension liability	(48,945)	(115,177)
Unearned revenue	(590,782)	27,892
Deferred inflows of resources	25,006	(98,063)
Net cash used in operating activities	$ (12,969,405)	$ (12,817,955)
NONCASH TRANSACTIONS:		
Capital payments made and expenses incurred on behalf of the College	$ 1,663,402	$ 608,781

The Accompanying Notes Are An Integral
Part Of These Financial Statements

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. The financial statements of the Foundation have been converted to the GASB reporting model. Relevant disclosures under GASB are also presented. (See also Notes 8 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.

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, 2026 or 2025.

- *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: 315 70th Street SE, Charleston, WV 25304 or http://www.wvbti.org.

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.

Compensated Absences and Other Post employment Benefits (OPEB) - GASB provides for the measurement, recognition, and display of OPEB expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State. The College is required to participate in this multiple-employer, cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State of West Virginia. Details regarding this plan and its standalone financials can be obtained by contacting the West Virginia Public Employees Insurance Agency (PEIA), 601 57th St. SE Suite 2, Charleston, WV, 25304 1900 Kanawha Boulevard, East, Charleston, WV 25305-0710 or https://peia.wv.gov.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB requires entities to accrue for employees' rights to receive compensation for vacation and/or sick leave that has been earned, accumulated, and is anticipated to be used, paid out, or otherwise settled using current pay rates. 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. The College's full-time employees earn up to one-and-a-half sick leave days for each month of service and unpaid sick leave is generally forfeited upon termination; however, employees hired prior to July 1, 2001 can convert unpaid sick leave to OPEB premiums upon termination.

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

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

Net Pension Liability - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of West Virginia Teachers' Retirement System (STRS), and additions to/deductions from STRS fiduciary net position have been determined on the same basis as they are reported by STRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 7 for further discussion.

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 classifies its revenues as operating, noncapital subsidies, or nonoperating based on the underlying economic nature of the transaction and the extent to which the activity is subsidized:

- *Operating Revenues:* Operating revenues include activities that are exchange transactions and represent core institutional operations. Operating revenues include (1) tuition and fees, net of scholarship allowances, (2) sales and services of educational departments or auxiliary enterprises, (3) Federal Pell grants, (4) grants and contracts from federal, state, local, or private entities that are directly tied to an exchange of specific goods, services, or research.

- *Noncapital Subsidies:* Subsidies are non-exchange transactions that directly or indirectly keep student fees lower than they would be otherwise. Noncapital subsidies support ongoing institutional operations and are presented in a dedicated section following operating income. They include items such as state appropriations, noncapital grants and gifts, contributions for the provision of scholarships, and distributions from the foundation.

- *Nonoperating Revenues:* Nonoperating revenues include capital subsidies, endowment contributions, income related to financing, gains on disposal of assets, and investment income.

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.

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 2026 and 2025, the College received and disbursed $1,755,843 and $1,398,262, 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 2026 and 2025, the College received and disbursed $3,869,983 and $4,433,419, 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certain aid, such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending, is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowance, which reduces 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.

The College uses Allocation Method B as outlined in NACUBO Advisory 2023-01. Under Method B, financial aid awards are applied in a prescribed sequence to individual student charges by year, using actual amounts applied to tuition and fees. The scholarship allowance is calculated as the amount of aid applied to tuition and fees, and that amount is reported as a reduction of the corresponding revenue. Aid that exceeds institutional charges is reported as student financial aid expense. The change in methodology was made to improve the accuracy and transparency of scholarship allowance calculations by reflecting actual financial aid application data rather than estimated proportions.

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.

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, 2025 financial statements have been reclassified to conform to the 2026 presentation. The reclassifications had no impact on net position or the change in net position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Newly Adopted Statements Issued By GASB - The College has implemented GASB Statement No. 103, *Financial Reporting Model Improvements*, which is effective for fiscal years beginning after June 15, 2025. The focus of the improvements are to the presentation of (1) management's discussion and analysis, (2) unusual or infrequent items, (3) proprietary fund statement of revenues, expenses, and changes in net position, (4) major component unit information, and (5) budgetary comparison information. The primary impacts of adopting this Statement are:

- **Presentation of Subsidies:** The College presents noncapital subsidies, including state operational appropriations, in a separate section immediately following operating income (loss). A new subtotal for operating income (loss) and noncapital subsidies is now presented on the Statement of Revenues, Expenses, and Changes in Net Position.
- **Component Units:** Major discretely presented component units are now presented in separate columns or through combining statements, rather than being aggregated into a single column.
- **Nonoperating Classification:** Nonoperating activities have been strictly limited to subsidies received and provided, contributions to permanent and term endowments, financing activities, investment activities, and the disposal of capital assets or inventory.

In accordance with the transitional provisions of GASB Statement No. 103, the financial statements for the fiscal year ended June 30, 2025, have been retroactively restated to conform to the new presentation model. This implementation required a reclassification of certain financial statement lines but did not alter total ending net position for the prior period. The effects of this restatement on the College's fiscal year 2025 Statement of Revenues, Expenses, and Changes in Net Position are summarized below:

Financial Statement Line Item (FY 2025)	As Reported	Effect of GASB 103	As Restated
Operating Revenue	$ -	$ 4,217,955	$ 4,217,955
Pell Grants			
Noncapital Subsidies			
State appropriations	-	9,217,907	9,217,907
Payments made on behalf of the College	-	103,655	103,655
Contributions for scholarships	-	44,000	44,000
Other Nonoperating Revenues (Expenses)			
State appropriations	9,217,907	(9,217,907)	-
Gifts	44,000	(44,000)	-
Pell Grants	4,271,955	(4,271,955)	-
Capital payments made on behalf of the College	-	608,781	608,781
Other			
Payments made and expenses incurred on behalf of the College	103,655	(103,655)	-
Capital payments made and expenses incurred on behalf of the College	608,781	(608,781)	-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The College has also implemented GASB Statement No. 104, *Disclosure of Certain Capital Assets*, which is effective for fiscal years beginning after June 15, 2025. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets, subscription-based information technology arrangement assets, and right-to-use assets should be disclosed separately by major class of underlying asset in the capital assets note disclosures. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale including if (1) the government has decided to pursue the sale of the capital asset, and (2) it is probable that the sale will be finalized within one year of the financial statement date. Governments should evaluate these assets each reporting period and disclose the ending balance of capital assets held for sale, with separate disclosures for historical cost and accumulated depreciation by major class of asset, and the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The implementation of this Statement did not have a material impact on the financial statements.

Recent Statements Issued By GASB - GASB has issued Statement No. 105, *Subsequent Events*, which is effective for fiscal years beginning after June 15, 2026. This statement clarifies the subsequent events that constitute recognized and unrecognized events and establishes specific note disclosure requirements for nonrecognized events. The College has not yet determined the effect that the adoption of GASB Statement No. 105 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:

	2026	2025
Cash on deposit with the State Treasurer/BTI	$ 15,023,120	$ 14,895,200
Cash in bank	89,626	147,238
Cash on hand	5,700	5,701
	$ 15,118,446	$ 15,048,139

Cash held by the State Treasurer includes $534,324 and $1,314,789 of restricted cash primarily for operating grants as of June 30, 2026 and 2025, respectively.

The combined carrying amount of cash in the bank at June 30, 2026 and 2025 was $89,626 and $147,238, as compared with the combined bank balance of $89,606 and $147,238, 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.

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

Amounts with the State Treasurer were $15,023,120 and $14,895,200 as of June 30, 2026 and 2025, respectively. Of these amounts, $12,095,954 and $10,961,868 were invested in the WV Money Market Pool and the WV Short Term Bond Pool as of June 30, 2026 and 2025, respectively. The remainder of the cash held with the State Treasurer was not invested at June 30, 2026 and 2025.

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:

	2026		2025	
External Pool	Carrying Value	S & P Rating	Carrying Value	S & P Rating
WV Money Market Pool	$ 11,819,254	AAAm	$ 10,710,181	AAAm
WV Short Term Bond Pool	276,700	Not Rated	251,687	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:

	2026		2025	
External Pool	Carrying Value	WAM (Days)	Carrying Value	WAM (Days)
WV Money Market Pool	$ 11,819,254	46	$ 10,710,181	41

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

	2026		2025	
External Pool	Carrying Value	Effective Duration (Days)	Carrying Value	Effective Duration (Days)
WV Short Term Bond Pool	$ 276,700	664	$ 251,687	637

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

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

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

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

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

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable are as follows at June 30:

	2026	2025
Student tuition and fees	$ 1,603,581	$ 1,419,981
Third party tuition and fees	327,618	299,026
	1,931,199	1,719,007
Less: Allowance for tuition & fee receivables	(1,416,451)	(1,188,008)
	$ 514,748	$ 530,999

NOTE 5 - CAPITAL ASSETS

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

	2026			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 1,563,470	$ -	$ -	$ 1,563,470
Construction in process	759,398	1,663,402	(677,335)	1,745,465
Total capital assets not being depreciated	$ 2,322,868	$ 1,663,402	$ (677,335)	$ 3,308,935
Other capital assets:				
Buildings	$ 39,687,338	$ 999,090	$ (354,288)	$ 40,332,140
Equipment	4,863,853	267,733	-	5,131,586
Library holdings	3,942,640	16,768	(6,358)	3,953,050
Total other capital assets	48,493,831	1,283,591	(360,646)	49,416,776
Less accumulated depreciation:				
Buildings	(19,907,511)	(1,057,078)	354,288	(20,610,301)
Equipment	(2,900,798)	(533,195)	-	(3,433,993)
Library holdings	(3,898,534)	(28,259)	6,358	(3,920,435)
Total accumulated depreciation	(26,706,843)	(1,618,532)	360,646	(27,964,729)
Other capital assets, net	$ 21,786,988	$ (334,941)	$ -	$ 21,452,047
Capital asset summary:				
Capital assets not being depreciated	$ 2,322,868	$ 1,663,402	$ (677,335)	$ 3,308,935
Other capital assets	48,493,831	1,283,591	(360,646)	49,416,776
Total cost of capital assets	50,816,699	2,946,993	(1,037,981)	52,725,711
Less accumulated depreciation	(26,706,843)	(1,618,532)	360,646	(27,964,729)
Capital assets, net	$ 24,109,856	$ 1,328,461	$ (677,335)	$ 24,760,982

NOTE 5 - CAPITAL ASSETS (Continued)

	2025			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 1,563,470	$ -	$ -	$ 1,563,470
Construction in process	-	759,398	-	759,398
Total capital assets not being depreciated	$ 1,563,470	$ 759,398	$ -	$ 2,322,868
Other capital assets:				
Buildings	$ 44,010,934	$ 181,926	$ (4,505,522)	$ 39,687,338
Equipment	4,237,850	626,003	-	4,863,853
Library holdings	3,910,585	35,270	(3,215)	3,942,640
Total other capital assets	52,159,369	843,199	(4,508,737)	48,493,831
Less accumulated depreciation:				
Buildings	(21,415,256)	(1,087,902)	2,595,647	(19,907,511)
Equipment	(2,387,277)	(513,521)	-	(2,900,798)
Library holdings	(3,873,500)	(28,249)	3,215	(3,898,534)
Total accumulated depreciation	(27,676,033)	(1,629,672)	2,598,862	(26,706,843)
Other capital assets, net	$ 24,483,336	$ (786,473)	$ (1,909,875)	$ 21,786,988
Capital asset summary:				
Capital assets not being depreciated	$ 1,563,470	$ 759,398	$ -	$ 2,322,868
Other capital assets	52,159,369	843,199	(4,508,737)	48,493,831
Total cost of capital assets	53,722,839	1,602,597	(4,508,737)	50,816,699
Less accumulated depreciation	(27,676,033)	(1,629,672)	2,598,862	(26,706,843)
Capital assets, net	$ 26,046,806	$ (27,075)	$ (1,909,875)	$ 24,109,856

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, 2026, the College had no significant outstanding contractual commitments for property, plant and equipment expenditures.

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS

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, 2026 and 2025:

	2026	2025
Net OPEB liability (asset)	$ 132,269	$ (49,576)
Deferred outflows of resources	478,762	248,815
Deferred inflows of resources	240,447	191,776
Revenues	150,837	83,934
OPEB expense (offset)	243,632	74,238
Contributions made by the College	45,784	48,450

Plan Description

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

The 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.

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

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Contributions

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

Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. In fiscal year 2024, there was no subsidization of retiree healthcare from paygo premiums and PEIA active employers were not billed paygo. The paygo rate for fiscal year 2025 was $34 per active health policyholder per month.

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

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

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

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

The College's contributions to the OPEB plan for the years ended June 30, 2026 and 2025 were $45,784, and $48,450, respectively.

Assumptions

The June 30, 2026 OPEB liability (asset) for financial reporting purposes was determined by an actuarial valuation as of June 30, 2024 and a measurement date of June 30, 2025. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Inflation rate: 2.50%.
- Salary increase: Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation.
- Investment rate of return: 7.40%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates: Trend rates for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2034.
- Actuarial cost method: Entry age normal cost method.
- Amortization method: Level percentage of payroll over a 20-year closed period as of June 30, 2017.
- Wage inflation: 2.75%.

NOTE 6 - **OTHER POSTEMPLOYMENT BENEFITS (Continued)**

- Retirement age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2020 actuarial valuation.
- Aging factors: Based on the 2013 SOA Study "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.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2020.

The actuarial valuation as of June 30, 2024, reflects updates to the following healthcare related assumptions, which include per capita claim costs, healthcare trend rates, coverage and continuance, and participation rates.

The long-term expected rate of return of 7.40% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.60% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 2.75% 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 2.50% 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:

	June 30, 2025	
Asset Class	Target Allocation	Long-term Expected Real Return
Equity	45.0%	7.4%
Fixed income	15.0%	3.9%
Private credit and income	6.0%	7.4%
Private equity	12.0%	10.0%
Real estate	12.0%	7.7%
Hedge funds	10.0%	4.5%

NOTE 6 - **OTHER POSTEMPLOYMENT BENEFITS (Continued)**

	June 30, 2024	
Asset Class	Target Allocation	Long-term Expected Real Return
Equity	45.0%	7.4%
Fixed income	15.0%	3.9%
Private credit and income	6.0%	7.4%
Private equity	12.0%	10.0%
Real estate	12.0%	7.7%
Hedge funds	10.0%	4.5%

Single discount rate. The discount rate used to measure the total OPEB liability (asset) was 7.40% for fiscal years 2026 and 2025. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.40% for those fiscal years. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

Sensitivity of the net OPEB liability (asset) to changes in the discount rate. The following presents the College's proportionate share of the net OPEB liability (asset) as of June 30, 2026 and 2025 calculated using a discount rate that is one percentage point lower (6.40%) or one percentage point higher (8.40%) than the current rate (7.40%).

Net OPEB liability (asset)	1% Decrease	Current Discount Rate	1% Increase
2026	$ 505,208	$ 132,269	$ (186,085)
2025	216,747	(49,576)	(271,374)

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, 2026 and 2025 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.

Net OPEB liability (asset)	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
2026	$ (335,488)	$ 132,269	$ 687,879
2025	(389,788)	(49,576)	363,564

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

The June 30, 2026 net OPEB liability (asset) was measured as of June 30, 2025, and the total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2024, rolled forward to the measurement date of June 30, 2025. The June 30, 2025 net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.

At June 30, 2026, the College's proportionate share of the net OPEB liability (asset) was $237,207. Of this amount, the College recognized $132,269 as its proportionate share on the statement of net position. The remainder of $104,938 denotes the College's proportionate share of net OPEB liability (asset) attributable to the special funding situation.

At June 30, 2025, the College's proportionate share of the net OPEB liability (asset) was $(205,288). Of this amount, the College recognized $(49,576) as its proportionate share on the statement of net position. The remainder of $(155,712) denotes the College's proportionate share of net OPEB liability (asset) attributable to the special funding situation.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and to OPEB for each of the fiscal years ended June 30, 2025 and 2024. Employer contributions are recognized when due. At the June 30, 2025 measurement date, the College's proportion was 0.140258481%, an increase of 0.021189115% from its proportion of 0.119069366% calculated as of June 30, 2024. At the June 30, 2024 measurement date, the College's proportion was 0.119069366%, a decrease of 0.045097183% from its proportion of 0.164166549% calculated as of June 30, 2023.

For the year ended June 30, 2026, the College recognized OPEB expense of $243,642. Of this amount, $92,795 was recognized as the College's proportionate share of OPEB expense and $150,837 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of $150,837 for support provided by the State.

For the year ended June 30, 2025, the College recognized OPEB expense of $74,238. Of this amount, $(9,696) was recognized as the College's proportionate share of OPEB expense and $83,934 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of $83,934 for support provided by the State.

NOTE 6 - **OTHER POSTEMPLOYMENT BENEFITS (Continued)**

At June 30, 2026 and 2025, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

June 30, 2026	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	$ 3,570	$ 19,155
Net difference between projected and actual investment earnings	-	96,644
Changes in assumptions	309,028	27,258
Differences between expected and actual non-investment experience	120,380	97,390
Contributions after the measurement date	45,784	-
Total	$ 478,762	$ 240,447

June 30, 2025	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	$ 8,757	$ 26,819
Net difference between projected and actual investment earnings	-	56,483
Changes in assumptions	18,926	58,623
Differences between expected and actual non-investment experience	172,682	49,851
Contributions after the measurement date	48,450	-
Total	$ 248,815	$ 191,776

The College will recognize the $45,784 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, 2027. 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
2027	$ 180,807
2028	73,896
2029	(41,618)
2030	(20,554)
	$ 192,531

NOTE 6 - **OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Payables to the OPEB Plan

The College did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2026 and 2025.

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.

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, 2026, no College employees were enrolled in the Educators Money 401(a) basic retirement plan.

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:

	2026	2025
Net pension liability	$ 109,485	$ 158,430
Deferred outflows of resources	43,483	67,839
Deferred inflows of resources	95,080	118,745
Revenues	(1,321)	19,721
Pension expense (offset)	(30,535)	8,906
Contributions made by the College	14,064	32,684

Plan Description

The College contributes to the West Virginia Teacher's Retirement System (STRS), a cost-sharing multi-employer defined benefit pension plan administered by the West Virginia Consolidated Public Retirement Board (CPRB). STRS provides retirement benefits as well as death and disability benefits. CPRB issues a publicly available financial report that includes financial statements and required supplemental information for STRS. That report can be obtained by writing to CPRB, 601 57th Street, Suite 5, Charleston, West Virginia 25304 or by calling (304) 558-3570.

NOTE 7 - RETIREMENT PLANS (Continued)

Benefits Provided

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

Contributions

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

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

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

- 15% of gross salary of their 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, 2026 and 2025, the College's proportionate share attributable to this special funding subsidy was $(1,321) and $19,721, respectively.

The College's contributions to STRS for the years ended June 30, 2026 and 2025 were $14,064 and $32,684, respectively.

Assumptions

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2024 and 2023 and rolled forward to June 30, 2025 and 2024, 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.

NOTE 7 - RETIREMENT PLANS (Continued)

- Amortization method and period: Level dollar, fixed period over 40 years, from July 1, 1994 through fiscal year 2034.
- Investment rate of return of 7.25%, net of investment expense.
- Projected salary increases: Teachers 2.75-5.90% and non-teachers 2.75-6.50%, based on age.
- Inflation rate of 2.75%.
- Discount rate of 7.25%.
- Mortality rates based on Pub-2016 Mortality Tables.
- Withdrawal rates: Teachers 1.90-31.50% and non-teachers 2.50-18.00%.
- Disability rates: 0.000-0.507%.
- 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 State Legislature. However, the retirement system makes no automatic provision for such increases.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2019 to June 30, 2024.

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, 2025 and 2024, are summarized below.

	June 30, 2025	
Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	5.3%	22.5%
International equity	6.7%	22.5%
Fixed income	4.3%	15.0%
Real estate	7.2%	12.0%
Private equity	8.0%	12.0%
Private credit	8.2%	6.0%
Hedge funds	5.0%	10.0%

NOTE 7 - RETIREMENT PLANS (Continued)

	June 30, 2024	
Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	6.5%	22.5%
International equity	9.1%	22.5%
Fixed income	4.3%	15.0%
Real estate	5.8%	12.0%
Private equity	9.2%	12.0%
Private credit	9.8%	6.0%
Hedge funds	4.6%	10.0%

Discount rate. The discount rate used to measure the total STRS pension liability was 7.25% for fiscal years 2026 and 2025. 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, 2026 and 2025 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.

	1% Decrease	Current Discount Rate	1% Increase
2026	$ 218,848	$ 109,485	$ 16,800
2025	265,768	158,430	67,500

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

The June 30, 2026 STRS net pension liability was measured as of June 30, 2025, and the total pension liability was determined by an actuarial valuation as of July 1, 2024, rolled forward to the measurement date of June 30, 2025. The June 30, 2025 STRS net pension liability was measured as of June 30, 2024, and the total pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.

At June 30, 2026, the College's proportionate share of the STRS net pension liability was $285,335. Of this amount, the College recognized $109,485 as its proportionate share on the statement of net position. The remainder of $175,850 denotes the College's proportionate share of net pension liability attributable to the special funding.

NOTE 7 - RETIREMENT PLANS (Continued)

At June 30, 2025, the College's proportionate share of the STRS net pension liability was $420,407. Of this amount, the College recognized $158,430 as its proportionate share on the statement of net position. The remainder of $261,977 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 its proportionate share of employer and non-employer contributions to STRS for each of the fiscal years ended June 30, 2025 and 2024. Employer contributions are recognized when due. At the June 30, 2025 measurement date, the College's proportion was 0.008425%, an increase of 0.000029% from its proportion of 0.008396% calculated as of June 30, 2024. At the June 30, 2024 measurement date, the College's proportion was 0.008396%, a decrease of 0.003555% from its proportion of 0.011951%, calculated as of June 30, 2023.

For the year ended June 30, 2026, the College recognized STRS pension expense (offset) of $(30,535). Of this amount, $(29,214) was recognized as the College's proportionate share of the STRS expense and $(1,321) as the amount of pension expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of $(1,321) for support provided by the State.

For the year ended June 30, 2025, the College recognized STRS pension expense (offset) of $8,906. Of this amount, $(10,815) was recognized as the College's proportionate share of the STRS expense and $19,721 as the amount of pension expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of $19,721 for support provided by the State.

At June 30, 2026 and 2025, deferred outflows of resources and deferred inflows of resources related to the STRS pension are as follows.

June 30, 2026	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	$ 10,312	$ 65,261
Net difference between projected and actual investment earnings	-	23,763
Differences between expected and actual experience	18,879	-
Changes in assumptions	228	6,056
Contributions after the measurement date	14,064	-
Total	$ 43,483	$ 95,080

June 30, 2025	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	$ 14,732	$ 102,387
Net difference between projected and actual investment earnings	-	16,358
Differences between expected and actual experience	16,399	-
Changes in assumptions	4,024	-
Contributions after the measurement date	32,684	-
Total	$ 67,839	$ 118,745

NOTE 7 - RETIREMENT PLANS (Continued)

The College will recognize the $14,064 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, 2027. 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
2027	$ (6,532)
2028	(24,230)
2029	(27,510)
2030	(7,389)
	$ (65,661)

Payables to the Pension Plan

The College did not report any amounts payable for normal contributions to the STRS as of June 30, 2026 and 2025.

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, 2026 and 2025 were $1,020,280 and $1,092,898, respectively, which consisted of equal contributions from the College and covered employees in 2026 and 2025 of $510,140 and $546,449, respectively.

The College's total payroll for the years ended June 30, 2026 and 2025 was $9,278,443 and $9,837,253, respectively; and total covered employees' salaries in the TIAA-CREF were $8,502,337 and $9,107,492 for the years ended June 30, 2026 and 2025, respectively.

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 $5,907,451 and $5,438,376 at December 31, 2025 and 2024, 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, 2025 and 2024, the Foundation made $183,503 and $203,778, 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:

	2026	2025
Due to:		
WVNET	$ -	$ 1,574
BridgeValley Community & Technical College	-	11,842
Office of Technology	154	141
Workforce WV Unemployment Compensation	-	10,408
West Virginia Applied Research Foundation	6,839	-
West Virginia State Treasurer's Office	28	-
WV Public Employees Insurance Agency	2,526	2,818
	$ 9,547	$ 26,783

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 significant notes for the financial statements of the Foundation:

Description of the 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 now 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 a component unit of the College. Administrative services are provided by the College.

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. At December 31, 2025 and 2024, one equity position in the portfolio comprised 11.23% and 16.6% of total investments, respectively.

Endowments - See separately issued component unit financial statements for endowment related disclosures. For the years ended December 31, 2025 and 2024, there were no material reclasses among net position classes nor were there material changes in the endowments.

NOTE 11 - COMPONENT UNIT DISCLOSURES (Continued)

Description of the 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 position. The Foundation reports gifts of cash and other assets as restricted if they are received with stipulations that limit the use of the donated assets. When a restriction expires, restricted net position is reclassified as unrestricted. 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 estimated 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 is considered necessary at December 31, 2025 and 2024, respectively.

Related Party Transactions

The Foundation recognized the following expenses paid to the College or on behalf of the College:

	2025	2024
Scholarships	$ 135,603	$ 105,778
Respiratory program	44,000	44,000
Fundraising	900	-
Savas faculty award	3,000	-
Grant consulting	-	54,000
	$ 183,503	$ 203,778

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 $183,932 and $136,921 for the years ended December 31, 2025 and 2024, respectively.

NOTE 11 - COMPONENT UNIT DISCLOSURES (Continued)

Components of Restricted Net Position

Expendable and nonexpendable restricted net position are available for the following purposes:

	2025	2024
Subject to expenditure for specific purposes:		
Scholarships	$ 2,776,003	$ 2,562,535
Educational development	1,433,499	1,300,117
	4,209,502	3,862,652
Promises to give which are unavailable for expenditure	4,844	7,250
Investment in perpetuity	818,927	718,926
	$ 5,033,273	$ 4,588,828

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.

NOTE 11 - COMPONENT UNIT DISCLOSURES (Continued)

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, 2025 and 2024:

	2025			
	Level 1	Level 2	Level 3	Total
Money market	$ 310,870	$ -	$ -	$ 310,870
Certificate of deposit	-	62,060	-	62,060
Equities	4,757,606	-	-	4,757,606
Exchange-traded funds	185,760	-	-	185,760
Total	$ 5,254,236	$ 62,060	$ -	$ 5,316,296

	2024			
	Level 1	Level 2	Level 3	Total
Money market	$ 212,365	$ -	$ -	$ 212,365
Certificate of deposit	-	59,646	-	59,646
Equities	4,198,086	-	-	4,198,086
Exchange-traded funds	188,640	-	-	188,640
Total	$ 4,599,091	$ 59,646	$ -	$ 4,658,737

NOTE 12 - NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

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

2026

	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Fees Assessed by the Commission	Total
Instruction	$ 4,522,513	$ 1,256,881	$ 1,123,355	$ -	$ -	$ -	$ -	$ 6,902,749
Public service	14,211	7,370	762	-	-	-	-	22,343
Academic support	627,345	167,908	167,224	-	-	-	-	962,477
Student services	1,106,945	406,649	53,476	-	-	-	-	1,567,070
General institutional support	2,349,070	759,648	1,235,703	2,861	-	-	-	4,347,282
Operations and maintenance of plant	447,208	153,951	558,744	695,965	-	-	-	1,855,868
Student financial aid	-	-	-	-	1,502,541	-	-	1,502,541
Depreciation	-	-	-	-	-	1,618,532	-	1,618,532
Other	-	-	-	-	-	-	83,865	83,865
Total	$ 9,067,292	$ 2,752,407	$ 3,139,264	$ 698,826	$ 1,502,541	$ 1,618,532	$ 83,865	$ 18,862,727

2025

	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Fees Assessed by the Commission	Total
Instruction	$ 4,858,955	$ 1,343,440	$ 584,640	$ -	$ -	$ -	$ -	$ 6,787,035
Public service	109,015	32,076	6,734	-	-	-	-	147,825
Academic support	669,489	168,803	53,651	-	-	-	-	891,943
Student services	1,265,080	420,915	55,976	-	-	-	-	1,741,971
General institutional support	2,440,943	886,192	1,382,992	2,673	-	-	-	4,712,800
Operations and maintenance of plant	544,133	157,975	482,074	731,797	-	-	-	1,915,979
Student financial aid	-	-	-	-	4,304,041	-	-	4,304,041
Depreciation	-	-	-	-	-	1,629,672	-	1,629,672
Other	-	-	-	-	-	-	79,168	79,168
Total	$ 9,887,615	$ 3,009,401	$ 2,566,067	$ 734,470	$ 4,304,041	$ 1,629,672	$ 79,168	$ 22,210,434

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2026

State Teachers' Retirement System
Last 10 Fiscal Years*

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
College's proportion of the net pension liability (asset) (percentage)	0.008425%	0.008396%	0.011951%	0.010859%	0.014604%	0.015254%	0.015165%	0.013950%	0.017543%	0.018586%
College's proportionate share of the net pension liability (asset)	$ 109,485	$ 158,430	$ 273,607	$ 279,301	$ 228,228	$ 491,322	$ 451,185	$ 435,555	$ 606,106	$ 763,874
State's proportionate share of the net pension liability (asset)	175,850	261,977	558,761	622,190	510,286	1,067,592	1,089,203	1,128,572	1,340,375	1,454,976
Total proportionate share of the net pension liability (asset)	$ 285,335	$ 420,407	$ 832,368	$ 901,491	$ 738,514	$ 1,558,914	$ 1,540,388	$ 1,564,127	$ 1,946,481	$ 2,218,850
College's covered payroll	$ 217,893	$ 212,256	$ 327,715	$ 304,991	$ 412,627	$ 420,743	$ 437,954	$ 424,629	$ 484,171	$ 480,377
College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	50.25%	74.64%	83.49%	91.58%	55.31%	116.77%	103.02%	102.57%	125.18%	159.02%
Plan fiduciary net position as a percentage of the total pension liability	89.27%	84.24%	80.42%	77.78%	86.38%	70.89%	72.64%	71.20%	67.85%	61.42%

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

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
JUNE 30, 2026

State Teachers' Retirement System
Last 10 Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 14,064	$ 32,684	$ 31,838	$ 49,157	$ 45,749	$ 61,894	$ 63,111	$ 65,693	$ 63,694	$ 72,626
Contributions in relation to the contractually required contribution	(14,064)	(32,684)	(31,838)	(49,157)	(45,749)	(61,894)	(63,111)	(65,693)	(63,694)	(72,626)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 93,760	$ 217,893	$ 212,256	$ 327,715	$ 304,991	$ 412,627	$ 420,743	$ 437,954	$ 424,629	$ 484,171
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%	15.00%

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
JUNE 30, 2026

Last 10 Fiscal Years*

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
College's proportion of the net OPEB liability (asset) (percentage)	0.140258481%	0.119069366%	0.164166549%	0.177012624%	0.175329750%	0.173933038%	0.171521178%	0.170222668%	0.161373742%	
College's proportionate share of the net OPEB liability (asset)	$ 132,269	$ (49,576)	$ (259,792)	$ 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)	104,938	(155,712)	(110,888)	67,489	(10,265)	169,872	582,370	754,775	815,065	
Total proportionate share of the net OPEB liability (asset)	$ 237,207	$ (205,288)	$ (370,680)	$ 264,502	$ (62,399)	$ 938,120	$ 3,428,133	$ 4,406,793	$ 4,783,228	
College's covered-employee payroll	$ 7,569,132	$ 7,631,402	$ 7,922,055	$ 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	1.75%	-0.65%	-3.28%	2.80%	-0.77%	11.31%	46.78%	58.26%	63.51%	
Plan fiduciary net position as a percentage of the total OPEB liability	95.76%	102.19%	109.66%	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, 2026

Last 10 Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	$ 45,784	$ 48,450	$ 47,094	$ 149,500	$ 208,124	$ 319,568	$ 336,192	$ 276,087	$ 280,764	
Contributions in relation to the statutorily required contribution	(45,784)	(48,450)	(47,094)	(149,500)	(208,124)	(319,568)	(336,192)	(276,087)	(280,764)	
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
College's covered-employee payroll	$ 6,898,615	$ 7,569,132	$ 7,631,402	$ 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	0.66%	0.64%	0.62%	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.

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2026 AND 2025

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
2025	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-2016, General Employees table, headcount weighted, projected generationally with scale MP-2021. Retired: Healthy males – 103% of Pub-2016 General Retiree Male table, headcount weighted, projected generationally with scale MP-2021; Retired healthy females – 108% of Pub-2016 General Retiree Female table, headcount weighted, projected generationally with scale MP-2021; Disabled males – 118% of Pub-2016 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2021; Disabled females – 121% of Pub-2016 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2021; Beneficiary males-105% of Pub-2016 Contingent Survivor Male table, headcount weighted, projected generationally with Scale MP-2021; Beneficiary females-117% of Pub-2016 Contingent Survivor Female table, headcount weighted, projected generationally with Scale MP-2021.	7.25%
2024	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%

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2026 AND 2025

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
2023	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%
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%

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2026 AND 2025

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
2021	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.	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%
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%

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2026 AND 2025

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
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%

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.

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2026 AND 2025

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
2025	2.50%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	7.40%, 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 rates for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.5% is reached in plan year end 2034.
2024	2.50%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	7.40%, 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 rates for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.5% is reached in plan year end 2033.
2023	2.50%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	7.40%, 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 and Medicare per capita costs of 7.0% medical and 8.0% drug. The trends increase over four year to 9.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2032.
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 Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2020, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2026 AND 2025

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

Suttle & Stalnaker Certified Public Accountants
A Professional Limited Liability Company

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

Board of Governors
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, 2026, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 30, 2026, 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.

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

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*.

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
September 30, 2026