



*Southern*  
West Virginia  
Community and Technical College

***Board of Governors***

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**DECEMBER 9, 2014**  
**MEETING AGENDA PACKET**

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**Members**

Thomas A. Heywood, Chair  
Wilma J. Zigmond, Vice Chair  
Glenn T. Yost, Secretary  
Linda Q. Akers  
Shelley T. Huffman  
Jada C. Hunter

George Kostas  
Terry R. Sammons  
Debbie C. Dingess  
Brandon K. Elkins  
Mary Nemeth-Pyles

Joanne Jaeger Tomblin  
President

**Southern West Virginia Community and Technical College  
Board of Governors  
Meeting of December 9, 2014  
West Virginia Governor's Mansion, Charleston, WV  
6:00 p.m.**

**AGENDA**

1. Call to Order ..... Mr. Thomas Heywood  
Board of Governors Chair
2. Call for Public Comments to the Board of Governors ..... Chair Heywood
3. Higher Learning Commission Monitoring Report Follow-up ..... Chair Heywood
4. ACCT Conference Update ..... Ms. Jada Hunter  
Board of Governors Member
5. Structured Scheduling Follow-up Report ..... Dr. Debra Teachman  
Vice President for Academic Affairs and Student Services
6. President's Report ..... Ms. Joanne Jaeger Tomblin  
President
7. Financial Report ..... Mr. Samuel Litteral  
Vice President for Finance and Administration
8. Financial Audit Presentation ..... Ms. Kelly Shafer  
CPA, Suttle & Stalnaker, PLLC
9. Action Items
  - 9.1 Request for Approval of Audited Financial Report ..... p. 79
  - 9.2 Appointment of Committee on Tuition and Fees ..... Chair Heywood
  - 9.3 Request for Approval of October 9, 2014 Minutes ..... p. 80
  - 9.4 Request for Approval of Institutional Vision Statement and Core Values  
for 30-day Public Comment ..... p. 87
  - 9.5 Request for Final Approval of Institutional Policies
    - 9.5.1 SCP-3625, University Transfer Program Evaluation Model ..... p. 91
    - 9.5.2 SCP-5066, Third-party Tuition and Fee Waivers ..... p. 98
  - 9.6 Request for Approval of Institutional Policies for Additional 30-day Public  
Comment
    - 9.6.1 SCP-1400, Guest Speakers, Lecturers, Performers, and  
Organized Groups ..... p. 102
    - 9.6.2 SCP-2701, Reduction in Workforce: Faculty Personnel ..... p. 108
10. Possible Executive Session Under Authority of West Virginia Code §6-9A-4(b)2A  
regarding Personnel and Management Issues ..... Chair Heywood
11. Adjournment ..... Chair Heywood

**SOUTHERN WEST VIRGINIA  
COMMUNITY AND TECHNICAL COLLEGE**

**REPORT TO THE GOVERNING BOARD**

**October 29, 2014**

October 29, 2014

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

We are pleased to present this report related to our audit of the financial statements of Southern West Virginia Community and Technical College (SWVCTC) for the year ended June 30, 2014. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the SWVCTC's financial reporting processes.

This report is intended solely for the information and use of management of the SWVCTC, the Board of Governors, the Higher Education Policy Commission, the West Virginia Council for Community and Technical College Education, federal and state awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the SWVCTC.

*Suttle & Stalnaker, PLLC*

Suttle & Stalnaker, PLLC  
Charleston, West Virginia

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## Required Communications

Statement on Auditing Standards No. 114 requires the auditor to communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. The following summarizes these communications.

Area	Comments
<b>Auditor's Responsibility Under Professional Standards</b>	<p>We have audited the financial statements of Southern West Virginia Community and Technical College (SWVCTC) for the year ended June 30, 2014 and have issued our report thereon dated October 29, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and <i>Government Auditing Standards</i>, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 10, 2014.</p>
<b>Qualitative Aspects of Accounting Practices</b>	<p><b>Adoption of, or Change in, Accounting Policies</b></p> <p>Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by SWVCTC are described in Note 2 to the financial statements. During 2014, SWVCTC implemented GASB Statement No. 70 <i>Accounting and Financial Reporting for Nonexchange Financial Guarantees</i> which did not have a material impact on the financial statements. The application of existing accounting policies was not changed. We noted no transactions entered into by SWVCTC during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.</p>

Area	Comments
<b>Difficulties Encountered in Performing the Audit</b>	<p data-bbox="691 270 1354 296"><b>Management’s Judgments and Accounting Estimates</b></p> <p data-bbox="691 321 1419 716">Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting SWVCTC’s financial statements can be found in the following <i>Summary of Accounting Estimates</i>.</p> <p data-bbox="691 747 1089 772"><b>Financial Statement Disclosures</b></p> <p data-bbox="691 798 1419 863">The financial statements disclosures are neutral, consistent and clear.</p>
<b>Corrected and Uncorrected Misstatements</b>	<p data-bbox="691 905 1419 1003">We encountered no significant difficulties in dealing with management in performing and completing our audit.</p> <p data-bbox="691 1045 1419 1255">Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. See the attached <i>Summary of Recorded Audit Adjustments</i> and <i>Summary of Uncorrected Misstatements</i>.</p>
<b>Disagreements with Management</b>	<p data-bbox="691 1297 1419 1545">For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.</p>
<b>Management Representations</b>	<p data-bbox="691 1587 1419 1686">We have requested certain representations from management that are included in the management representation letter dated October 29, 2014.</p>

Area	Comments
<b>Management Consultations with Other Independent Accountants</b>	In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to SWVCTC’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.
<b>Other Audit Findings or Issues</b>	We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as SWVCTC’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
<b>Certain Written Communications Between Management and Our Firm</b>	Copies of certain written communications between our firm and the management of SWVCTC are attached as Exhibits.
<b>Other Matters</b>	We applied certain limited procedures to Management’s Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.
<b>Other Information in Documents Containing Audited Financial Statements</b>	This information is intended solely for the information and use of management of the SWVCTC, the Board of Governors, the Higher Education Policy Commission, the West Virginia Council for Community and Technical College Education, federal and state awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.



**Southern West Virginia Community and Technical College**  
**Summary of Accounting Estimates**  
**Year Ended June 30, 2014**

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in SWVCTC's June 30, 2014 financial statements:

Area	Accounting Policy	Estimation Process	Comments
<b>Depreciation of capital assets</b>	Straight – line method	Based on cost, or if contributed, at fair value of the asset. Depreciation is calculated using the straight-line method over the estimated useful life. Annually, management reviews capital assets for impairment.	We concur with this process.
<b>Valuation of receivables</b>	Net realizable value	Review of net amounts of anticipated collections, established grants, contracts, and loans and historical collection information.	We concur with this process.
<b>Compensated absences</b>	Estimated	Based upon management's calculation of the ultimate liability to be paid.	We concur with this process.
<b>Other post employment benefit liability</b>	Estimated	Based upon the third party trust funds actuarial determination of the annual required contribution which is billed to SWVCTC.	We concur with this process.

**Southern West Virginia Community and Technical College**  
**Summary of Recorded Audit Adjustments**  
**Year Ended June 30, 2014**

During the course of our audit, we accumulate adjustments that are determined by management to be material to the financial statements and to the related financial statement disclosures, or management otherwise determines are appropriate to make. Following is a summary of the adjustments made to the original trial balance we received.

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
<b>Adjusting Journal Entries JE # 2</b>			
To adjust for payments made on behalf of the school for construction in progress			
190700-0000-915800	Year End Plant	\$ 369,501.00	\$ -
432400-P001-915800	Year End Plant	-	369,501.00
<b>Total</b>		<b>\$ 369,501.00</b>	<b>\$ 369,501.00</b>
<b>Adjusting Journal Entries JE # 4</b>			
To adjust due to the commission for FY14.			
24100-0000-275800	Year End Restricted	\$ 89,332.00	\$ -
20300-0000-468000	Tuition & Required E & G Fees	-	36,290.00
230000-0000-275800	Year End Restricted	-	3,720.00
583000-E062-275800	Year End Restricted	-	49,322.00
<b>Total</b>		<b>\$ 89,332.00</b>	<b>\$ 89,332.00</b>

**Southern West Virginia Community and Technical College  
Summary of Uncorrected Misstatements  
Year Ended June 30, 2014**

During the course of an audit, we accumulate uncorrected misstatements that are determined by management to be immaterial, both individually and in the aggregate to the financial statements and to the related financial statement disclosures. Following is a summary of those differences.

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
<b>Proposed JE # 5</b>			
To adjust accounts payable for old amounts that did not get debited from AP in banner when the payment was made			
20300-0000-468000	Tuition & Required E & G Fees	\$ 9,834.73	\$ -
521000-E035-468000	Tuition & Required E & G Fees	-	9,834.73
<b>Total</b>		<b><u>\$ 9,834.73</u></b>	<b><u>\$ 9,834.73</u></b>

## **Certain Written Communications Between Management and Our Firm**

Management Comment Letter

Engagement Letter

Management Representations Letter

## **MANAGEMENT COMMENT LETTER**

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

In planning and performing our audit of the financial statements of the Southern West Virginia Community and Technical College (SWVCTC) as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards* issued by the Comptroller General of the United States, we considered SWVCTC's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SWVCTC's internal control. Accordingly, we do not express an opinion on the effectiveness of SWVCTC's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The following summarizes our comments and suggestions regarding those matters. We previously reported on SWVCTC's internal control in our report dated October 29, 2014. This letter does not affect our report dated October 29, 2014, on the financial statements of SWVCTC.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various SWVCTC personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

\* \* \* \* \*

The following are other comments and recommendations determined not to be a material weakness or significant deficiency, but are considered comments worthy of reporting to management.

### ***Physical Inventory of Fixed Assets and Maintenance of Fixed Assets Records***

Our capital asset observation revealed that there are immaterial assets with missing tags and assets with a physical location that does not agree to the item location on the capital asset listing. We believe that this indicates the need for a complete physical inventory of capital assets, which will be the best and most efficient method for developing an accurate listing of all capital assets. Additionally, this will allow SWVCTC to develop procedures whereby the capital asset listing is reconciled to the general ledger, which will ensure an accurate accounting for assets. Specifically, the listing should include the following data:

- Asset or tag number
- Description of the asset
- Location of the asset
- Cost, voucher number, and vendor name
- Date placed in service
- Estimated useful life
- Depreciation method
- Depreciation expense and accumulated depreciation for the year
- Date asset was retired and selling price if applicable

Complete information such as the above on all capital assets would provide excellent control for the safeguarding of these assets, which are a significant cost. We understand that SWVCTC is in the process of implementing a new capital asset inventory system although the system was not fully implemented during the period under audit. We recommend that SWVCTC continue their efforts to implement the new system.

### ***Controls over expenditures involving the president***

During our inquiries regarding policies over the leave reports submitted by the President we found that SWVCTC's current procedures do not require approval for such reports. While it appears all amounts are reasonable and recorded properly, the lack of review could present a control risk.

We recommend that the President's leave and reports be reviewed by another individual, perhaps a board member. Additional verification of facts could assist in preventing common errors, and improve the overall accuracy and integrity of the record keeping process.

### ***Conversion to Computerized Asset System***

Currently, both manual records and computerized are kept for capital assets as a decision about which fixed asset product to use is taking place. We strongly recommend SWVCTC utilize all available resources of the computerized system including accumulation of asset cost and the calculation of depreciation expense. There is currently a capital asset module within the Banner accounting system which SWVCTC has purchased.

We recommend that SWVCTC implement Banner capital assets which would eliminate a significant amount of manual record-keeping duties, make operations more efficient, and provide more accurate information with which to make business decisions regarding capital assets.

### *Unearned Revenue*

During testing of unearned revenue accounts, it was noted that one account contained leftover grant funds that have been carried over for several years. The funds have been held because the College has been waiting until the grants allow the funds to be returned or instruct the College on how the funds should be spent.

We recommend that management either return the funds to the grant or use the funds in a manner consistent with the original purpose of the grant.

### *Information Technology (IT) Comments*

#### *Disaster Recovery Plan*

SWVCTC revised its Disaster Recovery Plan (DRP) during fiscal year 2011, but the plan has not been fully implemented at June 30, 2014. Lack of a fully implemented DRP increases the risk of SWVCTC being unable to recover if a disaster event occurred when key information technology personnel are not available.

We recommend SWVCTC fully implement the DRP in order to more fully protect their information technology systems.

#### *Information Security Policy*

We recognized that SWVCTC has an Information Security Policy in place; however, there are certain elements the policy does not address. We suggest SWVCTC incorporate the following into their Information Security Policy.

Data Classification Policy	Retention Policy
Mobile Device Policy	Wireless Access and Networking Policy
Employee Training	Hardware and Software Acquisition Policy
Network Access Policy	Software Updates and Patches Policy

Each topic should contain the following sections.

- Overview: Provides background information on the issue that the policy will address.
- Purpose: Specifies why the policy is needed.
- Scope: Lays out exactly who and what the policy covers.
- Target Audience: Advises for whom the policy is intended.



- Policy: This is the main section of the document, and provides statements on each aspect of the policy.
- Definitions: For clarity, any technical terms should be defined.

We recommend the topics noted above be added to SWVCTC's existing Information Security Policy. We also recommend that the Policy is reviewed periodically (i.e. annually) by appropriate personnel and updated as needed. The Information Security Policy should be communicated to users in the Student and Employee Handbooks.

### *Emergency Procedures*

We also noted that while SWVCTC has emergency procedures included in their IT policy; these procedures are not posted in appropriate areas.

We recommend that SWVCTC post these emergency procedures in the computer room/LAN server area.

\* \* \* \* \*

This communication is intended solely for the information and use of management of the SWVCTC, the Board of Governors, the Higher Education Policy Commission, the West Virginia Council for Community and Technical College Education, federal and state awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.



Charleston, West Virginia  
October 29, 2014

## **ENGAGEMENT LETTER**

June 10, 2014

Mr. Samuel Litteral, Vice President for Finance and Administration  
Southern West Virginia Community and Technical College  
P.O. Box 2900  
Mount Gay, West Virginia 25637

To Mr. Litteral:

We are pleased to confirm our understanding of the services we are to provide Southern West Virginia Community and Technical College (the College) for the year ended June 30, 2014. The services performed by us pursuant to this engagement are subject to the terms and conditions set forth herein, in any accompanying documents, and in the open end contract/purchase order #14041 and subsequent modifications (the contract) issued by HEPC. We will audit the College's basic financial statements which include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows, and the related notes to the financial statements, as of and for the year ending June 30, 2014. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the College's basic financial statements. Such information, 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. As part of our engagement, we will apply certain limited procedures to the College's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.

#### **Audit Objectives**

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the College and other procedures we consider necessary to enable us to express such opinions.

We will issue a written report upon completion of our audit of the College's financial statements. Our report will be addressed to the Board of Governors of the College. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

The Southern West Virginia Community College Foundation, Inc. is a component unit of the College as defined by GASB Statement Number 39 and you have informed us that it will be required to be included in your basic financial statements for the year ended June 30, 2014. We understand that the audit of the Southern West Virginia Community College Foundation, Inc. will be conducted by other auditors whose report will be made available to us by September 30, 2014. We will make reference to the other auditor's audit of Southern West Virginia Community College Foundation, Inc. in our report on your financial statements.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of 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 on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that College is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

We understand that you intend to furnish a copy of the College's financial statements, including our report thereon, to the West Virginia Council for Community and Technical College Education and such party shall, upon confirmation, utilize this report for preparation of the combined West Virginia Council for Community and Technical College Education financial statements to be reported on by Suttle & Stalnaker, PLLC. In addition, we understand that you will provide a copy of our report to the State of West Virginia for preparation of the combined State of West Virginia financial statements to be reported upon by another auditor.

### **Management Responsibilities**

Management is responsible for the financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with preparation of your financial statements and related notes. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for providing us with, or making arrangements to facilitate (1) unrestricted communication between us and the component auditor(s) to the extent permitted by law or regulation; (2) communications between the component auditor(s), those charged with governance of the component(s), and component management, including communications of significant deficiencies and material weaknesses in internal control; (3) communications between regulatory authorities and the component(s) related to financial reporting matters; (4) access to component information, those charged with governance of the component(s), component management, and the component auditor(s) (including relevant audit documentation requested by us); and (5) permission to perform work, or request a component auditor to perform work, on the financial information of the component(s).

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents. Notwithstanding the above, the West Virginia Higher Education Fund, the West Virginia Council for Community and Technical College Education, or the College may from time to time issue offering documents, revenue bonds, and other financial instruments where the use of audited financial statements and reports is appropriate and desirable. Suttle & Stalnaker, PLLC will cooperate with the issuing entity to facilitate the use of audited financial statements and reports and will place no unreasonable burden or impairment in effecting such use. In addition, the West Virginia Higher Education Fund, the West Virginia Council for Community and Technical College Education, and the College may post the audited financial statements and reports on their respective websites for information purposes. With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document. Suttle & Stalnaker, PLLC consents to the use of audited financial statements and reports as described in the foregoing.

### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility, as auditors, is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the College's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

**Engagement Administration, Fees, and Other**

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter. Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the West Virginia Higher Education Fund, West Virginia Council for Community and Technical College Education and the State of West Virginia; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Suttle & Stalnaker, PLLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to representatives of the cognizant or oversight agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Suttle & Stalnaker, PLLC's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the U.S. Government Accountability Office. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We generally base our fees on the time required at our regular rates for the services and personnel assigned plus out of pocket costs and relevant computer charges. Our charges also include other appropriate factors, including the difficulty of the assignment, the degree of skill required, time limitations imposed on us by others, the experience and ability of the personnel assigned and the value of services to the client. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission. Our fee for the services described in this letter will be the amount included in the master contract on file with the West Virginia Higher Education Fund. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit.

We expect to begin our audit during June 2014 and to issue our reports no later than October 31, 2014. Chris Dewese is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comments received during the period of the contract. Our 2011 peer review report accompanies this letter.

We appreciate the opportunity to be of service to the College and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

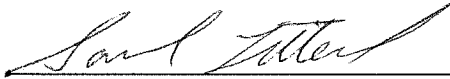
Very truly yours,



Suttle & Stalnakar, PLLC

RESPONSE:

This letter correctly sets forth the understanding of Southern West Virginia Community and Technical College.

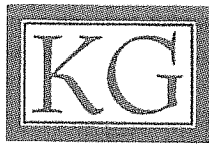
By: 

Title: VP of Finance and Administration

Date: June 23, 2014

cc: Joanne Jaeger Tomblin, President  
Thomas A. Heywood, Chair





Kelley,  
Galloway &  
Company, PSC

CERTIFIED PUBLIC ACCOUNTANTS

• 1200 CORPORATE COURT • P. O. BOX 990 • ASHLAND, KENTUCKY 41105-0990 •  
• Phone (606) 329-1811 • Fax (606) 329-8756 • E-mail [contact@kelleygalloway.com](mailto:contact@kelleygalloway.com) • Web site [www.kelleygalloway.com](http://www.kelleygalloway.com) •

Member of the Center for Public Company Audit Firms, the Private Companies Practice Section of the American Institute of Certified Public Accountants and PKF North America Network

## SYSTEM REVIEW REPORT

To the Members of Suttle & Stalnaker, PLLC  
and the West Virginia Society of CPAs Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Suttle & Stalnaker, PLLC (the firm) in effect for the year ended May 31, 2011. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Suttle & Stalnaker, PLLC in effect for the year ended May 31, 2011, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Suttle & Stalnaker, PLLC has received a peer review rating of *pass*.

*Kelley, Galloway & Company, PSC*

Kelley, Galloway & Company, PSC  
Ashland, Kentucky  
November 2, 2011

## **MANAGEMENT REPRESENTATIONS LETTER**



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## Southern West Virginia Community and Technical College

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October 29, 2014

Suttle & Stalnaker, PLLC  
The Virginia Center, Suite 100  
1411 Virginia Street, East  
Charleston, West Virginia 25301

This representation letter is provided in connection with your audit of the financial statements of Southern West Virginia Community & Technical College (the College), which comprise the respective financial position of the business-type activities as of June 30, 2014 and 2013, and the respective changes in financial position and, where applicable, cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 29, 2014 the following representations made to you during your audit.

### Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 10, 2014, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U. S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility 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.

[www.southern.wvnet.edu](http://www.southern.wvnet.edu)

**"Southern is an EOE, ADA, AA Institution"**

#### DISTRICT OFFICE

PO Box 2900  
Mount Gay, WV 25637  
Phone: 304-792-7160  
Fax: 304-792-7046

#### LOGAN CAMPUS

PO Box 2900  
Mount Gay, WV 25637  
Phone: 304-792-7098  
Fax: 304-792-7028

#### WILLIAMSON CAMPUS

1601 Armory Drive  
Williamson, WV 25661  
Phone: 304-235-6046  
Fax: 304-235-6042

#### BOONE/LINCOLN CAMPUS

3505 Daniel Boone Parkway  
Foster, WV 25081-8126  
Phone: 304-369-2952  
Fax: 304-369-2954

#### LINCOLN SITE

81 Lincoln Panther  
Hamiin, WV 25523  
Phone: 304-824-2326  
Fax: 304-824-2339

#### WYOMING/McDOWELL CAMPUS

128 College Drive  
Phone: 304-294-8346  
Fax: 304-294-8534

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
8. We are in agreement with the adjusting journal entries proposed and they have been posted to the appropriate accounts.
9. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
10. Guarantees, whether written or oral, under which the College is contingently liable, if any, have been properly recorded or disclosed.
11. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
12. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the date of the statement of net position and have been reduced to their estimated net realizable value.
13. We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
14. We do not plan to make frequent amendments to our pension or other postretirement benefit plans.

#### **Information Provided**

15. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- d. Minutes of the meetings of the Board of Governors or summaries of actions of recent meetings for which minutes have not yet been prepared.
16. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
17. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
18. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
19. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
20. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
21. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
22. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
23. The following, if any, have been properly recorded or disclosed in the financial statements:
  - a. All leases and material amounts of rental obligations under long-term leases.
  - b. All significant estimates and material concentrations known to management which are required to be disclosed in accordance with the AICPA's Statement of Position 94-6, Disclosure of Certain Significant Risks and Uncertainties. Significant estimates are estimates at the date of the statement of net position which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year.
  - c. Authorized but unissued bonds and/or notes.
  - d. Risk financing activities.
  - e. Derivative financial instruments.
  - f. Special and extraordinary items.
  - g. Deposits and investment securities category of custodial credit risk.


24. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and course of action we expect to take. In regard, adequate provisions have been made,
- a. To reduce receivables to their estimated net collectable amounts.
  - b. To reduce obsolete, damaged, or excess inventories to their estimated net realizable values.
  - c. To reduce investments, intangibles, and other assets which have permanently declined in value to their realizable values.
  - d. For risk retention, including uninsured losses or loss retentions (deductibles) attributable to events occurring through the date of this letter and/or for expected retroactive insurance premium adjustments applicable to periods through the date of this letter.
  - e. For pension obligations, post-retirement benefits other than pensions and deferred compensation agreements attributable to employee services rendered through the date of this letter.
  - f. For any material loss to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.
  - g. For any material loss to be sustained as a result of purchase commitments.
  - h. For environmental cleanup obligations.

**Government—Specific**

25. There has been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
26. We have taken timely and appropriate steps to remedy fraud, violations of laws, regulations, contracts, or grant agreements, or abuse that you have reported to us, if any.
27. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
28. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
29. The College has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.
30. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.


31. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
32. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
33. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
34. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
35. The College has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
36. The College has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
37. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
38. The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
39. All funds that meet the quantitative criteria in [GASBS Nos. 34](#) and [37](#) for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
40. Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
41. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
42. Provisions for uncollectible receivables have been properly identified and recorded.
43. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
44. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

45. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
46. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
47. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
48. We have appropriately disclosed the College's 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 is available and have determined that net position is properly recognized under the policy.
49. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.



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Joanne Tomblin  
President



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Samuel Litteral  
Vice President for Finance and Facilities



Southern West Virginia  
Community and Technical College  
Financial Statements  
Years Ended June 30, 2014 and 2013  
  
and  
  
Independent Auditor's Reports

**SOUTHERN WEST VIRGINIA  
COMMUNITY AND TECHNICAL COLLEGE**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

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, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents. We did not audit the financial statements of the discretely presented Southern West Virginia Community and Technical College Foundation, Inc. (a 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 discretely presented financial statements of the Southern West Virginia Community and Technical College Foundation, Inc., is based solely on the report of the other auditors.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of the College as of June 30, 2014 and 2013, 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.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2014, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



Charleston, West Virginia  
October 29, 2014

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2014**

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**Overview of the Financial Statements and Financial Analysis**

Southern West Virginia Community and Technical College ("the College") presents its financial statements for the fiscal years ended June 30, 2014 and June 30, 2013. The emphasis of discussions about these statements will be on current year data. There are three financial statements presented: the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows. This discussion and analysis of the College's financial statements provides an overview of its financial activities for the year and is required supplemental information. Since this analysis is designed to focus on current activities, resulting change and currently known facts, please read it in conjunction with the College's basic financial statements and the footnotes to these financial statements. Responsibility for the completeness and fairness of this information rests with the College.

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

**Statements of Net Position**

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

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

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

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2014**

6

**Condensed Schedules of Net Position  
June 30**

(in thousands)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Assets and deferred outflows			
Current assets	\$ 8,522	\$ 7,438	\$ 7,860
Other noncurrent assets	126	104	103
Capital assets, net	<u>30,058</u>	<u>30,388</u>	<u>25,351</u>
Total assets	<u>38,706</u>	<u>37,930</u>	<u>33,314</u>
Deferred outflows of resources	-	-	-
Total	<u>\$ 38,706</u>	<u>\$ 37,930</u>	<u>\$ 33,314</u>
Liabilities, deferred inflows and net position			
Current liabilities	\$ 4,214	\$ 3,254	\$ 3,995
Noncurrent liabilities	<u>4,138</u>	<u>4,104</u>	<u>4,097</u>
Total liabilities	<u>8,352</u>	<u>7,358</u>	<u>8,092</u>
Deferred inflows of resources	-	-	-
Net position			
Net investment in capital assets	30,051	30,353	25,289
Unrestricted (deficit) net position	<u>303</u>	<u>219</u>	<u>(67)</u>
Total net position	<u>30,354</u>	<u>30,572</u>	<u>25,222</u>
Total	<u>\$ 38,706</u>	<u>\$ 37,930</u>	<u>\$ 33,314</u>

Total net position of the College decreased by \$218 thousand from June 30, 2013 to June 30, 2014. Total net position increased by \$5.3 million from June 30, 2012 to June 30, 2013. These changes are related to a number of changes as described below:

- The unrestricted net position increased by \$84 thousand as of June 30, 2014 due to a \$1.8 million increase in cash offset by decreases in receivables and increases in unearned revenues.
- The current ratio for fiscal years 2014 and 2013 is 2.02 and 2.29, respectively. The current ratio measures the ability to meet short-term obligations. The current ratio is the most widely-used measure of liquidity. Typically, current ratios range from 1 to 4.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2014**

**Statements of Revenues, Expenses and Changes in Net Position**

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

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

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating revenues	\$ 6,349	\$ 6,741	\$ 6,615
Operating expenses	<u>19,854</u>	<u>21,791</u>	<u>22,137</u>
Operating loss	(13,505)	(15,050)	(15,522)
Non-operating revenues	12,893	14,631	14,341
Capital payments on behalf	<u>394</u>	<u>5,769</u>	<u>712</u>
Increase (decrease) in Net Position	<u>\$ (218)</u>	<u>\$ 5,350</u>	<u>\$ (469)</u>

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

***Operating Revenues***

- For fiscal year 2014 tuition and fees contributed approximately 18% of the total operating revenues. In fiscal year 2013, tuition and fees accounted for approximately 15% of total operating revenue. The percentage increase in tuition and fees was mainly a result of a decrease in auxiliary revenue due to bookstores being outsourced to a third party vendor.
- For fiscal year 2014 grant and contract revenues increased by \$206 thousand for a 5% increase. The increase was due to additional funding from State grant awards and contracts in fiscal year 2014. As a percentage of operating revenue, grant and contract revenue accounted for 74% in fiscal year 2014 and 66% in 2013.
- In fiscal year 2014 other operating revenues decreased by \$679 thousand mainly due to a decrease of \$605 thousand in auxiliary revenues, due to outsourcing of bookstore beginning in fiscal year 2014.

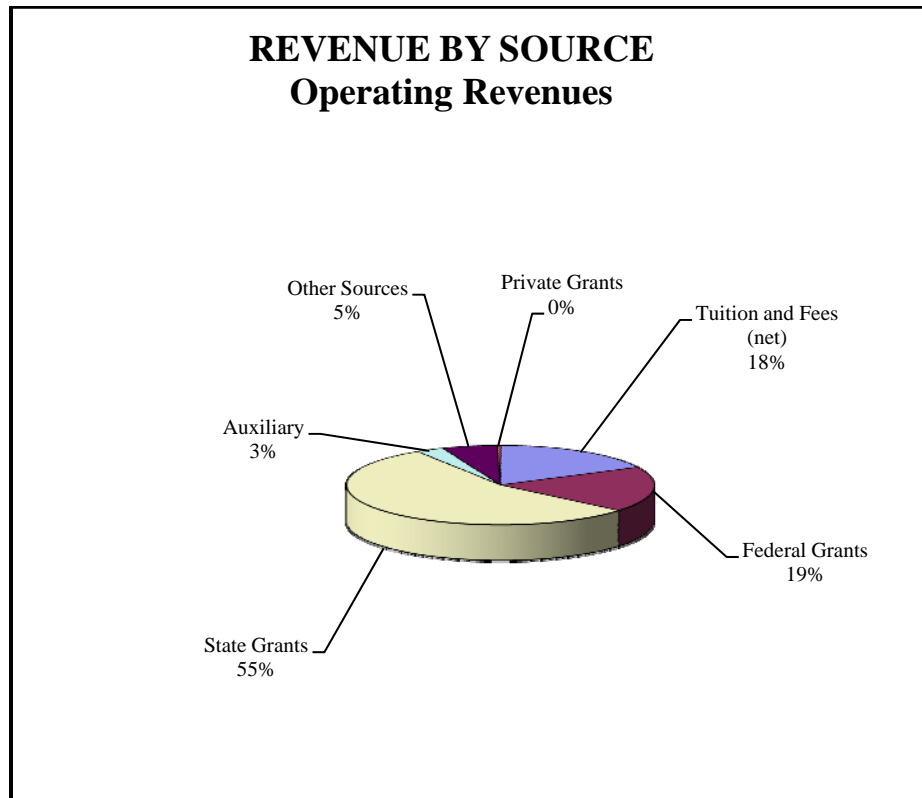
**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2014**

***Operating Expenses***

- The total cost of benefits decreased by 3% for fiscal year 2014 as compared to fiscal year 2013 reflecting a decrease in other post employment benefits for the fiscal year.
- In fiscal year 2014 salaries and wages decreased by \$351 thousand or approximately 4%. This decrease was a result of not filling vacant positions.

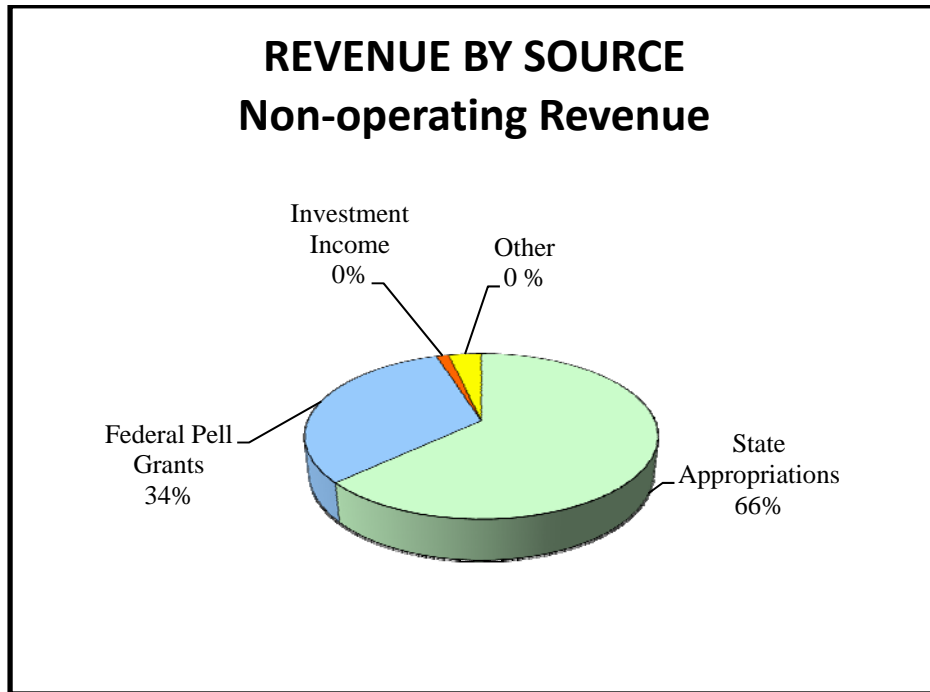
***Non-operating Revenues***

- For fiscal year 2014 Federal Pell grant revenues decreased by \$287 thousand or approximately 6%. This decrease was a result of a decrease in enrollment and fewer students being eligible for aid than in fiscal year 2013.
- In fiscal year 2014 State appropriations decreased by \$775 thousand or 8%.





**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2014**

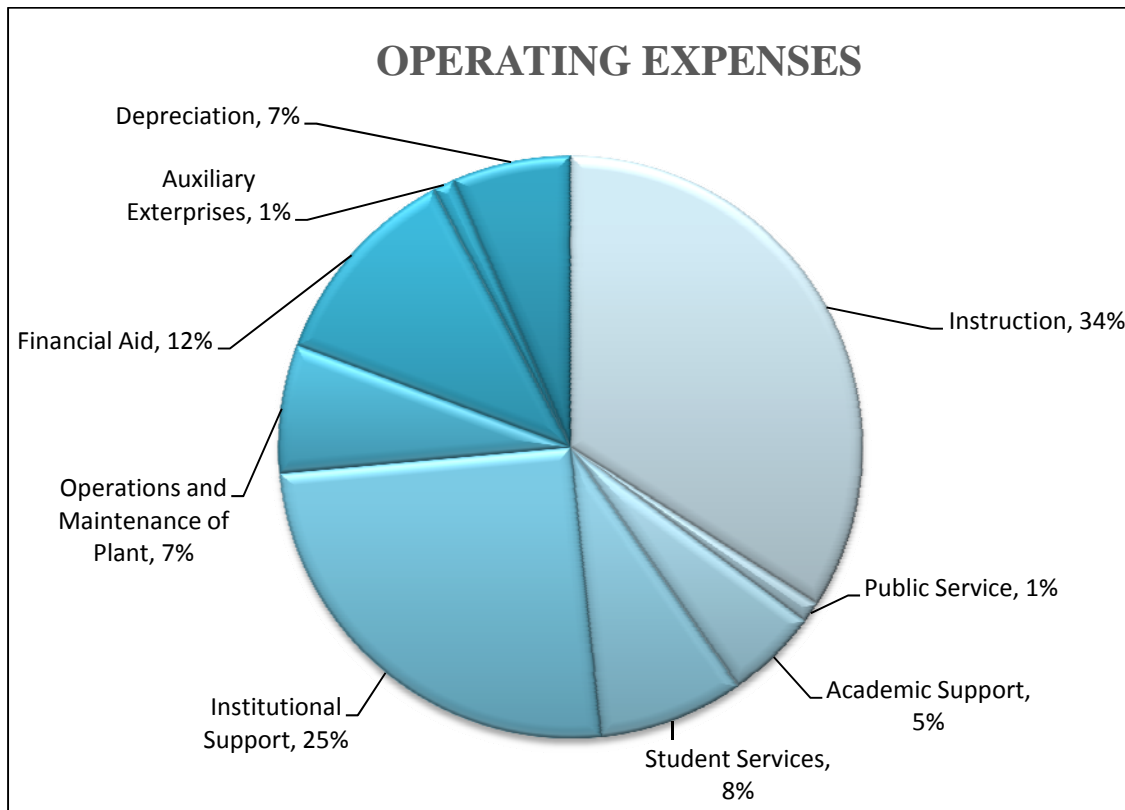


**Operating Expenses**  
**Years Ended June 30,**  
**(in thousands)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<b>(2013 to 2014) Increase (Decrease)</b>	<b>(2013 to 2014) Percent Change</b>
Operating expense					
Instruction	\$ 6,737	\$ 6,995	\$ 7,016	\$ (258)	(3.69)%
Academic support	1,012	1,095	973	(83)	(7.58)%
Student services	1,591	1,615	1,538	(24)	(1.49)%
Public service	228	191	165	37	19.37%
Operations & maintenance plant	1,411	1,872	1,645	(461)	(24.63)%
Institutional support	4,993	5,071	5,754	(78)	(1.54)%
Financial aid	2,286	2,506	2,897	(220)	(8.78)%
Auxiliary	236	1,163	941	(927)	(79.71)%
Depreciation	1,300	1,226	1,152	74	(6.04)%
Other	<u>60</u>	<u>57</u>	<u>56</u>	<u>3</u>	5.26%
Total	<u>\$ 19,854</u>	<u>\$ 21,791</u>	<u>\$ 22,137</u>	<u>\$ (1,937)</u>	(8.89)%

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2014**

The following is a graphic illustration of fiscal year 2014 operating expenses:



**Statements of Cash Flows**

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

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2014**

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Cash provided (used) by:			
Operating activities	\$ (10,568)	\$ (14,756)	\$ (12,974)
Noncapital financing activities	12,935	14,005	13,968
Capital and related financing activities	(581)	-	(96)
Investing activities	<u>9</u>	<u>9</u>	<u>7</u>
Net change in cash	1,795	(742)	905
Cash, beginning of year	<u>6,381</u>	<u>7,123</u>	<u>6,218</u>
Cash, end of year	<u>\$ 8,176</u>	<u>\$ 6,381</u>	<u>\$ 7,123</u>

**Capital Asset and Debt Administration**

**Capital Assets, Net  
June 30,  
(in thousands)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>(2013 to 2014) Increase (Decrease)</u>	<u>(2013 to 2014) Percent Change</u>
Capital Assets					
Land and Improvements	\$ 1,563	\$ 1,288	\$ 1,288	\$ 275	21.35%
Construction in Progress	394	4	949	390	9750.00%
Buildings	37,860	37,860	31,271	-	-
Equipment	5,995	5,843	5,614	152	2.60%
Library Holdings	<u>3,958</u>	<u>3,990</u>	<u>3,879</u>	<u>(32)</u>	(0.80)%
Total	49,770	48,985	43,001	785	1.60%
Less: Accum Depreciation	<u>(19,712)</u>	<u>(18,597)</u>	<u>(17,650)</u>	<u>(1,115)</u>	6.00%
Net Capital Assets	<u>\$ 30,058</u>	<u>\$ 30,388</u>	<u>\$ 25,351</u>	<u>\$ (330)</u>	(1.09)%

Capital assets net decrease of \$330 thousand was a result of current year depreciation offset by additions.

Current year additions to capital assets totaled approximately \$974 thousand and were comprised of \$275 thousand in the Boone land purchase, \$248 thousand in equipment additions, \$56 thousand in library additions, and \$395 thousand for the Williamson Tech Building.

At June 30, 2014, the College had no significant outstanding contractual commitments for property, plant and equipment expenditures.

The OPEB liability increased by \$67 thousand in fiscal year 2014.

Readers interested in more detailed information regarding capital assets and debt administration should review the accompanying notes 5 and 6 to the financial statements.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE    12**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2014**

**Economic Outlook**

During the 2000 Legislative Session the governance of higher education in the State was changed. Effective July 1, 2001, the Higher Education Policy Commission (Commission) was established at the State level and the institutional Board of Advisors was replaced by the institutional Board of Governors. The 2006 Legislature created the Council for Community and Technical College Education, removing governance of the College from the Commission. The economic outlook for West Virginia continues to be negative for several more years, leaving the College vulnerable to spending freezes if there is a significant downturn in the State's economy.

Although the economic forecasts for the State of West Virginia and the number of high school graduates in the State continues to decline, the College attracts and maintains non-traditional students to replace losses of traditional college age students. Also, emphasis is placed on dual credit course offerings in high schools. The College continues to offer incentives to faculty to develop modular and web based courses as alternate methods of course delivery. Improved physical plant and favorable comparison of fee structures with peer institutions indicate that the College should be able to remain competitive for new and returning students.

During December 2009 the Commission, on behalf of the Council, issued approximately \$78 million in bonds which will be repaid from excess Lottery Funds. The College's share of the bond issuance was \$6 million which will be used to finance the construction of a new building on the Williamson campus. During fiscal year 2013, the College had payments made from these available funds of \$5 million by the Commission. As of June 30, 2014, there was less than \$70 thousand remaining available from the \$6 million bond issue.

**Requests for Information**

The financial report is designed to provide an overview of the finances of the College for those with an interest in this organization. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Southern West Virginia Community and Technical College at Post Office 2900, Mount Gay, West Virginia 25637. For additional information on the Southern West Virginia Community and Technical College Foundation, Inc. please see their separately issued financial statements.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2014 AND 2013**

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	<u>2014</u>	<u>2013</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 8,176,036	\$ 6,381,327
Accounts receivable, net of allowance for doubtful accounts	142,467	602,202
Due from the Commission	138,631	306
Due from Federal Government	25,546	48,107
Due from other State Agencies	-	367,519
Prepaid expenses	3,808	5,404
Inventories	35,327	33,366
Total current assets	<u>8,521,815</u>	<u>7,438,231</u>
<b>NONCURRENT ASSETS:</b>		
Cash and cash equivalents	125,265	104,140
Capital assets, net of accumulated depreciation	30,058,400	30,388,202
Total noncurrent assets	<u>30,183,665</u>	<u>30,492,342</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Total deferred outflows of resources	<u>-</u>	<u>-</u>
<b>TOTAL</b>	<b><u>\$ 38,705,480</u></b>	<b><u>\$ 37,930,573</u></b>
<b>LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 198,184	\$ 167,113
Due to the Commission/Council	1,969	25,678
Due to other governments	388,234	313,424
Accrued liabilities	627,125	814,662
Compensated absences - current portion	274,702	304,576
Capital lease - current portion	7,152	27,921
Unearned revenue	2,716,296	1,601,046
Total current liabilities	<u>4,213,662</u>	<u>3,254,420</u>
<b>NONCURRENT LIABILITIES:</b>		
Capital lease - net of current portion	-	7,152
Other postemployment benefit liability	3,985,523	3,918,846
Compensated absences	152,319	177,618
Total noncurrent liabilities	<u>4,137,842</u>	<u>4,103,616</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Total deferred inflows of resources	<u>-</u>	<u>-</u>
<b>NET POSITION:</b>		
Net investment in capital assets	30,051,248	30,353,129
Unrestricted net position	302,728	219,408
Total net position	<u>30,353,976</u>	<u>30,572,537</u>
<b>TOTAL</b>	<b><u>\$ 38,705,480</u></b>	<b><u>\$ 37,930,573</u></b>

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, 2014 AND 2013**

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	<u>2014</u>	<u>2013</u>
<b>OPERATING REVENUES:</b>		
Student tuition and fees, net of scholarship allowance of \$3,927,070 and \$3,748,595 for 2014 and 2013, respectively	\$ 1,117,536	\$ 1,035,804
Contracts and grants:		
Federal	1,175,243	1,161,632
State	3,482,804	3,242,393
Private	21,766	69,664
Auxiliary enterprise revenue, net of scholarship allowance of \$0 and \$457,295 for 2014 and 2013, respectively	185,198	790,609
Miscellaneous, net	366,612	440,742
Total operating revenues	<u>6,349,159</u>	<u>6,740,844</u>
<b>OPERATING EXPENSES:</b>		
Salaries and wages	8,810,868	9,161,638
Benefits	2,444,153	2,514,669
Supplies and other services	4,223,210	5,611,637
Utilities	728,918	713,525
Student financial aid - scholarships and fellowships	2,286,004	2,505,616
Depreciation	1,299,589	1,225,659
Fees assessed by the Commission for operations	60,952	58,425
Total operating expenses	<u>19,853,694</u>	<u>21,791,169</u>
<b>OPERATING LOSS</b>	<u>(13,504,535)</u>	<u>(15,050,325)</u>
<b>NONOPERATING REVENUES:</b>		
State appropriations	8,453,274	9,228,731
Gifts	-	200,000
Investment income	8,803	8,624
Federal Pell grants	4,386,010	4,672,574
Other nonoperating	44,224	521,196
Total nonoperating revenues	<u>12,892,311</u>	<u>14,631,125</u>
<b>DECREASE IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES</b>	(612,224)	(419,200)
<b>CAPITAL PAYMENTS MADE AND EXPENSES INCURRED ON BEHALF OF THE COLLEGE</b>	<u>393,663</u>	<u>5,769,331</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	(218,561)	5,350,131
<b>NET POSITION - Beginning of year</b>	<u>30,572,537</u>	<u>25,222,406</u>
<b>NET POSITION - End of year</b>	<u>\$ 30,353,976</u>	<u>\$ 30,572,537</u>

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2014 AND 2013**

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	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from student tuition and fees	\$ 1,480,259	\$ 948,542
Cash received from contracts and grants	6,098,931	3,517,417
Payments to and on behalf of employees	(11,287,899)	(11,609,774)
Payments to suppliers	(4,285,511)	(5,566,205)
Payments to utilities	(779,066)	(712,999)
Payments for scholarships and fellowships	(2,286,004)	(2,505,616)
Auxiliary enterprise charges, net of scholarship allowance	185,198	790,609
Fees assessed by Commission	(60,952)	(58,425)
Other receipts, net	<u>366,612</u>	<u>440,742</u>
Net cash (used) in operating activities	<u>(10,568,432)</u>	<u>(14,755,709)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
State appropriations	8,453,274	9,228,731
Federal student loan program - direct lending receipts	298,756	387,244
Federal student loan program - direct lending payments	(298,756)	(387,244)
Gifts	96,000	104,000
Pell grants	<u>4,386,010</u>	<u>4,672,574</u>
Net cash provided by noncapital financing activities	<u>12,935,284</u>	<u>14,005,305</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>		
Purchases of capital assets	(576,124)	(524,783)
Payments on long-term borrowings from financial institutions	(27,921)	(26,857)
Withdrawals from (deposits to) noncurrent cash and cash equivalents	(21,125)	(490)
Other nonoperating revenue	<u>44,224</u>	<u>552,343</u>
Net cash provided by (used in) capital financing activities	<u>(580,946)</u>	<u>213</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on investments	<u>8,803</u>	<u>8,624</u>
Net cash provided by investing activities	<u>8,803</u>	<u>8,624</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,794,709</b>	<b>(741,567)</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b><u>6,381,327</u></b>	<b><u>7,122,894</u></b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b><u>\$ 8,176,036</u></b>	<b><u>\$ 6,381,327</u></b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Operating loss	\$ (13,504,535)	\$ (15,050,325)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	1,299,589	1,225,659
Changes in assets and liabilities:		
Accounts receivable, net of allowance for doubtful accounts	363,735	(82,993)
Due from the Commission	(138,325)	11,442
Due from the Federal Government	22,561	19,135
Due from other State Agencies	367,519	(362,194)
Prepaid expenses	1,596	3,391
Inventories	(1,961)	187,849
Accounts payable	31,071	34,866
Due to the Commission/Council	(23,709)	(821,013)
Due to other governments	74,810	294,755
Accrued liabilities	(187,537)	(157,821)
Compensated absences	(55,173)	30,414
Other postemployment benefits	66,677	13,792
Unearned revenue	<u>1,115,250</u>	<u>(102,666)</u>
Net cash (used) in operating activities	<u>\$ (10,568,432)</u>	<u>\$ (14,755,709)</u>
<b>NONCASH TRANSACTIONS:</b>		
Capital payments made and expenses incurred on behalf of the College	<u>\$ 393,663</u>	<u>\$ 5,769,331</u>

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 410,562	\$ 456,965
Certificates of deposit	58,773	57,746
Investments at estimated market value	2,793,608	2,481,697
Miscellaneous receivable	5,546	5,826
Interest and dividends receivable	9,350	7,756
Prepaid expenses	9,276	8,547
Unconditional promises to give, net	489,284	542,702
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 3,776,399</b>	<b>\$ 3,561,239</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 39,964	\$ 32,782
Payable to related party	1,070	218,186
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>41,034</b>	<b>250,968</b>
	<hr/>	<hr/>
<b>NET ASSETS</b>		
Unrestricted	5,740	5,896
Temporarily restricted	3,714,625	3,289,375
Permanently restricted	15,000	15,000
	<hr/>	<hr/>
<b>Total net assets</b>	<b>3,735,365</b>	<b>3,310,271</b>
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,776,399</b>	<b>\$ 3,561,239</b>
	<hr/> <hr/>	<hr/> <hr/>



**SOUTHERN WEST VIRGINIA COMMUNITY COLLEGE FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2013**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, INVESTMENT INCOME, AND OTHER SUPPORT</b>				
Contributions	\$ -	\$ 343,412	\$ -	\$ 343,412
Interest and dividend income	9,350	115,777	-	125,127
Gain on investment	15,437	434,468	-	449,905
Net assets released from restriction	468,407	(468,407)	-	-
<b>Total revenues, investment income, and other support</b>	<b>493,194</b>	<b>425,250</b>	<b>-</b>	<b>918,444</b>
<b>EXPENSES</b>				
Program services:				
Scholarships	319,754	-	-	319,754
Educational development	7,289	-	-	7,289
Total program services	327,043	-	-	327,043
Administrative and general	122,203	-	-	122,203
Fundraising	44,104	-	-	44,104
<b>Total expenses</b>	<b>493,350</b>	<b>-</b>	<b>-</b>	<b>493,350</b>
<b>CHANGE IN NET ASSETS</b>	<b>(156)</b>	<b>425,250</b>	<b>-</b>	<b>425,094</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>5,896</b>	<b>3,289,375</b>	<b>15,000</b>	<b>3,310,271</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 5,740</b>	<b>\$ 3,714,625</b>	<b>\$ 15,000</b>	<b>\$ 3,735,365</b>

**SOUTHERN WEST VIRGINIA COMMUNITY COLLEGE FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2012**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, INVESTMENT INCOME, AND OTHER SUPPORT</b>				
Contributions	\$ -	\$ 423,750	\$ -	\$ 423,750
Interest and dividend income	1,108	109,106	-	110,214
Gain on investment	4,513	73,673	-	78,186
Net assets released from restriction	641,346	(641,346)	-	-
<b>Total revenues, investment income, and other support</b>	<b>646,967</b>	<b>(34,817)</b>	<b>-</b>	<b>612,150</b>
<b>EXPENSES</b>				
Program services:				
Scholarships	367,046	-	-	367,046
Educational development	40,012	-	-	40,012
Total program services	407,058	-	-	407,058
Administrative and general	198,280	-	-	198,280
Fundraising	31,136	-	-	31,136
<b>Total expenses</b>	<b>636,474</b>	<b>-</b>	<b>-</b>	<b>636,474</b>
<b>CHANGE IN NET ASSETS</b>	<b>10,493</b>	<b>(34,817)</b>	<b>-</b>	<b>(24,324)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>(4,597)</b>	<b>3,324,192</b>	<b>15,000</b>	<b>3,334,595</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 5,896</b>	<b>\$ 3,289,375</b>	<b>\$ 15,000</b>	<b>\$ 3,310,271</b>

**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 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 standards (GASB), 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 provide 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 an operating unit of the West Virginia Higher Education Fund and represents a separate fund of the State of West Virginia (the State) 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 West Virginia Council of Community and Technical Colleges, 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 these entities and is not accountable for the fiscal matters of the Alumni Association under GASB.

As of July 1, 2003, the College adopted GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, an amendment to GASB Statement No. 14. As a result, the audited financial statements of the Foundation are presented here as a discrete component unit with the College financial statements in accordance with GASB. The Foundation's audited financial statements were as of and for the year ended December 31, 2013 and 2012. The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organization*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's audited financial information as it is presented herein as required by GASB No. 39.

**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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The West Virginia State Legislature, as a regulatory body outside the reporting entity, has restricted the use of certain funds by Article 10, *Fees and Other Money Collected as State Institutions of Higher Education* of the West Virginia State Code. House Bill 101 passed in March 2005 simplified the tuition and fee structure and removed the restrictions but included designations associated with auxiliary and capital items. These activities are fundamental to the normal ongoing operations of the institution. These restrictions are subject to change by future actions of the West Virginia State Legislature. The College does not have any restricted expendable net position at June 30, 2014 or 2013.

- *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, 2014 or 2013.
- *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 intercompany 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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 multiparticipant variable net asset funds to reduce risk and offer investment liquidity diversification to the Fund participants. Funds not required to meet immediate disbursement needs are invested for longer periods. A more detailed discussion of the BTI's investment operations pool can be found in its annual audited financial report. A copy of that annual report can be obtained from the following address: 1900 Kanawha Blvd., E. Room E-122 Charleston, West Virginia, 25305 or <http://www.wvbt.com>.

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

***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 collectibility experienced by the College on such balances and such other factors which, in the College's judgment, require consideration in estimating doubtful accounts.

***Inventories*** - Inventories are stated at the lower-of-cost or market, cost being determined on the first-in, first-out method.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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. There was no interest capitalized during 2014 and 2013.

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

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

***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 state 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.

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.



**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

West Virginia had a single private insurance company, BrickStreet Insurance, which provided workers' compensation coverage to all employers in the state. Other private insurance companies began to offer coverage to private-sector employers beginning July 1, 2009 and to government employers beginning July 1, 2010. Nearly every employer in the State, who has payroll must have coverage. The cost of all coverage is paid by the employers. BrickStreet retains the risk related to the compensation of injured employees under the program.

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

- *Operating revenues* - Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most federal, state, local, and nongovernmental grants and contracts, and (4) sales and services of educational activities.
- *Nonoperating revenues* - Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB, such as state appropriations, Federal Pell Grants, investment income, and sale of capital assets (including natural resources).
- *Other revenues* - Other revenues consist primarily of capital grants and gifts.

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

**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 2014 and 2013, the College received and disbursed \$298,756 and \$387,244, 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 2014 and 2013, the College received and disbursed \$4,502,287 and \$4,764,175 respectively, under these federal student aid programs.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

*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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Newly Adopted Statements Issued by the Governmental Accounting Standards Board*

The GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective for fiscal years beginning after June 15, 2013. This statement requires a state or local government guarantor that offers a nonexchange financial guarantee to another organization to recognize a liability on its financial statements when it is more likely than not that the guarantor will be required to make a payment to the obligation holders under the agreement. In addition, the Statement requires: (1) A government guarantor to consider qualitative factors when determining if a payment on its guarantee is more likely than not to be required. Such factors may include whether the issuer of the guaranteed obligation is experiencing significant financial difficulty or initiating the process of entering into bankruptcy or financial reorganization; (2) An issuer government that is required to repay a guarantor for guarantee payments made to continue to report a liability unless legally released. When a government is released, the government would recognize revenue as a result of being relieved of the obligation; (3) A government guarantor or issuer to disclose information about the amounts and nature of nonexchange financial guarantees. The adoption of GASB Statement No. 70 did not have a material impact on the financial statements.

*Recent Statements Issued by the Governmental Accounting Standards Board*

The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective for fiscal years beginning after June 15, 2014. This statement enhances the information provided in the financial statements regarding the effects of pension-related transactions, the pension obligations of the entity, and the resources available to satisfy those obligations. The College has not yet determined the effect that the adoption of GASB Statement No. 68 may have on its financial statements.

The GASB also issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, effective for fiscal years beginning after December 31, 2013. This statement provides guidance on measurement and reporting of combinations and disposals of government operations. The College has not yet determined the effect that the adoption of GASB Statement No. 69 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, effective for fiscal years beginning after June 15, 2014. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This benefit will be achieved without the imposition of significant additional costs. The College has not yet determined the effect that the adoption of GASB Statement No. 71 may have on its financial statements.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2014 AND 2013**

**NOTE 3 - CASH AND CASH EQUIVALENTS**

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

	2014		
	Current	Noncurrent	Total
Cash on deposit with the State			
Treasurer/BTI	\$ 8,138,712	\$ -	\$ 8,138,712
Cash in bank	32,524	125,265	157,789
Cash on hand	4,800	-	4,800
	<u>\$ 8,176,036</u>	<u>\$ 125,265</u>	<u>\$ 8,301,301</u>
	2013		
	Current	Noncurrent	Total
Cash on deposit with the State			
Treasurer/BTI	\$ 6,341,289	\$ -	\$ 6,341,289
Cash in bank	35,238	104,140	139,378
Cash on hand	4,800	-	4,800
	<u>\$ 6,381,327</u>	<u>\$ 104,140</u>	<u>\$ 6,485,467</u>

Cash held by the State Treasurer includes \$2,985,569 and \$1,608,188 of restricted cash primarily for operating grants as of June 30, 2014 and 2013, respectively.

The combined carrying amount of cash in the bank at June 30, 2014 and 2013 was \$157,789 and \$139,378, as compared with the combined bank balance of \$223,220 and \$172,621, respectively. The difference is primarily caused by items in transit and outstanding checks. The bank balances were covered by federal depository insurance as noted below or 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. Non-interest-bearing accounts are 100% insured through December 31, 2014.

Amounts with the State Treasurer as of June 30, 2014 and 2013, are comprised of three investment pools, the WV Money Market Pool, the WV Government Money Market Pool and the WV Short Term Bond Pool.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2014 AND 2013**

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**NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)**

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

External Pool	2014		2013	
	Carrying Value (in Thousands)	S & P Rating	Carrying Value (in Thousands)	S & P Rating
WV Money Market Pool	\$ 1,959,590	AAAm	\$ 2,495,868	AAAm
WV Government Money Market Pool	\$ 238,954	AAAm	\$ 287,184	AAAm
WV Short Term Bond Pool	\$ 771,941	Not Rated	\$ 615,807	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 and the WV Government Money Market Pool:

External Pool	2014		2013	
	Carrying Value (in Thousands)	WAM (Days)	Carrying Value (in Thousands)	WAM (Days)
WV Money Market Pool	\$ 1,959,590	36	\$ 2,495,868	52
WV Government Money Market Pool	\$ 238,954	37	\$ 287,184	50

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

External Pool	2014		2013	
	Carrying Value (in Thousands)	Effective Duration (Days)	Carrying Value (in Thousands)	Effective Duration (Days)
WV Short Term Bond Pool	\$ 771,941	407	\$ 615,807	358

*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.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2014 AND 2013**

**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.

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

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

**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable are as follows at June 30:

	<u>2014</u>	<u>2013</u>
Student tuition and fees, net of allowance for doubtful accounts of \$488,832 and \$405,494 in 2014 and 2013, respectively	\$ 58,165	\$ 255,994
Due from Foundation	6,009	316,304
Other accounts receivable	<u>78,293</u>	<u>29,904</u>
	<u>\$ 142,467</u>	<u>\$ 602,202</u>

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2014 AND 2013**

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**NOTE 5 - CAPITAL ASSETS**

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

	2014			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Construction in process	\$ 3,801	\$ 393,663	\$ (3,801)	\$ 393,663
Land	<u>1,288,470</u>	<u>275,000</u>	<u>-</u>	<u>1,563,470</u>
Total capital assets not being depreciated	<u>\$ 1,292,271</u>	<u>\$ 668,663</u>	<u>\$ (3,801)</u>	<u>\$ 1,957,133</u>
Other capital assets				
Buildings	\$ 37,859,789	\$ -	\$ -	\$ 37,859,789
Equipment	5,843,221	248,490	(96,592)	5,995,119
Library holdings	<u>3,989,896</u>	<u>56,435</u>	<u>(88,026)</u>	<u>3,958,305</u>
Total other capital assets	<u>47,692,906</u>	<u>304,925</u>	<u>(184,618)</u>	<u>47,813,213</u>
Less accumulated depreciation for:				
Buildings	(10,582,402)	(847,722)	-	(11,430,124)
Equipment	(4,257,186)	(390,609)	96,592	(4,551,203)
Library holdings	<u>(3,757,387)</u>	<u>(61,258)</u>	<u>88,026</u>	<u>(3,730,619)</u>
Total accumulated depreciation	<u>(18,596,975)</u>	<u>(1,299,589)</u>	<u>184,618</u>	<u>(19,711,946)</u>
Other capital assets, net	<u>\$ 29,095,931</u>	<u>\$ (994,664)</u>	<u>\$ -</u>	<u>\$ 28,101,267</u>
Capital asset summary:				
Capital assets not being depreciated	\$ 1,292,271	\$ 668,663	\$ (3,801)	\$ 1,957,133
Other capital assets	<u>47,692,906</u>	<u>304,925</u>	<u>(184,618)</u>	<u>47,813,213</u>
Total cost of capital assets	48,985,177	973,588	(188,419)	49,770,346
Less accumulated depreciation	<u>(18,596,975)</u>	<u>(1,299,589)</u>	<u>184,618</u>	<u>(19,711,946)</u>
Capital assets, net	<u>\$ 30,388,202</u>	<u>\$ (326,001)</u>	<u>\$ (3,801)</u>	<u>\$ 30,058,400</u>

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2014 AND 2013**

**NOTE 5 - CAPITAL ASSETS (Continued)**

	2013			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Construction in process	\$ 949,026	\$ 3,801	\$ (949,026)	\$ 3,801
Land	1,288,470	-	-	1,288,470
Total capital assets not being depreciated	<u>\$ 2,237,496</u>	<u>\$ 3,801</u>	<u>\$ (949,026)</u>	<u>\$ 1,292,271</u>
Other capital assets				
Buildings	\$ 31,270,822	\$ 6,588,967	\$ -	\$ 37,859,789
Equipment	5,614,264	530,827	(301,870)	5,843,221
Library holdings	<u>3,878,356</u>	<u>136,717</u>	<u>(25,177)</u>	<u>3,989,896</u>
Total other capital assets	<u>40,763,442</u>	<u>7,256,511</u>	<u>(327,047)</u>	<u>47,692,906</u>
Less accumulated depreciation for:				
Buildings	(9,844,377)	(738,025)	-	(10,582,402)
Equipment	(4,079,903)	(430,834)	253,551	(4,257,186)
Library holdings	<u>(3,725,764)</u>	<u>(56,800)</u>	<u>25,177</u>	<u>(3,757,387)</u>
Total accumulated depreciation	<u>(17,650,044)</u>	<u>(1,225,659)</u>	<u>278,728</u>	<u>(18,596,975)</u>
Other capital assets, net	<u>\$ 23,113,398</u>	<u>\$ 6,030,852</u>	<u>\$ (48,319)</u>	<u>\$ 29,095,931</u>
Capital asset summary:				
Capital assets not being depreciated	\$ 2,237,496	\$ 3,801	\$ (949,026)	\$ 1,292,271
Other capital assets	<u>40,763,442</u>	<u>7,256,511</u>	<u>(327,047)</u>	<u>47,692,906</u>
Total cost of capital assets	43,000,938	7,260,312	(1,276,073)	48,985,177
Less accumulated depreciation	<u>(17,650,044)</u>	<u>(1,225,659)</u>	<u>278,728</u>	<u>(18,596,975)</u>
Capital assets, net	<u>\$ 25,350,894</u>	<u>\$ 6,034,653</u>	<u>\$ (997,345)</u>	<u>\$ 30,388,202</u>

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

At June 30, 2014, the College had no significant outstanding contractual commitments for property, plant and equipment expenditures.



**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2014 AND 2013**

**NOTE 6 - LONG-TERM LIABILITIES**

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

	2014				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital leases	\$ 35,073	\$ -	\$ 27,921	\$ 7,152	\$ 7,152
Other postemployment benefits liability	3,918,846	481,829	415,152	3,985,523	-
Compensated absences	<u>482,194</u>	<u>-</u>	<u>55,173</u>	<u>427,021</u>	<u>274,702</u>
Total noncurrent liabilities	<u>\$ 4,436,113</u>	<u>\$ 481,829</u>	<u>\$ 498,246</u>	<u>\$ 4,419,696</u>	<u>\$ 281,854</u>

	2013				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital leases	\$ 61,930	\$ -	\$ 26,857	\$ 35,073	\$ 27,921
Other postemployment benefits liability	3,905,054	568,531	554,739	3,918,846	-
Compensated absences	<u>451,780</u>	<u>30,414</u>	<u>-</u>	<u>482,194</u>	<u>304,576</u>
Total noncurrent liabilities	<u>\$ 4,418,764</u>	<u>\$ 598,945</u>	<u>\$ 581,596</u>	<u>\$ 4,436,113</u>	<u>\$ 332,497</u>

On August 22, 2007, the College entered into a capital lease for equipment with SunTrust Leasing Corporation. The lease is payable in monthly installments of \$2,399 over 84 months at an interest rate of 3.89%. The total amount outstanding on the lease at June 30, 2014 was \$7,152.

The cost of equipment under capital leases, net of accumulated depreciation is included in the Statements of Net Position as investment in capital assets and was \$35,612 at June 30, 2014. Depreciation of assets under capital leases is included in depreciation expense.

The future minimum lease payments required under the capital lease and the present value of the net minimum lease payments as of June 30, 2014, are as follows:

Years Ending June 30,

2015	\$ <u>7,198</u>
Total minimum lease payments	7,198
Less: Amount representing interest	<u>46</u>
Present value of net minimum lease payments	<u>\$ 7,152</u>

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2014 AND 2013**

**NOTE 7 - OPERATING LEASE OBLIGATIONS**

The College leases various equipment, automobiles, and buildings, under operating lease agreements. Aggregate payment for operating leases amounted to \$170,690 and \$70,065 for the years ended June 30, 2014 and 2013, respectively. Future minimum rental commitments are as follows as of June 30, 2014:

<u>Years Ending June 30,</u>	
2015	\$ 47,527
2016	10,887
2017	<u>907</u>
	<u>\$ 59,321</u>

**NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS**

In accordance with GASB, OPEB costs are accrued based upon invoices received from PEIA based upon actuarial determined amounts. At June 30, 2014, 2013, and 2012 the noncurrent liability related to OPEB costs was \$3,985,523, \$3,918,846, and \$3,905,054, respectively. The total of OPEB expense incurred and the amount of OPEB expense that relates to retirees was \$481,829 and \$97,472 respectively, during 2014, or 20%. The total of OPEB expense incurred and the amount of OPEB expense that relates to retirees was \$568,531 and \$115,213 respectively, during 2013, or 20%. The total of OPEB expense incurred and the amount of OPEB expense that relates to retirees was \$1,707,208 and \$122,663, respectively, during 2012, or 7%. As of the years ended June 30, 2014, 2013 and 2012, there were 41, 35 and 31 retirees receiving these benefits, respectively. During the 2013 legislative session, the State took proactive measures to address this unfunded liability, which will take effect in future fiscal years and fully fund the liability by 2037.

**NOTE 9 - STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS**

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

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

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2014 AND 2013**

**NOTE 9 - STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS (Continued)**

During December 2009, the Commission, on behalf of the Council, issued \$78,295,000 of Community and Technical Colleges Improvement Revenue Bonds, 2009 Series A (the 2009 Bonds). The proceeds of the 2009 Bonds will be used to finance the acquisition, construction, equipping, or improvement of community and technical college facilities in West Virginia. The bond projects listed in the bond offering for the 2009 Bonds proposes bond funding of \$6,000,000 for the College. State lottery funds will be used to repay the debt. As of June 30, 2014, the College had drawn down \$5,932,965 of these bond funds to pay for capital projects.

**NOTE 10 - UNRESTRICTED NET POSITION**

The College did not have any designated unrestricted net position as of June 30, 2014 or 2013.

	<u>2014</u>	<u>2013</u>
Total unrestricted net position before OPEB liability \$	4,288,251	\$ 4,138,254
Less: OPEB liability	<u>3,985,523</u>	<u>3,918,846</u>
Total unrestricted net position (deficit)	<u>\$ 302,728</u>	<u>\$ 219,408</u>

**NOTE 11 - RETIREMENT PLANS**

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

Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have an option to switch to the Educators Money 401(a) basic retirement plan (Educators Money). New hires have the choice of either plan. As of June 30, 2014, there were no employees enrolled in the Educators Money 401(a) basic retirement plan.

**NOTE 11 - RETIREMENT PLANS (Continued)**

The STRS is a cost sharing, defined benefit public retirement system. Employer and employee contribution rates are established annually by the State Legislature. The contractual maximum contribution rate is 15%. The College accrued and paid its contribution to the STRS at the rate of 15% of each enrolled employee's total annual salary for years ended June 30, 2014, 2013, and 2012. Required employee contributions were at the rate of 6% of total annual salary for years ended June 30, 2014, 2013, and 2012. Participants in the STRS may retire with full benefits upon reaching age 60 with 5 years of service, age 55 with 30 years of service, or any age with 35 years of service. Lump-sum withdrawal of employee contributions is available upon termination of employment. Pension benefits are based upon 2% of final average salary (the highest 5 years' salary out of the last 15 years) multiplied by the number of years of service.

Total contributions to the STRS for the years ended June 30, 2014, 2013, and 2012 were \$164,521, \$198,934, and \$192,367, respectively, which consisted of \$117,515, \$142,096, and \$137,405 from the College in 2014, 2013, and 2012, respectively, and \$47,006, \$56,838, and \$54,962 from the covered employees in 2014, 2013, and 2012, respectively.

The contribution rate is set by the State Legislature on an overall basis and the STRS does not perform a calculation of the contribution requirement for individual employers, such as the College. Historical trend and net pension obligation information is available from the annual financial report of the Consolidated Public Retirement Board. A copy of the report may be obtained by writing to the Consolidated Public Retirement Board, 4101 MacCorkle Avenue SE, Charleston, WV 25304.

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, 2014, 2013 and 2012 were \$874,262, \$895,158, and \$839,118 respectively, which consisted of equal contributions from the College and covered employees in 2014, 2013, and 2012 of \$437,131, \$447,579, and \$419,559, respectively.

The College's total payroll for the years ended June 30, 2014, 2013, and 2012 was \$8,849,131, \$9,096,215, and \$8,870,231, respectively; total covered employees' salaries in the STRS and TIAA-CREF were \$783,432 and \$7,285,513 in 2014; \$947,307 and \$7,459,642 in 2013, and \$916,034 and \$6,992,645 in 2012, respectively.

**NOTE 12 - 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 \$3,735,365 and \$3,310,271 at December 31, 2013 and 2012, 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 June 30, 2014 and 2013, the Foundation made \$0 and \$539,914, respectively, in contributions to the College. As of June 30, 2014 and 2013, the College had accounts receivable of \$6,009 and \$316,304 due from the Foundation. Complete financial statements for the Foundation can be obtained from the Southern West Virginia Community College Foundation, Inc.

**NOTE 13 - AFFILIATED ORGANIZATION**

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).

**NOTE 14 - 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.

**NOTE 14 - CONTINGENCIES (Continued)**

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 15 COMPONENT UNIT DISCLOSURES**

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

**NOTE 1 - 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 to be distributed as scholarships to persons attending what is now known as Southern West Virginia Community and Technical College (the College), and to be used for other purposes benefiting the College. The Foundation is classified as other than a private foundation by the Internal Revenue Service and is exempt from income taxes. The Foundation is considered to be a component unit of the College. Administrative services are provided by the College.

*Basis of Accounting and Financial Statement Presentation* - The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with U. S. generally accepted accounting principles ("U. S. GAAP"). The accompanying financial statements of the Foundation present information regarding its net assets and activities in the following three categories:

**Unrestricted** - Net assets are under the discretionary control of the Board of Directors (the "Board") and include amounts designated by the Board for specified purposes.

**Temporarily Restricted** - Net assets are restricted by the donor for a specific purpose (generally scholarships or educational development programs) or use in a future time period. The income on these net assets is either temporarily restricted or unrestricted based on the intentions of the donor.

**Permanently Restricted** - Net assets are subject to the donor's restriction that the principal remain invested in perpetuity. The income on these net assets generally is used for scholarships or educational development programs.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Use of Estimates* - The preparation of financial statements in conformity with U. S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Cash and Cash Equivalents* - Cash and cash equivalents include cash in checking accounts and short-term investments with an original maturity of 3 months or less.

*Investments* - Investments are carried at fair value in accordance with FASB guidance. Realized and unrealized gains and losses are reported in the statement of activities. Fair value is determined by market quotations. Donated investments are recorded at fair value at the time received.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Contributions and Unconditional Promises to Give* - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Unconditional promises to give that are expected to be collected within one year are recorded at estimated 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 risk free interest rates for United States Government securities. Accretion of the discounts is included in contribution revenue. Conditional promises to give are not recorded as support until the conditions are substantially met. The majority of the promises to give are received from local individual and business contributors as a result of the VISION 2020 campaign.

An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year end. At December 31, 2013, management determined that all outstanding promises to give are fully collectible.

*Program Services Expenses* - All scholarships and other program services distributions are approved by the Board. Unconditional grants to the College are recognized when approved. Grants approved by the Board that are payable upon performance of specified conditions by the grantee (if any) are recognized in the statement of activities and change in net assets when the specified conditions are satisfied.

*Fixed Assets* - The Foundation's fixed assets are carried at cost. Depreciation is computed using the straight-line method with estimated useful lives of three and five years for software and equipment, respectively. All fixed assets were fully depreciated as of December 31, 2012. No fixed assets were acquired in 2013. Depreciation expense for the years ended December 31, 2013 and 2012 was \$0.

*Income Taxes* - The Foundation has qualified for a tax exemption under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision has been recorded for income taxes in the accompanying financial statements.

The Foundation has analyzed tax positions taken for filing with the Internal Revenue Service and all state and local jurisdictions where it operates. Management believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Foundation's statement of financial position. Accordingly, the Foundation has not recorded any reserves, or related accruals, for interest and penalties for uncertain tax positions at December 31, 2013.



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Foundation believes it is no longer subject to income tax examinations for tax years prior to 2010.

**NOTE 2 - INVESTMENTS**

The cost and estimated fair values of investments at December 31, 2013, are as follows:

	Estimated Fair Value	Cost
Publicly traded equity securities	\$ <u>2,793,608</u>	\$ <u>2,102,446</u>

The cost and estimated fair values of investments at December 31, 2012, are as follows:

	Estimated Fair Value	Cost
Publicly traded equity securities	\$ <u>2,481,697</u>	\$ <u>2,238,313</u>

**NOTE 3 - PROMISES TO GIVE**

Unconditional promises to give at December 31, 2013 and 2012, are as follows:

	<b>2013</b>	<b>2012</b>
Receivable in less than one year	\$ 139,630	\$ 147,010
Receivable in one to five years	327,832	382,481
Receivable in more than five years	<u>51,804</u>	<u>50,900</u>
Total unconditional promises	519,266	580,391
Discounts to net present value	<u>(29,982)</u>	<u>(37,689)</u>
Net unconditional promises	<u>\$ 489,284</u>	<u>\$ 542,702</u>

The discount rate used on long-term promises to give was 3.25 percent in 2013 and 2012.

**NOTE 4 - RELATED-PARTY TRANSACTIONS**

The Foundation scholarships are awarded by the College. The Foundation recognized expenses in the amount of \$319,754 and \$ 367,046 in 2013 and 2012, respectively, for student scholarships and other support payments to the College.

At December 31, 2013 and 2012, the Foundation's total related-party payable to the College for scholarships and faculty educational awards was \$1,070 and \$218,186.

Contributed services received from the College and from unrelated volunteers have not been recorded, as the value of the services cannot be reasonably determined.

**NOTE 5 - NET ASSETS**

Temporary and permanent restrictions on net assets at December 31, 2013, are for scholarships and educational development.

Net assets were released from restriction for the following purposes during the year ended December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Scholarships	\$ 319,754	\$ 367,046
Education development	7,289	40,012
Fundraising	44,104	31,136
Other	<u>97,260</u>	<u>203,152</u>
Total	<u>\$ 468,407</u>	<u>\$ 641,346</u>

**NOTE 6 - FAIR VALUE MEASUREMENTS**

Accounting standards require that the Foundation adopt fair value measurement for financial assets and financial liabilities. This enhanced guidance for using fair value to measure assets and liabilities applies whenever other standards require or permit assets or liabilities to be measured at fair value. This guidance does not expand the use of fair value in any new circumstances.

Accounting standards establish a hierarchal disclosure framework associated with the level of pricing observability utilized in measuring assets and liabilities at fair value. The three broad levels defined by these standards are as follows:

**Level I:** Quoted prices are available in active markets for identical assets or liabilities as of the reported date.

**Level II:** Pricing inputs other than quoted prices available in active markets, which are either directly or indirectly observable as of the reported date. The nature of these assets and liabilities include items for which quoted prices are available, but traded less frequently, and items that are fair valued using other financial instruments, the parameters of which can be directly observed.

**Level III:** Assets or liabilities that have little or no pricing observability as of the reported date. These items do not have two-way markets and are measured using management's best estimate of fair value, where the inputs into the determination of fair value require significant management judgment or estimation.

**NOTE 6 - FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table presents assets reported on the financial statements at their fair value as of December 31, 2013 and 2012, by level within the fair value hierarchy. Equity securities are classified as Level I securities and are valued using observable market prices. As required by accounting standards, financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

<b>2013</b>	Level I	Level II	Level III	Total
<u>Valued on a recurring basis:</u>				
Assets:				
Equity securities	<u>\$ 2,793,608</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,793,608</u>
<b>2012</b>	Level I	Level II	Level III	Total
<u>Valued on a recurring basis:</u>				
Assets:				
Equity securities	<u>\$ 2,481,697</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,481,697</u>

**NOTE 7 - SUBSEQUENT EVENTS**

The Foundation assessed events occurring subsequent to December 31, 2013, through August 21, 2014, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to, or disclosure in, the financial statements which were available to be issued on August 21, 2014.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2014 AND 2013**

**NOTE 16 - NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS**

These tables represent operating expenses within both natural and functional classifications for the years ended June 30:  
2014

	2014				2013			
	Salaries and Wages	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Fees Assessed by the Commission	Total	
Instruction	\$ 4,706,727	\$ 821,630	\$ 16,404	\$ -	\$ -	\$ -	\$ 6,736,563	
Public service	104,218	95,970	-	-	-	-	228,314	
Academic support	656,366	166,454	-	-	-	-	1,012,110	
Student services	1,075,068	222,852	-	-	-	-	1,590,748	
General institutional support	2,083,735	2,191,005	3,498	-	-	-	4,993,130	
Operations and maintenance of plant	46,091	650,197	709,016	-	-	-	1,410,520	
Student financial aid	-	-	-	2,286,004	-	-	2,286,004	
Auxiliary enterprises	138,663	75,102	-	-	-	-	235,764	
Depreciation	-	-	-	-	1,299,589	-	1,299,589	
Other	-	-	-	-	-	60,952	60,952	
<b>Total</b>	<b>\$ 8,810,868</b>	<b>\$ 4,223,210</b>	<b>\$ 728,918</b>	<b>\$ 2,286,004</b>	<b>\$ 1,299,589</b>	<b>\$ 60,952</b>	<b>\$ 19,853,694</b>	

	2014				2013			
	Salaries and Wages	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Fees Assessed by the Commission	Total	
Instruction	\$ 4,889,828	\$ 1,301,443	\$ 18,863	\$ -	\$ -	\$ -	\$ 6,995,242	
Public service	96,229	26,011	-	-	-	-	191,231	
Academic support	703,391	195,765	-	-	-	-	1,094,776	
Student services	1,088,898	335,615	-	-	-	-	1,614,746	
General institutional support	2,175,330	604,130	4,910	-	-	-	5,071,121	
Operations and maintenance of plant	51,673	15,751	689,752	-	-	-	1,871,502	
Student financial aid	-	-	-	2,505,616	-	-	2,505,616	
Auxiliary enterprises	156,289	35,954	-	-	-	-	1,162,851	
Depreciation	-	-	-	-	1,225,659	-	1,225,659	
Other	-	-	-	-	-	58,425	58,425	
<b>Total</b>	<b>\$ 9,161,638</b>	<b>\$ 2,514,669</b>	<b>\$ 713,525</b>	<b>\$ 2,505,616</b>	<b>\$ 1,225,659</b>	<b>\$ 58,425</b>	<b>\$ 21,791,169</b>	

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 the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of Southern West Virginia Community and Technical College (the College) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 29, 2014, which states reliance on other auditors for the discretely presented component unit. Our report includes a reference to other auditors who audited the financial statements of The Southern West Virginia Community and Technical College Foundation, Inc., as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

A handwritten signature in cursive script that reads "Settle & Stalaker, PLLC".

Charleston, West Virginia  
October 29, 2014

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
MEETING OF DECEMBER 9, 2014**

**ITEM:** Request for Approval of the Filing of the Audited Financial Report

**RECOMMENDED RESOLUTION:** *RESOLVED*, That the Southern West Virginia Community and Technical College Board of Governors approve the filing of the audited financial report for the fiscal year ended June 30, 2014.

**STAFF MEMBER:** Samuel Litteral

**BACKGROUND:**

The accounting firm of Suttle and Stalnaker, PLLC, conducted the financial audit for Southern West Virginia Community and Technical College for fiscal year ended June 30, 2014. Ms. Kelly Shafer, Suttle and Stalnaker Certified Public Accountant, will make a brief presentation regarding the audit findings. Copies of the financial statements are included with this agenda item.

The Governmental Accounting Standards Board (GASB) establishes standards for the presentation format for college and university standards' statements. This format places emphasis on the overall economic resources of the College. The statement format includes the Statement of Net Assets; Statements of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows, all reported on a comparative basis with the prior year. The reporting format includes a narrative section called Management's Discussion and Analysis. This section is designed to provide an objective and readable analysis of financial activities based upon facts, decisions, and conditions known as the auditor's report.

**Southern West Virginia Community and Technical College  
Board of Governors  
Meeting of October 9, 2014  
6:00 p.m.  
Stonewall Resort, Pecan Room, 940 Resort Drive, Roanoke, WV**

**DRAFT Minutes**

**Members Present:** Thomas Heywood (Chair), Wilma Zigmond (Vice Chair), Glenn Yost (Secretary), Linda Akers, Shelley Huffman, Jada Hunter, George Kostas, Terry Sammons, Debbie Dingess, Mary Nemeth-Pyles, Brandon Elkins

**Members Absent:** None

**Staff Present:** President/First Lady Joanne Jaeger Tomblin, Samuel Litteral, Allyn Sue Barker, Ronald Lemon, Debra Teachman, Pam Alderman, Gary Holeman, Bill Cook, David Lord, Rita Roberson, Randy Skeens, Steven Hall, Steven Lacek, Guy Lowes, Melinda Saunders, Carol Cole, Emma Baisden (Recorder), Howard Seufer (General Counsel)

**1. Call to Order**

Board of Governors Chair, Thomas Heywood, declared a quorum present and convened the meeting at 6:10 p.m. Mr. Heywood asked individuals present to introduce themselves to the group.

**2. Call for Public Comments to the Board of Governors**

Chair Heywood announced last call for public sign-up for comments to the Board. No signatures were recorded.

**3. Board of Governors and Administration Self-Assessment Report**

Mr. Howard Seufer, Board Counsel, led the Board of Governors and administrators through the results of the 13<sup>th</sup> annual self-evaluation which was conducted on an aggregated and anonymous basis. Mr. Seufer first led Board members through the results of the Board self-evaluation. Most category results remained at an exemplary level. Overall, the self-assessment results were excellent, the Board is well informed, decisions of the Board are supported by its members, and Board operations are rated high. Board members agree that there is a climate of mutual trust and respect among its members, and the Board has a positive relationship with the College President. Results showed that Board members agreed they are prepared for meetings which are effective and efficient, and the Board adheres to and understands its responsibilities and are knowledgeable about key College issues. There were three items which demonstrated significant positive results (numbers 1b, 2b, and 7). The overall administration self-evaluation results remained the same or improved significantly over last year. All administrators responded positively that as a group they are meeting established Compact goals, and as individual administrators they are meeting established individual goals. Mr. Seufer believed the overall rating of the self-evaluation was excellent. Chair Heywood thanked Mr. Seufer and commented that survey results depict a core theme of improvement over the previous year.

**4. President's Report**

4.1 Southern's enrollment for Fall 2014 has decreased from Fall 2013. President/First Lady Tomblin informed Board members that Chancellor Skidmore discussed the decline in student enrollment at community and technical colleges statewide during the Community and Technical College Advisory Council (CTCAC) meeting she attended on October 8, 2014. The economy has had an effect statewide as all



community and technical colleges have seen a decline in enrollment except for Blue Ridge. Enrollment at New River CTC has declined 18% and WVU Parkersburg CTC enrollment has decreased 10-11%. She pointed out that at one time 300-500 high school students were enrolled in dual-credit courses, but the headcount in dual-credit courses has decreased to 98.

- 4.2 The Governor's Office invited Chancellor Skidmore and all community and technical college (CTC) presidents to attend the October 7 meeting of the West Virginia Workforce Planning Council to discuss issues concerning regions the CTC president's represent. The Council developed a video explaining career opportunities in West Virginia to motivate middle school and high school students to further their education. Recent studies show that West Virginia will generate 30,000 new jobs each year through 2018, and nearly 60% of these jobs will require at least a two-year degree. On a positive note, two seams of oil and gas were discovered that should open up southern West Virginia.
- 4.3 Southern's first *Governance Day* for the 2014-2015 academic year was held on September 5<sup>th</sup> at the Logan Campus. The emphasis was on Emergency and Crisis Management. President/First Lady Tomblin followed-up with a meeting on September 29<sup>th</sup> with the Campus Emergency Response Teams (CERT) to discuss the details of her vision for a Campus Emergency Response Plan. Each Campus Emergency Response Team will develop an individual campus emergency plan with an overall College emergency response plan. When completed, personnel will be trained and mock drills will be scheduled in Spring 2015 for all employees and students.
- 4.4 President/First Lady Tomblin and Vice President for Finance and Administration, Samuel Litteral, have held budget discussion meetings with the Student Government Associations (SGA) to provide insight to the students on how the College operates and to discuss the students' roles and responsibilities as SGA members.
- 4.5 On August 25, 2014, President/First Lady Tomblin and Vice President for Academic Affairs and Student Services, Debra Teachman, met with the academic deans from West Virginia University to discuss possible 2+2 articulation agreements between the two schools.
- 4.6 President/First Lady Tomblin, Vice President Samuel Litteral, and Vice President Debra Teachman, met with officials from Marshall University on September 22, 2014 regarding the delivery of a Master of Arts Counseling Program at Southern with an emphasis on School Counseling.
- 4.7 On September 8, 2014, President/First Lady Tomblin, Vice President Debra Teachman, Division Head Steven Lacek, and Coordinator for Dual Credit and Education Program Liaison, Mary Hamilton, met with administrators from Marshall University, the Larry Joe Harless Community Center, and the West Virginia Women's Education Forum (WE) to discuss the development of a nationally accredited childcare facility in Gilbert, WV. This facility would provide Southern's Early Childhood Education students with clinical experience. The proposed center is a 2014 project of the West Virginia Women's Education Forum (WE) in Huntington, WV. WE is dedicated to enhancing educational opportunities for students in southern West Virginia.

- 4.8 Southern received Trade Adjustment Assistance Community College and Career Training (TAACCCT) grant funds from the Department of Labor as part of a consortium with Mountwest and Blue Ridge community and technical colleges to develop educational programs and services for veterans in its service region.
- 4.9 Southern will receive Workforce grant funds to provide mechatronics/oil and gas training for coal miners who have been laid-off. Workforce grant funds may also be available for a metal structure on the College's recently purchased property in Boone County.
- 4.10 President/First Lady Tomblin was the featured speaker at the Madison Rotary Club on August 28. She provided an update on the college and gave an overview of her duties as West Virginia's First Lady.
- 4.11 A copy of the Fiscal Year 2011 3-year official cohort default rates (CDR) issued by the U. S. Department of Education was provided to Board members.
- 4.12 With the exception of the Board's student representative, West Virginia Code §18B-1D-9 requires that each Board member complete at least six hours of training and development within two years of beginning service and within every two years of service thereafter. The current two-year cycle will end on June 30, 2015. Following tomorrow's training sessions, all of Southern's Board members will have completed the required number of training and development hours except for Ms. Shelley Huffman. On-line training for Boards of Governors is provided on the West Virginia Higher Education Policy Commission's website at [www.wvhepc.com](http://www.wvhepc.com). Ms. Huffman confirmed that she will complete her remaining required training hours on-line and requested the link be sent to her via e-mail.

**5. Financial Report**

Vice President for Finance and Administration, Samuel Litteral, provided the financial report dated September 30, 2014 to Board members. The report was on a cash basis with no accrual accounting. He reviewed restricted, unrestricted, and auxiliary revenues and expenditures for the period. The annual financial audit was conducted during September and the results will be presented to the Board at its December 9, 2014 meeting.

**6. Community and Workforce Development Office Report**

Ms. Allyn Sue Barker, Vice President for Workforce and Community Development, presented a PowerPoint presentation to Board members highlighting the Unit. The Community and Workforce Development Unit consists of three departments – Academy for Mine Training and Energy Technologies; Community and Leadership Development; and Workforce and Continuing Education. The Unit is committed to supporting the needs of employees and employers. It serves as a mechanism for economic development in the region by offering continuing education, non-academic credit courses, customized training programs to expand and upgrade workplace skills, and to provide community interest programs and activities which promote personal growth and cultural enrichment.

**7. Student Success Data**

Dr. Pamela Alderman, Director of Institutional Effectiveness, informed Board members that the Office of Institutional Effectiveness was established at Southern on July 1, 2014. She provided Board members with a report of student success data for the 2013-2014 academic

year which was compiled from data which is annually reported to the West Virginia Higher Education Policy Commission (HEPC), the Integrated Postsecondary Education Data System (IPEDS), and internal metrics found in the ARGOS database. Over the next five years, Dr. Alderman plans to develop a system to provide a more thorough collection, analysis, dissemination, and reporting of information.

**8. Action Items**

**8.1 Appointment of Board's Institutional Vision Review Committee**

Chair Heywood appointed an ad hoc committee to review the College's Vision Statement and Core Values. The committee will bring a recommendation forward for the Board's review and consideration at its December 9, 2014 meeting. Members appointed include Wilma Zigmond, George Kostas, Shelley Huffman, Linda Akers, Debbie Dingess, Joanne Tomblin, and Allyn Sue Barker. Ms. Zigmond will serve as committee chair. Upon a motion by Glenn Yost and second by Terry Sammons, the Board unanimously approved the committee appointments.

**8.2 Request for Approval of August 19, 2014 Board Meeting Minutes**

**MOTION:** Mary Nemeth-Pyles moved to accept the meeting minutes as presented.

**ACTION:** George Kostas seconded the motion. The motion carried unanimously. Chair Heywood declared the motion adopted and the minutes approved.

**8.3 Request for Final Approval by Board of Governors and Submission to Chancellor**

**8.3.1 SCP-1215, Use of Institutional Facilities**

**MOTION:** Shelley Huffman moved the adoption of the following resolution:

*RESOLVED*, That the Southern West Virginia Community and Technical College Board of Governors grant approval of SCP-1215, *Use of Institutional Facilities*, and its attachment (SCP-1215.A) following a 30-day public comment period.

**ACTION:** Wilma Zigmond seconded the motion. Chair Heywood declared the motion adopted.

**8.4 Request for Approval to Release for 30-day Public Comment Period**

**8.4.1 SCP-3625, University Transfer Program Evaluation Model**

**MOTION:** Jada Hunter moved the adoption of the following resolution:

*RESOLVED*, That the Southern West Virginia Community and Technical College Board of Governors grant approval for the distribution of SCP-3625, *University Transfer Program Evaluation Model*, and SCP-3625.A, *University Transfer Program Evaluation Model Guidelines* to Southern's constituents and the Chancellor for Community and Technical College Education for the required 30-day public comment period.

**ACTION:** Shelley Huffman seconded the motion. Chair Heywood declared the motion adopted for 30-day public comment.

**8.4.2 SCP-5066, Third-party Tuition and Fee Waivers**

**MOTION:** Linda Akers moved the adoption of the following resolution:

*RESOLVED*, That the Southern West Virginia Community and Technical College Board of Governors grant approval for the distribution of SCP-5066, *Third-party Tuition and Fee Waivers*, to Southern's constituents and the Chancellor for Community and Technical College Education for the required 30-day public comment period.

**ACTION:** Shelley Huffman seconded the motion. Chair Heywood declared the motion adopted for 30-day public comment.

**8.5 Request for Approval to Postpone Action on SCP-1400, Guest Speakers, Lecturers, Performers, and Organized Groups**

At its June 17, 2014 meeting, the Board first authorized release of the proposed policy regarding "Guest Speakers" to Southern's constituents and the Chancellor for Community and Technical College Education for the required 30-day public comment period which ended July 19, 2014. Due to comments received at the end of the comment period, language in the draft policy was modified for clarification, and an approval process for inviting external guest speakers, lecturers, performers, and/or organized groups was developed and presented to the Board at its August 19, 2014 meeting. The Board authorized release of the draft documents for an additional 30-day public comment period which ended September 19, 2014.

Due to numerous comments received at the end of the September 19, 2014 comment period, the staff recommended that action on this policy be postponed to allow sufficient time for a review of constitutional safeguards and stakeholder comments.

Chair Heywood called upon Mr. Howard Seufer, Board Counsel, to address specific questions raised during the comment period. Mr. Seufer explained that the general purpose of SCP-1400 was to create a procedure for the approval of guest speakers, lecturers, performers, and organized groups who are invited by a student, student group, faculty member, faculty group, classified staff member or classified staff group to lecture or perform at the College, and to avoid damage to the reputation or operation of Southern and the community. He stated that SCP-1400 likely does not violate the First Amendment to the Constitution of the United States assuming the College makes certain revisions and additions to the policy such as (1) to specify which areas of the campus to which the policy applies, i.e., classrooms, meeting rooms, auditoriums, etc.; (2) clearly label those areas subject to policy SCP-1400 as limited public forums; and (3) revise the purpose of SCP-1400, removing the phrase, "to avoid damage to the reputation or operation of Southern and the community," and link the policy's purpose to existing policies SCP-1500, *Philosophy, Vision, and Mission of Southern West Virginia Community and Technical College*, and SCP-1215, *Use of Institutional Facilities*.

Comments received concerned (1) the perceived impact that SCP-1400 may have

upon academic freedom at the College, and (2) administrative concerns that the proposed preapproval process may limit opportunities for invitation of guest speakers. Mr. Seufer explained that while academic freedom may be a principle to which the College is committed, it is not a legal right that inures in an individual teacher. Classes taught at the institution belong to the College and not individual instructors. The concerns expressed regarding the ten-day notice period prohibiting faculty from inviting guests to address students raise administrative, and not legal, questions. Nevertheless, the College may want to consider shortening the notice period.

Mr. Seufer distributed to Board members a modified version of SCP-1400 prepared by Bowles Rice attorneys which affords a level of protection for Southern's President and Board of Governors and provides structure. A lengthy discussion about the provisions of the policy ensued. Main concerns voiced were – a single person having the authority to veto a request for a guest speaker, and the need to include an appeal process for denied requests. Chair Heywood determined that additional work was needed on the proposed policy and appointed an ad hoc committee to further define the proposed policy. The committee will bring forward a draft policy with a request that the Board authorize an additional 30-day public comment period. Members appointed include Wilma Zigmond, Terry Sammons, Mary Nemeth-Pyles, Debbie Dingess, and Brandon Elkins.

**MOTION:** Jada Hunter moved the adoption of the following resolution:

*RESOLVED*, That the Southern West Virginia Community and Technical College Board of Governors postpone action on proposed policy SCP-1400, *Guest Speakers, Lecturers, Performers, and Organized Groups*, pending further review by the ad hoc committee and the group will bring forward a draft policy to the full Board at its December 9, 2014 meeting.

**ACTION:** Terry Sammons seconded the motion. The motion carried by a majority with one no vote. Chair Heywood declared the motion adopted.

**9. Discussion Item:**

**9.1 Higher Learning Commission Monitoring Report**

Following the April 2013 comprehensive evaluation visit for continuing accreditation by the Higher Learning Commission (HLC), the peer review team recommended that Southern submit a follow-up monitoring report to the HLC addressing (1) institutional governance, and (2) results of ongoing discussions at the state level in order to develop solutions to address the HLC's perceived potential structural conflict of interest. Southern's monitoring report was submitted on June 18, 2014. On July 2, 2014, President/First Lady Tomblin received a letter from the HLC stating it had determined that Southern had satisfactorily responded to the HLC's first recommendation, but had failed to respond to the second recommendation regarding the perceived potential conflict of interest and was directed to submit an additional report to address this concern by January 1, 2015. Chair Heywood explained that on July 15, 2014, he, President/First Lady Tomblin, Steven Lacek, and Emma Baisden participated on a conference call with Southern's HLC staff liaison, Dr. Karen Solomon, to discuss the HLC's findings. Mr. Heywood informed Dr. Solomon that the Board of Governors has no power to amend the relevant

statutory structure, and the Board perceives that it would have limited or no ability to effectively request or suggest such a legislative change as a practical matter. It was determined that Chair Heywood would submit a preliminary report with documentation to Dr. Solomon by October 30, 2014 with the hope that the facts and documents provided may obviate the need for any further submission by Southern. Chair Heywood worked with the General Counsel at the West Virginia Council for Community and Technical College Education (the "Council") to discuss the issues of structure, oversight and control that exist in West Virginia.

**10. Informational Items**

- 10.1 West Virginia Community and Technical College's 3-year Default Rates
- 10.2 *West Virginia's Wonder Women*, excerpt from West Virginia Focus Magazine

**11. Adjournment**

There being no further business, Chair Heywood declared the meeting adjourned at 9:15 p.m. The next Board meeting is scheduled for 6:00 p.m. on December 9, 2014 and will be held at the West Virginia Governor's Mansion in Charleston.

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Thomas A. Heywood, Chair

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Emma L. Baisden  
Executive Assistant to the President  
and Board of Governors

**SOUTHERN WEST VIRGINIA COMMUNITY AND  
TECHNICAL COLLEGE BOARD OF GOVERNORS  
MEETING OF DECEMBER 9, 2014**

**ITEM:** Request for Approval of Revisions to Institutional Vision Statement and Core Values

**RECOMMENDED RESOLUTION:** *RESOLVED*, That the Southern West Virginia Community and Technical College Board of Governors grant approval for the distribution of the proposed revised Institutional Vision Statement and Core Values to Southern's constituents for a 30-day comment period.

**STAFF MEMBER:** Joanne Jaeger Tomblin

**BACKGROUND:**

**Current Vision Statement**

Southern West Virginia Community and Technical College will be the higher education leader in West Virginia and the region. Southern will provide the leadership necessary to help West Virginia grow and prosper into the twenty-first century. Southern will be the hub around which all education and training/retraining efforts will turn. The College will act as the catalyst for economic development and change in the region. Southern will establish proactive partnerships which include education, business, industry, labor, government, community and cultural organizations, as well as other leaders to achieve regional goals. Southern will become a model of academic excellence, scholarship, creativity, innovation, and cooperation impacting the educational opportunities and economic growth of the region.

**Our Core Values**

We will accomplish our mission by:

- Achieving excellence in education and service.
- Exhibiting integrity in all that we do.
- Collaborating and communicating actively with others.
- Being committed in word and deed.
- Imparting passion and compassion to our every task.
- Leading by encouragement and support of lifelong learning.
- Embracing change through bold actions.
- Being creative and innovative at all levels.
- Initiating opportunities for the community.
- Celebrating success.

On August 18, 2014, a memo was issued to all Southern employees providing an opportunity to review the current Vision Statement and Core Values and provide any suggestions for change to the Strategic Planning Review Committee Chair, Allyn Sue Baker, by September 30, 2014. All suggestions received were reviewed by the Strategic Planning Review Committee. After a thorough discussion the committee voted to approve changes to the Vision State and Core Values as indicated on the attached document. The recommended changes were approved by the Executive Council and President's Cabinet on November 5, 2014, and by the Board of Governors Ad Hoc Committee on November 20, 2014.

Strategic Planning Review Committee Actions  
October 13, 2104  
Recommended Changes to Vision Statement and Core Values

**Vision Statement**

The Strategic Planning Review Committee recommends the following changes to Southern West Virginia Community and Technical College's Vision Statement. As indicated below, the committee is recommending a complete change in the Vision Statement.

Current Vision Statement:

~~Southern West Virginia Community and Technical College will be the higher education leader in West Virginia and the region. Southern will provide the leadership necessary to help West Virginia grow and prosper into the twenty first century. Southern will be the hub around which all education and training/retraining efforts will turn. The College will act as the catalyst for economic development and change in the region. Southern will establish proactive partnerships which include education, business, industry, labor, government, community and cultural organizations, as well as other leaders to achieve regional goals. Southern will become a model of academic excellence, scholarship, creativity, innovation, and cooperation impacting the educational opportunities and economic growth of the region.~~

Recommended New Vision Statement:

Southern aspires to establish itself as a model of leadership, academic excellence, collaboration, and occupational training, equipping our students with the tools necessary to compete and prosper in the regional and global economy of the twenty-first century.

**Core Values**

The Strategic Planning Review Committee recommends the following changes to Southern's Core Values

*Our Core Values*

We ~~will accomplish~~ are committed to accomplishing our mission by:

- Achieving excellence in education and service.
- Exhibiting integrity in all that we do.
- Collaborating and communicating actively with others.
- ~~Being committed in word and deed.~~
- Imparting passion and compassion to our every task.
- ~~Leading by e~~Encouraging and supporting of lifelong learning.
- Embracing change ~~through bold actions.~~
- Being creative and innovative ~~at all levels.~~
- Initiating opportunities for ~~the community~~ those we serve.
- Providing a safe, healthy, and inclusive learning environment.
- Supporting economic growth and diversification.
- Celebrating success.



**Strategic Planning Review Committee  
Recommendations Received**

**Vision Statement Review**

**Recommendations received:**

1. "Southern West Virginia Community and Technical College will be the recognized seedbed of opportunity for this region, providing an enriching environment for educational and economic growth to its students and local communities through academic excellence, scholarship, creativity, innovation and proactive partnerships."
2. "Southern West Virginia Community and Technical College will be the higher education leader in West Virginia and the region. Southern will provide the leadership necessary to help West Virginia grow and prosper into the twenty-first century. Southern will be the **regional** hub around which all education and training/retraining efforts will turn. The College will act as the catalyst for economic development and change in the region. Southern will establish proactive partnerships which include education, business, industry, labor, government, community and cultural organizations, as well as other leaders to achieve regional goals. Southern will become a model of academic excellence, scholarship, creativity, innovation, and cooperation impacting the educational opportunities and economic growth of the region."
3. "...which all education....." the word 'all' is presumptive and exclusory. It should be deleted from the second sentence in our vision statement. contrary to popular belief, we are not the center of this or any other universe and must be open to alternative types and attempts at education in the area, region, etc."
4. "***Vision Statement***  
Southern will become a model of leadership and academic excellence to help West Virginia and the region grow and prosper in the twenty-first century. Southern will be the hub in which all education and training/retraining efforts will turn through innovation, scholarship, creativity, and cooperation that impact the educational opportunities and economic growth of the region. Southern will act as the catalyst for economic development and positive change by establishing proactive partnerships which include leaders in education, business, industry, labor, government, community and cultural organizations, and other interested persons to achieve goals and economic growth of the region."

5. "Southern aspires to establish itself as a model of leadership, academic excellence, and occupational training, equipping our students with the tools necessary to compete and prosper in the regional and global economy of the twenty-first century."
  
6. "Southern aspires to set the standard for academic excellence, community leadership, and technical training in the region while promoting educational opportunities, economic development, and producing graduates equipped to seize the opportunities of the twenty-first century."

### Core Values Review

#### Recommendations received:

1. "I would like to add a Core Value:
  - Proactively supporting entrepreneurship in the college and the community."
  
2. "We will accomplish our mission by:
  - S Sustaining excellence in quality of education and services through positive, active communication and collaboration
  - O Orchestrating integrity in all that we do
  - U Understanding and displaying commitment in word and deed
  - T Taking the opportunity to celebrate success
  - H Having passion and compassion in all that we do
  - E Embracing change through bold, positive actions
  - R Rendering creativity, innovation, and excellence at all levels
  - N Nurturing lifelong learning opportunities for the community"

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
MEETING OF DECEMBER 9, 2014**

**ITEM:** Request for final approval of SCP-3625, *University Transfer Program Evaluation Model*, and request for final approval to rescind SCP-3625.A, *University Transfer Program Evaluation Model Guidelines*.

**RECOMMENDED RESOLUTION:** *RESOLVED*, That the Southern West Virginia Community and Technical College Board of Governors grant final approval of SCP-3625, *University Transfer Program Evaluation Model* and grant final approval to rescind SCP-3625.A, *University Transfer Program Evaluation Model Guidelines*, following the required 30-day public comment period.

**STAFF MEMBER:** Debra Teachman

**BACKGROUND:**

SCP-3625, *University Transfer Program Evaluation Model*, and SCP 3625.A, *University Transfer Program Evaluation Model Guidelines*, were reviewed by the Management Council for Academic Affairs and Student Services (MCAS) at their August 2014 meeting.

Revisions to the policy are necessitated by changes in the institutional governance structure resulting in shared responsibilities for curriculum delivery.

SCP-3625.A outlines the process by which the program evaluation shall occur and, as such, should be converted to a procedure.

MCAS approved the revisions to the policy and the recommendation that the policy attachment be rescinded and converted to an Academic Affairs procedure.

This request was reviewed and approved by Executive Council at their September 2014 meeting and approved by President's Cabinet at their September 2014 meeting.

At its October 9, 2014, meeting, the Southern West Virginia Community and Technical College Board of Governors authorized advancement of SCP-3625, *University Transfer Program Evaluation Model*, and SCP-3625.A, *University Transfer Program Evaluation Model Guidelines*, to Southern's constituents and the Chancellor for Community and Technical College Education for a 30-day public comment period which ended November 12, 2014. No comments were received at the end of the comment period. Therefore, the staff recommends the Board of Governors grant final approval of the policy as presented.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
SCP-3625**

**SUBJECT:** University Transfer Program Evaluation Model

**REFERENCE:** Title 135, Procedural Rule, West Virginia Council for Community and Technical College Education, Series 10, *Policy Regarding Program Review*, Title 135, Procedural Rule, West Virginia Council for Community and Technical College Education, Series 11, *Degree Designation, General Education Requirements, New Program Approval, and Discontinuance of Existing Programs*

**ORIGINATION:** September 1, 1985

**EFFECTIVE:** September 1, 2000

**REVIEWED:** August 27, 2014

**SECTION 1. PURPOSE**

1.1 To identify and communicate the University Transfer Program Evaluation Model.

**SECTION 2. SCOPE AND APPLICABILITY**

2.1 All locations and employees of Southern West Virginia Community and Technical College.

**SECTION 3. DEFINITIONS**

3.1 The term University Transfer refers to a program of study designed to enable a student to obtain approximately two years of general study courses for a transfer to a four-year baccalaureate program.

**SECTION 4. POLICY**

4.1 The University Transfer Program shall be regularly reviewed, evaluated, and revised as needed by the Division Head of University Transfer or other designee of the Vice President for Academic Affairs and Student Services in accordance with governing board policy.

**SECTION 5. BACKGROUND OR EXCLUSIONS**

5.1 None.

**SECTION 6. GENERAL PROVISIONS**

6.1 The University Transfer Program shall include disciplines clustered in the Division of University Transfer; Division of Social Sciences, Education, and Non-Traditional Programs; Division of Healthcare and Business; and Division of Applied and Industrial Technology as represented within the degree requirements outlined in the college catalog.

6.2 In order to satisfy the requirements for an Associate of Arts degree, Associate of Science degree, and/or General Studies certificate, students must successfully complete required course(s) in a subset of the following disciplines: English, Literature, Speech, Mathematics, Social Sciences, Business, Psychology, Political Science, Natural and Physical Sciences, Computer Science and Informational Technology, Fine Arts, and History. Students may satisfy requirements for an Associate of Arts degree, Associate of Science degree, and/or General Studies Certificate by completing additional elective courses in any discipline.

**SECTION 7. RESPONSIBILITIES AND PROCEDURES**

7.1 The Division Head of University Transfer, in conjunction with the Division Head of Applied and Industrial Technology; Division Head of Social Sciences, Education, and Non-Traditional Programs; Division Head of Healthcare and Business; and discipline specific faculty, shall collectively administer the University Transfer Program. The Division Head of University Transfer, in conjunction with relevant discipline-specific faculty, shall be responsible for the program’s periodic review and evaluation.

**SECTION 8. CANCELLATION**

8.1 None.

**SECTION 9. REVIEW STATEMENT**

9.1 This policy shall be reviewed on a regular basis with a time frame for review to be determined by the President or the President’s designee. Upon such review, the President or President’s designee may recommend to the Board that the policy be amended or repealed.

**SECTION 10. SIGNATURES**

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**Board of Governors Chair**                      **Date**

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**President**    **Date**

**Attachments:**              None

**Distribution:**              Board of Governors (12 members)  
www.southernwv.edu

**Revision Notes:**              January 2010 — Revisions reflect no substantial changes in procedure or documentation requirements. Revisions provide clarity and reflect changes in academic responsibilities. Form was streamlined.

August 2014 — Revisions reflect academic reorganization.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
UNIVERSITY TRANSFER PROGRAM  
EVALUATION MODEL GUIDELINES  
SCP-3625.A**

**SECTION 1. PURPOSE**

- 1.1 The University Transfer Program is designed to serve a wide variety of people. Following are listed some examples:
  - 1.1.1 That person not seeking a bachelor’s degree, but wanting to broaden and deepen his/her knowledge and skills.
  - 1.1.2 That person who plans to transfer to another college or university and complete a professional or pre-professional program of studies leading to a Bachelor of Arts or a Bachelor of Science Degree.

**SECTION 2. DEPARTMENTS**

- 2.1 Core curriculum offerings cut across five departments – Social Science, Natural Science, Humanities, Mathematics, Transitional Studies.  
  
Elective course offerings cut across all divisions.

**SECTION 3. DISCIPLINES**

- 3.1 University Transfer disciplines are assigned to departments as follows:

<b>Department</b>	<b>Disciplines</b>
<b>Humanities</b>	Fine Arts English Communications Languages Journalism Music Education Theater Religion
<b>Natural Science</b>	Biological Sciences Chemistry Physical and Health Education Physical Sciences Geology and Earth Sciences Physics
<b>Social Science</b>	Geography History Philosophy Political Science

Psychology  
Social Studies  
Sociology

**Mathematics**

Math  
Math Education

**Transitional Studies**

Developmental Math  
Developmental Writing  
Developmental Reading

**SECTION 4. PROGRAM REVIEW FACTORS**

4.1 Course Evaluation

- 4.1.1 Philosophy/Objectives
- 4.1.2 Content
- 4.1.3 Transferability
- 4.1.4 Need
  - 4.1.4.1 Enrollment pattern (historical pattern)
  - 4.1.4.2 Frequency of offering
  - 4.1.4.3 Average class size - theory (general rule of thumb)
  - 4.1.4.4 Average class size - practice
- 4.1.5 Cost
  - 4.1.5.1 Per Student (by program)
  - 4.1.5.2 Per course

4.2 Discipline Evaluation

- 4.2.1 Philosophy/Objectives
- 4.2.2 Courses
  - 4.2.2.1 Placement within discipline
  - 4.2.2.2 Sequence
  - 4.2.2.3 Duplication
  - 4.2.2.4 Essential/Non-essential (to discipline to program)
- 4.2.3 Cost Analysis

4.3 Program Evaluation

- 4.3.1 Course/Discipline
  - 4.3.1.1 Additions
  - 4.3.1.2 Deletions
  - 4.3.1.3 Modifications
- 4.3.2 Cost Analysis
- 4.3.3 Rationale
  - 4.3.3.1 Divisions
  - 4.3.3.2 Advisory Councils
  - 4.3.3.3 BOG
  - 4.3.3.4 In-House
  - 4.3.3.5 Other Institutions

- 4.3.4 Process
  - 4.3.4.1 Divisions/Department Management
  - 4.3.4.2 Academic Affairs Management Council
  - 4.3.4.3 President
- 4.4 Staffing Evaluation
  - 4.4.1 Evaluation
    - 4.4.1.1 Need determines staffing
    - 4.4.1.2 Staffing per discipline should be determined based upon the following:
      - 4.4.1.2.1 Class size
      - 4.4.1.2.2 Frequency of offerings – historical pattern
      - 4.4.1.2.3 CHP
      - 4.4.1.2.4 FTE
      - 4.4.1.2.5 Cost per CHP
      - 4.4.1.2.6 Cost per FTE
    - 4.4.1.3 The attached Staffing Ratio Scale is to be used as an objective base for determining number of faculty positions needed per discipline.
  - 4.4.2 Recommendations
    - 4.4.2.1 Additions
    - 4.4.2.2 Overstaffing – BOG guidelines/Institutional Policy
  - 4.4.3 Process
    - 4.4.3.1 Department Chair/Dean
    - 4.4.3.2 Vice President for Academic Affairs
    - 4.4.3.3 President

**SECTION 5. STAFFING RATIO SCALE**

5.1 The Staffing Ratio Scale is as follows and will be reviewed periodically:

	Foundation Level	100-200 Level
<b>SOCIAL SCIENCE</b>		
Geography	-	30
History	-	30
Philosophy	-	30
Political Science	-	30
Psychology	-	30
Social Studies	-	30
Sociology	-	30
<b>NATURAL SCIENCE</b>		
Biological Science	-	22
Chemistry	-	22
Physical Education	-	20
Physical Science	-	20
Physics	-	20



	Foundation Level	100-200 Level
<b>HUMANITIES</b>		
Art	-	28
Art Studio	-	18
English	-	25
Language	-	25
Humanities	-	30
Journalism	-	25
Music	-	30
Speech	-	25
Theater	-	20
Education Foundations	-	25
Religion	-	30
<b>MATHEMATICS</b>		
Math	-	24
Math Education	-	20
<b>TRANSITIONAL STUDIES</b>		
English	-	15
Math	-	15
Reading	-	15

5.2 Average class size (ACS) per discipline (as noted on Staffing Ratio Scale) is to be determined by Division Dean (using “rule of thumb” figure set by division experience).

5.3 This figure (ACS) is established as a base norm to objectively establish a faculty position formula per discipline. The figure itself does not represent one particular course, but rather is a discipline average.

5.4 The faculty position formula is as follows:

$$\text{ACS} \times \text{Full Load} = \text{CHP} = \text{one faculty position}$$

Example: Religion  
 $30 \times 15 = 450 \text{ CHP}$   
 450 CHP determines one faculty position

5.5 This formula, establishing a scale to identify one faculty position, is then used as the base norm for faculty staffing decisions per discipline.

5.6 As trends emerge, division recommendations are to be made. Division recommendations regarding faculty positions are to be based on a two-year period.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
MEETING OF DECEMBER 09, 2014**

**ITEM:** Request for Final Approval of SCP-5066, *Third-party Tuition and Fee Waivers*

**RECOMMENDED RESOLUTION:** *RESOLVED*, That the Southern West Virginia Community and Technical College Board of Governors grant final approval of SCP-5066, *Third-party Tuition and Fee Waivers*, following the required 30-day public comment period and submission to the Community and Technical College Education Chancellor

**STAFF MEMBER:** Samuel Litteral

**BACKGROUND:**

President Joanne Jaeger Tomblin charged the Vice President of the Finance and Administration Unit with the review of SCP-5066 Third-party Tuition and Fee Waivers. The purpose of this policy is to establish institutional policy regarding the approval of tuition and /or fee waivers for students participating in certain educational courses and/or programs sponsored by third-parties and offered for academic credit by Southern West Virginia Community and Technical College.

The policy was reviewed by Executive Council on September 3, 2014. After the review revisions were made that reflect changes in job titles.

At the October 9, 2014 meeting Southern West Virginia Community and Technical College Board of Governors approved advancement of the policy to Southern's constituents and the Chancellor for Community and Technical College Education for the required 30-day public comment period which ended November 12, 2014. No comments were received at the end of the comment period. Therefore, the staff recommends the policy as presented to the Board of Governors for consideration for final approval and submission to the Community and Technical College Education Chancellor.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
SCP-5066**

**SUBJECT:** Third-party Tuition and Fee Waivers

**REFERENCE:** West Virginia Code §18B-10-9

**ORIGINATION:** March 2010

**EFFECTIVE:** August 17, 2010

**REVIEWED:** September 3, 2014

**SECTION 1. PURPOSE**

- 1.1 To establish institutional policy regarding the approval of tuition and/or fee waivers for students participating in certain educational courses and/or programs sponsored by third-parties and offered for academic credit by Southern West Virginia Community and Technical College (College).

**SECTION 2. SCOPE AND APPLICABILITY**

- 2.1 This issuance applies to any course, institute, workshop, special course, or other educational program offered for academic credits that are subject to the payment of regular tuition and/or fees by participants, for which a third-party sponsor has requested a waiver of such payment of tuition and/or fees.

**SECTION 3. DEFINITIONS**

- 3.1 For purposes of this policy, the following terms are defined as:
- 3.1.1 *Third-party Sponsor* – any federal, state or local agency or any foundation, corporation or other association or person wholly financing the cost of an academic, credit-based course, institute, workshop, special course, or other educational program.
- 3.1.2 *Tuition and/or Fee Waiver* – the relinquishment of payment of the standard tuition and/or fees normally charged for enrollment, registration, and participation in an academic, credit-based course, institute, workshop, special course, or other educational program financed by a third-party sponsor.

**SECTION 4. POLICY**

- 4.1 Pursuant to West Virginia Code §18B-10-9, Southern West Virginia Community and Technical College may enter into agreements whereby a third-party may sponsor and wholly finance a course, institute, workshop, special course, or other educational program offered by the College for academic credit and individual students enrolled in such third-party-sponsored offerings shall be excused from the payment of regular, standard tuition and/or other associated fees for such courses, institute, workshop, special course, or other educational offering.

## **SECTION 5. BACKGROUND OR EXCLUSIONS**

- 5.1 This policy replaces the former Title 133 Interpretive Rule, Series 40, of the State College System of West Virginia Board of Directors which was abolished by the West Virginia Higher Education Policy Commission with the authority to enter into such agreements transferred to the institutional Board of Governors.
- 5.2 This policy does not apply to non-academic credit-based courses, institutes, workshops, or training programs under the auspices of the Workforce and Community Development Unit of the College.

## **SECTION 6. GENERAL PROVISIONS**

- 6.1 Under the terms of the third-party tuition and/or fee waiver agreements, all participants enrolled shall be excused from the payment of the regular, standard tuition and/or fees normally associated with participation in such courses, institute, workshop, special course, or other educational program offered by the College for academic credit.
- 6.2 All third-party waiver agreements shall clearly state all costs to be financed by the third-party sponsor. Costs for third-party waiver agreements shall include, but are not limited to, any direct costs for instruction and instructional materials, such as textbooks, and other indirect costs for administration and overhead expenses.

## **SECTION 7. RESPONSIBILITIES**

- 7.1 Procedures for requesting tuition and/or fee waivers by third-party sponsors shall be established by the Vice President for Finance and Administration and Chief Academic Officer. Such procedures shall be made available to the general public and posted on the College's official web site.
- 7.2 All third-party tuition and/or fee waiver agreements shall be documented through completion of the required College form and shall be signed by the responsible representative(s) of the third-party and College official(s).
- 7.3 The President or her/his designee shall be responsible for approving all third-party tuition and/or fee waiver agreements on behalf of the College.

## **SECTION 8. CANCELLATION**

- 8.1 None.

## **SECTION 9. REVIEW STATEMENT**

- 9.1 This policy shall be reviewed on a regular basis with a time frame for review to be determined by the President or the President's designee. Upon such review, the President or President's designee may recommend to the Board that the policy be amended or repealed.

**SECTION 10. SIGNATURES**

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**Board of Governors Chair**                      **Date**

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**President**    **Date**

**Attachments:**        None.

**Distribution:**        Board of Governors (12 members)  
                              www.southernwv.edu

**Revision Notes:**    June 2010 – This is a new policy which addresses approval of tuition and/or fee waivers for students participating in certain educational courses and/or programs sponsored by third-parties and offered for academic credit by Southern West Virginia Community and Technical College.

                              September 2014 – Revisions made reflect changes in job titles.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
MEETING OF DECEMBER 9, 2014**

**ITEM:** Request for Approval of Additional 30-day Comment Period for SCP-1400, *Guest Speakers, Lecturers, Performers, and Organized Groups*

**RECOMMENDED RESOLUTION:** *RESOLVED*, That the Southern West Virginia Community and Technical College Board of Governors grant approval for the distribution of SCP-1400, *Guest Speakers, Lecturers, Performers, and Organized Groups*, to Southern's constituents and the Chancellor for Community and Technical College Education for an additional 30-day public comment period.

**STAFF MEMBER:** Wilma J. Zigmond

**BACKGROUND:**

Upon request by the Southern West Virginia Community and Technical College Board of Governors (Board), a policy was developed to establish a consistent process with clear guidelines when bringing guest speakers, lecturers, performers, and organized groups to Southern West Virginia Community and Technical College. The purpose of the policy is to insure the College against damage or interference with its overall educational program.

At its June 17, 2014 meeting, the Board first authorized release of the proposed policy to Southern's constituents and the Chancellor for Community and Technical College Education for the required 30-day public comment period which ended July 19, 2014. Due to comments received at the end of the comment period, language in the draft policy was revised for clarification, and an approval process for inviting external guest speakers, lecturers, performers, and/or organized groups was developed and presented to the Board at its August 19, 2014 meeting. The Board authorized release of the draft documents for an additional 30-day public comment period which ended September 19, 2014.

After a lengthy discussion regarding the provisions of this policy, at its October 9, 2014 meeting, Chair Heywood determined that additional work was needed on the proposed policy and appointed an ad hoc committee to further define the proposal. The Board postponed action on proposed policy pending further review by the ad hoc committee.

The ad hoc committee met on November 20 and December 4, 2014. The committee presents the following modified draft policy to the full Board for consideration for approval for advancement to Southern's constituents and the Chancellor for Community and Technical College Education for an additional 30-day public comment period.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
SCP-1400**

**SUBJECT:** Guest Speakers, Lecturers, Performers, and Organized Groups

**REFERENCE:** SCP-1215, *Use of Institutional Facilities*, SCP-1215.A, *College Facility Use Agreement*; SCP-1500, *Philosophy, Vision, and Mission of Southern West Virginia Community and Technical College*

**ORIGINATION:** May 28, 2014

**EFFECTIVE:** DRAFT

**REVIEWED:**

### **SECTION 1. PURPOSE**

1.1 The mission of Southern West Virginia Community and Technical College (“the College”) is to provide accessible, affordable, quality education and training while promoting lifelong learning for those we serve. To support the mission, facilities of the College should be used, first and foremost, for educational activities. The purpose of this policy is to ensure that the classrooms and meeting rooms of the College are used in a manner that supports the College’s mission. To that end, officially recognized student organizations, faculty, and classified staff must follow the protocols contained in this policy before inviting guest speakers, lecturers, performers, or organized groups to present or perform in the College’s classrooms, meeting rooms, and lunch areas.

### **SECTION 2. SCOPE AND APPLICABILITY**

2.1 This policy applies to the College’s classrooms, meetings rooms, and lunch areas which are non-public forums. As non-public forums, the College shall limit the use of those rooms/areas to presentations and performances by Guest Speakers, Lecturers, Performers, and Organized Groups (collectively, “Guest Speakers”) who support the College’s educational mission.

2.2 This policy does not apply to traditional public forums at the College, such as outdoor lawns on College property and College sidewalks adjoining public property. This policy also does not apply to the College’s designated public forums, such as the auditoriums and indoor common areas. The College does, however, reserve the right to ensure the orderly use of public forum areas by applying reasonable time and manner restrictions in the future.

### **SECTION 3. DEFINITIONS**

3.1 Guest Speakers, Lecturers, Performers, and Organized Groups (collectively, “Guest Speakers”) – A person or group neither attending Southern, nor otherwise employed by the College, who is invited by an officially recognized student organization, a faculty member, or a staff member, to present or perform in a College classroom, meeting room, or lunch area.

3.2 Indoor Common Areas – Indoor common areas include hallways, restrooms, and other indoor areas accessible to students in general.

## SECTION 4. POLICY

- 4.1 Only an officially recognized student organization, a faculty member, or a staff member may invite a Guest Speaker to perform or present in a College classroom, meeting room, or lunch area. Prior to inviting a Guest Speaker to present or perform in a College classroom, meeting room, or lunch area an officially recognized student organization, a faculty member, or a staff member must submit a *Request to Invite a Guest Speaker, Lecturer, Performer, or Organized Group* (SCP-1400.A) to her/his immediate supervisor or appropriate organization advisor.
- 4.2 An officially recognized student organization, a faculty member, or a staff member hosting a Guest Speaker in a College classroom, meeting room, or lunch area may not open the Guest Speaker's presentation or performance to individuals unaffiliated with the College without obtaining prior approval from the President of the College or the President's authorized designee.
- 4.3 A request to invite a Guest Speaker to present or perform in a College classroom, meeting room, or lunch area shall be made in writing to the immediate supervisor or appropriate organization advisor at least seven (7) days (excluding holidays and weekends) prior to the date of the proposed presentation or performance. Exceptions to the minimum notice requirements may be authorized by the immediate supervisor or appropriate organization advisor in appropriate cases.
- 4.4 Any request to invite a Guest Speaker to present or perform in a College classroom, meeting room, or lunch area shall contain the following (as in Section 3 of SCP-1400.A):
- 4.4.1 the name of the sponsoring individual or organization,
  - 4.4.2 the proposed date, time and location of the meeting, lecture, or performance,
  - 4.4.3 the expected size of the audience,
  - 4.4.4 the name and address of the proposed Guest Speaker, and
  - 4.4.5 the topic.
- 4.5 Any external guest speaker, lecturer, performer, or organized group request is subject to the availability of the requested space for the meeting time and date requested. In the event that space is unavailable for the requested time and date of the meeting, or otherwise inappropriate for the request, or the request would impose substantial interference with normal activities of the institution, alternative space which is available may be offered by the institution, or the sponsoring organization is free to request a more suitable date and location. The individual or group inviting the external guest speaker, lecturer, performer, or organized group is responsible for confirming the availability of space with the appropriate Director of Campus Operations.
- 4.6 A request to invite a Guest Speaker to present or perform to whom payment would have to be from the College funds is subject to the availability of funds. In order to receive payment for services, the Guest Speaker must be a registered vendor with the State of West Virginia. An electronic vendor application is available at <https://www.wvoasis.gov/>.
- 4.7 A request for a Guest Speaker may be denied if the President of the College, or the President's authorized designee, determines that the proposed presentation or performance will:
- 4.7.1 Damage or destroy College property; or
  - 4.7.2 Disrupt, impair, or interfere with the College's regularly scheduled classes; or
  - 4.7.3 Physically harm, coerce, intimidate, or invade the lawful rights of students and College personnel;  
or
  - 4.7.4 Incite violence; or
  - 4.7.5 Constitute criminal activity.
  - 4.7.6 Additionally, the President or the President's authorized designee, may deny a request to invite a



Guest Speaker if the President or the President's authorized designee reasonably determines the presentation or performance presents a clear and imminent threat to the College's orderly operations or is obscene (i.e., that which appeals to the obscene interest in sex; is patently offensive; and lacks serious literary, artistic, political, or scientific value).

- 4.8 The individual or group inviting a Guest Speaker shall provide the Guest Speaker with a copy of this policy. By acceptance of the invitation, a Guest Speaker shall assume full responsibility for any violation of the law or College policies while on the College's campuses.
- 4.9 Any meeting, assembly, or activity to which a Guest Speaker may be invited is subject to all requirements, conditions, and approvals set forth in any policy or regulation of the Board of Governors and/or the institution concerning the use of campus property and facilities.
- 4.10 The views expressed by a Guest Speaker are his or her own and do not necessarily represent the views of Southern West Virginia Community and Technical College.
- 4.11 The individual or group inviting a Guest Speaker shall notify the Public Relations Specialist when appropriate.

## **SECTION 5. BACKGROUND OR EXCLUSIONS**

- 5.1 None.

## **SECTION 6. GENERAL PROVISIONS**

- 6.1 None.

## **SECTION 7. RESPONSIBILITIES**

- 7.1 Individual or Group Making a Request:
  - 7.1.1 Must complete SCP-1400.A, *Request to Invite a Guest Speaker, Lecturer, Performer, or Organized Group* and provide other required documentation as needed.
  - 7.1.2 Individual or Group must submit one copy of SCP-1400.A and required documentation to the immediate supervisor and/or appropriate Vice President.
  - 7.1.3 Individual faculty and classified staff submits requests directly to the immediate supervisor.
  - 7.1.4 Faculty Senate Chair submits requests directly to the Vice President for Academic Affairs and Students Services.
  - 7.1.5 Classified Staff Council Chair submits requests directly to the Vice President for Finance and Administration.
  - 7.1.6 Student Government Association Presidents submit requests directly to the appropriate campus Student Government Association Advisor.
  - 7.1.7 Request a conference at any step to discuss recommendations, if desired.
  - 7.1.8 A recommendation for denial at any step does not preclude an individual's or group's opportunity to be approved at the remaining phases.
- 7.2 The Immediate Supervisor or Student Government Association Advisor Will:
  - 7.2.1 Accept and review requests and appropriate documentation to determine that the required materials are included.
  - 7.2.2 Approve or deny the request and notify in writing the individual or group making a request within two (2) working days of the decision.
  - 7.2.3 Forward requests and appropriate documentation to the appropriate Vice President for review and/or

approval or denial.

7.2.4 If the immediate supervisor is the Vice President for Development or the Vice President for Workforce and Community Development, he/she submits requests to the Vice President for Finance and Administration for review and/or approval or denial.

7.3 The Appropriate Vice President Will:

7.3.1 Accept and review requests and appropriate documentation to determine that the required materials are included.

7.3.2 Approve or deny the request and notify in writing the individual or group making a request within two (2) working days of the final decision.

7.3.3 Forward a copy of requests and appropriate documentation to the President’s Office for maintaining a file with the names of individuals or groups that have been approved or denied as a Guest Speaker.

7.4 The Appeal Process:

7.4.1 In the event of a recommendation of denial, the individual or group making the request may appeal the final decision to the President.

7.4.2 The President shall review the request, documentation, and reason(s) for denial and render a written decision for approval or denial within two (2) working days of receiving the request for appeal.

7.5 The President of Southern West Virginia Community and Technical College or the President’s authorized designee is responsible for the implementation of this policy.

**SECTION 8. CANCELLATION**

8.1 None.

**SECTION 9. REVIEW STATEMENT**

9.1 This policy shall be reviewed on a regular basis with a time frame for review to be determined by the President or the President’s designee. Upon such review, the President or President’s designee may recommend to the Board that the policy be amended or repealed.

**SECTION 10. SIGNATURES**

\_\_\_\_\_  
**Board of Governors Chair**                      **Date**

\_\_\_\_\_  
**President**    **Date**

**Attachments:** SCP-1400.A, *Request to Invite a Guest Speaker, Lecturer, Performer, or Organized Group*

**Distribution:** Board of Governors (12 members)  
www.southernwv.edu

**Revision Notes:** May 28, 2014 – Initial Release

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
SCP-1400.A - DRAFT**

**Request to Invite a Guest Speaker, Lecturer, Performer, or Organized Group**

*Potential Guest Speakers (as defined in SCP-1400) are not to be contacted until official approval has been received. Any Guest Speaker request must be made to the immediate supervisor or appropriate organization advisor seven (7) days prior to the date of the proposed speaking engagement, performance, or lecture. Upon completion of this form, please submit it to the appropriate supervisor or organization advisor.*

**Section 1. General Information** *(To be completed by the individual/group making the request.)*

Name of Sponsoring Individual or Organization, if any:	
Name of Person Completing this Form:	
Your Contact Information (Phone Number and E-mail):	

**Section 2. Guest Speaker Information**

Full Name of Guest Speaker:	
Mailing Address:	
Telephone Number:	
E-mail Address:	
Guest Speaker's Corporate Affiliation, if any:	

**Section 3. Event Information**

Proposed Date(s) of Event/Class/Meeting:	
Proposed Time(s) of Event/Class/Meeting:	
Proposed Location of Event/Class/Meeting:	
Expected Attendance for Event/Class/Meeting:	
Title/Topic/Performance being Presented:	

**Section 4. Signature and Date**

Individual or Organization's Representative Signature:	Date:
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**Section 5. Signature of Supervisor, Appropriate Vice President, and Date**

<input type="checkbox"/> Approved <input type="checkbox"/> Denied Supervisor or Organization Advisor's Signature: <i>If denied, state the reason for denial (use additional sheet if necessary):</i>	Date:
<input type="checkbox"/> Approved <input type="checkbox"/> Denied Vice President's Signature: <i>If denied, state the reason for denial (use additional sheet if necessary):</i>	Date:

<b>OFFICE USE ONLY</b>
Copy to:
<input type="checkbox"/> Individual or Organization's Representative <input type="checkbox"/> Appropriate Director of Campus Operations <input type="checkbox"/> President's Office

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
MEETING OF December 9, 2014**

**ITEM:** Request for Approval for Additional 30-day Comment Period for SCP-2701, *Reduction in Work Force: Faculty Personnel*

**RECOMMENDED RESOLUTION:** *RESOLVED*, That the Southern West Virginia Community and Technical College Board of Governors grant approval for the distribution of SCP-2701, *Reduction in Work Force: Faculty Personnel*, to Southern's constituents and the Chancellor for Community and Technical College Education for an additional 30-day public comment period.

**STAFF MEMBER:** Samuel Litteral

**BACKGROUND:**

The Finance and Administration Unit was charged with review of SCP-2701, *Reduction in Work Force: Faculty Personnel*. In December 2012 the policy was reviewed and minor modifications were made to reflect correct authority and methods for elimination of faculty positions.

At its February 19, 2013 meeting, the Southern West Virginia Community and Technical College Board of Governors approved advancement of the policy to Southern's constituents and the Chancellor for Community and Technical College Education for the required 30-day public comment period which ended March 27, 2013. Due to the comments received, the staff recommended the Board of Governors grant an additional 30-day comment period to allow sufficient time for review of the policy by all constituents. At its April 16 meeting, the Board approved the request and the policy was advanced for an additional 30-day comment period which ended May 23, 2013.

On May 20, 2013, President Tomblin received a written request from the Faculty Senate Chair to request that SCP-2701, *Reduction in Workforce*, be tabled by the Board of Governors until a solid review of the document could be completed and resubmitted for review and comment. At its June 18, 2013 meeting, the Board of Governors tabled action on SCP-2701 to provide the Faculty Senate an opportunity to work with Human Resources to develop a policy to meet the needs of all constituents.

On September 24, 2014, the Faculty Senate Chair and Interim Director of Human Resources developed a policy they believe meets the need of all constituents. Therefore, the staff recommends the following modified draft policy to the full Board for consideration for approval for advancement to Southern's constituents and the Chancellor for Community and Technical College Education for an additional 30-day public comment period.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
SCP-2701**

**SUBJECT:** Reduction in Work Force Due to Financial Exigency: Faculty Personnel

**REFERENCE:** SCP-2000, Elimination of Faculty Positions Due to Program Reduction or Elimination  
SCP-2218, Evaluation Process for Full-Time Faculty  
SCP-3620, Policy Regarding Program Review  
~~SCP-3650, Program Reduction or Elimination~~  
SCP-5260, Meeting Financial Exigency

**ORIGINATION:** February 17, 2004

**EFFECTIVE:** February 17, 2004

**REVIEWED:** December 2012 and September 24, 2014

### **SECTION 1. PURPOSE**

- 1.1 The purpose of this policy is to establish uniform procedures that will provide a means to address reduction-in-force within the ranks of faculty personnel in response to a Financial Exigency.

### **SECTION 2. SCOPE AND APPLICABILITY**

- 2.1 This policy ~~shall apply~~ applies to all full-time faculty employees whose positions are eliminated under the declaration of Financial Exigency.

### **SECTION 3. DEFINITIONS**

- 3.1 Seniority – Number of full-time years of teaching experience earned at Southern. Excludes adjunct teaching experience and administrative experience regardless of the faculty rank held during administrative assignment.
- 3.2 Credentials – Faculty rank, the faculty member’s current academic degree(s) and its application to the academic program un Faculty rank, the faculty member’s current academic degree(s) and its application to the academic program under consideration, and faculty evaluations. der consideration, and faculty evaluations.

### **SECTION 4. POLICY**

- 4.1 It shall be the policy of the Board of Governors to undertake reductions in the workforce of faculty personnel in a consistent and fair manner. **(The following stricken language has been moved to 6.1)** ~~Following the Prior to a declaration of a Financial Exigency, the president shall undertake program reviews to and consider any other pertinent program data, to determine if elimination of faculty positions under program review will avoid the necessity of a declaration of financial exigency. The President may recommend to the Board of Governors the elimination or reduction of programs deemed appropriate and in the best interest of the College. The primary consideration in any resulting decision to eliminate positions and/or reassignment of affected faculty personnel will be in the interest of the preservation of the quality and effectiveness of the~~

College's programs. Consequently, those faculty members who are deemed to ~~be of key importance to the~~ have the most relevant credentials in accordance to a specific program being eliminated will be retained in preference to other faculty members; ~~whatever their status.~~

## SECTION 5. BACKGROUND OR EXCLUSIONS

5.1 None.

## SECTION 6. GENERAL PROVISIONS

- 6.1 ~~Following the~~ Prior to a declaration of a Financial Exigency, the President in conjunction with the chief academic officer, the chief financial officer, and the academic divisions heads shall undertake program reviews to and consider any other pertinent program data to determine if elimination of faculty positions under program review will avoid the necessity of a declaration of Financial Exigency. After such a review, the President may recommend to the Board of Governors the elimination or reduction of programs deemed appropriate and in the best interest of the College. Any elimination of faculty positions as a result of program review will be made in accordance with SCP-2000, Elimination of Faculty Positions Due to a Program Reduction or Elimination.
- 6.2 Upon declaration of Financial Exigency, any resulting elimination of faculty positions across the organization will be made in accordance with this policy.
- 6.3 ~~Basis for Elimination of Faculty Positions – Recommendations by the President to the Board of Governors concerning the~~ Elimination of any faculty position will be made on the basis of need within each discipline, as defined by the president after consultation with the chief academic officer, the deans the chief financial officer, and department chairs academic division heads.
- 6.4 ~~Elimination of Positions With Equal Rank in Same Discipline – In the event all other factors are considered to be equal and a choice must be made concerning the elimination of the position of one of two or more faculty members holding the same rank and teaching the same discipline, the faculty member with the greater seniority and credentials will be retained. Also, in the event of a conflict between rank and seniority, such as when an assistant professor has substantially more seniority than his or her equally qualified counterpart who is an associate professor, the department chair, dean and the chief academic officer will jointly review the annual evaluations of both faculty members for the previous three years, as well as any other relevant data, and make a recommendation to the president concerning which of the positions better serves the vital interests of the College.~~
- 6.5 ~~Order of Elimination of Faculty Positions – Non-tenured faculty members, within the discipline to be reduced, will be terminated prior to the termination of the employment of tenured faculty members. Employment terminations of faculty members will generally follow the order specified below unless there is an identified need to retain faculty members who are deemed to be of key importance~~ have specialized academic experience unique to a particular program:
- 6.5.1 Non-tenured:
    - 6.5.1.1 Adjunct Faculty
    - 6.5.1.2 Lecturer and Temporary Faculty
    - 6.5.1.3 Instructor
    - 6.5.1.4 Assistant Professor
    - 6.5.1.5 Associate Professor
    - 6.5.1.6 Professor

- 6.5.2 Tenured:
  - 6.5.2.1 Assistant Professor
  - 6.5.2.2 Associate Professor
  - 6.5.2.3 Professor

6.6 President's Authority Recommendation – In addition to ~~recommendations~~ position eliminations made in response to a Financial Exigency, the President ~~may recommend the termination of~~ terminate the employment of faculty members with recommendation of the chief academic officer, the chief financial officer, the academic division heads, and to the Board of Governors at any time for reason of lack of funds, lack of work, reduction in enrollment or abolition of position. ~~Recommendations of the President to the Board of governors relative to~~ The termination of the employment of faculty members shall not be made until affected faculty members have been afforded a hearing as provided herein.

6.7 Notice and Hearing For Tenured Faculty Members – The President shall provide written notice to any full-time tenured faculty member of the intent to recommend termination of employment based upon a reduction-in-force. The notice shall contain a description of the reasons for the intended recommendation. The President must make every effort to give as much notice as is practical in light of the financial exigency to each affected faculty member in advance of the effective date of the layoff. Yet, the legislative appropriation process and the subsequent analysis needed before the Board of Governors declares a Financial Exigency and receives, considers, and approves implementing programs may allow little time for formal notice to the employees who are to be laid off. Upon receipt of such notice, the affected faculty member may request a hearing to be conducted by the President or his or her designee. A request for a hearing must be made within ~~five (5) calendar~~ eight (8) calendar (working) days of a notice of recommended termination. Among the issues to be considered by the President or designee are:

- 6.7.1 Adherence to the policy relating to Financial Exigency.
- 6.7.2 Material deviations from procedural requirements, if any, by the institution or the faculty member.
- 6.7.3 Actions that may be perceived to violated the principles of academic freedom or ~~that violated~~ established discrimination law related to race, national origin, religion, age, disability, veteran's status, ethnicity, color, marital status, sexual, or gender orientation in the dismissal of a faculty member.
- 6.7.4 The burden of proof in termination proceedings rests with the faculty member. The Board's declaration of Financial Exigency is judgmental or discretionary and is not subject to contest by any faculty member.
- 6.7.5 The hearing ~~shall~~ may be recorded ~~by mechanical means at the request of either party.~~ However, the strict rules of evidence shall not be applied.
- 6.7.6 Following the hearing, the President or designee, shall prepare a written decision upon any matters raised by a faculty member who has requested a hearing. The decision shall contain a description of the concerns raised by the faculty member and a response thereto. ~~A copy~~ Copies of the decision shall ~~accompany any subsequent recommendation made by the President to the Board of Governors~~ be provided to the affected employee and kept in human resources in a separate file.
- 6.7.7 Use of the appeal procedure does not delay the effective date of employment termination.

6.8 ~~Non-Tenured~~ Term Faculty Members – ~~In most instances~~ Under normal circumstances, a reduction-in-force of faculty members under ~~fixed~~ term appointments will be accomplished by non-reappointment rather than

by layoff during the term of employment. Non-renewal under these circumstances does not entitle a faculty member to ~~notice and a hearing~~ under the terms of this policy. However, in the event a faculty member serving under a fixed-term appointment is recommended for employment termination during the prior to the expiration of the current term of employment because of a reduction-in-force under a Financial Exigency, that faculty member shall be entitled to use the appeal procedure described herein in paragraph E. College administration must make every effort to give as much notice as is practical in light of the Financial Exigency to each affected faculty member in advance of the effective date of the termination. The affected faculty member shall be provided with a copy of the instructions and form for filing an appeal with the West Virginia Public Employees Grievance Board.

- 6.9 ~~Action by the Board of Governors: Upon receipt of a recommendation by the President, the Board of Governors may terminate the employment of a faculty member. No separate hearing shall be afforded to affected faculty members by the Board of Governors. The affected faculty member shall be provided with written notice of the action taken by the Board of Governors and shall also be provided with a copy of the instructions and form for filing an appeal with the West Virginia Public Employees Grievance Board.~~
- 6.10 Refusal of Transfer – If the employment of ~~an instructor~~ a faculty member whose position is deemed vital to a particular campus (as determined ~~within the sole discretion of the President herein~~) is terminated on the basis of rank, his or her position will be offered to the ~~instructor~~ faculty member with the greatest seniority and credentials within the relevant discipline from another campus. Reasonable effort should be made to allow the faculty member offered the position the opportunity to remain on their current campus. This includes offering the faculty member online classes, classes over ICR, and/or any other means deemed appropriate. Should that ~~instructor~~ faculty member decline to accept the vacant position, and no other qualified ~~instructor~~ faculty member from the other campuses will volunteer to accept the position, the employment of the ~~instructor~~ faculty member with the least seniority and credentials refusing the transfer will be terminated and the position deemed vital to a particular campus will be posted as a vacancy.
- 6.11 New Faculty Positions – New positions will not be created while a Financial Exigency is in effect unless a serious disruption in the functioning of the College would otherwise result, ~~as determined within the sole discretion of the President.~~ New academic programs or faculty positions may be created only when it can be demonstrated that these programs or positions will help the College extricate itself from Financial Exigency. Priority for filling these positions will be given to existing, qualified faculty members or those faculty that have been terminated due to Financial Exigency.
- 6.12 Re-employment Following Exigency-based Termination – Notwithstanding any other recall rights contained in the policy, in the case of the termination of the employment of a tenured faculty member occupying a permanent faculty position, the position concerned may not be filled by replacement within a period of two years from the effective date of the termination of employment unless the faculty member has been offered a return to employment in that position and has not accepted the offer within 30 calendar days after the offer is extended.
- 6.13 Termination of Exigency – The termination of a Financial Exigency will not imply that employment terminations ~~that were~~ made during a period of declared Financial Exigency are automatically withdrawn or otherwise invalid.
- 6.14 Process for Re-employment of Affected Personnel – The following process shall be observed for determination of recall and reassignment of affected faculty members following the termination of a Financial Exigency:
- 6.14.1 When filling academic positions, the highest ranking qualified tenured faculty member whose employment has been terminated as part of a Financial Exigency reduction-in-force ~~(and who had~~



~~not been employed in an academic position elsewhere~~) shall be offered the position.

- 6.14.2 If the position is refused, it shall be offered to other similarly affected faculty members in rank order.
- 6.14.3 Any refusal of employment by a faculty member shall extinguish any further rights to recall. However, a refusal to accept a position shall not preclude a faculty member from making application for other posted position openings.

6.14.4 The Office of Human Resources shall notify faculty members whose employment has been terminated of position openings in accordance with the terms of this policy. The notice shall be sent by certified mail to the last known address of the employee. It is the responsibility of the employee on the recall list to notify the Office of Human Resources of any change in address in order to retain recall status.

6.15 Assumption of Responsibilities – The duties of a faculty member terminated under the provisions of this policy will be assumed by his/her remaining colleagues in so far as is feasible. A terminated faculty member’s duties will in no circumstances be assumed by adjunct ~~instructors~~ faculty. Priority should always be to re-hire affected faculty members for adjunct positions before posting the associated adjunct position externally. Additionally, as soon as a full-time faculty position becomes available or an eliminated program has been re-established, affected faculty members should be offered full-time re-employment under the guidelines of this policy.

6.16 Rights of Returning Tenured Faculty Members – A tenured faculty member who has been terminated and who accepts re-employment with the College under the terms of this policy will resume tenure and the rank held at the time of employment termination, be paid a salary commensurate with the rank and length of previous service, be credited with any sick leave accrued as of the date of employment termination, and be credited with any annual leave accrued as of the date of employment termination for which payment has not been made. Additionally, the affected faculty member that is rehired will not lose earned credit for years of service in relation to faculty promotions.

6.17 Rights of Returning Term Faculty Members – A term faculty member who has been terminated and who accepts full-time faculty re-employment with the College under the terms of this policy will assume their rank held at the time of employment termination and be paid a salary equal to their previous employment with the College or a salary commensurate with their rank as it would be offered at the current level should the job be posted externally. Additionally, the affected faculty member that is rehired will not lose earned credit for years of service in relation to faculty promotions.

## **SECTION 7. RESPONSIBILITIES ~~AND PROCEDURES~~**

7.1 The President ~~and~~ with advice and assistance of the chief academic officer, the chief financial officer, and the academic division heads shall have primary responsibility ~~for making recommendations to the Board of Governors~~ regarding elimination of faculty positions.

7.2 The Office of Human Resources shall have primary responsibility for the implementation of the provisions of this policy.

## **SECTION 8. CANCELLATION**

8.1 None.

## **SECTION 9. REVIEW STATEMENT**

9.1 This policy shall be reviewed on a ~~three-year cycle by the President or the President's designee. Upon such review, the President or President's designee may recommend to the Board that the policy be amended or repealed.~~ SCP-2701 is scheduled for review during the 2010-2011 academic year regular basis with a time frame for review to be determined by the President or the President's designee. Upon such review, the President or President's designee may recommend to the Board that the policy be amended or repealed.

**SECTION 10. SIGNATURES**

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**Board of Governors Chair                      Date**

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**President    Date**

**Attachments:**        None.

**Distribution:**        Board of Governors (12 members)  
                               Office of the President  
 \_\_\_\_\_ ~~Office of the Executive Vice President~~  
 \_\_\_\_\_ ~~Office of the Vice President for Academic Affairs~~  
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**Revision Notes:**    October 2007 – Revisions reflect no substantial changes in procedure or documentation requirements. Changes were made in titles to reflect current organizational structure and renaming by the Legislature of the West Virginia State and Education Employees Grievance Board.

December 2012 – Revisions reflect a change in the policy review cycle. Policy was reformatted into the new policy format. Minor modifications were made to reflect correct authority and methods for elimination of faculty positions.

September 2014 – Modifications made to reflect correct authority and methods for elimination of faculty positions.