



*Southern*  
West Virginia  
Community and Technical College

***Board of Governors***

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**Agenda Book  
February 21, 2017**

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**Members**

Wilma J. Zigmond, Chair  
Glenn T. Yost, Vice Chair  
F. Raamie Barker  
Kevin Hill  
Jada C. Hunter  
Latisha Marcum

Howard E. Seufer, Jr.  
Kevin G. Zachary  
Shane K. Blackburn  
Russell F. Saunders  
Virginia L. Stepp

Robert E. Gunter, Ed.D  
President

**Southern West Virginia Community and Technical College  
Board of Governors  
Meeting of February 21, 2017  
6:00 p.m.  
2900 Dempsey Branch Road, Room 428, Building C  
Mount Gay, West Virginia and by Teleconference**

**AGENDA**

1. Verification of Quorum and Call to Order . . . . . Mr. Glenn T. Yost  
Board of Governors Vice Chair
2. Introduction of New Board Member . . . . . Vice Chair Yost
3. Oath of Office . . . . . Mr. Samuel Litteral  
Notary and Vice President for Finance and Administration
4. Call for Public Comments to the Board of Governors . . . . . Vice Chair Yost
5. Annual Faculty Senate Presentation . . . . . Ms. Susan Baldwin  
Chair, Faculty Senate
6. President’s Report . . . . . President Gunter
7. Financial Report . . . . . Mr. Samuel Litteral  
Vice President for Finance and Administration
8. Financial Audit Presentation . . . . . Suttle & Stalnaker, PLLC
9. Board of Governors Tuition Ad Hoc Committee Proposal . . . . . Mr. Kevin Zachary  
Committee Representative
10. Action Items
  - 10.1 Request for Approval of Audited Financial Report . . . . . 91
  - 10.2 Request for Approval of 2017-2018 Tuition Proposal . . . . . 92
  - 10.3 Request for Approval of December 13, 2016 Board Minutes . . . . . 93
  - 10.4 Request for Approval of Transcript Fee . . . . . 106
  - 10.5 Request for Final Approval of Proposed Institutional Policies
    - 10.5.1 SCP-1735, *Solicitation Policy* . . . . . 107
    - 10.5.2 SCP-2375, *Home Campus Assignment and Campus Requirements  
for Faculty* . . . . . 112
    - 10.5.3 SCP-2875, *Workload Requirements for Full-time Faculty* . . . . . 115
  - 10.6 Request for Approval to Release for 30-day Public Comment Period
    - 10.6.1 SCP-2250, *Hiring Adjunct Faculty* . . . . . 120
    - 10.6.2 SCP-4710, *Academic Integrity* . . . . . 125
11. Possible Executive Session . . . . . Vice Chair Yost  
Pursuant to §6-9A-4(b)2A of the West Virginia Code that the Board shall enter into Executive  
Session to discuss personnel and personnel matters, which if discussed in public might adversely  
affect the reputation of any person.
12. Adjournment . . . . . Vice Chair Yost

**Southern West Virginia Community and Technical College**

<b>Committee</b>	<b>President's Activities Report</b>		<b>Date</b>	<b>February 21, 2017</b>
<b>Facilitator</b>	Dr. Bob Gunter		<b>Time</b>	6:00 PM
<b>Location</b>	Southern West Virginia Community & Technical College			
<b>President's Activities</b>				
<b>Ck</b>	<b>Date</b>	<b>Activities</b>	<b>How Participated</b>	
		<b>Staff Meetings</b>		
	December 14, 2016	Classified Staff Council Quarterly Meeting	Presented	
	January 9, 2017	Vice President Meetings	Presided	
	January 10, 2017	President's Cabinet Meeting	Presided	
	January 23, 2017	Budget Committee Meeting	Attended	
	January 23, 2017	Spring 2017 High School Visits Update Meeting	Attended	
	February 6, 2017	Vice President Meetings	Presided	
	February 14, 2017	President's Cabinet Meeting	Presided	
	February 15, 2017	Classified Staff Counsel Quarterly Meeting	Presented	

Key Points Discussed and Action Items			
Ck	Date	Activities	How Participated
		<b>Chamber of Commerce/Consortium Meetings</b>	
	January 10, 2017	Logan Chamber of Commerce Meeting	Attended
	February 1, 2017	Southern Mountains Consortium Meeting	Presided
	February 8, 2017	Tug Valley Chamber of Commerce	Attended
	February 14, 2017	Logan Chamber of Commerce Meeting	Attended
		<b>Campus Visits</b>	
	January 19, 2017	Williamson Campus – Physical Science Laboratory	Visit
	February 1, 2017	Boone Campus	Visit
	February 8, 2017	Williamson Campus – Mechatronics	Visit
		<b>Individuals Meet/Greet</b>	
	January 11, 2017	Dr. Carl Hadsell Conference Call	Participated
X	January 12, 2017	Dr. Casey Sacks, NEW Vice Chancellor for WV CTCS	Attended
	January 17, 2017	Nicole Stanley – WIN Learning	Participated
	January 18, 2017	Mr. Kevin Zachary – Logan Recreation Center Board Nomination	Attended

Key Points Discussed and Action Items			
Ck	Date	Activities	How Participated
		<b>Other</b>	
X	December 15, 2016	Governor-Elect Justice's Transition Policy Committee Team Meeting on Higher Education	Attended
	January 12, 2017	American Cancer Society Tobacco-Free Generation Grant Mtg.	Presided
	January 12, 2017	Students First Initial Team Meeting	Presided
X	January 19, 2017	University of Pikeville – College of Optometry MOU Signing	Attended
	January 23, 2017	Board of Governors Tuition and Fees Ad Hoc Committee Meeting	Attended
X	January 24 – 29, 2017	AACC WDI Conference, Newport Beach, CA	Attended
X	January 31, 2017	Associate VPAA Interviews	Participated
	February 7, 2017	Board of Governors Agenda Meeting – Conference Call	Participated
	February 16, 2017	Chapmanville Regional High School – Marketing Tour	Participated
	February 16, 2017	Welcome to Logan Middle School Students – Campus Tour	Participated
	February 19, 2017	Annual Black History Month/Harmony 365 Candlelight Vigil	Participated
	February 21, 2017	Ellucian Discussion	Participated
		<b>Grants Activity</b>	
	January 30, 2017	Program of Study Grant – Mini-workshop Discussion	Attended
X	February 17, 2017	NACCE ARC POWER Grant Project Meeting – BridgeValley CTC	Attended
		<b>Informational Items/Planned Activities</b>	
X		Ruth Ryan Lemmon, President of WV Automotive & Truck Drivers Association – Commencement Speaker	
X		HLC Visit to approve new instructional “sites” – April <ul style="list-style-type: none"> <li>• Unilin</li> <li>• Running Right Way</li> </ul>	
X		University of Pikeville Doctor of Optometry Agreement	

X		<p>Scholarship Activities</p> <ul style="list-style-type: none"> <li>• Southern Harvest Half Marathon &amp; 5K – November 2017</li> <li>• Chief Logan Mountain Marathon</li> <li>• Gilbert Marathon</li> <li>• Carrie Anne Scott Memorial Scholarship Kayak Float – June 10, 2017</li> <li>• Southern Telethon –fall 2017</li> </ul>	
X		<p>New AVPAA – Carol Howerton</p> <ul style="list-style-type: none"> <li>• Institutional Research</li> <li>• Online Course/Program Expansion</li> <li>• Grants “General”</li> </ul>	
X		<p>Students First! Assessment Surveys</p> <ul style="list-style-type: none"> <li>• Faculty/Staff due by February 17, 2017</li> <li>• Student classroom surveys (10 Logan Campus classrooms on February 16, 2017</li> <li>• Online version to all other campuses</li> </ul>	

**SOUTHERN WEST VIRGINIA  
COMMUNITY AND TECHNICAL COLLEGE**

**REPORT TO THE GOVERNING BOARD**

**JANUARY 4, 2017**

January 4, 2017

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, 2016. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for SWVCTC's financial reporting processes.

This report is intended solely for the information and use of management of 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 SWVCTC.



Suttle & Stalnaker, PLLC  
Charleston, West Virginia

## Contents

	Page
Required Communications	4 - 6
Summary of Accounting Estimates	7
Summary of Recorded Audit Adjustments	8 - 9
Summary of Uncorrected Misstatements	10
Certain Written Communications Between Management and Our Firm	11
Management Comment Letter	
Engagement Letter	
Management Representations Letter	

## 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, 2016 and have issued our report thereon dated January 4, 2017. 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 1, 2016.</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. SWVCTC implemented GASB Statement No. 72 <i>Fair Value Measurement and Application</i>, GASB Statement No. 73 , <i>Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68</i>, GASB Statement No. 76 <i>The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments</i>, GASB Statement No. 78, <i>Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans</i>, GASB Statement No. 79 <i>Certain External Investment Pools and Pool Participants</i>, and GASB Statement No. 82 <i>Pension Issues— an amendment of GASB Statements No. 67, No. 68, and No. 73</i>, during 2016, none of which had a material impact on the financial statements. The application of existing policies has not changed during the year ended June 30, 2016. 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
	<p><b>Management’s Judgments and Accounting Estimates</b></p> <p>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><b>Financial Statement Disclosures</b></p> <p>The financial statement disclosures are neutral, consistent and clear.</p>
<p><b>Difficulties Encountered in Performing the Audit</b></p>	<p>We encountered no significant difficulties in dealing with management in performing and completing our audit.</p>
<p><b>Corrected and Uncorrected Misstatements</b></p>	<p>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>
<p><b>Disagreements with Management</b></p>	<p>For purposes of this letter, a disagreement with management is 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>
<p><b>Management Representations</b></p>	<p>We have requested certain representations from management that are included in the management representation letter dated January 4, 2017.</p>
<p><b>Management Consultations with Other Independent Accountants</b></p>	<p>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.</p>

Area	Comments
<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, the Schedule of Proportionate Share of the Net Pension Liability, and the Schedule of Contributions which are required supplementary information (RSI) that supplement 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.

**Southern West Virginia Community and Technical College**  
**Summary of Accounting Estimates**  
**Year Ended June 30, 2016**

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, 2016 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>Net pension obligation</b>	Estimated	Based upon third party report 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, 2016**

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 # 1</b>			
To adjust accrued liabilities to actual at year-end.			
240100-0000-4680	Accrued Liabilities	189,061.00	
79H129-60-4680	Computer Services Internal		24,467.00
79H130-60-4680	Computer Services External		164,594.00
<b>Total</b>		<b>189,061.00</b>	<b>189,061.00</b>
<b>Adjusting Journal Entries JE # 2</b>			
To record SWVCTC portion of net pension expense.			
290200-0000-1750	Net Pension Liability	16,771.00	
62H113-60-380	Pension and Retirement		16,771.00
<b>Total</b>		<b>16,771.00</b>	<b>16,771.00</b>
<b>Adjusting Journal Entries JE # 3</b>			
To record the change in deferred inflows related to net pension liability.			
290200-0000-1750	Net Pension Liability	44,841.00	
290300-0000-1750	Deferred Inflows - STRS		44,841.00
<b>Total</b>		<b>44,841.00</b>	<b>44,841.00</b>
<b>Adjusting Journal Entries JE # 4</b>			
To record the change in deferred outflows related to net pension liability.			
970100-0000-1751	Deferred Outflows - Pension	42,279.00	
290200-0000-1750	Net Pension Liability		42,279.00
<b>Total</b>		<b>42,279.00</b>	<b>42,279.00</b>
<b>Adjusting Journal Entries JE # 5</b>			
To record employer contributions during the year ended 6/30/2016.			
970100-0000-1750	Deferred Outflows - Current Contributions	72,057.00	
62H113-60-380	Pension and Retirement		72,057.00
<b>Total</b>		<b>72,057.00</b>	<b>72,057.00</b>
<b>Adjusting Journal Entries JE # 6</b>			
To reverse PY entry for employer contributions during the year ended 6/30/2015 and apply them against the net pension liability.			
290200-0000-1750	Net Pension Liability	105,960.00	
62H113-60-380	Pension and Retirement		7,757.00
970100-0000-1750	Deferred Outflows - Current Contributions		98,203.00
<b>Total</b>		<b>105,960.00</b>	<b>105,960.00</b>

**Southern West Virginia Community and Technical College  
 Summary of Recorded Audit Adjustments  
 Year Ended June 30, 2016**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
<b>Adjusting Journal Entries JE # 8</b>			
To record allocation of pension expense for unfunded liability related to the special funding situation.			
62H113-60-380	Pension and Retirement	121,171.00	
580100-60-1750	Payments on Behalf- STRS		121,171.00
<b>Total</b>		<b>121,171.00</b>	<b>121,171.00</b>

**Southern West Virginia Community and Technical College**  
**Summary of Uncorrected Misstatements**  
**Year Ended June 30, 2016**

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>
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There were no uncorrected misstatements identified during the course of our audit.

## **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 Southern West Virginia Community and Technical College (SWVCTC) as of and for the year ended June 30, 2016, 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 communicated to you about SWVCTC's internal control in our letter dated January 4, 2017. This letter does not affect our report dated January 4, 2017, 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.

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

Currently, both manual and computerized records are maintained for capital assets as a decision about which capital 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 SWVCTC has been waiting until the grants allow the funds to be returned or instruct SWVCTC 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.

\* \* \* \* \*

This communication is intended solely for the information and use of management of 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  
January 4, 2017

## **ENGAGEMENT LETTER**



CERTIFIED PUBLIC ACCOUNTANTS

June 1, 2016

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, 2016. 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 #17-001 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, which collectively comprise the basic financial statements of the College as of and for the year ended June 30, 2016. 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
- 2) Schedule of Proportionate Share of Net Pension Liability
- 3) Schedule of Contributions

#### **Audit Objectives**

The objective of our audit is the expression of an opinion 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 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 Virginia Center • 1411 Virginia Street, East • Suite 100 • Charleston, WV 25301

Phone (304)-343-4126 or 1-(800)-788-3844 • Fax (304)-343-8008

Towne Square • 201 Third Street • PO Box 149 • Parkersburg, WV 26102

Phone (304)-485-6584 • Fax (304)-485-0971

www.suttlecpas.com • E-mail: cpa@suttlecpas.com

A Professional Limited Liability Company

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, 2016. 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, 2016. 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 the 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.

#### **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, fraudulent financial reporting, or misappropriation of assets that comes 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 government 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*.

#### **Management Responsibilities**

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 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 and all accompanying information 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 College 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 College received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the College 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, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. 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 to the extent permitted by law or regulation; (2) communications between the component auditor, 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 related to financial reporting matters; (4) access to component information, those charged with governance of the component, component management, and the component auditor (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.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of 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.

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, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

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. 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.

## **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 expect to begin our audit during June 2016 and to issue our reports no later than October 31, 2016. Chris Deweese is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

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 fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit.

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 2014 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 & Stalnaker, PLLC

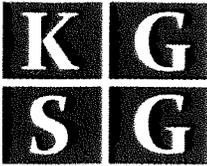
RESPONSE: This letter correctly sets forth the understanding of Southern West Virginia Community and Technical College.

By: 

Title: VP for Finance and Administration

Date: 06/14/16

cc: Dr. Robert Gunter, President  
Thomas A. Heywood, Chair



## SYSTEM REVIEW REPORT

To the Members of Suttle & Stalnaker, PLLC  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Suttle & Stalnaker, PLLC (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2014. 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. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. 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 applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2014, 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*.

Ashland, Kentucky  
November 14, 2014

## **MANAGEMENT REPRESENTATIONS LETTER**



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## Southern West Virginia Community and Technical College

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January 4, 2017

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 and the discretely presented component unit as of June 30, 2016 and 2015, 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 January 4, 2017 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 1, 2016, 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 and all component units 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

[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  
Hamlin, WV 25523  
Phone: 304-824-2326  
Fax: 304-824-2339

#### WYOMING/McDOWELL CAMPUS

128 College Drive  
Saulsboro, WV 25886  
Phone: 304-294-8346  
Fax: 304-294-8534

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 you have proposed, and they have been posted to the accounts.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the College is contingently liable, if any, have been properly recorded or disclosed.
11. 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.
12. 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.
13. We do not plan to make frequent amendments to our pension or other postretirement benefit plans.

#### **Information Provided**

14. 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 College 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.
15. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

16. 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.
17. We have no knowledge of any fraud or suspected fraud that affects the College 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.
18. We have no knowledge of any allegations of fraud or suspected fraud affecting the College's financial statements communicated by employees, former employees, regulators, or others.
19. 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.
20. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
21. We have disclosed to you the identity of the College's related parties and all the related party relationships and transactions of which we are aware.
22. 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.
23. 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,

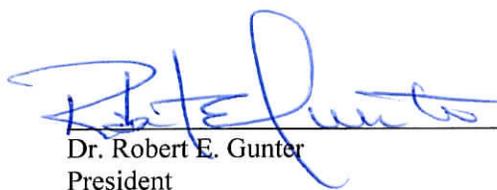
- a. To reduce receivables to their estimated net collectable amounts.
- b. To reduce obsolete, damaged, or excess inventories to their estimated net realizable values.
- c. To reduce investments, intangibles, and other assets which have permanently declined in value to their realizable values.
- d. 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**

- 24. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 25. We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us, if any.
- 26. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 27. 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.
- 28. 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.
- 29. 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.
- 30. 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.

31. 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.
32. 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.
33. 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.
34. 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.
35. 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, if any.
36. The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
37. 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.
38. Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
39. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
40. Provisions for uncollectible receivables have been properly identified and recorded.
41. Expenses have been appropriately classified in or allocated to functions and programs in the statement of revenues, expenses, and changes in net position, and allocations have been made on a reasonable basis.
42. Revenues are appropriately classified in the statement of revenues, expenses, and changes in net position within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
43. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
44. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

45. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
46. 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.
47. 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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Dr. Robert E. Gunter  
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, 2016 and 2015

and

Independent Auditor's Reports

**SOUTHERN WEST VIRGINIA  
COMMUNITY AND TECHNICAL COLLEGE**

**TABLE OF CONTENTS**

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	<b>Page</b>
INDEPENDENT AUDITOR’S REPORT	3 - 4
MANAGEMENT’S DISCUSSION AND ANALYSIS (RSI) (UNAUDITED)	5 - 12
FINANCIAL STATEMENTS	
Statements of Net Position	13
Statements of Revenues, Expenses and Changes in Net Position	14
Statements of Cash Flows	15
Component Unit - Statements of Financial Position	16
Component Unit - Statements of Activities	17 - 18
Notes to Financial Statements	19 - 50
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Proportionate Share of the Net Pension Liability	51
Schedule of Contributions	52
Note to Required Supplementary Information	53
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 <i>GOVERNMENT AUDITING STANDARDS</i>	54 - 55

## 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, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

#### ***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 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. 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. The financial statements of the Southern West Virginia Community and Technical College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*. 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 reports 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 discretely presented component unit of the College as of June 30, 2016 and 2015, 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, the schedule of proportionate share of the net pension liability and schedule of contributions, and related footnote on pages 51 through 53 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 January 4, 2017, 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  
January 4, 2017

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2016**

5

**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, 2016 and June 30, 2015. 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, 2016**

6

**Condensed Schedules of Net Position  
June 30**

(in thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Assets and deferred outflows			
Current assets	\$ 9,449	\$ 8,355	\$ 8,522
Other noncurrent assets	212	247	126
Capital assets, net	<u>30,134</u>	<u>30,726</u>	<u>30,058</u>
Total assets	<u>39,795</u>	<u>39,328</u>	<u>38,706</u>
Deferred outflows of resources	<u>72</u>	<u>98</u>	<u>-</u>
Total	<u>\$ 39,867</u>	<u>\$ 39,426</u>	<u>\$ 38,706</u>
Liabilities, deferred inflows and net position			
Current liabilities	\$ 3,875	\$ 3,777	\$ 4,214
Noncurrent liabilities	<u>5,372</u>	<u>5,225</u>	<u>4,138</u>
Total liabilities	<u>9,247</u>	<u>9,002</u>	<u>8,352</u>
Deferred inflows of resources	<u>312</u>	<u>309</u>	<u>-</u>
Net position			
Net investment in capital assets	30,134	30,726	30,051
Unrestricted (deficit) net position	<u>174</u>	<u>(611)</u>	<u>303</u>
Total net position	<u>30,308</u>	<u>30,115</u>	<u>30,354</u>
Total	<u>\$ 39,867</u>	<u>\$ 39,426</u>	<u>\$ 38,706</u>

Total net position of the College increased by \$193 thousand from June 30, 2015 to June 30, 2016. Total net position decreased by \$239 thousand from June 30, 2014 to June 30, 2015. These changes are related to a number of changes as described below:

- The total net position increased in 2016 mainly due to an increase in cash relating to an increase in both tuition and fees and contracts and grants revenue.
- The current ratio for fiscal years 2016 and 2015 is 2.44 and 2.21, 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, 2016**

**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>2016</u>	<u>2015</u>	<u>2014</u>
Operating revenues	\$ 7,384	\$ 7,038	\$ 6,349
Operating expenses	<u>19,925</u>	<u>19,836</u>	<u>19,854</u>
Operating loss	(12,541)	(12,798)	(13,505)
Non-operating revenues	12,528	12,706	12,893
Capital payments on behalf	85	917	394
Other payments on behalf	<u>121</u>	<u>117</u>	<u>-</u>
Increase (decrease) in net position	<u>193</u>	<u>942</u>	<u>(218)</u>
Net position - beginning of year	30,115	30,354	30,572
Net effect of change in accounting policy	<u>-</u>	<u>(1,181)</u>	<u>-</u>
Net position - beginning of year (restated)	<u>30,115</u>	<u>29,173</u>	<u>30,572</u>
Net position - end of year	<u>\$ 30,308</u>	<u>\$ 30,115</u>	<u>\$ 30,354</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 2016 tuition and fees contributed approximately 13% of the total operating revenues. In fiscal year 2015, tuition and fees accounted for approximately 11% of total operating revenues. The percentage increase in the tuition and fee percentage is due to an increase in the tuition and fee rate.
- For fiscal year 2016 grant and contract revenues increased by \$90 thousand for a 2% increase. The increase was due to additional funding from Federal and State grant awards and contracts in fiscal year 2016. As a percentage of operating revenue, grant and contract revenue accounted for 81% in fiscal year 2016 and 84% in 2015.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

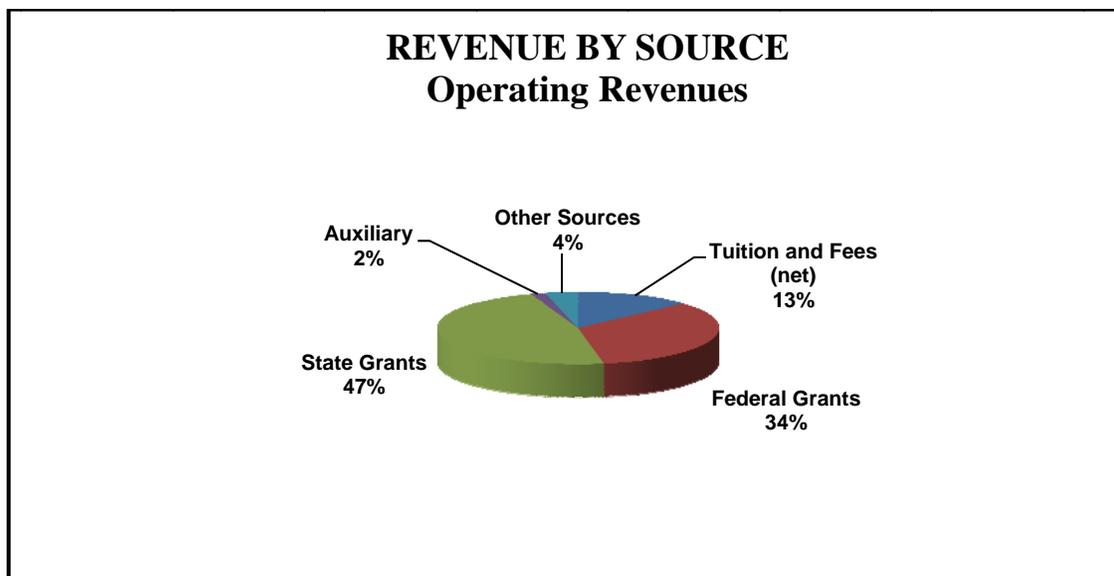
- In fiscal year 2016 other operating revenues increased by \$19 thousand mainly due to an increase of mining class revenue.

***Operating Expenses***

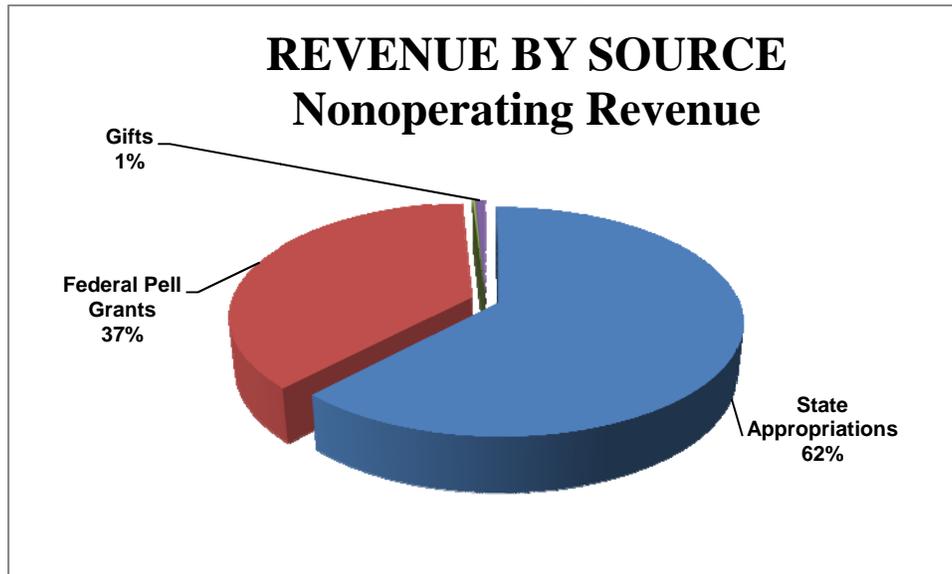
- The total cost of scholarships increased by \$395 thousand for fiscal year 2016 as compared to fiscal year 2015.
- In fiscal year 2016 salaries and wages, and benefits decreased by \$101 thousand or approximately 1%. The decrease was a result of not filling vacant positions.

***Non-operating Revenues***

- For fiscal year 2016 Federal Pell grant revenues increased by \$403 thousand or approximately 9%. This increase was a result of more students being eligible for aid than in fiscal year 2015.
- In fiscal year 2016 State appropriations decreased by \$446 thousand or 5% due to continued cuts at the State level.
- In fiscal year 2016 capital payments on behalf decreased by \$832 thousand or 91% due to the final payment in fiscal year 2015 on the Williamson Tech Building.



**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

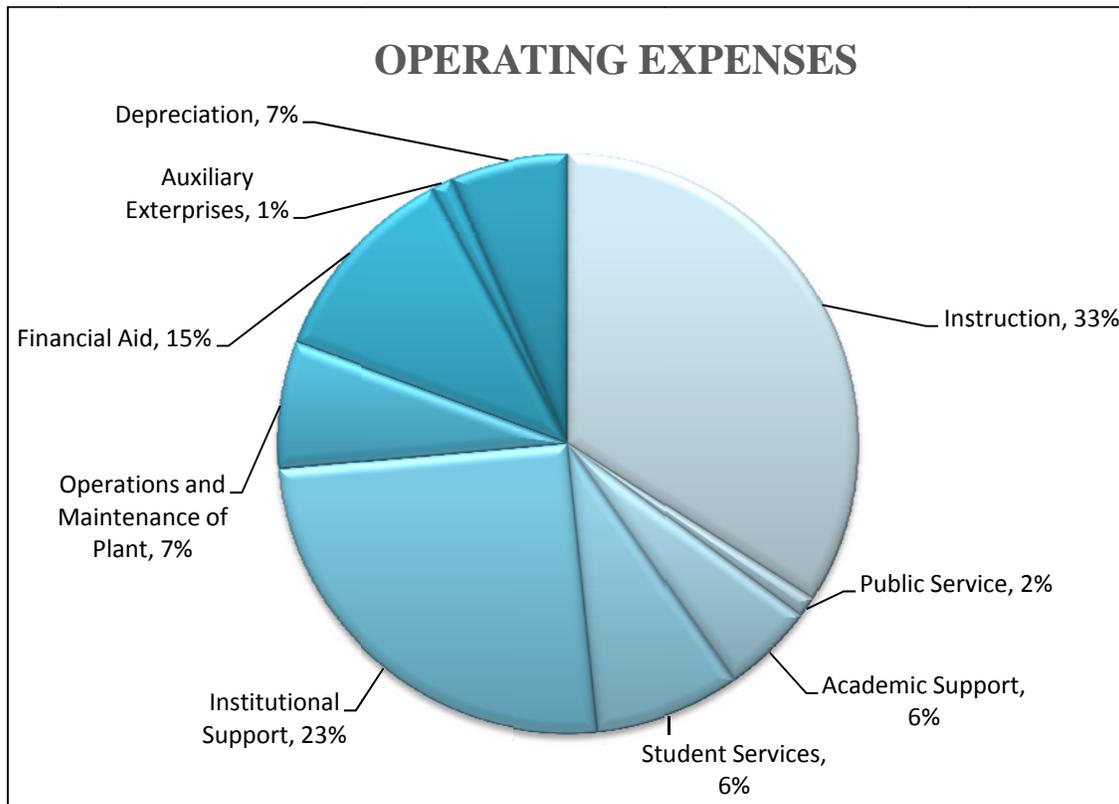


**Operating Expenses  
Years Ended June 30,  
(in thousands)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>(2015 to 2016) Increase (Decrease)</u>	<u>(2015 to 2016) Percent Change</u>
Operating expense					
Instruction	\$ 6,534	\$ 6,434	\$ 6,737	\$ 100	1.55%
Academic support	1,141	1,268	1,012	(127)	(10.02)%
Student services	1,134	1,223	1,591	(89)	(7.28)%
Public service	491	475	228	16	3.37%
Operations & maintenance plant	1,490	1,354	1,411	136	10.04%
Institutional support	4,490	4,881	4,993	(391)	(8.01)%
Financial aid	3,092	2,697	2,286	395	14.65%
Auxiliary	112	98	236	14	14.29%
Depreciation	1,378	1,341	1,300	37	2.76%
Other	<u>63</u>	<u>65</u>	<u>60</u>	<u>(2)</u>	<u>(3.08)%</u>
Total	<u>\$ 19,925</u>	<u>\$ 19,836</u>	<u>\$ 19,854</u>	<u>\$ 89</u>	<u>0.45%</u>

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

The following is a graphic illustration of fiscal year 2016 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, 2016**

11

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash provided (used) by:			
Operating activities	\$ (10,754)	\$ (12,118)	\$ (10,568)
Noncapital financing activities	12,675	12,717	12,935
Capital and related financing activities	(870)	(1,079)	(559)
Investing activities	<u>22</u>	<u>9</u>	<u>8</u>
Net change in cash	1,073	(471)	1,816
Cash, beginning of year	<u>7,830</u>	<u>8,301</u>	<u>6,485</u>
Cash, end of year	<u>\$ 8,903</u>	<u>\$ 7,830</u>	<u>\$ 8,301</u>

**Capital Asset and Debt Administration**

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<b>(2015 to 2016) Increase (Decrease)</b>	<b>(2015 to 2016) Percent Change</b>
Capital Assets					
Land and Improvements	\$ 1,563	\$ 1,563	\$ 1,563	\$ -	0%
Construction in Progress	89	917	394	(828)	(90%)
Buildings	39,293	38,376	37,860	917	2%
Equipment	6,843	6,894	5,995	(51)	(1)%
Library Holdings	<u>3,977</u>	<u>3,977</u>	<u>3,958</u>	-	0%
Total	51,765	51,727	49,770	38	0%
Less: Accum Depreciation	<u>(21,631)</u>	<u>(21,001)</u>	<u>(19,712)</u>	(630)	3%
Net Capital Assets	<u>\$ 30,134</u>	<u>\$ 30,726</u>	<u>\$ 30,058</u>	<u>\$ (592)</u>	(2%)

Capital assets net decrease of \$592 thousand was a result of current year additions offset by depreciation and retirements.

Current year additions to capital equipment totaled \$629 thousand and equipment retirements totaled \$681 thousand. Library book additions totaled \$67 thousand and library retirements totaled \$68. Building additions totaled \$917 and construction in progress totaled \$89 thousand for 2016.

At June 30, 2016, the College had no significant outstanding contractual commitments for property, plant and equipment expenditures.

The OPEB liability increased by \$252 thousand in fiscal year 2016 due to changes in PEIA's calculations.

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, 2016**

**Economic Outlook**

The economy of West Virginia, like many other states, has struggled over the past several years. A major factor in this economic downturn is the loss of energy-related jobs, primarily in coal and a slowdown in hiring in the natural gas industry. According to the West Virginia University Bureau of Business and Economic Research (BBER), our state experienced consistent job growth between 2010 and 2012. However, employment has been on the decline since 2012 with a cumulative loss of approximately 8,000 jobs, many of which were directly and indirectly related to the coal industry. This loss of coal jobs is a major economic factor in southern West Virginia.

A second factor influencing the economy of West Virginia is the declining population. Again based on data from BBER, the state's population has declined by nearly 6,000 residents over the past two years (2014-2015) and projections are that West Virginia will lose an additional 23,000 residents over the next 20 years. Among all states, West Virginia now ranks as the second oldest with a median age of 42 years with only 20% of the population age 18 and under. Additional demographic trends for our state show that only 40% of the population (age 25 and over) has a high school diploma but no college credits and an additional 25.4% who have some college but no degree.

Although these are stark realities faced by our state, and more particularly the six-county district served by the College, these challenges are viewed as opportunities by the College. Southern is a major provider of education and retraining for those impacted by layoffs in the coal industry; not only the individual worker but his/her spouse and children. The College continues to provide opportunities for workforce preparation, occupational education and transfer programs to those who have lost jobs and their dependents. New programs in Mechatronics, Electro-mechanical Instrumentation, and Advanced Welding have been developed to attract the adult male population. In addition, through contract training, small business assistance and other economic development-related services, the College continues to serve as a valuable resource for those involved in economic development efforts in our region and throughout the state.

**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, 2016 AND 2015**

13

	<u>2016</u>	<u>2015</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 8,820,251	\$ 7,716,981
Accounts receivable, net of allowance for doubtful accounts	89,187	250,432
Due from the Commission	145,419	111,201
Due from Federal Government	221,698	72,350
Due from other State Agencies	142,410	148,344
Prepaid expenses	1,640	15,547
Inventories	<u>28,878</u>	<u>40,032</u>
Total current assets	<u>9,449,483</u>	<u>8,354,887</u>
<b>NONCURRENT ASSETS:</b>		
Cash and cash equivalents	82,729	113,517
Other accounts receivable	128,321	133,548
Capital assets, net of accumulated depreciation	<u>30,134,273</u>	<u>30,726,189</u>
Total noncurrent assets	<u>30,345,323</u>	<u>30,973,254</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Employer pension contributions	<u>72,057</u>	<u>98,203</u>
Total deferred outflows of resources	<u>72,057</u>	<u>98,203</u>
<b>TOTAL</b>	<u>\$ 39,866,863</u>	<u>\$ 39,426,344</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 82,078	\$ 306,544
Due to the Commission/Council	2,389	-
Due to other State Agencies	190,044	1,156
Due to other governments	290,299	284,901
Accrued liabilities	1,036,819	672,447
Compensated absences - current portion	320,363	301,482
Unearned revenue	<u>1,953,268</u>	<u>2,210,211</u>
Total current liabilities	<u>3,875,260</u>	<u>3,776,741</u>
<b>NONCURRENT LIABILITIES:</b>		
Other postemployment benefit liability	4,464,706	4,212,364
Compensated absences	152,232	132,576
Net pension liability	<u>754,590</u>	<u>879,883</u>
Total noncurrent liabilities	<u>5,371,528</u>	<u>5,224,823</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Net difference between projected and actual earnings on pension plan investments	31,585	116,312
Differences between expected and actual experience	6,480	-
Changes in proportion and differences in pension contributions	<u>273,843</u>	<u>193,034</u>
Total deferred inflows of resources	<u>311,908</u>	<u>309,346</u>
<b>NET POSITION:</b>		
Net investment in capital assets	30,134,273	30,726,189
Unrestricted net position (deficit)	<u>173,894</u>	<u>(610,755)</u>
Total net position	<u>30,308,167</u>	<u>30,115,434</u>
<b>TOTAL</b>	<u>\$ 39,866,863</u>	<u>\$ 39,426,344</u>

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2016 AND 2015**

14

	<u>2016</u>	<u>2015</u>
<b>OPERATING REVENUES:</b>		
Student tuition and fees, net of scholarship allowance of \$4,069,571 and \$3,951,997 for 2016 and 2015, respectively	\$ 984,187	\$ 746,700
Contracts and grants:		
Federal	2,488,732	1,990,961
State	3,505,030	3,912,674
Auxiliary enterprise revenue	121,623	175,560
Miscellaneous, net	<u>284,354</u>	<u>211,844</u>
Total operating revenues	<u>7,383,926</u>	<u>7,037,739</u>
<b>OPERATING EXPENSES:</b>		
Salaries and wages	8,506,432	8,530,786
Benefits	2,508,307	2,584,585
Supplies and other services	3,682,371	3,968,130
Utilities	747,186	701,119
Student financial aid - scholarships and fellowships	3,039,867	2,645,248
Depreciation	1,377,609	1,341,038
Fees assessed by the Commission for operations	<u>63,100</u>	<u>65,048</u>
Total operating expenses	<u>19,924,872</u>	<u>19,835,954</u>
<b>OPERATING LOSS</b>	<u>(12,540,946)</u>	<u>(12,798,215)</u>
<b>NONOPERATING REVENUES:</b>		
State appropriations	7,875,767	8,321,687
Gifts	95,250	94,000
Investment income	22,361	9,131
Federal Pell grants	4,703,801	4,301,147
Other nonoperating revenues (expenses)	<u>(169,876)</u>	<u>(20,300)</u>
Total nonoperating revenues	<u>12,527,303</u>	<u>12,705,665</u>
<b>DECREASE IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES</b>	(13,643)	(92,550)
<b>CAPITAL PAYMENTS MADE AND EXPENSES INCURRED ON BEHALF OF THE COLLEGE</b>	85,205	917,323
<b>PAYMENTS MADE AND EXPENSES INCURRED BY THE STATE ON BEHALF OF THE COLLEGE</b>	<u>121,171</u>	<u>117,462</u>
<b>INCREASE IN NET POSITION</b>	<u>192,733</u>	<u>942,235</u>
<b>NET POSITION - Beginning of year</b>	30,115,434	30,353,976
<b>NET EFFECT OF CHANGE IN ACCOUNTING POLICY</b>	<u>-</u>	<u>(1,180,777)</u>
<b>NET POSITION - Beginning of year (restated)</b>	<u>30,115,434</u>	<u>29,173,199</u>
<b>NET POSITION - End of year</b>	<u>\$ 30,308,167</u>	<u>\$ 30,115,434</u>

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from student tuition and fees	\$ 980,189	\$ 329,296
Cash received from contracts and grants	5,005,815	4,797,168
Payments to and on behalf of employees	(10,549,393)	(10,995,633)
Payments to suppliers	(3,666,023)	(3,863,001)
Payments to utilities	(743,221)	(701,119)
Payments for scholarships and fellowships	(2,154,636)	(1,989,939)
Auxiliary enterprise charges, net of scholarship allowance	121,409	158,208
Fees assessed by Commission	(63,100)	(65,048)
Other receipts, net	314,627	211,844
Net cash used in operating activities	<u>(10,754,333)</u>	<u>(12,118,224)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
State appropriations	7,875,767	8,321,687
Federal student loan program - direct lending receipts	680,614	449,064
Federal student loan program - direct lending payments	(680,614)	(449,064)
Gifts	95,250	94,000
Pell grants	4,703,801	4,301,147
Net cash provided by noncapital financing activities	<u>12,674,818</u>	<u>12,716,834</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>		
Purchases of capital assets	(700,488)	(1,051,092)
Payments on long-term borrowings from financial institutions	-	(7,152)
Other nonoperating revenue	(169,876)	(20,300)
Net cash used in capital financing activities	<u>(870,364)</u>	<u>(1,078,544)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on investments	<u>22,361</u>	<u>9,131</u>
Net cash provided by investing activities	<u>22,361</u>	<u>9,131</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,072,482</b>	<b>(470,803)</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b><u>7,830,498</u></b>	<b><u>8,301,301</u></b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b><u>\$ 8,902,980</u></b>	<b><u>\$ 7,830,498</u></b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Operating loss	\$ (12,540,946)	\$ (12,798,215)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	1,377,609	1,341,038
Pension expense - special funding situation	121,171	117,462
Net effect of change in accounting policy	-	(1,180,777)
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable, net of allowance for doubtful accounts	161,245	(107,965)
Due from the Commission	(34,218)	27,430
Due from the Federal Government	(149,348)	(46,804)
Due from other State Agencies	5,934	(148,344)
Prepaid expenses	13,907	(11,739)
Inventories	11,154	(4,705)
Other accounts receivable	5,227	(133,548)
Deferred outflows of resources	26,146	(98,203)
Accounts payable	(224,466)	67,948
Due to the Commission/Council	2,389	(1,969)
Due to other State Agencies	188,888	1,156
Due to other governments	5,398	(103,333)
Accrued liabilities	364,372	45,322
Compensated absences	38,537	7,037
Other postemployment benefits	252,342	226,841
Net pension liability	(125,293)	879,883
Unearned revenue	(256,943)	(506,085)
Deferred inflows of resources	<u>2,562</u>	<u>309,346</u>
Net cash used in operating activities	<u>\$ (10,754,333)</u>	<u>\$ (12,118,224)</u>
<b>NONCASH TRANSACTIONS:</b>		
Capital payments made and expenses incurred on behalf of the College	<u>\$ 85,205</u>	<u>\$ 917,323</u>

**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 331,883	\$ 730,918
Certificates of deposit	59,116	58,944
Investments at estimated market value	3,020,157	2,993,683
Miscellaneous receivable	5,464	3,944
Interest and dividends receivable	9,350	9,350
Prepaid expenses	13,859	15,148
Unconditional promises to give, net	281,094	351,195
<b>Total assets</b>	<u>\$ 3,720,923</u>	<u>\$ 4,163,182</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 12,236	\$ 37,500
Payable to related party	114,226	125,666
<b>Total liabilities</b>	<u>126,462</u>	<u>163,166</u>
<b>NET ASSETS</b>		
Unrestricted	69,949	21,053
Temporarily restricted	3,509,512	3,963,963
Permanently restricted	15,000	15,000
<b>Total net assets</b>	<u>3,594,461</u>	<u>4,000,016</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,720,923</u>	<u>\$ 4,163,182</u>

**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2015**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, INVESTMENT INCOME, AND OTHER SUPPORT</b>				
Contributions	\$ -	\$ 198,387	\$ -	\$ 198,387
Interest and dividend income	707	121,757	-	122,464
Gain on investment	41,752	(158,871)	-	(117,119)
Net assets released from restriction	615,724	(615,724)	-	-
<b>Total revenues, investment income, and other support</b>	<u>658,183</u>	<u>(454,451)</u>	<u>-</u>	<u>203,732</u>
<b>EXPENSES</b>				
Program services:				
Scholarships	300,220	-	-	300,220
Direct program support	94,000	-	-	94,000
Educational development	98,220	-	-	98,220
Total program services	492,440	-	-	492,440
Administrative and general	104,103	-	-	104,103
Fundraising	12,744	-	-	12,744
<b>Total expenses</b>	<u>609,287</u>	<u>-</u>	<u>-</u>	<u>609,287</u>
<b>CHANGE IN NET ASSETS</b>	48,896	(454,451)	-	(405,555)
<b>NET ASSETS, BEGINNING OF YEAR</b>	21,053	3,963,963	15,000	4,000,016
<b>RECLASSIFICATION</b>			-	-
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 69,949</u>	<u>\$ 3,509,512</u>	<u>\$ 15,000</u>	<u>\$ 3,594,461</u>

**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2014**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, INVESTMENT INCOME, AND OTHER SUPPORT</b>				
Contributions	\$ -	\$ 385,574	\$ -	\$ 385,574
Interest and dividend income	9,350	102,410	-	111,760
Gain on investment	55,657	229,828	-	285,485
Net assets released from restriction	442,738	(442,738)	-	-
<b>Total revenues, investment income, and other support</b>	<u>507,745</u>	<u>275,074</u>	<u>-</u>	<u>782,819</u>
<b>EXPENSES</b>				
Program services:				
Scholarships	283,289	-	-	283,289
Direct program support	95,000	-	-	95,000
Educational development	580	-	-	580
Total program services	378,869	-	-	378,869
Administrative and general	101,953	-	-	101,953
Fundraising	37,346	-	-	37,346
<b>Total expenses</b>	<u>518,168</u>	<u>-</u>	<u>-</u>	<u>518,168</u>
<b>CHANGE IN NET ASSETS</b>	(10,423)	275,074	-	264,651
<b>NET ASSETS, BEGINNING OF YEAR</b>	5,740	3,714,625	15,000	3,735,365
<b>RECLASSIFICATION</b>	25,736	(25,736)	-	-
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 21,053</u>	<u>\$ 3,963,963</u>	<u>\$ 15,000</u>	<u>\$ 4,000,016</u>

**NOTE 1 - ORGANIZATION**

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

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

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

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

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

The audited financial statements of the Foundation are presented here as a discrete component unit with the College financial statements in accordance with GASB. The Foundation is a private non-profit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's audited financial information as it is presented herein (see also Notes 12, 13 and 15).

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

- *Net investment in capital assets* - This represents the College's total investment in capital assets, net of depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
- *Restricted net position, expendable* - This includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

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

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, 2016 or 2015.

- *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, 2016 or 2015.
- *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 collectability 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 2016 and 2015.

*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.

***Net Pension Liability*** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Teachers' Retirement System (STRS), administered by the West Virginia Consolidated Public Retirement Board (CPRB), and additions to/reductions from the STRS fiduciary net position have been determined on the same basis as they are reported in the STRS financial statements, which can be found at <https://www.wvretirement.com/Publications.html#CAFR>. The plan schedules of STRS are prepared using the accrual basis of accounting and economic resources measurement focus in accordance with U.S. GAAP as prescribed by GASB. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Investments are reported at fair value. Detailed information on investment valuation can be found in the STRS financial statements. Management of STRS has made certain estimates and assumptions relating to employer allocation schedules, and actual results could differ. (See Note 12)

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

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

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

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

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

In addition, through its participation in the 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.

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

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

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

***Federal Financial Assistance Programs*** - The College makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through institutions like the College. Direct student loan receivables are not included in the College's statements of net position as the loans are repayable directly to the U. S. Department of Education. In 2016 and 2015, the College received and disbursed \$680,614 and \$449,064, 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 2016 and 2015, the College received and disbursed \$4,826,695 and \$4,397,168 respectively, under these federal student aid programs.

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

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

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

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

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

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

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

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

*Newly Adopted Statements Issued by the Governmental Accounting Standards Board* - The GASB has issued Statement No. 72, *Fair Value Measurement and Application*, effective for fiscal years beginning after June 15, 2015. This Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. The adoption of GASB Statement No. 72 had no impact on the June 30, 2016 financial statements.

The GASB has also issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, effective for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets that accumulate for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. The adoption of GASB Statement No. 73 had no impact on the June 30, 2016 financial statements.

The GASB has also issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for fiscal years beginning after June 15, 2015. The requirements of this Statement will identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The adoption of GASB Statement No. 76 had no impact on the June 30, 2016 financial statements.

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

The GASB has also issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, effective for fiscal years beginning after December 15, 2015. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The adoption of GASB Statement No. 78 had no impact on the June 30, 2016 financial statements.

The GASB has also issued Statement No. 79, *Certain External Investment Pools and Pool Participants*, effective for fiscal years beginning after June 15, 2015. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. The adoption of GASB Statement No. 79 had no impact on the June 30, 2016 financial statements.

The GASB has also issued Statement No. 82, *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for fiscal years beginning after June 15, 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The adoption of GASB Statement No. 82 had no impact on the June 30, 2016 financial statements.

***Recent Statements Issued by the Governmental Accounting Standards Board*** - The GASB has also issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for fiscal years beginning after June 15, 2016. The requirements of this Statement will improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The College has not yet determined the effect that the adoption of GASB Statement No. 74 may have on its financial statements.

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

The GASB has also issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after June 15, 2017. The requirements of this Statement will improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The College has not yet determined the effect that the adoption of GASB Statement No. 75 may have on its financial statements.

The GASB has also issued Statement No. 77, *Tax Abatement Disclosures*, effective for fiscal years beginning after December 15, 2015. The requirements of this Statement will improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The College has not yet determined the effect that the adoption of GASB Statement No. 77 may have on its financial statements.

The GASB has also issued Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*, effective for fiscal years beginning after June 15, 2016. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. The College has not yet determined the effect that the adoption of GASB Statement No. 80 may have on its financial statements.

The GASB has also issued Statement No. 81, *Irrevocable Split-Interest Agreements*, effective for fiscal years beginning after December 15, 2016. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The College has not yet determined the effect that the adoption of GASB Statement No. 81 may have on its financial statements.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2016 AND 2015**

30

**NOTE 3 - CASH AND CASH EQUIVALENTS**

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

	2016		
	Current	Noncurrent	Total
Cash on deposit with the State			
Treasurer/BTI	\$ 8,763,817	\$ -	\$ 8,763,817
Cash in bank	51,634	82,729	134,363
Cash on hand	4,800	-	4,800
	\$ 8,820,251	\$ 82,729	\$ 8,902,980
	2015		
	Current	Noncurrent	Total
Cash on deposit with the State			
Treasurer/BTI	\$ 7,681,157	\$ -	\$ 7,681,157
Cash in bank	31,024	113,517	144,541
Cash on hand	4,800	-	4,800
	\$ 7,716,981	\$ 113,517	\$ 7,830,498

Cash held by the State Treasurer includes \$2,223,404 and \$2,339,115 of restricted cash primarily for operating grants as of June 30, 2016 and 2015, respectively.

The combined carrying amount of cash in the bank at June 30, 2016 and 2015 was \$134,364 and \$144,541, as compared with the combined bank balance of \$168,928 and \$197,147, 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.

Amounts with the State Treasurer as of June 30, 2016 and 2015, are comprised of three investment pools, the WV Money Market Pool, the WV Government Money Market Pool and the WV Short Term Bond Pool.

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

External Pool	2016		2015	
	Carrying Value (in Thousands)	S & P Rating	Carrying Value (in Thousands)	S & P Rating
WV Money Market Pool	\$ 1,555,529	AAAm	\$ 1,890,464	AAAm
WV Government Money Market Pool	\$ 190,078	AAAm	\$ 248,868	AAAm
WV Short Term Bond Pool	\$ 790,750	Not Rated	\$ 761,562	Not Rated

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

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	2016		2015	
	Carrying Value (in Thousands)	WAM (Days)	Carrying Value (in Thousands)	WAM (Days)
WV Money Market Pool	\$ 1,555,529	49	\$ 1,890,464	47
WV Government Money Market Pool	\$ 190,078	50	\$ 248,868	51

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

External Pool	2016		2015	
	Carrying Value (in Thousands)	Effective Duration (Days)	Carrying Value (in Thousands)	Effective Duration (Days)
WV Short Term Bond Pool	\$ 790,750	462	\$ 761,562	410

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

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

*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.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2016 AND 2015**

32

**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable are as follows at June 30:

	<u>2016</u>	<u>2015</u>
Student tuition and fees, net of allowance for doubtful accounts of \$557,777 and \$463,014 in 2016 and 2015, respectively	\$ 43,970	\$ 152,066
Due from Foundation	34,507	40,021
Other accounts receivable	<u>10,710</u>	<u>58,345</u>
	<u>\$ 89,187</u>	<u>\$ 250,432</u>

**NOTE 5 - CAPITAL ASSETS**

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

	2016			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Construction in process	\$ 917,323	\$ 89,085	\$ (917,323)	\$ 89,085
Land	<u>1,563,470</u>	-	-	<u>1,563,470</u>
Total capital assets not being depreciated	<u>\$ 2,480,793</u>	<u>\$ 89,085</u>	<u>\$ (917,323)</u>	<u>\$ 1,652,555</u>
Other capital assets:				
Buildings	\$ 38,376,047	\$ 917,323	\$ -	\$ 39,293,370
Equipment	6,894,036	629,259	(680,718)	6,842,577
Library holdings	<u>3,977,053</u>	<u>67,349</u>	<u>(67,500)</u>	<u>3,976,902</u>
Total other capital assets	<u>49,247,136</u>	<u>1,613,931</u>	<u>(748,218)</u>	<u>50,112,849</u>
Less accumulated depreciation for:				
Buildings	(12,285,484)	(880,151)	-	(13,165,635)
Equipment	(4,951,939)	(437,822)	680,718	(4,709,043)
Library holdings	<u>(3,764,317)</u>	<u>(59,636)</u>	<u>67,500</u>	<u>(3,756,453)</u>
Total accumulated depreciation	<u>(21,001,740)</u>	<u>(1,377,609)</u>	<u>748,218</u>	<u>(21,631,131)</u>
Other capital assets, net	<u>\$ 28,245,396</u>	<u>\$ 236,322</u>	<u>\$ -</u>	<u>\$ 28,481,781</u>
Capital asset summary:				
Capital assets not being depreciated	\$ 2,480,793	\$ 89,085	\$ (917,323)	\$ 1,652,555
Other capital assets	<u>49,247,136</u>	<u>1,613,931</u>	<u>(748,218)</u>	<u>50,112,849</u>
Total cost of capital assets	51,727,929	1,703,016	(1,665,541)	51,765,404
Less accumulated depreciation	<u>(21,001,740)</u>	<u>(1,377,609)</u>	<u>748,218</u>	<u>(21,631,131)</u>
Capital assets, net	<u>\$ 30,726,189</u>	<u>\$ 325,407</u>	<u>\$ (917,323)</u>	<u>\$ 30,134,273</u>

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2016 AND 2015**

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

	2015			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Construction in process	\$ 393,663	\$ 917,323	\$ (393,663)	\$ 917,323
Land	<u>1,563,470</u>	<u>-</u>	<u>-</u>	<u>1,563,470</u>
Total capital assets not being depreciated	<u>\$ 1,957,133</u>	<u>\$ 917,323</u>	<u>\$ (393,663)</u>	<u>\$ 2,480,793</u>
Other capital assets:				
Buildings	\$ 37,859,789	\$ 516,258	\$ -	\$ 38,376,047
Equipment	5,995,119	925,572	(26,655)	6,894,036
Library holdings	<u>3,958,305</u>	<u>43,337</u>	<u>(24,589)</u>	<u>3,977,053</u>
Total other capital assets	<u>47,813,213</u>	<u>1,485,167</u>	<u>(51,244)</u>	<u>49,247,136</u>
Less accumulated depreciation for:				
Buildings	(11,430,124)	(855,360)	-	(12,285,484)
Equipment	(4,551,203)	(427,391)	26,655	(4,951,939)
Library holdings	<u>(3,730,619)</u>	<u>(58,287)</u>	<u>24,589</u>	<u>(3,764,317)</u>
Total accumulated depreciation	<u>(19,711,946)</u>	<u>(1,341,038)</u>	<u>51,244</u>	<u>(21,001,740)</u>
Other capital assets, net	<u>\$ 28,101,267</u>	<u>\$ 144,129</u>	<u>\$ -</u>	<u>\$ 28,245,396</u>
Capital asset summary:				
Capital assets not being depreciated	\$ 1,957,133	\$ 917,323	\$ (393,663)	\$ 2,480,793
Other capital assets	<u>47,813,213</u>	<u>1,485,167</u>	<u>(51,244)</u>	<u>49,247,136</u>
Total cost of capital assets	49,770,346	2,402,490	(444,907)	51,727,929
Less accumulated depreciation	<u>(19,711,946)</u>	<u>(1,341,038)</u>	<u>51,244</u>	<u>(21,001,740)</u>
Capital assets, net	<u>\$ 30,058,400</u>	<u>\$ 1,061,452</u>	<u>\$ (393,663)</u>	<u>\$ 30,726,189</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, 2016, 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, 2016 AND 2015**

**NOTE 6 - LONG-TERM LIABILITIES**

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

	2016				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Other postemployment benefit liability	\$ 4,212,364	\$ 601,200	\$ 348,858	\$ 4,464,706	\$ -
Net pension liability	879,883	42,279	167,572	754,590	-
Compensated absences	<u>434,058</u>	<u>38,537</u>	<u>-</u>	<u>472,595</u>	<u>320,363</u>
Total noncurrent liabilities	<u>\$ 5,526,305</u>	<u>\$ 682,016</u>	<u>\$ 516,430</u>	<u>\$ 5,691,891</u>	<u>\$ 320,363</u>
	2015				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital leases	\$ 7,152	\$ -	\$ 7,152	\$ -	\$ -
Other postemployment benefit liability	3,985,523	594,769	367,928	4,212,364	-
Net pension liability	-	879,883	-	879,883	-
Compensated absences	<u>427,021</u>	<u>7,037</u>	<u>-</u>	<u>434,058</u>	<u>301,482</u>
Total noncurrent liabilities	<u>\$ 4,419,696</u>	<u>\$ 1,481,689</u>	<u>\$ 375,080</u>	<u>\$ 5,526,305</u>	<u>\$ 301,482</u>

**NOTE 7 - OPERATING LEASE OBLIGATIONS**

The College leases various equipment, automobiles, and buildings, under operating lease agreements. Aggregate payment for operating leases amounted to \$87,772 and \$121,657 for the years ended June 30, 2016 and 2015, respectively. Future minimum rental commitments are as follows as of June 30, 2016:

<u>Years Ending June 30,</u>	
2017	\$ 30,024
2018	24,759
2019	<u>24,633</u>
Total	<u>\$ 79,416</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, 2016, 2015, and 2014 the noncurrent liability related to OPEB costs was \$4,464,706, \$4,212,364, and \$3,985,523, respectively. The total of OPEB expense incurred and the amount of OPEB expense that relates to retirees was \$601,200 and \$78,278 respectively, during 2016, or 12%. The total of OPEB expense incurred and the amount of OPEB expense that relates to retirees was \$594,769 and \$86,176 respectively, during 2015, or 14%. 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%. As of the years ended June 30, 2016, 2015 and 2014, there were 40, 43 and 41 retirees receiving these benefits, respectively. During the 2014 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.

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 were 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, 2016, the College had drawn down all 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, 2016 or 2015.

	<u>2016</u>	<u>2015</u>
Total unrestricted net position before OPEB liability	\$ 4,638,600	\$ 3,601,609
Less: OPEB liability	<u>4,464,706</u>	<u>4,212,364</u>
 Total unrestricted net position (deficit)	 <u>\$ 173,894</u>	 <u>\$ (610,755)</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, 2016, there were no employees enrolled in the Educators Money 401(a) basic retirement plan.

**DEFINED BENEFIT PENSION PLAN**

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

As related to the implementation of GASB 68, following are the College's net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, revenues, and the pension expense and expenditures for the fiscal years ended June 30, 2016 and 2015:

<u>STRS</u>	<u>2016</u>	<u>2015</u>
Net pension liability	\$ 754,590	\$ 879,883
Deferred outflows of resources	72,057	98,203
Deferred inflows of resources	311,908	309,346
Revenues	121,171	117,462
Pension expense	104,400	125,914
Contributions made by the College	72,057	98,203

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

***Plan Description***

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

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

***Benefits Provided***

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

***Contributions***

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

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

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

**Employer Contributions:** Employers make the following contributions:

The State (including institutions of higher education) contributes:

- 15% of gross salary of their State-employed members hired prior to July 1, 1991;
- 15% of School Aid Formula (SAF) covered payroll of county-employed members for entities other than institutions of higher education;
- 7.5% of SAF-covered payroll of members of the Teachers' Defined Contributions Retirement System for entities other than institutions of higher education;
- a certain percentage of fire insurance premiums paid by State residents; and
- under WV State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the STRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2016 and 2015, the College's proportionate share attributable to this special funding subsidy was \$121,171 and \$117,462, respectively.

The College's contributions to STRS for the years ended June 30, 2016, 2015, and 2014, were \$72,057, \$98,203, and \$117,492, respectively.

***Assumptions***

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2014 and 2013 and rolled forward to June 30, 2015 and 2014, respectively. The following actuarial assumptions were used and applied to all periods included in the measurement:

- Actuarial cost method: Entry age normal cost with level percentage of payroll.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method and period: Level dollar, fixed period over 40 years, from July 1, 1994 through fiscal year 2034.
- Investment rate of return of 7.50%, net of pension plan administrative and investment expenses.
- Projected salary increases: Teachers 3.75–5.25% and non-teachers 3.40–6.50%, based on age.
- Inflation rate of 1.9%.
- Discount rate of 7.5%.
- Mortality rates based on RP-2000 Mortality Tables.
- Withdrawal rates: Teachers 1.2-30% and non-teachers 1.4-22.5%.
- Disability rates: 0-0.88%.
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Retirement rates: 15-100%.
- Ad hoc cost-of-living increases in pensions are periodically granted by the Legislature. However, the retirement system makes no automatic provision for such increases.

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

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2005 to June 30, 2010. These assumptions will remain in effect for valuation purposes until such time as the CPRB adopts revised assumptions.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term arithmetic real rates of return for each major asset class included in STRS' target asset allocation as of June 30, 2015, are summarized below.

Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	7.0%	27.5%
International equity	7.7%	27.5%
Core fixed income	2.7%	7.5%
High-yield fixed income	5.5%	7.5%
Real estate	5.6%	10.0%
Private equity	9.4%	10.0%
Hedge funds	4.7%	10.0%

**Discount rate.** The discount rate used to measure the total STRS pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that State contributions will continue to follow the current funding policy. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on STRS' investments was applied to all periods of projected benefit payments to determine the total pension liability. In the event of benefit payments that are not covered by the pension plan's fiduciary net position, a municipal bond rate of 3.66% is to be used to discount the benefit payments not covered by the plan's fiduciary net position. The rate equals the S&P Municipal Bond 20-Year High Grade Rate Index at June 30, 2015.

**Sensitivity of the net pension liability to changes in the discount rate.** The following presents the College's proportionate share of the STRS net pension liability as of June 30, 2016 calculated using the discount rate of 7.50%, as well as what the College's STRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	<u>\$ 970,182</u>	<u>\$ 754,590</u>	<u>\$ 557,884</u>

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

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

The June 30, 2016 STRS net pension liability was measured as of June 30, 2015, and the total pension liability was determined by an actuarial valuation as of June 30, 2014, rolled forward to the measurement date of June 30, 2015. The June 30, 2015 STRS net pension liability was measured as of June 30, 2014, and the total pension liability was determined by an actuarial valuation as of June 30, 2013, rolled forward to the measurement date of June 30, 2014.

At June 30, 2016, the College's proportionate share of the STRS net pension liability was \$2,462,166. Of this amount, the College recognized \$754,590 as its proportionate share on the statement of net position. The remainder of \$1,707,576 denotes the College's proportionate share of net pension liability attributable to the special funding.

At June 30, 2015, the College's proportionate share of the STRS net pension liability was \$2,868,042. Of this amount, the College recognized \$879,883 as its proportionate share on the statement of net position. The remainder of \$1,988,159 denotes the College's proportionate share of net pension liability attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on their proportionate share of employer and non-employer contributions to STRS for each of the fiscal years ended June 30, 2015 and 2014. Employer contributions are recognized when due. At June 30, 2015, the College's proportion was 0.021596%, a decrease of 0.003909% from its proportion of 0.025505% calculated as of June 30, 2014.

For the year ended June 30, 2016, the College recognized STRS pension expense of \$104,400. Of this amount, (\$16,771) was recognized as the College's proportionate share of the STRS expense and \$121,171 as the amount of pension expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of \$121,171 for support provided by the State.

For the year ended June 30, 2015, the College recognized STRS pension expense of \$125,914. Of this amount, \$8,452 was recognized as the College's proportionate share of the STRS expense and \$117,462 as the amount of pension expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of \$117,462 for support provided by the State.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2016 AND 2015**

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

At June 30, 2016 and 2015, deferred outflows of resources and deferred inflows of resources related to the STRS pension are as follows.

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>June 30, 2016</u>		
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ -	\$ 273,843
Net difference between projected and actual investment earnings	-	31,585
Differences between expected and actual experience	-	6,480
Contributions after the measurement date	72,057	-
Total	\$ 72,057	\$ 311,908
	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>June 30, 2015</u>		
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ -	\$ 193,034
Net difference between projected and actual investment earnings	-	116,312
Contributions after the measurement date	98,203	-
Total	\$ 98,203	\$ 309,346

The College will recognize the \$72,057 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the STRS net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in STRS pension expense as follows.

Fiscal Year Ended June 30,	Amortization
2017	\$ (53,038)
2018	(53,038)
2019	(53,038)
2020	(53,038)
2021	(53,038)
Thereafter	(46,718)

***Payables to the Pension Plan***

The College did not report any amounts payable for normal contributions to the STRS as of June 30, 2016 and 2015.

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

**DEFINED CONTRIBUTION BENEFIT PLANS**

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

Total contributions to the TIAA-CREF for the years ended June 30, 2016, 2015 and 2014 were \$836,324, \$866,498, and \$874,262 respectively, which consisted of equal contributions from the College and covered employees in 2016, 2015, and 2014 of \$418,162, \$433,249, and \$437,131, respectively.

The College's total payroll for the years ended June 30, 2016, 2015, and 2014 was \$8,277,492, \$8,663,859, and \$8,849,131, respectively; total covered employees' salaries in the STRS and TIAA-CREF were \$480,377 and \$6,969,369 in 2016; \$654,684 and \$7,220,817 in 2015, and \$783,432 and \$7,285,513 in 2014, 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 \$3,594,461 and \$4,000,016 at December 31, 2015 and 2014, 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, 2016 and 2015, the Foundation made \$300,220 and \$283,289 respectively, in contributions to the College for student scholarships and other support. As of June 30, 2016 and 2015, the College had accounts receivable of \$34,507 and \$40,021 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.

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* - The Foundation carries investments and endowment assets created by permanently and temporarily restricted endowments and donor-designated funds in equities and cash equivalents with readily determinable fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Interest and gains restricted by donors are reported as increases in temporarily restricted net assets and reclassified to unrestricted net assets in the year the restrictions are satisfied.

**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, 2015, 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, 2013. No fixed assets were acquired in 2015. Therefore no depreciation expense was recorded in 2015.

*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, 2015.

**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 2012.

**NOTE 2 - INVESTMENTS**

The cost and estimated fair values of investments at December 31, 2015, are as follows:

	Estimated Fair Value	Cost
Publicly traded equity securities	\$ <u>3,020,157</u>	\$ <u>2,263,552</u>

The cost and estimated fair values of investments at December 31, 2014, are as follows:

	Estimated Fair Value	Cost
Publicly traded equity securities	\$ <u>2,993,683</u>	\$ <u>2,106,061</u>

**NOTE 3 - PROMISES TO GIVE**

Unconditional promises to give at December 31, 2015 and 2014 are as follows:

	<b>2015</b>	<b>2014</b>
Receivable in less than one year	\$ 146,766	\$ 139,026
Receivable in one to five years	118,560	201,446
Receivable in more than five years	<u>30,356</u>	<u>28,921</u>
Total unconditional promises	295,682	369,393
Discounts to net present value	<u>(14,588)</u>	<u>(18,198)</u>
Net unconditional promises	<u>\$ 281,094</u>	<u>\$ 351,195</u>

The discount rate used on long-term promises to give was 3.25 percent in 2015 and 2014.

**NOTE 4 - RELATED-PARTY TRANSACTIONS**

The Foundation scholarships are awarded by the College. The Foundation recognized expenses in the amount of \$300,220 and \$ 283,289 in 2015 and 2014, respectively, for student scholarships and other support payments to the College.

At December 31, 2015 and 2014, the Foundation's total related-party payable to the College for scholarships and faculty educational awards was \$114,226 and \$125,666.

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, 2015, are for scholarships and educational development.

Net assets were released from restriction for the following purposes during the year ended December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Scholarships	\$ 300,220	\$ 283,289
Education development	98,220	580
Fundraising	12,744	37,346
Other	<u>204,540</u>	<u>121,523</u>
 Total	 <u>\$ 615,724</u>	 <u>\$ 442,738</u>

**NOTE 6 - ENDOWMENT FUNDS**

The Foundation classifies investment and endowment funds in accordance with Accounting Standards Codification 958-205: *Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act and Enhanced Disclosures for All Endowment Funds*. This standard provides guidance on net asset classification of donor-restricted funds subject to the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA).

The Board of Directors of the Foundation has interpreted the UPMIFA as requiring the preservation of fair value as of the original gift date of the donor-restricted endowment funds absent any explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of the subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The portion of the fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets in a manner consistent with the standard of prudence prescribed by UPMIFA. Currently, all investment returns are recorded in temporarily restricted net assets based upon donor restrictions on use of investment income or return, with the exception of unrealized gains or losses that reduce the value of the endowment assets below the level required by the donor. These amounts are reported as unrestricted net assets. Gains that restore the fair value of the asset to the required level are included as increase in unrestricted net assets until funds are no longer considered “under water.”

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

**NOTE 6 - ENDOWMENT FUNDS (CONTINUED)**

The cost and estimated fair values of endowment investments at December 31, 2015, are as follows:

	<u>Estimated Fair Value</u>	<u>Cost</u>
Cash and cash equivalents	\$ 125,083	\$ 128,083
Equity and equity mutual funds	<u>2,516,481</u>	<u>1,899,821</u>
Total	<u>\$ 2,641,564</u>	<u>\$ 2,027,904</u>

Endowment net asset composition by restriction as of December 31, 2015, is as follows:

Unrestricted and Board-designated	\$ -
Temporarily restricted	2,641,564
Permanently restricted	<u>-</u>
Total	<u>\$ 2,641,564</u>

Changes in endowment net assets from the prior year to the current year are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>ENDOWMENT NET ASSETS, BEGINNING OF YEAR</b>	\$ -	\$ 2,765,313	\$ -	\$ 2,765,313
Endowment investment return:				
Interest and dividends	-	110,253	-	110,253
Realized gains	-	30,614	-	30,614
Unrealized gains	<u>-</u>	<u>(127,764)</u>	<u>-</u>	<u>(127,764)</u>
Endowment investment return	-	13,103	-	13,103
Contributions	-	220,105	-	220,105
Appropriation of endowments - released from restrictions	<u>-</u>	<u>(356,957)</u>	<u>-</u>	<u>(356,957)</u>
<b>ENDOWMENT NET ASSETS, END OF YEAR</b>	<u>\$ -</u>	<u>\$ 2,641,564</u>	<u>\$ -</u>	<u>\$ 2,641,564</u>

The cash equivalents, representing approximately 5 percent of the investment assets at December 31, 2015, are held in liquid asset funds managed by financial institutions.

**NOTE 7 - 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.

The following table presents assets reported on the financial statements at their fair value as of December 31, 2015 and 2014, 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>2015</b>	Level I	Level II	Level III	Total
<u>Valued on a recurring basis:</u>				
Assets:				
Equity securities	\$ 3,020,157	\$ -	\$ -	\$ 3,020,157
<b>2014</b>	Level I	Level II	Level III	Total
<u>Valued on a recurring basis:</u>				
Assets:				
Equity securities	\$ 2,993,683	\$ -	\$ -	\$ 2,993,683

**NOTE 8 - SUBSEQUENT EVENTS**

The Foundation assessed events occurring subsequent to December 31, 2015, through August 18, 2016, 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 18, 2016.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2016 AND 2015**

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

These tables represent operating expenses within both natural and functional classifications for the years ended June 30:  
2016

	2016				2015			
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Fees Assessed by the Commission	Total
Instruction	\$ 4,417,610	\$ 1,080,064	\$ 1,027,983	\$ 8,695	\$ -	\$ -	\$ -	\$ 6,534,352
Public service	301,983	85,706	103,489	-	-	-	-	491,178
Academic support	891,398	225,313	24,024	-	-	-	-	1,140,735
Student services	785,747	245,896	102,397	-	-	-	-	1,134,040
General institutional support	1,656,440	740,801	1,920,366	172,810	-	-	-	4,490,417
Operations and maintenance of plant	336,820	114,059	473,169	565,681	-	-	-	1,489,729
Student financial aid	51,685	10	-	-	3,039,867	-	-	3,091,562
Auxiliary enterprises	64,749	16,458	30,943	-	-	-	-	112,150
Depreciation	-	-	-	-	-	1,377,609	-	1,377,609
Other	-	-	-	-	-	-	63,100	63,100
<b>Total</b>	<b>\$ 8,506,432</b>	<b>\$ 2,508,307</b>	<b>\$ 3,682,371</b>	<b>\$ 747,186</b>	<b>\$ 3,039,867</b>	<b>\$ 1,377,609</b>	<b>\$ 63,100</b>	<b>\$ 19,924,872</b>

	2015				2015			
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Fees Assessed by the Commission	Total
Instruction	\$ 4,304,020	\$ 1,066,293	\$ 1,054,577	\$ 9,503	\$ -	\$ -	\$ -	\$ 6,434,393
Public service	296,438	100,821	77,641	-	-	-	-	474,900
Academic support	862,315	231,359	174,084	-	-	-	-	1,267,758
Student services	865,325	264,114	93,591	-	-	-	-	1,223,030
General institutional support	1,870,404	837,968	1,992,672	179,858	-	-	-	4,880,902
Operations and maintenance of plant	225,628	69,750	547,349	511,758	-	-	-	1,354,485
Student financial aid	51,671	-	-	-	2,645,248	-	-	2,696,919
Auxiliary enterprises	54,985	14,280	28,216	-	-	-	-	97,481
Depreciation	-	-	-	-	-	1,341,038	-	1,341,038
Other	-	-	-	-	-	-	65,048	65,048
<b>Total</b>	<b>\$ 8,530,786</b>	<b>\$ 2,584,585</b>	<b>\$ 3,968,130</b>	<b>\$ 701,119</b>	<b>\$ 2,645,248</b>	<b>\$ 1,341,038</b>	<b>\$ 65,048</b>	<b>\$ 19,835,954</b>

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
June 30, 2016**

	<b>State Teachers' Retirement System</b>									
	Last 10 Fiscal Years*									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
College's proportion of the net pension liability (asset) (percentage)	0.021596%	0.025505%								
College's proportionate share of the net pension liability (asset)	\$ 754,590	\$ 879,883								
State's proportionate share of the net pension liability (asset)	<u>1,707,576</u>	<u>1,988,159</u>								
Total proportionate share of the net pension liability (asset)	<u>\$ 2,462,166</u>	<u>\$ 2,868,042</u>								
College's covered-employee payroll	<u>\$ 654,684</u>	<u>\$ 783,432</u>								
College's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	115.26%	112.31%								
Plan fiduciary net position as a percentage of the total pension liability	66.25%	65.95%								

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

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS  
 June 30, 2016

State Teachers' Retirement System  
 Last 10 Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Contractually required contribution	\$ 72,057	\$ 98,203								
Contributions in relation to the contractually required contribution	<u>(72,057)</u>	<u>(98,203)</u>								
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>								
College's covered-employee payroll	\$ 480,377	\$ 654,684								
Contributions as a percentage of covered-employee payroll	15.00%	15.00%								

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2016**

There are no factors that affect trends in the amounts reported, such as a change of benefit terms or assumptions. Additional information, if necessary, can be obtained from the CPRB Comprehensive Annual Financial Report for the year ended June 30, 2015.

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, 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated January 4, 2017, 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  
January 4, 2017

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
MEETING OF FEBRUARY 21, 2017**

**ITEM:** Request for Approval of the Filing of Southern West Virginia Community and Technical College's 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, 2016.

**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, 2016. 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 FEBRUARY 21, 2017**

**ITEM:** Request for Approval of Tuition Increase Proposal

**RECOMMENDED RESOLUTION:** *RESOLVED*, That the Southern West Virginia Community and Technical College Board of Governors approve the proposed resident tuition increase of \$84.00 per semester per FTE for the 2017-2018 academic year effective July 01, 2017, AND

*BE IT FURTHER RESOLVED*, that the tuition and fees be placed at a level to insure that out-of-state students pay the lower of the most recent reported System average or the calculated institutional full cost of instruction as required by West Virginia Code §18B-1D-3(a)(2)(B).

**STAFF MEMBER:** Kevin Zachary

**BACKGROUND:**

At its January 23, 2017 meeting, the Southern West Virginia Community and Technical College Board of Governors Ad Hoc Committee on Tuition and Fees recommended a minimum tuition increase of \$84.00 per semester per FTE 2017-2018 academic year.

The Committee recommends that the Board of Governors approve the above resolution for a 5% tuition increase for the 2017-2018 academic year to reflect an \$84.00 per semester per FTE increase for resident students effective July 1, 2017. This reflects an increase of \$7.00 per credit hour which will increase tuition from \$139.00 per credit hour to \$146.00 per credit hour. This increase will bring the full-time tuition to \$1,752.00 per semester, and the annual tuition rate to \$3,504.00 for resident students. If approved, the Committee recommends this request be submitted to the West Virginia Council for Community and Technical College Education for action at its next meeting.

The staff further recommends that the tuition and fee rates for nonresident students be placed at a level to insure that nonresident students pay the lower of the most recent reported System average or the calculated institutional full cost of instruction as required by West Virginia Code §18B-1D-3(a)(2)(B).

**Southern West Virginia Community and Technical College  
Board of Governors  
Meeting of December 13, 2016  
6:00 p.m.  
2900 Dempsey Branch Road, Building C, Room 428  
Mount Gay, West Virginia and by Teleconference**

**DRAFT MINUTES**

**Board Members Present:** Wilma Zigmond, Chair; Glenn Yost, Vice Chair; Raamie Barker, Secretary; Kevin Hill, Jada Hunter, Howard Seufer, Shane Blackburn (Student Representative); Russell Saunders, Faculty Representative; Virginia Stepp, Classified Staff Representative

**Board Members Absent:** Kevin Zachary

**College Staff Present:** Robert Gunter, President; Samuel Litteral, Allyn Sue Barker, Ronald Lemon, Jack Dilbeck, Steven Hall, Steven Lacek, Guy Lowes, Melinda Saunders, Carol Howerton, Chris Gray, David Highland, Emma Baisden (Recorder)

**Guest:** Tanya Gunter

**1. Call to Order**

Board of Governors Chair, Wilma Zigmond, declared a quorum present and convened the meeting at 6:00 p.m.

**2. Resignation of Chair Heywood and George Kostas**

President Gunter informed Board members the Thomas Heywood and George Kostas has submitted their resignations as a member of the Board of Governors. Mr. Heywood's term expired on June 30, 2016 and he has been reappointed to another Board of Governors. Mr. Kostas tendered his resignation due to health reasons.

**3. Introduction of New Board Members**

Chair Zigmond introduced new Board members Shane Blackburn, Kevin Hill, and Howard Seufer.

Mr. Blackburn was elected as the student representative to the Board for the 2016-2017 academic year and succeeds Brandon Elkins. He is a 2011 graduate of Belfry High School, and Mechatronics program student at Southern's Williamson Campus. He is scheduled to graduate in May 2017 and plans to pursue a Bachelor's degree in Engineering Management. Mr. Blackburn is a lifelong resident of Pike County, Kentucky and currently resides at Hatfield.

Mr. Kevin Hill of Foster, West Virginia, was appointed to the Board by Governor Earl Ray Tomblin for a term ending June 30, 2019. He represents the Seventh Senatorial District and succeeds Terry Sammons. Mr. Hill is the Executive Director of Medical Affairs at Boone Memorial Hospital in Madison, West Virginia.

Mr. Howard E. Seufer, Jr. of Charleston, West Virginia, was appointed to the Board by Governor Earl Ray Tomblin for a term ending June 30, 2020. He represents the Eighth Senatorial District and succeeds Thomas Heywood. Mr. Seufer is a partner in the

Charleston office of Bowles Rice, and has practiced in the area of education law for more than 35 years.

**4. Oath of Office**

Mr. Samuel Litteral, Vice President for Finance and Administration and Public Notary, administered the *Oath of Office* to Shane Blackburn, Kevin Hill, and Howard Seufer.

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

Chair Zigmond asked for public sign-up for comments to the Board. No signatures were recorded.

**6. President's Report**

6.1 President Gunter and Carol Howerton participated in the National ATE Principal Investigators Conference hosted by the American Association of Community Colleges with support of the National Science Foundation in Washington, D.C. The conference focused on critical issues related to advanced technological education.

6.2 On November 1, 2017, President Gunter was invited to address the senior class consisting of 153 students at Mingo Central Comprehensive High School. He talked to the group about the importance of obtaining a college education and the programs that Southern has to offer. Mingo Central is a great supporter of the College.

6.3 President Gunter was invited to participate in the Community College's of Appalachia fall conference in Mt. Orab, Ohio. The conference brought new college presidents together to discuss problems and seek advice from seasoned presidents on how to handle various situations.

6.4 President Gunter reported that 24 employees volunteered and 151 runners participated in the Southern Harvest Half Marathon and 5K race on Saturday, November 18, 2016 at the Williamson Campus. Overall, the race yielded \$7,000 for unrestricted student scholarships.

6.5 The Association of Career and Technical Education Conference was held November 30 - December 4, 2016 in Las Vegas, NV. President Gunter was able to gain insight into the latest career and technical education funding, technology, legislation, and curriculum development which matches what Southern is currently working on in hospitality, tourism, and SkillsUSA. Ms. Rita Roberson, Director of Williamson Campus Operations, is Southern's overall sponsor of SkillsUSA.

6.6 Ms. Carol Howerton received the Outstanding Contributor to Community College Education Award during the annual West Virginia Community College Association Conference held on December 7, 2016 in Charleston, WV.

**7. Financial Report**

Vice President for Finance and Administration, Samuel Litteral, provided the financial report dated November 30, 2016 to Board members. He reviewed restricted, unrestricted, and auxiliary revenues and expenditures for the period. Mr. Litteral informed Board members that Southern will receive a 3% budget cut (approximately \$160,000) effective January

2017. Over the next two months Vice President Litteral will work closely with college officials to develop scenarios for anticipated budget cuts of \$500,000, \$1,000,000, and \$1,500,000. Over the past three years, Southern has lost approximately \$1.6 million due to mandated budget cuts. February 8, 2017 is the first day of the legislative session and the new governor may review his budget proposal at that time.

**8. Academic Affairs Report to the Board**

Vice President for Academic Affairs, Dr. Jack Dilbeck, reported that he is in the process of reorganizing from four divisions to three schools to create a more efficient process. His reorganization also creates a new position of Associate Vice President for Academic Affairs. The associate vice president position will be responsible for grant writing, distance education, and institutional effectiveness. The Schools include Allied Health and Nursing, Career and Technical Studies, and Arts and Sciences.

The Associate of Science (A.S.) degree program will incorporate four pathways to degree completion: STEM, Health Sciences, Business, and Applied Technology. The Associate of Arts degree program will incorporate four pathways to degree completion: Elementary Education, Social Sciences, History and Political Science, and Liberal Arts. Dr. Dilbeck reviewed the Distance Education courses which have received full Quality Matters (QM) approval in 2016, and those which have received internal QM approval.

The institution has applied for several grants for program development and expansion through the West Virginia Council for Community and Technical College Education, and for several grants from other funding resources. Two program development grants have been funded and the others are pending.

**9. Student Services Report**

Ms. Allyn Sue Barker, Interim Vice President for Student Services, presented a PowerPoint presentation to Board members highlighting the Unit. The Student Services Unit consists of four departments – Admissions/Records; Enrollment Management/Student Engagement; Disability and Adult Services/DHHR-TANF; and Student Financial Assistance. Student Services personnel provide enrollment services such as student recruitment, admissions, and financial aid. They assist students in making educational decisions, provide avenues for students to participate in student clubs and extracurricular activities for students' academic, social, cultural, and professional growth. Student financial assistance is provided to students at all campus locations, and to high school students through workshops throughout Southern's service district.

**10. Higher Learning Commission (HLC) Assurance Argument Report:**

Accreditation Liaison Officer, Steven Lacek, provided Board members with an overview on the progress of Southern's Year 4 Open Pathway Assurance Report which is scheduled for review on June 19, 2017. The Assurance Review is a reflective narrative supported by evidence that addresses how well Southern assures its overall quality. Mr. Lacek reviewed the criteria for accreditation, and informed Board members of the College's additional responsibilities to the HLC.

**11. Action Items:**

**11.1 Appointment of Board of Governors Secretary**

Due to the resignation of Board of Governors Chair, Thomas Heywood, Vice Chair Zigmond assumed the position of Chair and Secretary Yost assumed the position of Vice Chair. Chair Zigmond appointed F. Raamie Barker to serve as Secretary through June 30, 2017.

**11.2 Appointment of Board Lay Member to Board Agenda Committee**

Chair Zigmond appointed Ms. Jada Hunter to the Board of Governors Agenda Committee. She succeeds George Kostas.

**11.3 Appointment of Ad Hoc Committee on Tuition and Fees**

Chair Zigmond appointed a committee to prepare a proposal for tuition and fee increases for FY 2017-2018. The committee will bring a recommendation forward for the Board's review and consideration at its February 21, 2017 meeting. Members appointed include Kevin Zachary, Shane Blackburn, Russell Saunders, Robert Gunter, Samuel Litteral, Virginia Stepp, and Wilma Zigmond. Chair Zigmond will serve as committee chair. Upon a motion by Jada Hunter and seconded by Glenn Yost, the Board unanimously approved the Ad Hoc Committee appointments.

**11.4 Request for Approval of October 13, 2016 Board Meeting Minutes**

**MOTION:** Virginia Stepp moved to accept the meeting minutes as presented.

**ACTION:** Glenn Yost seconded the motion. The motion carried unanimously. Chair Zigmond declared the motion adopted and the minutes approved.

**11.5 Request for Final Approval of Proposed Institutional Policies and Submission to Chancellor**

**11.5.1 SCP-2000, *Elimination of Faculty Positions Due to Program Reduction or Elimination***

**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 of SCP-2000, *Elimination of Faculty Positions Due to Program Reduction or Elimination*, for submission to the Chancellor for Community and Technical College Education for final approval following the required 30-day comment period.

**ACTION:** Howard Seufer seconded the motion. The motion carried unanimously. Chair Zigmond declared the motion adopted and the policy approved.

**11.5.2 SCP-2218, *Evaluation of Full-time Faculty and Forms***

**MOTION:** Virginia Stepp moved the adoption of the following resolution:

*RESOLVED*, That the Southern West Virginia Community and Technical College Board of Governors grant approval of SCP-2218, *Evaluation of Full-*

*time Faculty* and forms, for submission to the Chancellor for Community and Technical College Education following the required 30-day comment period.

**ACTION:** Howard Seufer seconded the motion. The motion carried unanimously. Chair Zigmond declared the motion adopted and the policy approved.

**11.5.3 SCP-3000, *Distance Learning***

**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 of SCP-3000, *Distance Education*, for submission to the Chancellor for Community and Technical College Education following the required 30-day comment period.

**ACTION:** Howard Seufer seconded the motion. The motion carried unanimously. Chair Zigmond declared the motion adopted and the policy approved.

**11.5.4 SCP-4000, *Basic Guidelines and Standards for Admissions***

**MOTION:** Virginia Stepp moved the adoption of the following resolution:

*RESOLVED*, That the Southern West Virginia Community and Technical College Board of Governors grant approval of SCP-4000, *Basic Guidelines and Standards for Admissions*, for submission to the Chancellor for Community and Technical College Education following the required 30-day comment period.

**ACTION:** Howard Seufer seconded the motion. The motion carried unanimously. Chair Zigmond declared the motion adopted and the policy approved.

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

**11.6.1 SCP-1735, *Solicitation Policy***

**MOTION:** Glenn Yost 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- 1735, *Solicitation Policy*, to Southern's constituents and the Chancellor for Community and Technical College Education for the required 30-day comment period

**ACTION:** Howard Seufer seconded the motion. The motion carried unanimously and Chair Zigmond declared the motion adopted.

**11.6.2 SCP-2375, *Home Campus Assignment and Campus Requirements for Faculty***

**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-2375, *Home Campus Assignment and Campus Requirements for Faculty*, to Southern's constituencies and the Chancellor for Community and Technical College Education for the required 30-day comment period.

**ACTION:** Howard Seufer seconded the motion. The motion carried unanimously and Chair Zigmond declared the motion adopted.

**11.6.3 SCP-2875, *Workload Requirements for Full-time Faculty***

**MOTION:** Kevin Hill 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-2875, *Workload Requirements for Full-time Faculty*, to Southern's constituents and the Chancellor for Community and Technical College Education for the required 30-day public comment period.

**ACTION:** Howard Seufer seconded the motion. The motion carried unanimously and Chair Zigmond declared the motion adopted.

**12. Executive Session under Authority of West Virginia Code §6-9a-(b) to discuss Personnel and Management Issues**

Jada Hunter moved that the Board of Governors enter an Executive Session pursuant to West Virginia Code §6-9A-4-2b to discuss personnel and management issues. Glenn Yost seconded the motion that carried unanimously. Chair Zigmond declared the motion adopted and Board then met in an Executive Session at 8:08 p.m. At the conclusion of discussions, Chair Zigmond declared the Board of Governors rise from Executive Session and convene in Open Session at 8:40 p.m.

**Further Action:**

Based upon discussions in the Executive Session, the Board reconvened in an open session and the following action was taken:

**12.1 Approval of 2016-2017 Presidential Goals**

**MOTION:** Virginia Stepp moved to accept the proposed Goals for the President of Southern West Virginia Community and Technical College as amended for 2016-2017.

**ACTION:** Jada Hunter seconded the motion. The motion carried unanimously and Chair Zigmond declared the motion adopted. The goals are attached and made a part of the minutes (Addendum 1).

**13. Adjournment**

There being no further business, Chair Zigmond declared the meeting adjourned at 8:45 p.m. The next Board meeting is scheduled for 6:00 p.m. on February 21, 2017 and will be held in Building C, Room 428, at Southern's Logan Campus.

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Wilma J. Zigmond, Chair

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

*DRAFT*

# Presidential Goals for 2016-2017

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Robert E. Gunter, Ed.D.  
President

Southern West Virginia Community  
and Technical College

December 13, 2016

## Goals for 2016-2017

Robert E. Gunter, Ed.D., President  
Southern West Virginia Community and Technical College

### **1. Increase Student Enrollment and Success by fulfilling the mission of the College's Master Plan and Institutional Compact for Success.**

- 1.1. Assess and adhere to Southern's commitment toward student success by actively engaging the institutional mission to provide accessible, affordable, quality education and training.
  - 1.1.1. Engage with Academic Affairs to assure that academic programs of study follow stated educational objectives and goals of the College.
  - 1.1.2. Engage with program managers who provide leadership in curriculum development to assure maintenance of quality standards.
  - 1.1.3. Provide an organizational structure for Student Services which foster cultural growth and leadership potential.
  - 1.1.4. Establish a campus atmosphere that provides for the development of the individual in a supportive environment.
  - 1.1.5. Establish administrative procedures that endorse effective counseling, registration and potential health and wellness activities.
- 1.2. Develop a Strategic Visioning document that provides direct applications to the Institutional Compact for Success with input from faculty, staff, business, public schools, and other community groups.
- 1.3. Ensure that the essential role Southern plays in the development of community leaders through higher education attainment are protected through the oversight of Board policy as it is formulated and implemented across all campuses.
- 1.4. Engage the professional services of the Association of Community College Trustees (ACCT) to design a workshop to provide training for the new Board members. Topics should include:
  - 1.4.1. New Board Member Orientation.
  - 1.4.2. Roles and Responsibilities of the Board.
  - 1.4.3. Board Self-Assessment and Presidential Evaluation.
- 1.5. Refocus and implement an Enrollment Management Plan with an emphasis on high school graduates and adults 25 years of age and older.

- 1.6. Review available data, marketing plans, and the 2012-2015 *Enrollment Management Plan*.
  - 1.6.1. Re-establish a Marketing Committee to develop plans and strategies for increasing enrollment through public relations and marketing.
  - 1.6.2. Implement an Enrollment Management Calendar to track student engagement activities.
  - 1.6.3. Actively participate in outreach activities and high school visits by participating in 5 – 10 high schools/middle school visits during the academic year.
  - 1.6.4. Prepare special Southern promotional activities during the year to promote stronger relationships with high school administrators and counselors.
    - 1.6.4.1. National Career and Technical Education Week
    - 1.6.4.2. National School Counseling Week
    - 1.6.4.3. National School Principal’s Day
- 1.7. Promote curricular development and change, including academic degree programs, workforce development and non-credit community and continuing education, as well as essential learner support services, in response to the needs and interests of students, employers and citizens within the College district.
  - 1.7.1. Increase the number of Technical Programs based on economic demand.
  - 1.7.2. Increase the number of 2 + 2 agreements with partnering four-year institutions.
  - 1.7.3. Increase the availability of college programs to underprepared individuals within the College district.
  - 1.7.4. Increase the number of community/continuing education programs based on community interest.
- 1.8. Create/Facilitate a faculty/staff Resource and Mentoring Center to assist faculty and staff in best practices.
- 1.9. Implement new leadership activities for students and faculty/staff advisors to enhance the collegial experience.
  - 1.9.1. Career Technical Student Organization
  - 1.9.2. National Technical Honor Society
  - 1.9.3. Southern Ambassadors Program
  - 1.9.4. Intramural Sports Program
- 1.10. Engage an external consultation firm to create a Technical Assistance Facilitation Project to evaluate and enhance a student-centric culture on all Southern campuses.
- 1.11. Advocate the programmatic, facility, and financial needs of the College to appropriate local, state, and federal agencies.
- 1.12. Post position for Director of Media Services and hire appropriate candidate with strong research, marketing, Website, and Video experience.

- 1.13. Engage staff who recommend and implement marketing activities that result in increased enrollment.
  - 1.13.1. Improve current program/college brochures/flyers/posters, etc.
  - 1.13.2. Improve use of campus signage.
  - 1.13.3. Improve use of College television station.
  - 1.13.4. Increase social media usage.
  - 1.13.5. Increase the number of newspaper articles and public service announcements pertaining to Southern programs and students.

## **2. Implement an Organizational Structure for Academic Affairs and Student Services.**

- 2.1. Develop, in consultation with appropriate administrative staff, an Academic Affairs Organizational Structure that enhances the Colleges ability to provide improved academic and career and technical program development, implementation and dissemination.
  - 2.1.1. Reduce the number of Divisions.
  - 2.1.2. Reorganize departments into three (3) appropriate "Schools."
    - 2.1.2.1. School of Arts and Sciences
    - 2.1.2.2. School of Health Services
    - 2.1.2.3. School of Career and Business Technology
  - 2.1.3. Advertise, select, and hire appropriate "Chairs" for each School.
  - 2.1.4. Provide administrative training to new administrative staff.
- 2.2. As funding allows, post and select appropriate Vice President for Academic Affairs.
- 2.3. Determine need for and develop appropriate job description for the position of Associate Vice President for Academic Affairs. Major duties will include:
  - 2.3.1. Institutional Effectiveness Office
  - 2.3.2. Grant Procurement/Oversight Office
  - 2.3.3. Online/Distance Education Oversight Office
- 2.4. As funding allows, post positions and select appropriate Vice President of Student Services and Director of Financial Aid.
- 2.5. Reorganize and restructure the Student Services facility to become a "one stop" center to meet the needs of traditional and nontraditional students.
- 2.6. Review current Student Services positions and make required job description changes to enhance the supportive environment of this unit.
- 2.7. Develop in consultation with appropriate administrative staff, a Student Services Organizational Structure that enhances the Colleges ability to provide improved counseling, registration and supportive services.

- 2.7.1. Streamline current registration processes.
- 2.7.2. Streamline financial aid processes.
- 2.7.3. Streamline admissions/records processes.
- 2.7.4. Provide electronic transcript and degree verification services through the National Student Clearinghouse.
- 2.8. Assure organizational changes are reflected in the Governance and Strategic Planning process.
- 2.9. Assess structure after the first year implementation to determine gaps, needed changes and additions.

### **3. Increase Economic and Workforce Development.**

- 3.1. Use Federal, State, and local grants and/or foundations to expand high demand career pathways needed by employers.
- 3.2. Formally establish partnerships with Business and Industry sector representatives and other educational entities to meet the needs of employers.
- 3.3. Participate in Chamber of Commerce, Economic Development, Education Compacts and other sector organizations.
- 3.4. Expand workforce education courses and programs into other sectors and industries.
  - 3.4.1. Increase the number of Higher Learning Commission “Sites” for offering Southern programs of study.
  - 3.4.2. Develop a “Plan of Action” for the recently purchased Williamson Armory to include academic program offerings and intramural sports activities.
    - 3.4.2.1. Relocate the Academy for Mine Training and Energy Technologies.
    - 3.4.2.2. When the Appalachian Regional Commission (ARC) approves Southern’s grant submission, create a “state-of-the-art” Agronomy/Chemistry Lab.
    - 3.4.2.3. Create an intramural sports program.
  - 3.4.3. Implement new technical programs of study by partnering with comprehensive high schools and area career and technical centers.
    - 3.4.3.1. Power Sports Technology at Boone Career and Technical Center.
    - 3.4.3.2. Welding Technology at Lincoln Comprehensive High School.

### **4. Provide Oversight of College resources.**

- 4.1. Review budgets monthly with the Vice President for Finance and Administration and adjust spending, purchasing, travel as necessary.

- 4.2. Effectively communicate Master Facilities Plan in delineating future building and renovation needs.
- 4.3. Oversee campus improvements and renovations to assure projects are completed within budget allotment.
- 4.4. Enhance physical appearance of college campuses to elevate collegial atmosphere.
  - 4.4.1. Renovate the Student Services facility to enhance student experience.
  - 4.4.2. Repair/repave the Logan Campus parking lots.
  - 4.4.3. Develop plans for unitization of Williamson Armory.
  - 4.4.4. Improve Williamson Campus Physical Science Laboratory.
  - 4.4.5. Improve/Develop new campus signage both interior and exterior of current facilities.
- 4.5. Revise existing Technology Plan to improve operational efficiencies and enhance educational delivery.
  - 4.5.1. Improve Southern Website function/appearance.
- 4.6. Participate in the continuous solicitation campaign with the Vice President for Development to seek resources and new donors for the “Vision 2020 Major Gifts Campaign.”
- 4.7. Create new College “fundraising” activities that will provide unrestricted funds for student scholarships.
- 4.8. Seek out and apply for additional Federal, State, Foundation and/or private donor grants within the following high demand career clusters:
  - 4.8.1. Agriculture, Food, and Natural Resources
  - 4.8.2. Architecture and Construction
  - 4.8.3. Health Science
  - 4.8.4. Hospitality and Tourism
  - 4.8.5. Manufacturing

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
MEETING OF FEBRUARY 21, 2017**

**ITEM:** Request for Approval of Transcript Fee

**RECOMMENDED RESOLUTION:** *RESOLVED*, That the Southern West Virginia Community and Technical College Board of Governors approve the proposed transcript fee of \$5.00 per transcript to use the National Student Clearinghouse service for electronic record exchanges effective upon approval.

**STAFF MEMBER:** Samuel Litteral

**BACKGROUND:**

At its December 13, 2016 Board of Governors meeting, a question arose regarding the use of electronic student transcripts. Board members were informed that the College was in the process of setting up these services with the National Student Clearinghouse.

At the January 23, 2017 meeting of the Board of Governors Ad Hoc Committee on Tuition and Fees, Vice President Samuel Litteral, informed committee members that he was in the process of setting up an outside bank account with the West Virginia Treasurer's Office to begin using the services of the National Student Clearinghouse. Currently, a student's first five (5) transcripts are issued free of charge, and subsequent requests are \$10.00 for each transcript. Mr. Litteral recommended that a flat fee of \$5.00 per transcript be implemented to use the Clearinghouse service. The Committee approved the recommendation.

Therefore, the Board of Governors Ad Hoc Committee on Tuition and Fees recommends that the Board of Governors approve the proposed implementation of a flat transcript fee of \$5.00 per transcript to use the National Student Clearinghouse service for electronic record exchanges.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
MEETING OF FEBRUARY 21, 2017**

**ITEM:** Request for Approval of SCP-1735, *Solicitation Policy*

**RECOMMENDED RESOLUTION:** *RESOLVED*, That the Southern West Virginia Community and Technical College Board of Governors grant approval of SCP-1735, *Solicitation Policy*, for submission to the Chancellor for Community and Technical College Education following the required 30-day public comment period.

**STAFF MEMBER:** Robert Gunter

**BACKGROUND:**

This policy applies to solicitation activities conducted on the grounds or within the buildings under the control of Southern West Virginia Community and Technical College, including solicitation using Southern's electronic mail network ("e-mail"). On September 9, 2016, President Gunter met with the Directors of Campus Operations to consider revision of SCP-1735, *Solicitation Policy*. Responsibility for the approval of events held on Southern's campuses and the posting of materials on its buildings and grounds were delegated to the Director of Campus Operations.

The modified policy was reviewed and approved as presented by members of the Executive Council on July 5, 2016, and by the President's Cabinet on October 17, 2016. At its December 13, 2016 meeting, the Southern West Virginia Community and Technical College Board of Governors approved advancement of this policy to Southern's constituents and the Chancellor for Community and Technical College Education for the required 30-day public comment period which ended January 20, 2017. No comments were received at the end of the comment period. Therefore, the staff recommends that the Board of Governors grant approval of SCP-1735, *Solicitation Policy*, as presented for submission to the Chancellor for Community and Technical College Education for final approval following the required 30-day public comment period.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
SCP-1735**

**SUBJECT:** Solicitation Policy

**REFERENCE:** West Virginia Code §18B-14-10; §18B-1-6

**ORIGINATION:** June 2004

**EFFECTIVE:** March 21, 2017

**REVIEWED:** September 28, 2016

**SECTION 1. PURPOSE**

1.1 Southern West Virginia Community and Technical College (“Southern” or the “College”) has the duty and responsibility to maintain a safe and healthy work and learning environment conducive to its principal mission of education while respecting the constitutional protection of free speech as well as the individuals right to privacy. Accordingly, the College hereby adopts this solicitation policy for the purposes of: (1) preserving the College’s right to permit or prohibit sales and solicitation activities on college property, and (2) to protect the campus community from sales and solicitation activities that are intrusive, unrelated to our educational purpose, or incompatible with normal operations. This policy is not intended to constrain solicitation of the College, which may be directed to appropriate employees solely in their capacities as employees or agents of the College, in the normal operation of College purchasing or contracting.

**SECTION 2. SCOPE AND APPLICABILITY**

2.1 This policy applies to solicitation activities conducted on the grounds or within buildings under the control of Southern West Virginia Community and Technical College, including solicitation using Southern’s electronic mail network (“e-mail”).

**SECTION 3. DEFINITIONS**

3.1 The term “solicitation” as used here means the sale, lease, rental or offer for sale, of any property, product, merchandise, publication, or service, whether for immediate or future delivery; the distribution or display of printed material, merchandise, or products that are designed to encourage the purchase, use, or rental of any property, product, merchandise, publication, or service; or the oral written appeal or request to support or join an organization other than a registered student, faculty, or staff organization. Solicitation further means the activity or process of seeking to obtain the support of an individual for a cause, movement, doctrine, or commercial product through persuasion or formal application.

**SECTION 4. POLICY**

4.1 Solicitation of employees and students and/or distribution of literature for solicitation purposes is prohibited unless approved and conducted in accordance with the content, requirements and restrictions of this policy. Approval from the Director of Campus Operations must be obtained prior to an event being scheduled. To receive approval, the *On Campus Solicitation Request Form* (SCP-1735.A) will be submitted at least two weeks prior to the event. The College reserves the right to withhold approval for any solicitation activities on property under its jurisdiction, and to regulate the time, place, manner and duration of approved

solicitation. The College makes no warranty regarding the truth of any representation made in any written materials posted or distributed or other information provided as part of any solicitation activity engaged in pursuant to this policy.

- 4.1.1 Sales and Solicitation by Non-college Organizations – There shall be no sales and/or solicitation conducted on college property except by vendors with whom the college has contracted for the sale, lease, rental, or offer of said goods and services. Specifically prohibited by this policy is the solicitation of students of Southern West Virginia Community and Technical College by financial institutions, organizations, businesses, companies, establishments, or individuals for credit cards and/or credit services.
- 4.1.2 Sales and Solicitation by Official College Organizations Including Student Organizations – Solicitation for the sale, lease, rental, or offer of goods, services, and /or products on college property shall be conducted by Student organizations, faculty, or staff officially recognized and authorized by Southern West Virginia Community and Technical College or by legally authorized representatives of companies with whom the college has signed an official contract for the sale, lease, rental, or offer of said goods and services.
- 4.1.3 Sales Limitations – Sales may not be conducted in competition with the products and services normally provided by the college.
- 4.1.4 Solicitation by Employees – Solicitation by employees for purposes other than direct college related business during regularly scheduled work hours is prohibited. Solicitation during non-work hours (lunch or other break times) by employees is subject to other applicable sections of this policy.
- 4.1.5 Solicitation by Students – Solicitation and/or sales by students or student organizations on college property are prohibited without the express written consent of the Vice President for Student Services.
- 4.1.6 Use of College Mail, E-mail or Other Electronic Media – Use of the college mail, e-mail or other electronic media systems for solicitation or sales is limited to official college business only. No other use of college mail or e-mail services and/or equipment is permitted.
- 4.1.7 Posting Material – Posting of all material referenced in this policy must be approved and posted by the Director of Campus Operations.

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

- 5.1 None.

## **SECTION 6. GENERAL PROVISIONS**

- 6.1 Students and employees violating the terms and conditions of this policy shall be subject to disciplinary action deemed appropriate by the President and the Vice President for Student Services. Any individual, organization, or entity found in violation of this policy will be subject to available sanctions and/or civil action.

## **SECTION 7. RESPONSIBILITIES**

- 7.1 The solicitation policy falls under the responsibility of the President or President’s designee.

**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-1735.A, *On Campus Solicitation Request Form*

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

**Revision Notes:** July 2011 — Revisions reflect no substantial changes in procedure or documentation requirements. Revisions provide clarity and reflect changes in management responsibilities. Form was streamlined.

September 2016 – Responsibility for the approval of events held on Southern’s campuses and the posting of materials on its buildings and grounds were delegated to the Director of Campus Operations.



**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
MEETING OF FEBRUARY 21, 2017**

**ITEM:** Request for Approval of SCP-2375, *Home Campus Assignment and Campus Requirements for Faculty*

**RECOMMENDED RESOLUTION:** *RESOLVED*, That the Southern West Virginia Community and Technical College Board of Governors grant approval of SCP-2375, *Home Campus Assignment and Campus Requirements for Faculty*, for submission to the Chancellor for Community and Technical College Education for final approval following the required 30-day comment period.

**STAFF MEMBER:** Samuel Litteral

**BACKGROUND:**

The Vice President for Finance and Administration Unit was charged with the review of SCP-2375, *Home Campus Assignment and Campus Requirements for Faculty*. The purpose of this policy is to establish and communicate policy regarding assignments to teaching locations.

Modifications to this policy were reviewed and approved by Executive Council on November 2, 2016, and the President's Cabinet on November 8, 2016. Revisions reflect changes in management titles and the addition of faculty member definition.

At its December 13, 2016 meeting, the Southern West Virginia Community and Technical College Board of Governors approved advancement of this policy to Southern's constituents and the Chancellor for Community and Technical College Education for the required 30-day public comment period which ended January 20, 2017. No comments were received at the end of the comment period. Therefore, the staff recommends that the Board of Governors grant approval of SCP-2375, *Home Campus Assignment and Campus Requirements for Faculty*, as presented for submission to the Chancellor for Community and Technical College Education for final approval following the required 30-day public comment period.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
SCP-2375**

**SUBJECT:** Home Campus Assignment and Campus Requirements for Faculty

**REFERENCE:** West Virginia Council for Community and Technical College Education, Title 135, Procedural Rule, Series 8, *Personnel Administration*; Series 9, *Academic Freedom, Professional Responsibility, Promotion, and Tenure*; SCP-5780, *Travel Regulations*

**ORIGINATION:** July 1, 1985

**EFFECTIVE:** March 21, 2017

**REVIEWED:** November 2, 2016

**SECTION 1. PURPOSE**

1.1 To establish and communicate policy regarding assignments to teaching locations.

**SECTION 2. SCOPE AND APPLICABILITY**

2.1 All faculty and instructional specialist employees.

**SECTION 3. DEFINITIONS**

3.1 Faculty – Those individuals employed on a full-time or part-time basis whose major responsibility is the delivery of courses of instruction.

**SECTION 4. POLICY**

4.1 Faculty members will have a home campus designated for purposes of regular office space, mail delivery, payroll, etc. However, faculty members may be assigned teaching responsibilities at one or more locations where courses are offered. The home campus assignment will be based upon institutional needs for the position.

**SECTION 5. BACKGROUND OR EXCLUSIONS**

5.1 None

**SECTION 6. GENERAL PROVISIONS**

6.1 A faculty member shall be assigned to one campus as the home campus.

6.2 A faculty member shall not be reimbursed for travel between his/her home campus and place of residence.

6.3 A faculty member may be required to teach on one or more campus locations.

6.4 A faculty member with a multi campus teaching assignment will be reimbursed for travel in his/her personal car when the state vehicle is unavailable. Reimbursement will be in compliance with travel regulations.



**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
MEETING OF FEBRUARY 21, 2017**

**ITEM:** Request for Approval of SCP-2875, *Workload Requirements for Full-time Faculty*

**RECOMMENDED RESOLUTION:** *RESOLVED*, That the Southern West Virginia Community and Technical College Board of Governors grant approval of SCP-2875, *Workload Requirements for Full-time Faculty*, for submission to the Chancellor for Community and Technical College Education following an additional 30-day public comment period.

**STAFF MEMBER:** Samuel Litteral

**BACKGROUND:**

At its August 2016 meeting, the Board authorized release of SCP-2875, *Workload Requirements for Full-time Faculty*, to Southern's constituents and the Chancellor for Community and Technical College Education for the required 30-day public comment period which ended September 16, 2016. Seven (7) comments were received at the end of the comment period.

Based upon the comments received at the end of the comment period and the recommendation of the President's Cabinet, at its October 13, 2016 meeting, the Board postponed action on the proposed revisions to SCP-2875, *Workload Requirements for Full-time Faculty*, to provide ample time for additional work needed on the proposal and further review of constituent comments.

An Ad Hoc Committee met on November 15, 2016, to discuss the issues brought forward and review the proposal. Based upon the outcome of this review, language in the draft proposal has been modified to provide further clarification.

At its December 13, 2016 meeting, the Southern West Virginia Community and Technical College Board of Governors approved advancement of this policy to Southern's constituents and the Chancellor for Community and Technical College Education for for an additional 30-day public comment period to allow sufficient time for review of the policy by all constituents. The comment period ended January 20, 2017, and one comment was received which was technical in nature (Section 6, Subsection 6.2 in 4.1 was cited incorrectly. The error has been corrected in the final policy). Therefore, the staff recommends that the Board of Governors grant approval of SCP-2875, *Workload Requirements for Full-time Faculty*, as presented for submission to the Chancellor for Community and Technical College Education for final approval following the additional 30-day public comment period.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
SCP-2875**

**SUBJECT:** Workload Requirements for Full-time Faculty and Instructional Specialists

**REFERENCE:** West Virginia Council for Community and Technical College Education, Title 135, Procedural Rule, Series 45, *Community and Technical College Faculty Instructional Load*; Title 135, Procedural Rule, Series 8, *Personnel Administration*; Series 9, *Academic Freedom, Professional Responsibility, Promotion, and Tenure*; SCP-2171, *Professional and Educational Requirements for Faculty*; SCP-2375, *Home Campus Assignment and Campus Requirements for Faculty*; and SCP-3100, *Full-time Faculty Responsibilities for Academic Advising of Students*

**ORIGINATION:** April 15, 1985

**EFFECTIVE:** March 21, 2017

**REVIEWED:** November 2016

**SECTION 1. PURPOSE**

1.1 To establish class sizes, the work week and class loads for full-time faculty members and instructional specialists of Southern West Virginia Community and Technical College.

**SECTION 2. SCOPE AND APPLICABILITY**

2.1 The issuance applies to all full-time faculty members and instructional specialists of Southern West Virginia Community and Technical College who are classroom instructors.

**SECTION 3. DEFINITIONS**

- 3.1 Faculty – Those individuals employed on a full-time or part-time basis whose major responsibility is the delivery of courses of instruction.
- 3.2 Full-time Faculty – An individual employed on a full-time year-to-year basis designated as faculty who holds rank and is assigned a full-time workload per institutional guidelines.
- 3.3 Instructional Specialist – A type of term appointment defined as those faculty members who have been appointed minimally on a nine-month basis and an hourly workload. The appointment is for a specified term not to exceed three years. The instructional specialist is eligible to receive reappointment to additional terms. No number of term appointments shall create any presumption of a right to reappointment or to appointment as a tenure-track (probationary) or a tenured faculty. In addition to teaching, instructional specialists will have responsibilities for various academic support activities.
- 3.4 Fully Online Faculty – A full-time faculty member whose full load is considered fully online.

## **SECTION 4. POLICY**

- 4.1 Class Load – Full-time faculty course load shall be fifteen (15) credit hours or their equivalent per semester, a maximum of thirty (30) credits per academic year. Full-time instructional specialist course loads shall be eighteen (18) credit hours or their equivalent per fall and spring semesters, and six (6) credit hours or their equivalent per summer semester. Faculty overload teaching opportunities are addressed in Section 6, Subsection 6.2 of this policy.
- 4.2 Full-time Faculty Workweek – Full-time faculty shall post a minimum of twenty-two and one-half (22 ½) hours per week indicating lecture, clinical, lab and office hours. Additional time will be required to fulfill committee and other college responsibilities as identified in this policy. Workweek may include a combination of any of the following: weekdays, evenings, and weekends.
- 4.2.1 Faculty assigned fully online courses shall indicate course contact hours as TBA on their schedule and provide specific contact guidelines for online students under a Feedback Time Frames and Communication Methods page within each course in Blackboard. These guidelines should include a variety of methods of contact and contact hours including day and evening time frames as well as feedback guidelines which have a maximum forty-eight (48) hour response time.
- 4.2.2 Faculty assigned hybrid courses (courses with fifty (50) percent or more online) shall indicate the on-campus portion of the class on their schedule and provide specific guidelines for additional online contact under a Feedback Time Frames and Communication Methods page within each course in Blackboard. These guidelines should include a variety of methods of contact and contact hours including day and evening time frames as well as feedback guidelines which have a maximum forty-eight (48) hour response time. Faculty office hours are addressed in Section 6, Subsection 6.1 of this policy.
- 4.3 Instructional Specialist Workweek – Full-time instructional specialists shall post a minimum of thirty-seven and one-half (37 ½) hours per week indicating lecture, clinical, lab, and office hours. Workweek may include a combination of any of the following: weekdays, evenings, and weekends.
- 4.4 Class Size – Classes will have a minimum of ten (10) students. The following consideration may be justification for approving classes with less than minimum enrollments:
- 4.4.1 Room size,
- 4.4.2 Availability of equipment,
- 4.4.3 Upper level courses required for graduation,
- 4.4.4 Faculty/student ratios as mandated by accreditation standards,
- 4.4.5 Any reason deemed necessary by the Vice President for Academic Affairs.

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

- 5.1 None.

## **SECTION 6. GENERAL PROVISIONS**

6.1 Office Hours – Each full-time faculty member shall maintain posted office hours of not less than seven and one-half (7 ½) hours per week on campus. Office hours shall have a minimum block of thirty (30) minutes. Fully online faculty may utilize one of the following methods to fulfill office hour obligations:

- 6.1.1 Traditional office hours scheduled on campus,
- 6.1.2 Online hours in the Virtual Advising Center available for access by all students,
- 6.1.3 Additional three (3) hour credit course counted as base course load, and
- 6.1.4 Faculty teaching a combination of in-class and online courses may post up to three (3) hours of the seven and one-half (7½) office hours in the Virtual Advising Center.

6.2 Overload – Full-time faculty members and instructional specialists may be offered the opportunity to assume additional teaching workloads for extra compensation under a contractual agreement. In making such an agreement, the faculty supervisor shall consider the employee’s ability to perform both his or her regular and supplemental duties. All faculty shall be limited to a maximum of eight (8) unique preparations during any semester.

## **SECTION 7. RESPONSIBILITIES**

7.1 Full-time faculty members are expected to participate in College non-teaching functions as part of their faculty duties. These activities include, but are not limited to, the following:

- 7.1.1 Registration and student advisement,
- 7.1.2 Committee assignments,
- 7.1.3 Faculty meetings,
- 7.1.4 Commencement exercises (absence requires the approval of the President), and
- 7.1.5 Governance Day activities (absence requires the approval of the President).

7.2 The Vice President for Academic Affairs or assigned department/division leadership designee will ensure:

- 7.2.1 Each full-time faculty member is assigned a full class load or equivalent.
- 7.2.2 Criteria for minimum class sizes are adhered to or justifications for exceptions are submitted.
- 7.2.3 Non-teaching College responsibilities are equitably assigned to faculty members.

## **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:**        November 2009 – Revisions provide clarity and reflect changes in management responsibilities.  
The policy was placed into the new format.

December 2014 – Revisions reflect changes in management responsibilities and job titles.

November 2016 – Revisions include definitions for Faculty, Full-time Faculty, Fully Online Faculty and Instructional Specialist. Clarification for expanded office hours and online faculty information.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
MEETING OF FEBRUARY 1, 2017**

**ITEM:** Request for Approval of Revisions to SCP-2250, *Hiring Adjunct Faculty*

**RECOMMENDED RESOLUTION:** *RESOLVED*, That the Southern West Virginia Community and Technical College Board of Governors grant approval for the distribution of the SCP- 2250, Hiring Adjunct Faculty, to Southern's constituents and the Chancellor for Community and Technical College Education for the required 30-day comment period.

**STAFF MEMBER:** Samuel Litteral

**BACKGROUND:**

The Vice President for Finance and Administration Unit was charged with the review of SCP-2250, Hiring Adjunct Faculty. The purpose of this policy is to establish rules for hiring part-time (adjunct) faculty.

This policy was reviewed by Executive Council on February 1, 2017 and the President's Cabinet on February 14, 2017. Revisions made include removing titles of personnel and payroll forms (as these forms change periodically), and also changing the time frame when the adjunct faculty agreements are due to Human Resources in order to meet the personnel, payroll, and hiring deadlines as required by law. Following these reviews, it is recommended that the Board of Governors advance this policy to Southern's constituents and the Chancellor for Community and Technical College Education for the required 30-day public comment period.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
SCP-2250**

**SUBJECT:** Hiring Adjunct Faculty

**REFERENCE:** West Virginia Council for Community and Technical College Education, Title 135, Series 9, *Academic Freedom, Professional Responsibility, Promotion and Tenure*, West Virginia Code 18-7A-35b (e), SCP-2580, *Part-time Employees: Classified Staff and Adjunct Faculty*

**ORIGINATION:** November 1, 1984

**EFFECTIVE:** ~~November 1, 1984~~

**REVIEWED:** ~~November 21, 2011~~ December 7, 2016

**SECTION 1. PURPOSE**

1.1 To establish rules for hiring part-time (adjunct) faculty.

**SECTION 2. SCOPE AND APPLICABILITY**

2.1 This policy applies to all academic supervisory personnel in employing part-time (adjunct) faculty.

**SECTION 3. DEFINITIONS**

3.1 Adjunct faculty are defined in SCP-2580 as part-time, non-tenure track faculty who do not meet the definitions of a full-time, temporary, or term appointment faculty as defined in Title 135 Procedural Rule, West Virginia Council for Community and Technical College Education, Series 9, *Academic Freedom, Professional Responsibility, Promotion and Tenure*.

**SECTION 4. POLICY**

4.1 The assignment of adjunct faculty members shall be made by the ~~department chairs~~ academic chair/head subject to review and approval by the chief academic officer. All adjunct faculty shall be selected through a systematic process designed to employ the most qualified person while adhering to affirmative action and minimum qualification guidelines.

4.2 An adjunct faculty shall be used to supplement, not supplant, a full-time instructional staff.

**SECTION 5. BACKGROUND OR EXCLUSIONS**

5.1 None.

**SECTION 6. GENERAL PROVISIONS**

6.1 Adjunct faculty may teach a maximum of nine (9) credit hours per semester.

6.2 “Early Incentive Retirees” (retired between 4/1/88 and 6/30/89) from the West Virginia Consolidated Public Retirement Board Programs may teach a maximum of twelve (12) credit hours per semester without temporary loss of retirement benefits. This provision is provided in West Virginia Code for only adjunct instructors at Southern West Virginia Community and Technical College and West Virginia Northern Community and Technical College. The statute does not apply to any other retirees.

## SECTION 7. RESPONSIBILITIES

7.1 The following steps are required for the selection and assignment of adjunct faculty:

7.1.1 The chief academic officer, working with the appropriate ~~department chair~~ academic chair/head shall determine if full-time faculty and instructional staff are being fully utilized prior to hiring an adjunct faculty to teach any specific course(s).

7.1.2 If the full-time faculty member is not available, then the chief academic officer, working with the ~~department chair~~ academic chair/head, shall solicit applications, using prescribed guidelines as to affirmative action and preestablished minimum qualifications.

7.1.3 Upon receiving the applications, the Human Resources Office shall forward these to the ~~chief academic officer~~ appropriate academic chair/head who shall confer with the ~~appropriate department chair~~ chief academic officer to select the person(s) best qualified to instruct the course(s).

7.1.4 An adjunct faculty agreement shall be developed and given to the adjunct faculty member by the ~~department chair~~ academic chair/head. Conditions relative to the number of class meetings required, dates, remuneration and pay frequency shall be specified in the agreement. Signed copies shall be retained in the adjunct faculty member’s file, located in the Human Resources Office.

7.1.5 The ~~department chair~~ academic chair/head shall be responsible for ~~having~~ ensuring the instructor completes the ~~Personnel Data Sheet (PDS), the I-9 Employment Verification form, and the IRS Personal Withholding Certificate (W-4 Form)~~ appropriate personnel and payroll forms which shall become part of the adjunct faculty member’s file. The ~~department chair~~ academic chair/head is responsible for ensuring all forms and documents are completed in accordance with applicable rules, regulations, and laws.

7.1.6 The standard rate of pay for adjunct faculty shall be consistent for all adjunct faculty.

7.1.7 This rate shall be based on the assumption that the instructor will meet all sessions of the assigned class during the semester of employment.

7.1.8 Exceptions to the standard rate of pay are:

7.1.8.1 Reduction in salary for class sessions canceled because of instructors absence.

7.1.8.2 Reduction in salary for courses that do not meet enrollment standards.

7.1.8.3 Reduction in salary for not meeting the terms of the adjunct faculty agreement.

7.1.8.4 Increase in salary if extenuating circumstance’s warrant (e.g., excessive travel).

7.1.9 The ~~chief academic officer~~ President’s Cabinet shall adjudicate salary rates as recommended by the

Office of Academic Affairs in consultation with the Human Resources.

- ~~7.1.10 Department Chairpersons shall~~
- ~~7.1.10.1 collect PDS's for all adjunct faculty;~~
- ~~7.1.10.2 collect IRS Withholding Certificates;~~
- ~~7.1.10.3 original adjunct faculty agreements and insure their completeness;~~
- ~~7.1.10.4 complete adjunct faculty payroll cover sheets, and~~
- ~~7.1.10.5 forward completed forms to the Human Resources Office.~~

[will become 7.1.10]

7.1.11 ~~These data~~ The adjunct faculty agreement, along with all personnel and payroll forms and documentation must be received no later than two (2) weeks following prior to the first day of classes. The chief academic officer will must approve and sign all adjunct faculty agreements and forward to the Human Resources Office by the due date.

[will become 7.1.11]

7.1.12 The chief human resources officer shall direct the Payroll ~~Representative~~ Office to use the information provided to generate the adjunct payroll.

## **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:**                      Policy Reviewed January 5, 2007  
November 2011 – Policy reviewed and updated to reflect current practices and titles.

December 7, 2016 – Policy revisions include removing titles of personnel and payroll forms (as these forms change periodically), and also changing the time frame when the adjunct faculty

agreements are due to Human Resources in order to meet the personnel, payroll, and hiring deadlines as required by law.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
MEETING OF FEBRUARY 21, 2017**

**ITEM:** Request for Approval of Revisions to SCP-4710,  
*Academic Integrity*

**RECOMMENDED RESOLUTION:** *RESOLVED*, That the Southern West Virginia Community and Technical College Board of Governors grant approval for the distribution of SCP-4710, *Academic Integrity*, to Southern's constituents and the Chancellor for Community and Technical College Education for the required 30-day comment period.

**STAFF MEMBER:** Allyn Sue Barker

**BACKGROUND:**

SCP-4710, *Academic Integrity*, was reviewed by Student Services management personnel. Minor changes to the policy were made to provide clarity and to change position titles. The policy was forwarded to the Management Council for Academic and Student Services (MCAS) for their review. The policy was approved with changes by the Management Council for Academic Affairs and Student Services (MCAS) at their November 16, 2016, meeting. The amended policy was then reviewed and approved by Executive Council at their December 7, 2016 meeting and by the President's Cabinet at their December 13, 2016 meeting.

The staff requests that SCP-4710, *Academic Integrity*, be advanced to Southern's constituents and the Chancellor for Community and Technical College Education for the required 30-day public comment period.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
SCP-4710**

**SUBJECT:** Academic Integrity

**REFERENCE:** None

**ORIGINATION:** July 1, 1984

**EFFECTIVE:** ~~July 1, 1984~~

**REVIEWED:** October 18, 2016

**SECTION 1. PURPOSE**

1.1 To establish a policy that outlines Southern's expectations for academic integrity and academic dishonesty.

**SECTION 2. SCOPE AND APPLICABILITY**

2.1 This policy applies to all students at Southern.

**SECTION 3. DEFINITIONS**

- 3.1 Academic Integrity - Academic integrity at Southern is a standard of ethics students are expected to maintain.
- 3.2 Academic Dishonesty - Academic dishonesty is any practice which gives a student an unfair advantage over another student in the same or similar course of study. It includes, but is not limited to, plagiarism, cheating, fraud, information technology misuse, or any misconduct with regards to academic integrity as defined.
- 3.3 Plagiarism - The attempt to represent the work of another, as it may relate to written or oral works, computer-based work, mode of creative expression (i.e. music, media, or the visual arts), as the product of one's own thought, whether the other's work is published or unpublished, or simply the work of a fellow student.
- 3.4 Cheating - The improper taking or tendering of any information or material which shall be used to determine academic credit. Example include but are not limited to the following:
- 3.4.1 Copying from another student's test or homework paper.
  - 3.4.2 Allowing another student to copy from a test or homework assignment.
  - 3.4.3 Using unauthorized materials during a test, such as the course textbook, notebook, formula lists, notes, or crib sheets, including those stored in a calculator or other electronic device.
  - 3.4.4 Collaborating during an in-class or take-home test with any other person by giving or receiving information without authority.
  - 3.4.5 Having another individual write or plan a paper, including those bought from research paper services.
  - 3.4.6 Submitting the same paper or project in more than one class.

- 3.4.7 Obtaining any part of an examination or assignment before it has been given to the class.
- 3.4.8 Use of any electronic device in class without the expressed permission of the instructor.
- 3.5 Fraud - Fabrication, Forgery, and Obstruction
  - 3.5.1 Fabrication is the use of invented, counterfeited, altered, or forged information in assignments of any type including those activities done in conjunction with academic courses that require students to be involved in out-of-classroom experiences.
  - 3.5.2 Forgery is the imitating or counterfeiting of images, documents, signatures, and the like.
  - 3.5.3 Obstruction is any behavior that limits the academic opportunities of other students by improperly impeding their work or their access to education resources.
  - 3.5.4 Fraud includes, but is not limited to, the following actions:
    - 3.5.4.1 Providing any signature other than one's own on any College document.
    - 3.5.4.2 Forging or altering the record of any grade in an educational record.
    - 3.5.4.3 Knowingly presenting false information or intentionally misrepresenting one's record.
    - 3.5.4.4 Knowingly providing false statements in any College proceedings.
- 3.6 Misconduct - Misconduct is the intentional violation of college policies by tampering with grades or taking part in obtaining or distributing any part of a test, quiz, or graded assignment. Examples include:
  - 3.6.1 Stealing, buying, downloading, or otherwise obtaining all or part of a test and/or test answers.
  - 3.6.2 Selling or giving away all or part of a test and/or test answers.
  - 3.6.3 Asking or bribing any other person to obtain a test or any information about a test.
  - 3.6.4 Misrepresenting the truth, including handing in computer programs or using computer programs generated by another as one's own work; lying to an instructor to increase a grade; and lying or misrepresenting facts when confronted with an allegation of academic dishonesty.
  - 3.6.5 Changing, altering, or being an accessory to changing and/or altering of a grade in a grade book, on a computer, on a test, on a "change of grade" form, or on other official academic records of the College, which relate to grades.
  - 3.6.6 Continuing to work on an examination or project after the specified time has elapsed.
  - 3.6.7 Information Technology Misuse - Misuse of information technology is disruptive, unethical, or illegal use of the college's computer resources. Misuse of computers also includes disruptive, unethical, or illegal use of the computers of another institution or agency in which students are performing part of their academic program.

#### **SECTION 4. POLICY**

- 4.1 Because academic integrity is a cornerstone of the college's commitment to the principles of free inquiry,

students are responsible for learning and upholding professional standards of research, writing, assessment, and ethics in their areas of study. In the academic community, the high value placed on truth implies a corresponding intolerance of scholastic dishonesty. Written or other work which students submit must be the product of their own efforts and must be consistent with appropriate standards of professional ethics. Academic dishonesty, which includes cheating, plagiarism, and other forms of dishonest or unethical behavior are prohibited.

- 4.2 Upon discovering an act of academic dishonesty, the nature of the penalty shall be determined by the instructor. Such penalties may include, but are not limited to, a lowered grade on the assignment, no credit for the assignment, or an exclusion from further participation and a grade of “F” in the course.
- 4.3 Repeated acts of academic dishonesty will be handled by the Chief Academic Officer and will not be tolerated by the institution.

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

- 5.1 None.

## **SECTION 6. GENERAL PROVISIONS**

- 6.1 None.

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

- 7.1 Within fourteen days after an act of academic dishonesty is discovered, the instructor shall notify the student in writing and include a statement of the penalty imposed.
- 7.2 Within fourteen days (14) after an act of academic dishonesty is discovered, the instructor shall notify the ~~Department Chair and the appropriate academic dean~~ Division Head in writing. The instructor shall include copies of any physical evidence and a written report stating the facts of the case and the action taken.
- 7.3 Any student considering himself unfairly treated may use the grievance procedure as stated in the Student Handbook. The grievance procedure must be initiated within fourteen calendar days of the instructor’s notification to the student.
- 7.4 For subsequent or multiple offenses by the student, in addition to being given a grade of “F” in the course in which the academic dishonesty occurred, the student may be expelled from the College by the President on recommendation of the Chief Academic Officer following a judicial hearing. The subsequent offense is not limited to the course in which the initial offense was reported.
- 7.5 The Office of the Vice President for Chief Academic Officer Affairs shall maintain a permanent record of academic dishonesty offenses. A notification shall be available within Banner for evidence in any future judicial hearings regarding academic dishonesty. A hearing board will only receive current evidence on student misconduct, unless prior evidence of misconduct is pertinent to the hearing.
- 7.6 A student who has been given a grade of “F” by an instructor under the College policy on academic dishonesty is not permitted to withdraw from the course with a grade of “W” after academic dishonesty procedures have been initiated by the instructor.
- 7.7 The deadlines set out in the student grievance procedure for grade appeals do not apply to grievances regarding action taken regarding academic dishonesty. The grievance therefore may not be filed in the

subsequent term unless that term falls within fourteen calendar days of the instructor's notification of the student that academic dishonesty procedures have been initiated.

7.8 Penalties assigned for academic dishonesty may not be used as the basis for a subsequent grade appeal.

**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**

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

**Attachments:**            None.

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

**Revision Notes:**        May 2006 – Revisions provide clarity and reflect changes in current practice. Definitions, responsibilities, and procedures were added to this policy.

November 2011 – Significant revisions to include aspect of integrity and technology advancements. Information referenced in policy from [www.spcollege.edu/academicdishonesty](http://www.spcollege.edu/academicdishonesty) and [www.centralmichiganuniversity.academicintegritypolicy](http://www.centralmichiganuniversity.academicintegritypolicy).

October 2016 - Revisions reflect changes to position titles and provide clarity.