



---

**Agenda Book**  
**December 13, 2022**

---

Dr. Lisa Haddox- Heston, Chair  
William "Bill" Alderman, Vice Chair  
Sydney Brown  
Robert "Bud" Baldwin  
David Gresham  
Shawn Cline- Riggins

Dr. Pamela L. Alderman,  
President

Julia Smith  
Samuel Stewart  
Josh Stowers  
Jeremy Thompson  
Virgil Underwood  
Dianna Toler

---

**Southern West Virginia Community and Technical College  
Board of Governors  
Meeting of December 13, 2022  
6:00 p.m.  
2900 Dempsey Branch Road, Building C, Room 428  
Mt. Gay, West Virginia, and by Zoom**

**Zoom Meeting Access:**

**Join Zoom Meeting**

<https://zoom.us/j/98730345123?pwd=Nm5Ta1FzNE5xMU1kdW8wZ3ZwT1YzQT09>

Meeting ID: 987 3034 5123

Passcode: 458256

Dial In: 1 646 876 9923

**AMENDED AGENDA**

1. Roll Call, Verification of Quorum, and Call to Order..... Dr. Lisa Haddox-Heston  
Board Chair
2. Call for Public Comments to the Board of Governors ..... Chair Heston
3. \*Presentation and Acceptance of FY 2022  
Financial Audit Presentation..... 4  
Suttle & Stalnaker, PLLC  
Kelly Shaffer
4. HLC Institutional Response Update..... 78  
Mr. Bill Alderman, Accreditation Liaison Officer
5. Faculty Senate Report ..... 79  
Mr. Chris Ward  
Chair, Faculty Senate / ACF Representative
6. Classified Staff Report ..... Ms. Beverly McDonald  
Chair, Classified Staff
7. Finance Report ..... Mr. Derek Adkins  
Chief Financial Officer
8. President's Report..... 80  
President Alderman
9. Discussion Items..... Chair Heston
  - 9.1 Board of Governors retreat dates for Spring 2023.
10. Possible Executive Session under Authority of WV Code §6-9 Regarding Personnel\*\*

10.1	Personnel Matters .....	Chair Heston
11.	Action Items.....	Chair Heston
11.1	*Approval of October 18, 2022 Board Meeting Minutes .....	81
11.2	*Request for Approval to release Institutional Policy for 30-Day Comment .....	Mrs. Debbie Dingess, Chief Human Resources Officer
11.2.1	SCP-5XXX <i>Reportable Assets and Inventory Tracking</i> .....	86
11.2.2	SCP-XXXX, <i>Employee Conflict Resolution Policy</i> .....	90
11.3	*Request for Approval for an additional 30-day Comment 11.3.1 SCP-XXXX; <i>Return of Title IV Funds</i> .....	95
11.4	*Request for Final Approval following the 30-day comment 11.4.1 SCP-1230; <i>Firearms, Weapons, and Explosives Policy</i> .....	102
12.	Informational Items.....	Chair Heston
12.1	The next regular Board of Governors meeting is scheduled for 6:00 p.m. on Tuesday, February 21, 2023	
12.2	Governance Day December 9, 2022, Logan Campus	
12.3	Fall Graduation, December 10, 2022, 10:00 a.m.	
13.	Adjournment.....	Chair Heston

\*Denotes an item requiring action/Approval.

\*\*Upon return to Open Meeting from any Executive Session, the Board of Governors may take action on items discussed.

**Southern West Virginia  
Community and Technical College**  
Financial Statements  
Years Ended June 30, 2022 and 2021  
  
and  
  
Independent Auditor's Reports

# **SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**

## **TABLE OF CONTENTS**

---

	<b>Page</b>
INDEPENDENT AUDITOR'S REPORT	3 - 5
MANAGEMENT'S DISCUSSION AND ANALYSIS (RSI) (UNAUDITED)	6 - 14
FINANCIAL STATEMENTS	
Statements of Net Position	15
Statements of Revenues, Expenses and Changes in Net Position	16
Statements of Cash Flows	17
Component Unit - Statements of Financial Position	18
Component Unit - Statements of Activities	19 - 20
Notes to Financial Statements	21 - 62
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Proportionate Share of the Net Pension Liability	64
Schedule of Pension Contributions	65
Schedule of Proportionate Share of the Net OPEB Liability (Asset)	66
Schedule of OPEB Contributions	67
Notes to Required Supplementary Information	68 - 71
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>	72 - 73

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2022 and 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

#### *Basis for Opinions*

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

The Virginia Center  
1411 Virginia Street, East  
Suite 100  
Charleston, WV 25301

MAIN (304) 343-4126  
FAX (304) 343-8008

The Rivers Office Park  
200 Star Avenue | Suite 220  
PO Box 149  
Parkersburg, WV 26102

MAIN (304) 485-6584  
FAX (304) 485-0971

Suncrest Towne Centre  
453 Suncrest Towne Centre Drive  
Suite 201  
Morgantown, WV 26505

MAIN (304) 554-3371  
FAX (304) 554-3410

suttlecpas.com  
cpa@suttlecpas.com

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 14, the schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of proportionate share of the net OPEB liability (asset), and schedule of OPEB contributions, and related footnotes on pages 64 through 71 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2022, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



Charleston, West Virginia  
September 30, 2022



**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

### **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, 2022 and June 30, 2021. The emphasis of discussions about these statements will be on current year data. There are three financial statements presented: the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows. This discussion and analysis of the College's financial statements provides an overview of its financial activities for the year and is required supplemental information. Since this analysis is designed to focus on current activities, resulting change and currently known facts, please read it in conjunction with the College's basic financial statements and the footnotes to these financial statements. Responsibility for the completeness and fairness of this information rests with the College.

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

### **Statements of Net Position**

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

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

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

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2022**

10 <sup>7</sup>

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Assets and deferred outflows			
Current assets	\$ 15,651	\$ 14,759	\$ 14,366
Other noncurrent assets	116	70	159
Capital assets, net	<u>27,311</u>	<u>27,817</u>	<u>28,189</u>
Total assets	<u>43,078</u>	<u>42,646</u>	<u>42,714</u>
Deferred outflows of resources	<u>399</u>	<u>647</u>	<u>589</u>
Total	<u>\$ 43,477</u>	<u>\$ 43,293</u>	<u>\$ 43,303</u>
Liabilities, deferred inflows and net position			
Current liabilities	\$ 4,716	\$ 3,663	\$ 4,664
Noncurrent liabilities	<u>228</u>	<u>1,260</u>	<u>3,475</u>
Total liabilities	<u>4,944</u>	<u>4,923</u>	<u>8,139</u>
Deferred inflows of resources	<u>2,089</u>	<u>2,526</u>	<u>1,550</u>
Net position			
Net investment in capital assets	27,311	27,817	28,189
Unrestricted net position	<u>9,133</u>	<u>8,027</u>	<u>5,425</u>
Total net position	<u>36,444</u>	<u>35,844</u>	<u>33,614</u>
Total	<u>\$ 43,477</u>	<u>\$ 43,293</u>	<u>\$ 43,303</u>

Total net position of the College increased by \$0.6 million from June 30, 2021 to June 30, 2022. Total net position increased by \$2.2 million from June 30, 2020 to June 30, 2021. These changes are related to a number of changes as described below:

- The total net position increased in 2022 due to several factors, such as an increase in nonoperating revenues of \$2.0 million and a decrease in the net other postemployment benefits (OPEB) liability of \$0.8 million.
- The current ratio for fiscal years 2022 and 2021 is 3.3 and 4.0, respectively. The current ratio measures the ability to meet short-term obligations. The current ratio is the most widely-used measure of liquidity. Typically, current ratios range from 1 to 4.
- The net working capital for the College was \$10.9 million at the end of 2022. This is a decrease of \$0.2 million from the previous year's working capital of \$11.1 million.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

8

**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>2022</u>	<u>2021</u>	<u>2020</u>
Operating revenues	\$ 5,102	\$ 4,964	\$ 6,248
Operating expenses	<u>22,155</u>	<u>18,841</u>	<u>19,323</u>
Operating loss	(17,053)	(13,877)	(13,075)
Non-operating revenues	17,311	15,293	13,470
Capital payments on behalf	398	629	234
Other payments on behalf	<u>(56)</u>	<u>185</u>	<u>304</u>
Increase in net position	<u>600</u>	<u>2,230</u>	<u>933</u>
Net position - beginning of year	<u>35,844</u>	<u>33,614</u>	<u>32,681</u>
Net position - end of year	<u>\$ 36,444</u>	<u>\$ 35,844</u>	<u>\$ 33,614</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 2022, operating revenues increased by approximately 3%. This was due to an increase in state grant and contract revenue of 36%.
- State grant revenue increased by 36% in 2022; an increase of \$0.9 million.
- Tuition and fee revenue decreased by \$0.6 million, a 29% reduction from the previous year.

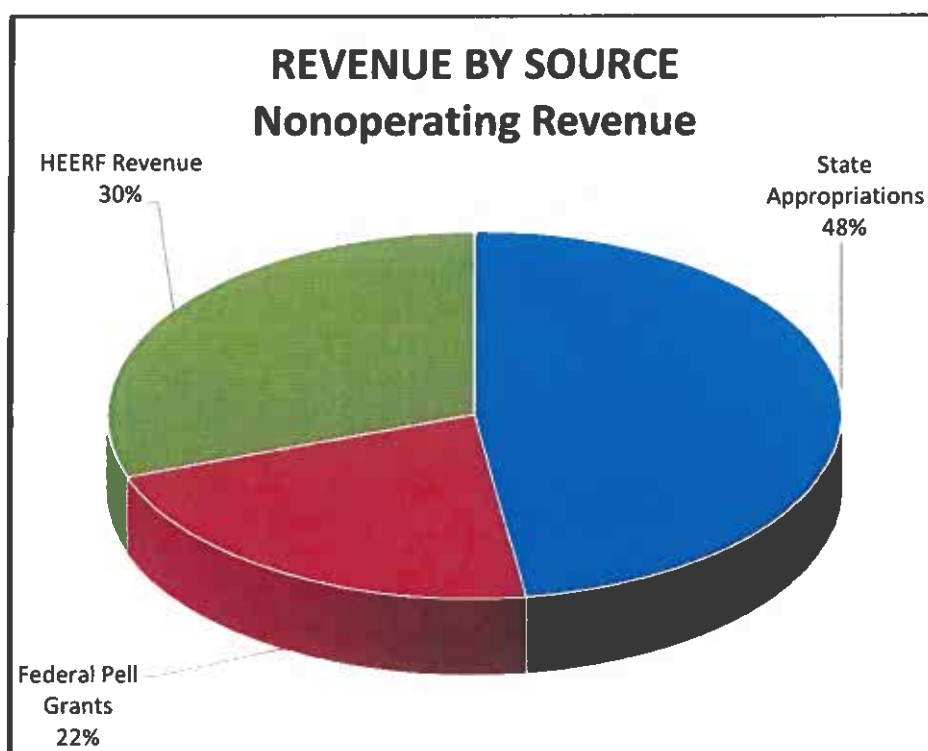
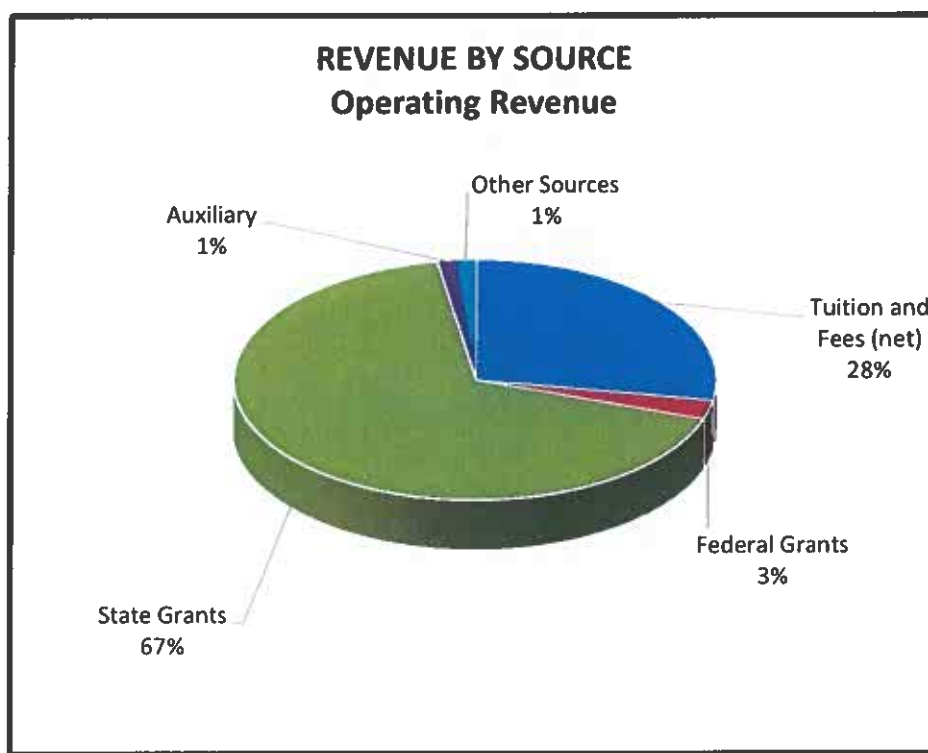
***Operating Expenses***

- For fiscal year 2022, the total cost of scholarships increased \$2.1 million, or 60%. The increase is primarily due to distributing more in higher education emergency relief funds (HEERF) to students. Total HEERF disbursements to students totaled \$2.8 million in 2022.
- For fiscal year 2022, supplies and other services increased approximately \$0.9 million, or 27%. The increase is primarily due to an increase in spending after receiving higher education emergency relief funds (HEERF) from the federal government.
- Salaries and wages increased by \$0.2 million, or 3%, and depreciation increased by \$0.1 million, or 8% in 2022.

***Non-operating Revenues***

- For fiscal year 2022, there was no change in the amount of state appropriations. State appropriations totaled \$8.2 million for fiscal years 2022 and 2021.
- For fiscal year 2022, higher education emergency relief (HEERF) revenues increased by \$2.8 million. The College was awarded approximately \$7.9 million in additional HEERF in fiscal year 2022. Approximately \$3.4 million of this funding is required to be used for students with the remaining \$4.5 million to be used by the College for institutional costs. Total HEERF revenue recognized was approximately \$5.3 million and \$2.5 million in 2022 and 2021, respectively. The remaining HEERF funds will be expended and recognized in 2023.
- For fiscal year 2022, Federal Pell grant revenues decreased by \$0.6 million, or 14%. This was due to the number of Pell awards decreasing by 166 students.
- For fiscal year 2022, the Higher Education Policy Commission made capital payments on behalf of the College for \$0.4 million. This was a decrease from the previous year of approximately \$0.2 million.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**



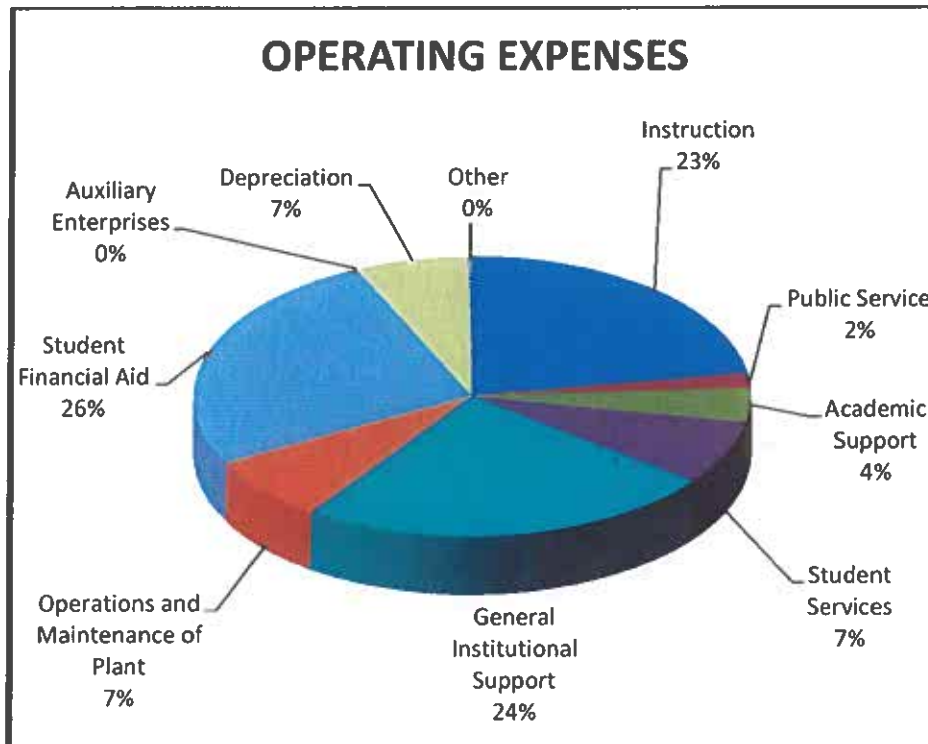
**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

14<sup>11</sup>

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

	2022	2021	2020	(2021 to 2022) Increase (Decrease)	(2021 to 2022) Percent Change
Operating expense					
Instruction	\$ 4,986	\$ 5,326	\$ 5,026	\$ (340)	(6.4)%
Academic support	881	1,061	956	(180)	(17.0)%
Student services	1,642	1,573	1,488	69	4.4%
Public service	355	437	467	(82)	(18.8)%
Operations & maintenance plant	1,627	1,780	1,430	(153)	(8.6)%
Institutional support	5,354	3,640	4,112	1,714	47.1%
Financial aid	5,793	3,625	4,340	2,168	59.8%
Auxiliary	7	4	6	3	75.0%
Depreciation	1,437	1,325	1,431	112	8.5%
Other	73	70	67	3	4.3%
Total	<u>\$ 22,155</u>	<u>\$ 18,841</u>	<u>\$ 19,323</u>	<u>\$ 3,314</u>	<u>17.6%</u>

The following is a graphic illustration of fiscal year 2022 operating expenses:



**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

**Statements of Cash Flows**

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash provided (used) by:			
Operating activities	\$ (16,144)	\$ (14,043)	\$ (11,151)
Noncapital financing activities	17,393	14,453	13,366
Capital and related financing activities	(530)	(160)	(721)
Investing activities	<u>20</u>	<u>20</u>	<u>173</u>
Net change in cash	739	270	1,667
Cash, beginning of year	<u>14,471</u>	<u>14,201</u>	<u>12,534</u>
Cash, end of year	<u>\$ 15,210</u>	<u>\$ 14,471</u>	<u>\$ 14,201</u>

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

16<sup>13</sup>

**Capital Asset and Debt Administration**

<b>Capital Assets, Net June 30, (in thousands)</b>					
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>(2021 to 2022) Increase (Decrease)</b>	<b>(2021 to 2022) Percent Change</b>
Capital Assets					
Land and Improvements	\$ 1,563	\$ 1,563	\$ 1,563	\$ -	-
Construction in Progress	-	538	238	(538)	(100.0)%
Buildings	43,432	42,506	42,091	926	2.2%
Equipment	6,136	5,650	5,955	486	8.6%
Library Holdings	3,938	3,942	3,951	(4)	(0.1)%
Total	55,069	54,199	53,798	870	1.6%
Less: Accum Depreciation	(27,758)	(26,382)	(25,609)	(1,376)	5.2%
Net Capital Assets	<u>\$ 27,311</u>	<u>\$ 27,817</u>	<u>\$ 28,189</u>	<u>\$ (506)</u>	(1.8)%

Capital assets net decrease of \$0.5 million was a result of current year additions offset by depreciation and retirements.

At June 30, 2022, the College had no significant outstanding contractual commitments for property, plant and equipment expenditures.

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

**Economic Outlook**

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

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



**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

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

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

#### **Requests for Information**

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

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

18 15

	2022	2021
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 15,209,798	\$ 14,470,631
Accounts receivable, net of allowance for doubtful accounts	141,182	60,574
Due from the Commission/Council	297,395	195,266
Due from Federal Government	496	30,000
Prepaid expenses	2,333	2,904
Total current assets	<u>15,651,204</u>	<u>14,759,375</u>
<b>NONCURRENT ASSETS:</b>		
Other accounts receivable	63,264	69,567
Net other postemployment benefit (OPEB) asset	52,134	-
Capital assets, net of accumulated depreciation	27,310,632	27,817,060
Total noncurrent assets	<u>27,426,030</u>	<u>27,886,627</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred outflows relating to pension	111,952	136,897
Deferred outflows relating to OPEB	287,357	509,686
Total deferred outflows of resources	<u>399,309</u>	<u>646,583</u>
<b>TOTAL</b>	<u><u>\$ 43,476,543</u></u>	<u><u>\$ 43,292,585</u></u>
<b>LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 54,962	\$ 91,652
Due to other State agencies	20,852	77,682
Due to other governments	285,940	285,940
Accrued liabilities	1,350,964	1,225,500
Compensated absences	575,296	494,693
Unearned revenue	2,427,726	1,487,478
Total current liabilities	<u>4,715,740</u>	<u>3,662,945</u>
<b>NONCURRENT LIABILITIES:</b>		
Net other postemployment benefit (OPEB) liability	-	768,248
Net pension liability	228,228	491,322
Total noncurrent liabilities	<u>228,228</u>	<u>1,259,570</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred inflows relating to pension	248,048	99,952
Deferred inflows relating to OPEB	1,840,937	2,425,627
Total deferred inflows of resources	<u>2,088,985</u>	<u>2,525,579</u>
<b>NET POSITION:</b>		
Net investment in capital assets	27,310,632	27,817,060
Unrestricted net position	9,132,958	8,027,431
Total net position	<u>36,443,590</u>	<u>35,844,491</u>
<b>TOTAL</b>	<u><u>\$ 43,476,543</u></u>	<u><u>\$ 43,292,585</u></u>

The Accompanying Notes Are An Integral  
Part Of These Financial Statements

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

	2022	2021
<b>OPERATING REVENUES:</b>		
Student tuition and fees, net of scholarship allowance of \$3,426,410 and \$3,507,033 for 2022 and 2021, respectively	\$ 1,414,778	\$ 1,985,039
Contracts and grants:		
Federal	129,382	340,008
State	3,426,669	2,511,346
Auxiliary enterprise revenue	62,615	48,735
Miscellaneous, net	68,289	78,722
Total operating revenues	<u>5,101,733</u>	<u>4,963,850</u>
<b>OPERATING EXPENSES:</b>		
Salaries and wages	8,538,457	8,306,823
Benefits	1,254,380	1,397,972
Supplies and other services	4,304,174	3,388,993
Utilities	754,656	726,842
Student financial aid - scholarships and fellowships	5,793,455	3,625,164
Depreciation	1,436,816	1,325,114
Fees assessed by the Commission for operations	73,000	69,549
Total operating expenses	<u>22,154,938</u>	<u>18,840,457</u>
<b>OPERATING LOSS</b>	<u>(17,053,205)</u>	<u>(13,876,607)</u>
<b>NONOPERATING REVENUES:</b>		
State appropriations	8,241,823	8,241,823
Gifts	44,030	44,183
Investment income	19,940	19,817
Federal Pell grants	3,745,591	4,348,498
Higher education emergency relief fund (HEERF) revenue	5,257,046	2,474,903
Other nonoperating revenues	2,147	163,940
Total nonoperating revenues	<u>17,310,577</u>	<u>15,293,164</u>
<b>INCREASE IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES</b>	257,372	1,416,557
<b>CAPITAL PAYMENTS MADE AND EXPENSES INCURRED ON BEHALF OF THE COLLEGE</b>	398,141	628,581
<b>PAYMENTS MADE AND EXPENSES (OFFSET) INCURRED BY THE STATE ON BEHALF OF THE COLLEGE</b>	<u>(56,414)</u>	<u>184,953</u>
<b>INCREASE IN NET POSITION</b>	<u>599,099</u>	<u>2,230,091</u>
<b>NET POSITION - Beginning of year</b>	<u>35,844,491</u>	<u>33,614,400</u>
<b>NET POSITION - End of year</b>	<u><u>\$ 36,443,590</u></u>	<u><u>\$ 35,844,491</u></u>

The Accompanying Notes Are An Integral  
Part Of These Financial Statements

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

2017

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from student tuition and fees	\$ 1,355,965	\$ 2,092,890
Cash received from contracts and grants	4,240,323	2,181,676
Payments to and on behalf of employees	(11,001,205)	(10,639,722)
Payments to suppliers	(4,248,765)	(3,384,308)
Payments to utilities	(754,656)	(726,842)
Payments for scholarships and fellowships	(5,793,455)	(3,625,164)
Auxiliary enterprise charges	62,615	48,735
Fees assessed by Commission	(73,000)	(69,549)
Other receipts, net	68,289	78,722
Net cash used in operating activities	<u>(16,143,889)</u>	<u>(14,043,562)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
State appropriations	8,241,823	8,241,823
Federal student loan program - direct lending receipts	1,765,613	2,143,919
Federal student loan program - direct lending payments	(1,765,613)	(2,143,919)
Gifts	44,030	44,183
Pell grants	3,745,591	4,348,498
Higher education emergency relief fund (HEERF) revenue	5,361,772	1,818,967
Net cash provided by noncapital financing activities	<u>17,393,216</u>	<u>14,453,471</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>		
Purchases of capital assets	(532,247)	(338,476)
Proceeds from sales of capital assets	-	159,940
Other nonoperating revenues (expenses)	2,147	18,333
Net cash used in capital financing activities	<u>(530,100)</u>	<u>(160,203)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on investments	19,940	19,817
Net cash provided by investing activities	<u>19,940</u>	<u>19,817</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>739,167</u>	<u>269,523</u>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<u>14,470,631</u>	<u>14,201,108</u>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<u>\$ 15,209,798</u>	<u>\$ 14,470,631</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Operating loss	\$ (17,053,205)	\$ (13,876,607)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	1,436,816	1,325,114
Pension expense (offset) - special funding situation	(8,688)	111,993
OPEB expense (offset) - special funding situation	(47,726)	72,960
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable, net of allowance for doubtful accounts	(80,608)	108,047
Due from the Commission/Council	(102,129)	(139,724)
Due from the Federal Government	29,504	(19,962)
Prepaid expenses	571	5,476
Other accounts receivable	6,303	11,758
Deferred outflows of resources	247,274	(57,430)
Accounts payable	(36,690)	15,623
Due to other State agencies	(56,830)	31,236
Due to other governments	-	1,200
Accrued liabilities	125,464	7,079
Compensated absences	80,603	(36,175)
Other postemployment benefit (OPEB) liability (asset)	(820,382)	(2,077,515)
Net pension liability	(263,094)	40,137
Unearned revenue	835,522	(542,624)
Deferred inflows of resources	(436,594)	975,852
Net cash used in operating activities	<u>\$ (16,143,889)</u>	<u>\$ (14,043,562)</u>
<b>NONCASH TRANSACTIONS:</b>		
Capital payments made and expenses incurred on behalf of the College	<u>\$ 398,141</u>	<u>\$ 628,581</u>

The Accompanying Notes Are An Integral  
Part Of These Financial Statements

SOUTHERN WEST VIRGINIA COMMUNITY COLLEGE FOUNDATION, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2021 AND 2020

	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 203,077	\$ 284,970
Certificates of deposit	56,009	60,757
Investment securities at fair value	4,390,916	3,726,690
Interest and dividends receivable	7,385	7,385
Prepaid expenses	16,030	49,247
Contributions receivable, net	163,707	250
<b>TOTAL ASSETS</b>	<b>\$ 4,837,124</b>	<b>\$ 4,129,299</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 3,000	\$ -
Payable to related party	44,000	-
<b>Total liabilities</b>	<b>47,000</b>	<b>-</b>
<b>NET ASSETS</b>		
With donor restrictions	4,276,403	3,383,107
Without donor restrictions	513,721	746,192
<b>Total net assets</b>	<b>4,790,124</b>	<b>4,129,299</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,837,124</b>	<b>\$ 4,129,299</b>

The Accompanying Notes Are An Integral  
 Part Of These Financial Statements

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, INVESTMENT INCOME, AND OTHER SUPPORT</b>			
Contributions	\$ -	\$ 306,470	\$ 306,470
Interest and dividend income	-	148,078	148,078
In-kind contributions	118,116	-	118,116
Gain on investment	7,129	553,150	560,279
Net assets released from restriction	114,402	(114,402)	-
<b>Total revenues, investment income, and other support</b>	<b>239,647</b>	<b>893,296</b>	<b>1,132,943</b>
<b>EXPENSES</b>			
Program services:			
Scholarships	102,154	-	102,154
Student and community support	118,116	-	118,116
Total program services	220,270	-	220,270
Administrative and general	239,753	-	239,753
Fundraising	12,095	-	12,095
<b>Total expenses</b>	<b>472,118</b>	<b>-</b>	<b>472,118</b>
<b>CHANGE IN NET ASSETS</b>	<b>(232,471)</b>	<b>893,296</b>	<b>660,825</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>746,192</b>	<b>3,383,107</b>	<b>4,129,299</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 513,721</b>	<b>\$ 4,276,403</b>	<b>\$ 4,790,124</b>

The Accompanying Notes Are An Integral  
Part Of These Financial Statements

SOUTHERN WEST VIRGINIA COMMUNITY COLLEGE FOUNDATION, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, INVESTMENT INCOME, AND OTHER SUPPORT</b>			
Contributions	\$ -	\$ 66,508	\$ 66,508
Interest and dividend income	-	143,065	143,065
Gain (loss) on investments	600	(288,927)	(288,327)
Net assets released from restriction	113,650	(113,650)	-
<b>Total revenues, investment income, and other support</b>	<b>114,250</b>	<b>(193,004)</b>	<b>(78,754)</b>
<b>EXPENSES</b>			
Program services:			
Scholarships	106,833	-	106,833
Direct program support	450	-	450
<b>Total program services</b>	<b>107,283</b>	<b>-</b>	<b>107,283</b>
Administrative and general	106,154	-	106,154
Fundraising	1,883	-	1,883
<b>Total expenses</b>	<b>215,320</b>	<b>-</b>	<b>215,320</b>
<b>CHANGE IN NET ASSETS</b>	<b>(101,070)</b>	<b>(193,004)</b>	<b>(294,074)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>847,262</b>	<b>3,576,111</b>	<b>4,423,373</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 746,192</b>	<b>\$ 3,383,107</b>	<b>\$ 4,129,299</b>

The Accompanying Notes Are An Integral  
Part Of These Financial Statements

#### NOTE 1 - ORGANIZATION

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

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

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

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

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

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



**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021**

22

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

The West Virginia State Legislature, as a regulatory body outside the reporting entity, has restricted the use of certain funds by Article 10, *Fees and Other Money Collected as State Institutions of Higher Education* of the West Virginia State Code. House Bill 101 passed in March 2005 simplified the tuition and fee structure and removed the restrictions but included designations associated with auxiliary and capital items. These activities are fundamental to the normal ongoing operations of the institution. These restrictions are subject to change by future actions of the West Virginia State Legislature. The College does not have any restricted expendable net position at June 30, 2022 or 2021.

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

- *Restricted net position, nonexpendable* - This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The College does not have any restricted nonexpendable net position at June 30, 2022 or 2021.
- *Unrestricted net position* - Unrestricted net position represents resources derived from student tuition and fees, state appropriations and sales and services of educational activities. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the Board of Governors to meet current expenses for any purpose. These resources also include resources of auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

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

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

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

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

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021**

26

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

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

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

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

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

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

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

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

**Federal Financial Assistance Programs** - The College makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through institutions like the College. Direct student loan receivables are not included in the College's statements of net position as the loans are repayable directly to the U. S. Department of Education. In 2022 and 2021, the College received and disbursed \$1,765,613 and \$2,143,919, 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 2022 and 2021, the College received and disbursed \$3,883,194 and \$4,477,770, 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.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

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

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

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

**Reclassifications** - Certain amounts in the June 30, 2021 financial statements have been reclassified to conform to the 2022 presentation. The reclassifications had no impact on net position or the change in net position.

**Newly Adopted Statements Issued By GASB** - The College implemented GASB Statement No. 87, *Leases*, which is effective for fiscal years beginning after June 15, 2021. This Statement requires lessees and lessors to report leases under a single model. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources for each lease. This Statement also requires additional notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The adoption of GASB Statement No. 87 did not have a significant impact on the financial statements.

The College implemented GASB Statement No. 92, *Omnibus 2020*, which is effective for fiscal years beginning after June 15, 2021. The requirements of this Statement address a variety of items, including specific provisions regarding the following topics: (1) GASB Statement No. 87 Implementation; (2) intra-entity transfers of assets; (3) postemployment benefits; (4) government acquisitions; (5) risk financing and insurance related activities of public entity risk pools; and (6) fair value measurements and derivative instruments. The adoption of GASB Statement No. 92 did not have a significant impact on the financial statements.

The College implemented the remainder of GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The removal of LIBOR as an appropriate benchmark interest rate was effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. This Statement removed LIBOR as an appropriate benchmark to coincide with its cessation at the end of calendar year 2021. The new guidance also addresses accounting and financial reporting implications that result from a change or replacement of any interbank offered rate (IBOR) in both hedging derivative instruments and leases. The standard also identifies appropriate benchmark interest rates for hedging derivatives. The adoption of GASB Statement No. 93 did not have a significant impact on the financial statements.

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

The College implemented GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.*, parts of which were effective immediately, while other provisions are effective for reporting periods beginning after June 15, 2021. The provisions that were immediately effective required that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan that the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform and limits the applicability of the financial burden criterion in GASB Statement No. 84 to defined benefit pension plans and defined OPEB plans administered through trusts. This Statement also requires that an IRC Section 457 Plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and clarifies that arrangements under IRC Section 457 should be assessed as a potential fiduciary activity under GASB Statement No. 84. As part of the supersession of GASB Statement No. 32, this Statement also requires that investments of all Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances. The portion of GASB Statement No. 97 that was effective immediately did not have a significant impact on the financial statements. The adoption of the remaining portions of GASB Statement No. 97 did not have a significant impact on the financial statements.

The College implemented GASB Statement No. 98, *The Annual Comprehensive Financial Report*, which is effective for fiscal years ending after December 15, 2021. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. The adoption of GASB Statement No. 98 did not have a significant impact on the financial statements.

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



**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021**

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

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

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

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

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

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

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

**NOTE 3 - CASH AND CASH EQUIVALENTS**

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

	2022	2021
Cash on deposit with the State Treasurer/BTI	\$ 15,196,444	\$ 14,313,191
Cash in bank	9,154	153,240
Cash on hand	4,200	4,200
	<u>\$ 15,209,798</u>	<u>\$ 14,470,631</u>

Cash held by the State Treasurer includes \$2,322,140 and \$1,179,791 of restricted cash primarily for operating grants as of June 30, 2022 and 2021, respectively.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

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

The combined carrying amount of cash in the bank at June 30, 2022 and 2021 was \$9,154 and \$153,240, as compared with the combined bank balance of \$9,154 and \$165,968, 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 were \$15,196,444 and \$14,313,191 as of June 30, 2022 and 2021, respectively. Of these amounts \$10,856,796 and \$11,667,715 were invested in the WV Money Market Pool and the WV Short Term Bond Pool as of June 30, 2022 and 2021, respectively. The remainder of the cash held with the State Treasurer was not invested at June 30, 2022 and 2021.

*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	2022		2021	
	Carrying Value	S & P Rating	Carrying Value	S & P Rating
WV Money Market Pool	\$ 10,605,052	AAAm	\$ 11,387,199	AAAm
WV Short Term Bond Pool	251,744	Not Rated	280,516	Not Rated

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

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

External Pool	2022		2021	
	Carrying Value	WAM (Days)	Carrying Value	WAM (Days)
WV Money Market Pool	\$ 10,605,052	21	\$ 11,387,199	52

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

External Pool	2022		2021	
	Carrying Value	Effective Duration (Days)	Carrying Value	Effective Duration (Days)
WV Short Term Bond Pool	\$ 251,744	584	\$ 280,516	638

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

*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.

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

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

**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable are as follows at June 30:

	<u>2022</u>	<u>2021</u>
Student tuition and fees, net of allowance for doubtful accounts of \$259,194 and \$151,783 in 2022 and 2021, respectively	\$ 141,182	\$ 60,060
Other accounts receivable, net of allowance for doubtful accounts of \$- and \$21,611 in 2022 and 2021, respectively	-	514
	<u>\$ 141,182</u>	<u>\$ 60,574</u>

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 5 - CAPITAL ASSETS**

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

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

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

38 35

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

	2021			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Construction in process	\$ 237,730	\$ 502,456	\$ (202,324)	\$ 537,862
Land	<u>1,563,470</u>	<u>-</u>	<u>-</u>	<u>1,563,470</u>
Total capital assets not being depreciated	<u>\$ 1,801,200</u>	<u>\$ 502,456</u>	<u>\$ (202,324)</u>	<u>\$ 2,101,332</u>
Other capital assets:				
Buildings	\$ 42,090,421	\$ 415,890	\$ -	\$ 42,506,311
Equipment	5,955,285	236,650	(542,105)	5,649,830
Library holdings	<u>3,951,209</u>	<u>14,385</u>	<u>(24,361)</u>	<u>3,941,233</u>
Total other capital assets	<u>51,996,915</u>	<u>666,925</u>	<u>(566,466)</u>	<u>52,097,374</u>
Less accumulated depreciation for:				
Buildings	(17,096,142)	(964,043)	-	(18,060,185)
Equipment	(4,680,984)	(314,796)	527,772	(4,468,008)
Library holdings	<u>(3,831,539)</u>	<u>(46,275)</u>	<u>24,361</u>	<u>(3,853,453)</u>
Total accumulated depreciation	<u>(25,608,665)</u>	<u>(1,325,114)</u>	<u>552,133</u>	<u>(26,381,646)</u>
Other capital assets, net	<u>\$ 26,388,250</u>	<u>\$ (658,189)</u>	<u>\$ (14,333)</u>	<u>\$ 25,715,728</u>
Capital asset summary:				
Capital assets not being depreciated	\$ 1,801,200	\$ 502,456	\$ (202,324)	\$ 2,101,332
Other capital assets	<u>51,996,915</u>	<u>666,925</u>	<u>(566,466)</u>	<u>52,097,374</u>
Total cost of capital assets	53,798,115	1,169,381	(768,790)	54,198,706
Less accumulated depreciation	<u>(25,608,665)</u>	<u>(1,325,114)</u>	<u>552,133</u>	<u>(26,381,646)</u>
Capital assets, net	<u>\$ 28,189,450</u>	<u>\$ (155,733)</u>	<u>\$ (216,657)</u>	<u>\$ 27,817,060</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, 2022, 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, 2022 AND 2021**

**NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS**

As related to the implementation of GASB 75, following are the College's net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, revenues, and the OPEB expense and expenditures for the fiscal years ended June 30, 2022 and 2021:

	2022	2021
Net OPEB liability (asset)	\$ (52,134)	\$ 768,248
Deferred outflows of resources	287,357	509,686
Deferred inflows of resources	1,840,937	2,425,627
Revenues	(47,726)	72,960
OPEB expense (offset)	(1,030,214)	(657,248)
Contributions made by the College	208,124	319,568

***Plan Description***

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

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

RHBT is considered a component unit of the State of West Virginia for financial reporting purposes, and, as such, its financial report is also included in the State of West Virginia's Comprehensive Annual Financial Report. RHBT issues publicly available financial statements and required supplementary information for the OPEB plan. Details regarding this plan and a copy of the RHBT financial report may be obtained by contacting PEIA at 601 57th Street SE, Suite 2, Charleston, West Virginia 25304-2345, or by calling (888) 680-7342.

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

***Benefits Provided***

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

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

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

***Contributions***

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

Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The paygo rates related to the measurement date of June 30, 2021 and 2020 were:

	2021	2020
Paygo premium	\$ 160	\$ 168

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

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

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

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

The College's contributions to the OPEB plan for the years ended June 30, 2022, 2021, and 2020, were \$208,124, \$319,568, and \$336,192, respectively.



**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

38

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

***Assumptions***

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

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

The actuarial assumptions used in the June 30, 2020 valuation were based on results of an actuarial experience study for the period from July 1, 2015 to June 30, 2020. There were no assumption changes from the actuarial valuation as of June 30, 2020, measured at June 30, 2020 and rolled forward to a measurement date of June 30, 2021.

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

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

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

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

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

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

**Sensitivity of the net OPEB liability (asset) to changes in the discount rate.** The following presents the net OPEB liability (asset) of the Plan as of June 30, 2022 and 2021 calculated using a discount rate that is one percentage point lower (5.65%) or one percentage point higher (7.65%) than the current rate.

Net OPEB Liability (Asset)	1% Decrease (5.65%)	Current Discount Rate (6.65%)	1% Increase (7.65%)
2022	\$ 279,756	\$ (52,134)	\$ (327,697)
2021	1,095,624	768,248	494,191

**Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rate.** The following presents the College's proportionate share of the net OPEB liability (asset) as of June 30, 2022 and 2021 calculated using the healthcare cost trend rate, as well as what the College's net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate.

Net OPEB Liability (Asset)	1% Decrease	Trend Rate	1% Increase
2022	\$ (384,928)	\$ (52,134)	\$ 353,248
2021	462,261	768,248	1,137,817

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021**

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

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

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

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

At June 30, 2021 the College's proportionate share of the net OPEB liability was \$938,120. Of this amount, the College recognized \$768,248 as its proportionate share on the statement of net position. The remainder of \$169,872 denotes the College's proportionate share of net OPEB liability attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to OPEB for each of the fiscal years ended June 30, 2021 and 2020. Employer contributions are recognized when due. At the June 30, 2021 measurement date, the College's proportion was 0.175329750%, an increase of 0.001396712% from its proportion of 0.173933038% calculated as of June 30, 2020. At the June 30, 2020 measurement date, the College's proportion was 0.173933038%, an increase of 0.002411860% from its proportion of 0.171521178% calculated as of June 30, 2019.

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

For the year ended June 30, 2021, the College recognized OPEB expense (offset) of \$(657,248). Of this amount, \$(730,208) was recognized as the College's proportionate share of OPEB expense and \$72,960 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of \$72,960 for support provided by the State.

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

44 41

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

At June 30, 2022 and 2021, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

<u>June 30, 2022</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 359,124
Changes in proportion and difference between employer contributions and proportionate share of contributions	79,233	-
Net difference between projected and actual investment earnings	-	359,790
Changes in assumptions	-	1,103,175
Reallocation of opt-out employer changes in proportionate share	-	18,848
Contributions after the measurement date	208,124	-
Total	<u>\$ 287,357</u>	<u>\$ 1,840,937</u>
<u>June 30, 2021</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 498,118
Changes in proportion and difference between employer contributions and proportionate share of contributions	131,803	147,517
Net difference between projected and actual investment earnings	58,315	-
Changes in assumptions	-	1,734,096
Reallocation of opt-out employer changes in proportionate share	-	45,896
Contributions after the measurement date	319,568	-
Total	<u>\$ 509,686</u>	<u>\$ 2,425,627</u>

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

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

The College will recognize the \$208,124 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability (asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Amortization</u>
2023	\$ (901,054)
2024	(638,434)
2025	(117,990)
2026	<u>(104,226)</u>
	<u>\$ (1,761,704)</u>

***Payables to the OPEB Plan***

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

**NOTE 7 - RETIREMENT PLANS**

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

Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have an option to switch to the Educators Money 401(a) basic retirement plan. New hires have the choice of either plan. As of June 30, 2022, no College employees were enrolled in the Educators Money 401(a) basic retirement plan.

The College's total payroll for the years ended June 30, 2022, 2021, and 2020 was \$8,665,510, \$8,412,024, and \$8,156,587, respectively; total covered employees' salaries in the STRS and TIAA-CREF were \$304,991 and \$8,018,829 in 2022; \$412,627 and \$7,554,402 in 2021; and \$420,743 and \$7,291,556 in 2020.

**DEFINED CONTRIBUTION PENSION PLAN**

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

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

46 43

**NOTE 7 - RETIREMENT PLANS (Continued)**

Total contributions to the TIAA-CREF for the years ended June 30, 2022, 2021 and 2020 were \$962,260, \$906,528, and \$874,986, respectively, which consisted of equal contributions from the College and covered employees in 2022, 2021, and 2020 of \$481,130, \$453,264, and \$437,493, respectively.

**DEFINED BENEFIT PENSION PLAN**

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

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

STRS	2022	2021
Net pension liability	\$ 228,228	\$ 491,322
Deferred outflows of resources	111,952	136,897
Deferred inflows of resources	248,048	99,952
Revenues	(8,688)	111,993
Pension expense (offset)	(53,938)	112,553
Contributions made by the College	45,749	61,894

**Plan Description**

STRS is a multiple employer, defined benefit, cost sharing, public employee retirement system providing retirement benefits as well as death and disability benefits. It covers all full-time employees of the 55 county, public school systems in the State of West Virginia and certain personnel of the 13 State-supported institutions of higher education, State Department of Education, and the Higher Education Policy Commission hired prior to July 1, 1991. Employees of the State-supported institutions of higher education and the Higher Education Policy Commission hired after 1991 are required to participate in the Higher Education Retirement System. STRS closed membership to new hires effective July 1, 1991. However, effective July 1, 2005, all new employees hired for the first time are required to participate in STRS.

STRS is considered a component unit of the State of West Virginia for financial reporting purposes, and, as such, its financial report is also included in the State of West Virginia's 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>

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 7 - RETIREMENT PLANS (Continued)**

***Benefits Provided***

STRS provides retirement, death, and disability benefits. A member is eligible for normal retirement at age 60 with five years of service, age 55 with 30 years of service or any age with 35 years of service. A member may retire with 30 years of credited service at any age with the pension reduced actuarially if the member retires before age 55. Terminated members with at least five, but less than 20, years of credited service who do not withdraw their accumulated contributions are entitled to a deferred retirement commencing at age 62. Retirement benefits are equivalent to 2% of average annual salary multiplied by years of service. Average salary is defined as the average of the 5 highest fiscal years of earnings during the last 15. Chapter 18, Article 7A of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan, including contribution rates, to the State Legislature.

***Contributions***

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

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

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

- 15% of gross salary of their State-employed members hired prior to July 1, 1991;
- 7.5% of the gross salary of their STRS covered employees hired for the first time after July 1, 2005 and for those TDCRS members who elected to transfer to STRS effective July 1, 2008;
- a certain percentage of fire insurance premiums paid by State residents; and
- under WV State code section 18-9-A-6a, an amount determined by the State Actuary as being needed to eliminate the STRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2022 and 2021, respectively, the College's proportionate share attributable to this special funding subsidy was \$(8,688) and \$111,993.

The College's contributions to STRS for the years ended June 30, 2022, 2021, and 2020, were \$45,749, \$61,894, and \$63,111, respectively.

**NOTE 7 - RETIREMENT PLANS (Continued)**

***Assumptions***

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

- Actuarial cost method: Entry age normal cost with level percentage of payroll.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method and period: Level dollar, fixed period over 40 years, from July 1, 1994 through fiscal year 2034.
- Investment rate of return of 7.25%, net of pension plan administrative and investment expenses.
- Projected salary increases: Teachers 2.75-5.90% and non-teachers 2.75-6.50%, based on age.
- Inflation rate of 2.75%.
- Discount rate of 7.25%
- Mortality rates based on Pub-2010 Mortality Tables.
- Withdrawal rates: Teachers 7.00-35.00% and non-teachers 2.33-18.00%.
- Disability rates: 0.004-0.563%
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Retirement rates: 15-100%
- 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.

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

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, 2021 and 2020, are summarized below.



**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 7 - RETIREMENT PLANS (Continued)**

Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	5.5%	27.5%
International equity	7.0%	27.5%
Fixed income	2.2%	15.0%
Real estate	6.6%	10.0%
Private equity	8.5%	10.0%
Hedge funds	4.0%	10.0%
Total		<u>100.0%</u>

**Discount rate.** The discount rate used to measure the total STRS pension liability was 7.25% and 7.50% for the fiscal years ended 2021 and 2020. The projection of cash flows used to determine the discount rate assumed that State contributions will continue to follow the current funding policy. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on STRS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the net pension liability to changes in the discount rate.** The following presents the College's proportionate share of the STRS net pension liability as of June 30, 2022 and 2021 calculated using the discount rate of (7.25% in 2022; 7.50% in 2021), as well as what the College's STRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25% in 2022; 6.50% in 2021) or one percentage point higher (8.25% in 2022; 8.50% in 2021) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability 2022	\$ 403,295	\$ 228,228	\$ 79,465
Net pension liability 2021	663,734	491,322	344,415

**NOTE 7 - RETIREMENT PLANS (Continued)**

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

The June 30, 2022 STRS net pension liability was measured as of June 30, 2021, and the total pension liability was determined by an actuarial valuation as of July 1, 2020, rolled forward to the measurement date of June 30, 2021. The June 30, 2021 STRS net pension liability was measured as of June 30, 2020, and the total pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to the measurement date of June 30, 2020.

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

At June 30, 2021 the College's proportionate share of the STRS net pension liability was \$1,558,914. Of this amount, the College recognized \$491,322 as its proportionate share on the statement of net position. The remainder of \$1,067,592 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, 2021 and 2020. Employer contributions are recognized when due. At the June 30, 2021 measurement date, the College's proportion was 0.014604%, a decrease of (0.000650)% from its proportion of 0.015254% calculated as of June 30, 2020. At the June 30, 2020 measurement date, the College's proportion was 0.015254%, an increase of 0.000089% from its proportion of 0.015165% calculated as of June 30, 2019.

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

For the year ended June 30, 2021 the College recognized STRS pension expense of \$112,553. Of this amount, \$560 was recognized as the College's proportionate share of the STRS expense and \$111,993 as the amount of pension expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of \$111,993 for support provided by the State.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 7 - RETIREMENT PLANS (Continued)**

At June 30, 2022 and 2021, 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, 2022</u>		
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ 19,277	\$ 58,960
Net difference between projected and actual investment earnings	-	182,405
Differences between expected and actual experience	18,593	6,683
Changes in assumptions	28,333	-
Contributions after the measurement date	45,749	-
<b>Total</b>	<b>\$ 111,952</b>	<b>\$ 248,048</b>
<u>June 30, 2021</u>		
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ 27,022	\$ 89,164
Net difference between projected and actual investment earnings	29,769	-
Differences between expected and actual experience	11,289	10,788
Changes in assumptions	6,923	-
Contributions after the measurement date	61,894	-
<b>Total</b>	<b>\$ 136,897</b>	<b>\$ 99,952</b>

The College will recognize the \$45,749 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, 2023. 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
2023	\$ (55,392)
2024	(43,505)
2025	(34,619)
2026	(48,329)
	<b>\$ (181,845)</b>

***Payables to the Pension Plan***

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

#### NOTE 8 - FOUNDATION

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

The Foundation's net assets totaled \$4,790,124 and \$4,129,299 at December 31, 2021 and 2020, respectively. The net assets include amounts which are restricted by donors to use for specific projects or departments of the College. During the years ended December 31, 2021 and 2020, the Foundation made \$220,270 and \$107,283 respectively, in contributions to the College for student scholarships and other support. Complete financial statements for the Foundation can be obtained from the Southern West Virginia Community College Foundation, Inc.

#### NOTE 9 - AFFILIATED ORGANIZATION AND OTHER STATE AGENCIES

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

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

	<u>2022</u>	<u>2021</u>
Due to:		
WVNET	\$ 13,242	\$ 982
WV State Treasurer's Office	187	-
WV Office of the Attorney General	-	92
WV Department of Administration	139	175
WV DHHR	-	18,149
WV Office of Energy	-	58,284
WV Public Employees Insurance Agency	7,284	-
	<u>\$ 20,852</u>	<u>\$ 77,682</u>

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021**

50

**NOTE 10 - CONTINGENCIES**

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

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

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

The College's primary market area has been affected by the consequences from the COVID-19 (coronavirus) pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies of many states, including the geographical area in which the College operates. It is unknown how long these conditions will last and what the complete financial effect will be to the College. Additionally, it is reasonably possible that estimates made in the financial statements may be adversely impacted in the near-term as a result of these conditions.

**NOTE 11 - COMPONENT UNIT DISCLOSURES**

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

#### NOTE 1 - NATURE OF ACTIVITIES

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

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

The Foundation's unspent contributions are included in this class, if the donor has limited their use, as are its donor-restricted endowment funds.

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

**SOUTHERN WEST VIRGINIA COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

**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 the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents** – For purposes of the statement of cash flows, the Foundation considers cash and cash equivalents to include cash in checking accounts and short-term investments with an original maturity of 3 months or less.

**Investments** – The Foundation reports investments and endowment assets, created by donor-restricted endowments and donor-designated funds, in equities and cash equivalents at their fair value, based on quoted market prices. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Interest and gains that are restricted by donors are reported as increases in net assets with donor restriction and are reclassified as net assets without donor restriction during the year in which the restrictions are satisfied.

**In-Kind Contributions** – Donated goods are recorded as revenue when they are received and are expensed when they are used or distributed. During 2021, the Foundation received food boxes from a local nonprofit organization, which the Foundation distributed to those in need. Food boxes were valued based on the invoice amount from the recipient.

**Contributions and Unconditional Promises to Give** – Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at their net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at their fair values at the date of promise. The fair value is computed by using a present value technique, which is applied to the anticipated cash flows. The amortization of the resulting discount is recognized as additional contribution revenue. Conditional promises to give are not recorded as support until the conditions are substantially met.

Contributions of donated non-cash assets are recorded at their fair values during the period in which they are received. Contributions of donated services that create or enhance non-financial 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 during the period in which they are received.

The allowance for uncollectible contributions receivable is determined based upon management's evaluation of the collectability of the individual promises. Promises that remain uncollected for more than one year after their due dates are then written off, unless the donors indicate that the payment is merely postponed. As of December 31, 2021 and 2020, management has written off approximately \$- and \$26,945, respectively, of uncollected promises to give. Management has determined that the remaining outstanding promises to give are fully collectible.

**Program Services Expenses** – All scholarships and direct program support services distributions are approved by the Board of Directors. Unconditional grants to the College are recognized when they are approved. The grants approved by the Board of Directors, that are payable upon the performance of specified conditions by the grantee, if any, are recognized in the statement of activities when the specified conditions are satisfied.

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

**Expense Recognition and Allocation** – The cost of providing the Foundation's programs and other activities is summarized below. The expenses that can be identified with a specific program or support service are charged directly to that program or support service.

Administrative and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Foundation.

Fundraising costs are expensed as they are incurred, even though they may result in contributions to be received during future years. The Foundation generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which this does occur, such as when the annual report or donor acknowledgements contain requests for contributions, the joint costs are then allocated between fundraising and administrative and general expenses in accordance with the standards for accounting for the costs of activities, including fundraising. Additionally, advertising costs are expensed as they are incurred.

	<u>2021</u>	<u>2020</u>
Program Services:		
Scholarships	\$ 102,154	\$ 106,833
Direct program support	-	450
Food donations (in-kind)	118,116	-
Total program services	<u>220,270</u>	<u>107,283</u>
Supporting Services:		
Administrative and general:		
Outside services	87,643	20,700
Bad debt expense	-	26,945
Bank fees	43,402	39,866
Insurance	3,058	367
Business expense	105,650	18,276
Total administrative and general	<u>239,753</u>	<u>106,154</u>
Fundraising	12,095	1,883
Total supporting services	<u>251,848</u>	<u>108,037</u>
Total functional expenses	<u>\$ 472,118</u>	<u>\$ 215,320</u>



**SOUTHERN WEST VIRGINIA COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

**Fixed Assets** – The Foundation's fixed assets are carried at cost. Depreciation is computed using the straight-line method, with estimated useful lives of 3 and 5 years for software and equipment, respectively. All fixed assets are fully depreciated as of December 31, 2020. Therefore, no depreciation expense was recorded in 2021.

**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 or statement of activities. Accordingly, the Foundation has not recorded any reserves or related accruals for interest and penalties for uncertain tax positions as of December 31, 2021.

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 the tax years prior to 2018.

**NOTE 3 - LIQUIDITY AND AVAILABILITY**

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

<b>Financial assets:</b>	
Cash and cash equivalents	\$ 203,077
Contributions receivable, net	163,707
Investments	4,390,916
Certificates of deposit	56,009
Interest and dividends receivable	<u>7,385</u>
Total financial assets	4,821,094
 <b>Financial assets held to meet donor-imposed restrictions:</b>	
Purpose-restricted net assets (Note 7)	(843,313)
Donor-restricted endowment funds (Note 8)	(3,433,090)
 <b>Financial assets not available within one year:</b>	
Pledges receivable	<u>(124,500)</u>
 Amount available for general expenditures within one year	 <u>\$ 420,191</u>

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

**SOUTHERN WEST VIRGINIA COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

58 55

**NOTE 3 - LIQUIDITY AND AVAILABILITY (Continued)**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2020, are as follows:

Financial assets:	
Cash and cash equivalents	\$ 284,970
Contributions receivable, net	250
Investments	3,726,690
Certificates of deposit	60,757
Interest and dividends receivable	<u>7,385</u>
Total financial assets	4,080,052
Financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets (Note 7)	(493,910)
Donor-restricted endowment funds (Note 8)	(2,889,197)
Financial assets not available within one year:	
Pledges receivable	<u>-</u>
Amount available for general expenditures within one year	<u>\$ 696,945</u>

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

**NOTE 4 - INVESTMENTS**

The cost and estimated fair values of investments at December 31, 2021, are as follows:

	<u>Estimated Fair Value</u>	<u>Cost</u>
Publicly traded equity securities	\$ 4,390,916	\$ 2,597,048
Total	<u>\$ 4,390,916</u>	<u>\$ 2,597,408</u>

The cost and estimated fair values of investments at December 31, 2020, are as follows:

	<u>Estimated Fair Value</u>	<u>Cost</u>
Publicly traded equity securities	\$ 3,726,690	\$ 2,519,302
Total	<u>\$ 3,726,690</u>	<u>\$ 2,519,302</u>

## SOUTHERN WEST VIRGINIA COMMUNITY COLLEGE FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 5 - PROMISES TO GIVE**

Unconditional promises to give at December 31, 2021 and 2020, are as follows:

	<u>2021</u>	<u>2020</u>
Receivable in one year	\$ 51,750	\$ 250
Receivables in two to five years	124,500	-
Total unconditional promises to give	<u>176,250</u>	<u>250</u>
Discounts to net present value	(12,543)	-
Net unconditional promises to give	<u>\$ 163,707</u>	<u>\$ 250</u>

**NOTE 6 - RELATED-PARTY TRANSACTIONS**

The Foundation scholarships are awarded by the College. The Foundation recognized expenses in the amount of \$102,154 and \$106,833 in 2021 and 2020, respectively, for student scholarships and \$- and \$450 in 2021 and 2020, respectively, for direct program support payments to the College.

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 7 - NET ASSETS WITH DONOR RESTRICTION**

At December 31, 2021 and 2020, net assets with donor restriction are available for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Purpose restrictions, available for spending:		
Scholarships	\$ 820,122	\$ 480,327
Educational development	23,191	13,583
Total purpose-restricted net assets	<u>843,313</u>	<u>493,910</u>
Donor restricted endowment funds, which must be appropriated by the Board of Directors before use:		
Scholarships	1,818,546	1,539,840
Educational development	1,614,544	1,349,357
Total endowment funds managed by the Foundation	<u>3,433,090</u>	<u>2,889,197</u>
Total net assets with donor restrictions	<u>\$ 4,276,403</u>	<u>\$ 3,383,107</u>

**NOTE 8 - ENDOWMENT FUNDS**

The Foundation classifies investment and endowment funds in accordance with the Financial Accounting Standards Board 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 the net asset classification of the donor-restricted funds, subject to the *Uniform Prudent Management of Institutional Funds Act* ("UPMIFA"). As required by generally accepted accounting principles, net assets that are associated with endowment funds, including the funds that are designated by the Board of Directors to function as endowments, are classified and reported based upon the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of fair value as of the original gift date of the donor-restricted endowment funds, absent of any explicit donor stipulations to the contrary. Donor-restricted endowment funds are subject to a time restriction that is imposed by UPMIFA, until the amounts are appropriated for expenditure by the Foundation. In addition, most donor-restricted endowment funds are subject to restrictions on the use of the appropriated amounts. Note 7 describes the purposes for which donor-restricted endowment funds may be used. As a result, the donor-restricted endowment funds are classified as net assets with donor restriction.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (i) the duration and preservation of the various funds, (ii) the purposes of the donor-restricted endowment funds, (iii) general economic conditions, (iv) the possible effect of inflation and deflation, (v) the expected total return from income and the appreciation of investments, (vi) other resources of the Foundation, and (vii) the Foundation's investment policies.

Currently, all investment returns are recorded as net assets with donor restriction, based upon the donor restrictions on the use of investment income or returns, 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 net assets without donor restriction. Gains that restore the fair value of the asset to the required level are included as increases in net assets without donor restriction, until funds are no longer considered "under water".

The cost and estimated fair values of endowment investments as of December 31, 2021, are as follows:

	Estimated Fair Value	Cost
Cash and cash equivalents	\$ 61,947	\$ 61,947
Equity and equity mutual funds	<u>3,371,143</u>	<u>2,210,648</u>
Total	<u>\$ 3,433,090</u>	<u>\$ 2,272,595</u>

**SOUTHERN WEST VIRGINIA COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 8 - ENDOWMENT FUNDS (CONTINUED)**

The cost and estimated fair values of endowment investments as of December 31, 2020, are as follows:

	Estimated Fair Value	Cost
Cash and cash equivalents	\$ 110,411	\$ 110,411
Equity and equity mutual funds	<u>2,778,786</u>	<u>2,019,730</u>
Total	<u>\$ 2,889,197</u>	<u>\$ 2,130,141</u>

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

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

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

	Without Donor Restrictions	With Donor Restrictions	Total
<b>ENDOWMENT NET ASSETS, BEGINNING OF YEAR</b>	<u>\$ -</u>	<u>\$ 2,889,197</u>	<u>\$ 2,889,197</u>
Endowment investment return:			
Interest and dividends	-	114,012	114,012
Realized losses	-	(1,711)	(1,711)
Unrealized gains	<u>-</u>	<u>420,429</u>	<u>420,429</u>
Total endowment investment return	<u>-</u>	<u>532,730</u>	<u>532,730</u>
Contributions	-	203,836	203,836
Appropriation of endowments - release from restriction	<u>-</u>	<u>(192,673)</u>	<u>(192,673)</u>
<b>ENDOWMENT NET ASSETS, END OF YEAR</b>	<u>\$ -</u>	<u>\$ 3,433,090</u>	<u>\$ 3,433,090</u>

The cash equivalents, representing approximately 3 percent of the investment assets as of December 31, 2021, are held in liquid asset funds, which are managed by financial institutions.

SOUTHERN WEST VIRGINIA COMMUNITY COLLEGE FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020

62 59

**NOTE 8 - ENDOWMENT FUNDS (CONTINUED)**

Endowment net asset composition, by restriction, as of December 31, 2020, is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 675,618	\$ 675,618
Board-designated endowment funds	<u>-</u>	<u>2,213,579</u>	<u>2,213,579</u>
<b>Total</b>	<u>\$ -</u>	<u>\$ 2,889,197</u>	<u>\$ 2,889,197</u>

Changes in the endowment net assets from 2019 to 2020 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>ENDOWMENT NET ASSETS, BEGINNING OF YEAR</b>	<u>\$ -</u>	<u>\$ 3,017,958</u>	<u>\$ 3,017,958</u>
Endowment investment return:			
Interest and dividends	-	106,720	106,720
Realized losses	-	(1,550)	(1,550)
Unrealized losses	<u>-</u>	<u>(177,969)</u>	<u>(177,969)</u>
Total endowment investment return	<u>-</u>	<u>(72,799)</u>	<u>(72,799)</u>
Contributions	-	48,705	48,705
Appropriation of endowments - release from restriction	<u>-</u>	<u>(104,667)</u>	<u>(104,667)</u>
<b>ENDOWMENT NET ASSETS, END OF YEAR</b>	<u>\$ -</u>	<u>\$ 2,889,197</u>	<u>\$ 2,889,197</u>

The cash equivalents, representing approximately 5 percent of the investment assets as of December 31, 2020, are held in liquid asset funds, which are managed by financial institutions.

**NOTE 9 - FAIR VALUE MEASUREMENTS**

Accounting standards require the Foundation to adopt the 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.

**SOUTHERN WEST VIRGINIA COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 9 - FAIR VALUE MEASUREMENTS (CONTINUED)**

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

*Level 1:* Quoted prices that are available in active markets for identical assets or liabilities, as of the reported date.

*Level 2:* Pricing inputs other than quoted prices that are 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 are traded less frequently, and items that are fair valued using other financial instruments, the parameters of which can be directly observed.

*Level 3:* 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 the assets reported on the financial statements at their fair values as of December 31, 2021 and 2020, by Level within the fair value hierarchy. Equity securities are classified as Level 1 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.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2021</u>				
<u>Valued on a recurring basis:</u>				
Assets:				
Equity securities	\$ 4,390,916	\$ -	\$ -	\$ 4,390,916
	<u>\$ 4,390,916</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,390,916</u>
<u>2020</u>				
<u>Valued on a recurring basis:</u>				
Assets:				
Equity securities	\$ 3,726,690	\$ -	\$ -	\$ 3,726,690
	<u>\$ 3,726,690</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,726,690</u>

**NOTE 10 - SUBSEQUENT EVENTS**

The Foundation has assessed events occurring subsequent to December 31, 2021, through July 28, 2022, 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 July 28, 2022.

**NOTE 10 - SUBSEQUENT EVENTS (CONTINUED)**

During 2020, the World Health Organization declared the spread of COVID-19 as a worldwide pandemic. COVID-19 continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the Foundation, COVID-19 may impact promises to give, future contributions, and investment performance. Management believes that the Foundation is taking the appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of July 28, 2022.



SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

**NOTE 12 - NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS**

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

	2022						
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Fees Assessed by the Commission
							Total
Instruction	\$ 3,386,299	\$ 494,879	\$ 1,105,243	\$ -	\$ -	\$ -	\$ -
Public service	270,306	43,335	41,343	-	-	-	-
Academic support	693,364	122,448	65,522	-	-	-	-
Student services	1,120,468	198,446	322,756	-	-	-	-
General institutional support	2,714,791	341,089	2,087,749	209,996	-	-	-
Operations and maintenance of plant	353,229	54,183	674,819	544,660	-	-	-
Student financial aid	-	-	-	-	5,793,455	-	-
Auxiliary enterprises	-	-	6,742	-	-	-	-
Depreciation	-	-	-	-	-	1,436,816	-
Other	-	-	-	-	-	-	73,000
<b>Total</b>	<b>\$ 8,538,457</b>	<b>\$ 1,254,380</b>	<b>\$ 4,304,174</b>	<b>\$ 754,656</b>	<b>\$ 5,793,455</b>	<b>\$ 1,436,816</b>	<b>\$ 73,000</b>
							<b>\$ 22,154,938</b>

	2021						
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Fees Assessed by the Commission
							Total
Instruction	\$ 3,615,530	\$ 943,630	\$ 766,466	\$ -	\$ -	\$ -	\$ -
Public service	326,763	99,846	10,793	-	-	-	-
Academic support	761,840	210,457	88,794	-	-	-	-
Student services	1,074,961	331,616	166,016	-	-	-	-
General institutional support	2,159,460	(295,274)	1,622,535	153,023	-	-	-
Operations and maintenance of plant	368,269	107,697	730,104	573,819	-	-	-
Student financial aid	-	-	-	-	3,625,164	-	-
Auxiliary enterprises	-	-	4,285	-	-	-	-
Depreciation	-	-	-	-	-	1,325,114	-
Other	-	-	-	-	-	-	69,549
<b>Total</b>	<b>\$ 8,306,823</b>	<b>\$ 1,397,972</b>	<b>\$ 3,388,993</b>	<b>\$ 726,842</b>	<b>\$ 3,625,164</b>	<b>\$ 1,325,114</b>	<b>\$ 69,549</b>
							<b>\$ 18,840,457</b>

## REQUIRED SUPPLEMENTARY INFORMATION

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
June 30, 2022

State Teachers' Retirement System  
Last 10 Fiscal Years<sup>a</sup>

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
College's proportion of the net pension liability (asset) (percentage)	0.014604%	0.015254%	0.015165%	0.013950%	0.017543%	0.018586%	0.021596%	0.025505%		
College's proportionate share of the net pension liability (asset)	\$ 228,228	\$ 491,322	\$ 451,185	\$ 435,555	\$ 606,106	\$ 763,874	\$ 754,590	\$ 879,883		
State's proportionate share of the net pension liability (asset)	510,286	1,067,592	1,089,203	1,128,572	1,340,375	1,454,976	1,707,576	1,988,159		
Total proportionate share of the net pension liability (asset)	\$ 738,514	\$ 1,558,914	\$ 1,540,388	\$ 1,564,127	\$ 1,946,481	\$ 2,218,850	\$ 2,462,166	\$ 2,868,042		
College's covered payroll	\$ 412,627	\$ 420,743	\$ 437,954	\$ 424,629	\$ 484,171	\$ 480,377	\$ 654,684	\$ 783,432		
College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	55.31%	116.77%	103.02%	107.57%	125.18%	159.02%	115.26%	112.31%		
Plan fiduciary net position as a percentage of the total pension liability	86.38%	70.89%	72.64%	71.20%	67.85%	61.42%	66.25%	65.95%		

<sup>a</sup> - The amounts presented for each fiscal year were determined as of June 30th of the previous year. (Measurement date)

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

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PENSION CONTRIBUTIONS  
June 30, 2022

State Teachers' Retirement System  
Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 45,749	\$ 61,894	\$ 63,111	\$ 65,693	\$ 63,694	\$ 72,626	\$ 72,057	\$ 98,203		
Contributions in relation to the contractually required contribution	(45,749)	(61,894)	(63,111)	(65,693)	(63,694)	(72,626)	(72,057)	(98,203)		
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$		
College's covered payroll	\$ 304,991	\$ 412,627	\$ 420,743	\$ 437,954	\$ 424,629	\$ 484,171	\$ 480,377	\$ 654,684		
Contributions as a percentage of covered payroll	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%		

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

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)  
June 30, 2022

Last 10 Fiscal Years\*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
College's proportion of the net OPEB liability (asset) (percentage)	0.175329750%	0.173933038%	0.171521178%	0.170222668%	0.161373742%					
College's proportionate share of the net OPEB liability (asset)	\$ (52,134)	\$ 768,248	\$ 2,845,763	\$ 3,652,018	\$ 3,968,163					
State's proportionate share of the net OPEB liability (asset)	(10,265)	169,872	582,370	754,775	815,065					
Total proportionate share of the net OPEB liability (asset)	\$ (62,399)	\$ 938,120	\$ 3,428,133	\$ 4,406,793	\$ 4,783,228					
College's covered-employee payroll	\$ 6,814,218	\$ 6,791,670	\$ 6,083,379	\$ 6,268,021	\$ 6,247,930					
College's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-0.77%	11.31%	46.78%	58.26%	63.51%					
Plan fiduciary net position as a percentage of the total OPEB liability	101.81%	73.49%	39.69%	10.98%	25.10%					

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

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF OPEB CONTRIBUTIONS  
June 30, 2022

Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 208,124	\$ 319,568	\$ 336,192	\$ 276,087	\$ 280,764					
Contributions in relation to the statutorily required contribution	(208,124)	(319,568)	(336,192)	(276,087)	(280,764)					
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -					
College's covered-employee payroll	\$ 7,028,629	\$ 6,814,218	\$ 6,791,670	\$ 6,083,379	\$ 6,268,021					
Contributions as a percentage of covered-employee payroll	2.96%	4.69%	4.95%	4.54%	4.48%					

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

**SOUTHERN WEST VIRGINIA COMMUNITY TECHNICAL COLLEGE**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

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

	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality</u>	<u>Discount Rate</u>
<u>2021</u>	2.75%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 5.9%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 6.5%.	7.25%, net of pension plan investment expense, including inflation	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired: Healthy males – 100% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019.	7.25%
<u>2020</u>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.16%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.75%.	7.5%, net of pension plan investment expense, including inflation	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired: Healthy males – 108% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019.	7.5%
<u>2019</u>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: Healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; Disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%

SOUTHERN WEST VIRGINIA COMMUNITY TECHNICAL COLLEGE  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION  
YEARS ENDED JUNE 30, 2022 AND 2021

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
<u>2018</u>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: Healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; Disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%
<u>2017</u>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%
<u>2016</u>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: Healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; Disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%
<u>2015</u>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.75 to 5.25%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.40 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant monthly mortality table Retired: RP2000 healthy annuitant, scale AA, Disabled: RP2000 disabled annuitant mortality table, scale AA.	7.5%



SOUTHERN WEST VIRGINIA COMMUNITY TECHNICAL COLLEGE  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION  
YEARS ENDED JUNE 30, 2022 AND 2021

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

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

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OPEB**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

Actuarial Changes Other Postemployment Benefits Plan

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

	Inflation Rate	Salary Increases	Wage Inflation Rate	Investment Rate of Return & Discount Rate	Mortality	Retirement Age	Aging Factors	Expenses	Healthcare Cost Trend Rates
<b>2021</b>	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 Pub-2010 General Employee Mortality Tables projected with Scale MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2020, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
<b>2020</b>	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, 6.5% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
<b>2019</b>	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis; Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2026. Trend rate for Medicare per capita costs of 31.1% for plan year end 2020, 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
<b>2018</b>	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis; Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.0% and 10.0% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.
<b>2017</b>	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis; Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.14% and 0.39% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of Southern West Virginia Community and Technical College (the College), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 30, 2022, which states reliance on another auditor for the discretely presented component unit. Our report includes a reference to another auditor who audited the financial statements of The Southern West Virginia Community College Foundation, Inc. (the Foundation), as described in our report on the College's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by that auditor. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

**Report on Internal Control Over Financial Reporting**

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

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

The Virginia Center  
1411 Virginia Street, East  
Suite 100  
Charleston, WV 25301

MAIN (304) 343-4126  
FAX (304) 343-8008

The Rivers Office Park  
200 Star Avenue | Suite 220  
PO Box 149  
Parkersburg, WV 26102

MAIN (304) 485-6584  
FAX (304) 485-0971

Suncrest Towne Centre  
453 Suncrest Towne Centre Drive  
Suite 201  
Morgantown, WV 26505

MAIN (304) 554-3371  
FAX (304) 554-3410

suttlecpas.com  
cpa@suttlecpas.com

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 or significant deficiencies may exist that were not identified.

#### **Report on Compliance and Other Matters**

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

#### **Purpose of this Report**

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



Charleston, West Virginia  
September 30, 2022



**Southern West Virginia Community and Technical College**  
**Higher Learning Commission (HLC) Update to Board of Governors**

**December 13, 2022**

- I. HLC 2023 Comprehensive Visit overview (sessions/takeaways)
- II. Exit Session
- III. Approximate timelines/process
- IV. Additional files requested/delivered
- II. Assessment Academy Progress Report/Project 4 Update

Respectfully submitted, November 30, 2022.



William H. Alderman

Accreditation Liaison Officer

Professor for Business and Entrepreneurship

Faculty Representative to the Board of Governors

Southern West Virginia Community and Technical College

Logan Campus, Building A, Office 231

P.O. Box 2900

Mount Gay, WV 25637

304.896.7381 (Office)

304.784.4444 (Cellular)

Bill.Alderman@southernwv.edu

## Faculty Senate

### Board of Governors Report December 2022

- ACF Retreat
  - Retention rates of adult learners
  - Mental health efforts
  - Dual credit
- ACF Objectives
  - Promoting Student Health
  - Broadband & Technology needs of Higher Ed
  - Dual Credit Credentialing Requirements
  - Internationalization Bill
- Professor Incentive Pay
  - Gathered appropriate data. Discussing options and formulating scenarios to present to administration.
- Syllabi
  - Working with deans to restructure the syllabi templates to help simplify the work our faculty need to do.

**President's Report  
December 13, 2022  
Board of Governors Meeting of December 9<sup>th</sup>, 2022**

80

- **HLC Thank you and next steps.**
- **Trunk or Treat was a huge success**
- **Lineman Graduation on October 29<sup>th</sup> on Williamson Campus along with Open House/**
- **Brown Edwards Presentation November 3<sup>rd</sup>**
- **Met with the McGee Foundation Steve Kawash and Board member Chris Alexander**
- **Harvest Half November 12<sup>th</sup> Williamson Campus**
- **Veterans Celebration November 17<sup>th</sup> Logan**
- **Thanksgiving luncheon at Williamson**
- **Pathways to Nursing Introduction Meeting**
- **Southern's Executive Board meeting on November 28<sup>th</sup>**
- **A Very Southern Christmas Concert Saturday, December 3<sup>rd</sup> at 7 pm and Sunday, December 4<sup>th</sup> at 3 pm**
- **Governance Day (Holiday Lunch) December 9<sup>th</sup>**
- **Fall Graduation December 10<sup>th</sup> at 10 am.**
- **Christmas break begins December 20<sup>th</sup> and we return January 3<sup>rd</sup>.**



**Southern West Virginia Community and Technical College  
Board of Governors**

**Meeting of October 18, 2022  
2900 Dempsey Branch Road, Mt. Gay, WV  
Logan Campus, Building C, Room 428  
Via Zoom Meeting ID: 935 9705 9884**

<https://zoom.us/j/93597059884?pwd=dEN0TURveTl3M1ZKYmRWU1FnS1pidz09>

**Dial-in Only: 1-646-876-9923  
6:00 p.m.**

**MINUTES**

**Board Members Present:** Lisa Haddox-Heston, Chair; Bill Alderman, Vice Chair, Sydney Brown, Robert Baldwin, Shawn Cline-Riggins, Julia Smith, Sam Stewart, Josh Stowers, Jeremy Thompson,

**Board Members Absent:** David Gresham, Virgil Underwood, Dianna Toler

**College Staff Present:** President, Dr. Pamela Alderman, Jennifer Dove, Recorder, Tom Cook, Joe Linville, Derek Adkins, Chris Gray, Chris Ward, Debbie Dingess, David Lord, Darrell Taylor, Rita Roberson, Dr. Michael Jiles, and Dr. David Lemmon,

**1. Call to Order**

Board of Governors Chair, Dr. Lisa Haddox-Heston, declared a quorum present and convened the meeting at 6:00 p.m.

**2. Call for Public Comments**

Chair Heston asked for public comments to the Board. No requests for public comment were received.

**3. Introduction of New Board Members**

At this time, Chair Heston introduced Mr. Josh Stowers and Julia Smith, Student Representative, as the newest Board members.

**4. Oath of Office**

Mr. Joe Linville, Chief Facilities Management Officer, Public Notary, administered the *Oath of Office* to Josh Stowers and Julia Smith.

**5. Technology Services Unit Report**

Tom Cook provided the following update from Technology Services:

- Was able to replace most of the technology at the college due to the HEERF monies received. This will allow the college to be a more mobile environment. Without this money, it would have taken the college approximately ten years to get everything that we have now.
- Purchased Ellucian Experience to give students a mobile app and a better My Southern product to manage their education.

- Purchased Banner document Management to aid in better serving students along with electronic storage of documents for many departments.
- Other accomplishments through the year provided in Mr. Cook's written report.

## **6. Emergency Preparedness and Safety Report**

Mr. David Lord provided the following Emergency Preparedness and Safety report:

- General emergency plan is on Southern's website.
- Each campus has a more detailed plan that is not shared with public.
- Participated in the mock trauma with all the Allied Health and Nursing programs along with the Criminal Justice program.
- Participated in the ASHER (Active Shooter/ Hostile Event Response) exercises. This training helps prepare employees for such events.
- Performed ladder safety certification with all campus service workers and campus directors.
- Conducted campus-wide training for our phone operators regarding bomb threats.
- Southern is part of a state-wide cyber network. President Alderman has a radio in her office that will allow us to communicate with all campuses in the event our phones are out. This system is linked with 911 centers as well.
- Security camera update is 95% complete.
- Updated all fire systems in Building A on the Logan campus as well as the main building on the Williamson Campus.
- Opioid Rescue kits are available on every campus.
- Provide monthly safety newsletters to employees every month.

## **7. HLC Institutional Response Update**

Bill Alderman delivered the following update regarding HLC:

- Assurance Argument sent out to all employees last week for review. The Board of Governors received the report today.
- Talking with site visitors and Consultant, Lindsey Graham Guinn. The team will continue to ask for evidence as needed, which is very standard practice.
- Word count has been trimmed from 40,000 words to 36,000.
- Briefly showed the Assurance System Argument dashboard. The lock date is October 17, 2022.
- Southern will have five visitors that make up the visiting team.
- Bill went over the dashboard and what was contained therein.
- This report has involved the whole college and we are very proud of that.
- Dr. Alderman provided the accreditation history of the college to the Board.
- Bill presented an overview of the evidence file.
- Assessment Academy has received really good report cards on each project.
- Part of the Starting to the largest cohort in the HLC system.
- Implementing HIP (High Impact Practices)
- Visiting team may want to meet with Board on November 14<sup>th</sup>.
- Lindsey Graham Guinn, the consultant will meet with Board for a mock visit. Just to prepare for the visit if the Board deems it necessary.

## **8. Faculty Senate Report**

Chris Ward gave the following update from Faculty Senate:

- ACF retreat will be held on November 4<sup>th</sup> and 5<sup>th</sup>. This retreat will set forth goals for the upcoming legislative season.
- The West Virginia Community and Technical College System is discussing holding meetings for Faculty Senate Chairs across the state.
- Discussed professor incentive pay with Dr. Alderman and Debbie Dingess, Chief Human Resources Officer. This would bring incremental pay to full professors after many years of service at that rank. Discussed having this with Promotion and Tenure.

## **9. Classified Staff Report**

Chris Gray gave the following update for Classified Staff on behalf of Beverly McDonald:

- Classified Staff will be selling Apple Butter at Trunk or Treat to raise money for Southern Samaritans. Southern Samaritans provides emergency funding for employees.

## **10. Finance Report**

Derek Adkins presented Southern's Finance report. Mr. Adkins provided the report and explained Higher Ed revenue cycles. Mr. Adkins encouraged the Board to look at our expense cycle. Southern is on a 26-pay period. We have three pay periods in the very first quarter, typically our first-quarter and second-quarter payroll expenses are a little higher and will even out by end of the year. Will provide the revenue budget in December to show that we are on target there as well.

## **11. Presidents Report**

President Alderman gave the following update from the President's office:

- New Commercial – Come Home to Southern
- WV Chamber of Commerce Annual Meeting-Greenbrier
- Robert Shell- Donated \$50,000.0 to the ECA Program
- EMS Unveiling in Charleston on September 12th
- Held Ribbon Cutting Ceremony on September 19<sup>th</sup> for the Nursing Expansion Program.
- HLC – Finalizing report for November 14-15<sup>th</sup> visit
- NSF Grant for Cyber Security
- Received another Nursing Grant- Collaboration with Bridge Valley and WVUP
- Gala -Huge Success Thanked Foundation and all departments for working together to make the event wonderful.
- Run, Walk, and Blue 5K in Lincoln was held on September 10<sup>th</sup>.
- Mike McGraw Golf Outing October 6<sup>th</sup> -Clearfork, Oceana, great event, Upcoming– Breast Cancer 5k October 22<sup>nd</sup> and Southern Harvest Half November 12<sup>th</sup>
- Trunk or Treat Thursday, October 27<sup>th</sup>, and the Christmas Concert on December 3<sup>rd</sup> and 4<sup>th</sup>
- Cosmetology- currently accepting clients- new equipment arrived for the hair salon

- Scheduling monthly campus luncheons with employees
- Two of our Lineman graduates went to Florida for Hurricane Ian repairs.
- Pike Electric visited the Lineman program – each student was offered a job opportunity once they complete the program.
- College Day at Logan on September 28th. College reps on hand to talk to high school Junior and Seniors
- New clubs- Strings and Things and Archery Club.
- Employees have attended Festivals homecomings -I attended the Chapmanville homecoming
- Spoke at the Dignity Hospice Memorial Walk -Chapmanville

**12. Discussion Items**

**12.1 Board of Governors Retreat dates for Spring 2023**

Chair Heston asked the members to look at their calendars and get some possible dates for the spring.

**13. Possible Executive Session Under Authority of WV Code §6-9 Regarding Personnel \*\***

**13.1 Personnel Matters**

There were no matters at this time

**14. Action Items**

**14.1 Approval of August 23, 2022 Board Meeting Minutes**

**MOTION:** Bill Alderman moved to adopt the August 23<sup>rd</sup> meeting minutes as presented.

**ACTION:** Bud Baldwin seconded the motion. The motion carried unanimously, and Chair Heston declared the motion adopted.

**14.2 Approval of June 21, 2022 Board Meeting Minutes**

**MOTION:** Sam Stewart moved to adopt the June 21st meeting minutes as presented.

**ACTION:** Shawn Cline-Riggins seconded the motion. The motion carried unanimously, and Chair Heston declared the motion adopted.

**14.3 Request for Approval of Institutional Policy for a 30-day comment**

**14.3.1 SCP-XXXX, *Return of Title IV Funds***

**MOTION:** Bill Alderman 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-XXXX, *Return of Title IV Funds (R2T4)* to Southern's constituents and the Chancellor for Community and Technical College Education for the required 30-day public comment period.

**ACTION:** Shawn Cline- Riggins seconded the motion. The motion carried unanimously, and Chair Heston declared the motion adopted.

**14.4 Request for Approval of Institutional Policy for Additional 30-Day Comment**  
**14.4.1 SCP- 1230 Firearms Weapons and Explosive Policy**

**MOTION:** Sam Stewart 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-1230, *Firearms, Weapons, and Explosives Policy* to Southern's constituents and the Chancellor for Community and Technical College Education for an additional 30-day public comment period.

**ACTION:** Shawn Cline- Riggins seconded the motion. The motion carried unanimously, and Chair Heston declared the motion adopted.

**14.5 Approval of the Higher Education Funding Formula**  
**14.5.1 Institutional Mission Weights of the West Virginia Higher Education Funding Formula.**

**MOTION:** Bill Alderman moved the adoption of the following resolution:  
*RESOLVED*, That the Southern West Virginia Community and Technical College Board of Governors grant approval for the Institutional Mission Weights of the West Virginia Higher Education Funding Formula.

**ACTION:** Shawn Cline- Riggins seconded the motion. The motion carried unanimously, and Chair Heston declared the motion adopted

**15. Informational Items**

- 15.1 The next regular Board of Governors meeting is December 13, 2022, at 6:00 p.m.**
- 15.2 Governance Day on October 14, 2022.**
- 15.3 The Power of the Pink 5k, October 22, 2022, in Chapmanville.**

**16. Adjournment**

There being no further business, Chair Heston declared the meeting adjourned.

---

Lisa Haddox-Heston, D.D.S., Chair

---

Jennifer Dove  
 Executive Assistant to the President  
 and Board of Governors

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
MEETING OF DECEMBER 13, 2022**

**ITEM:** SCP-5XXX *Reportable Assets and Inventory Tracking*

**RECOMMENDED RESOLUTION:** *RESOLVED*, That the Southern West Virginia Community and Technical College Board of Governors grant approval for the distribution of SCP-5XXX, *Reportable Assets and Inventory Tracking*, to Southern's constituents and the Chancellor for Community and Technical College Education for the required 30-day public comment period.

**STAFF MEMBER:** Debbie C. Dingess

**BACKGROUND:**

SCP-5XXX, *Reportable Assets and Inventory Tracking*, was reviewed by the Policies and Procedures Committee at their meeting on October 14, 2022. This is a new policy established to inform employees of Southern West Virginia Community and Technical College what constitutes a fixed, reportable asset which must be tagged and entered into the College's fixed asset management system.

The Policies and Procedures Committee determined that, since this is a new policy, it requires approval of the Board of Governors of Southern West Virginia Community and Technical College. The recommendation of the committee was to approve SCP-5XXX, *Reportable Assets and Inventory Tracking*, to be forwarded to President's Cabinet for approval and submission to the Board of Governors of Southern West Virginia Community and Technical College.

At its November 1, 2022 meeting the President's Cabinet granted approval for advancement of SCP-5XXX, *Reportable Assets and Inventory Tracking*, to Southern West Virginia Community and Technical College Board of Governors.

Therefore, the staff recommends that the Board of Governors of Southern West Virginia Community and Technical College grant approval for distribution of SCP-5XXX, *Reportable Assets and Inventory Tracking*, 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-5XXX**

**SUBJECT:** Reportable Assets and Inventory Tracking

**REFERENCE:** West Virginia Council for Community and Technical College Education (Council) and West Virginia Higher Education Policy Commission (HEPC), Joint Procedural Rule, Title 135, Series 30, *Purchasing*.

**ORIGINATION:** October 14, 2022

**EFFECTIVE:**

**REVIEWED:**

### **SECTION 1. PURPOSE**

- 1.1 To establish a policy for informing employees of Southern West Virginia Community and Technical College what constitutes a fixed, reportable asset which must be tagged and entered into the College's fixed asset management system.

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

- 2.1 This policy is applicable to all departments and employees of the institution.

### **SECTION 3. DEFINITIONS**

- 3.1 Property is defined as any materials, supplies, and equipment for which the College holds ownership title. Property acquired by the College is generally titled to the College except where a funding entity has demonstrated in writing their intent to retain or transfer title.
- 3.2 A reportable asset is a physical item purchased by the College with an original acquisition cost of \$1,000 or more and a useful life of one year or longer.
- 3.3 A non-capital asset is a physical item purchased by the College with an original acquisition cost of less than \$1,000 and a useful life of one year or longer, but the quantity or nature of the asset poses a greater risk for misappropriation.

### **SECTION 4. POLICY**

- 4.1 All reportable assets are to be tagged with an official College inventory tag with a unique identifying number. The asset is to be entered into the official inventory records of the College. The inventory records must include the following:
- 4.1.1 Asset Tag Number
  - 4.1.2 Asset Type
  - 4.1.3 Date of Purchase

- 4.1.4 Purchase Price
  - 4.1.5 Useful Life
  - 4.1.6 Funding Source
  - 4.1.7 Purchasing Source Document (Purchase Order)
  - 4.1.8 Physical location or Employee Assignment
  - 4.1.9 Accurate description of the item
  - 4.1.10 Serial number, model number, or another identifier (as applicable)
- 4.2 Certain non-capital assets are required to be tagged and entered into the official inventory records of the College in accordance with section 4.1. The following list is by no means exhaustive and may be modified at any time by the College's Chief Financial Officer or Chief Information Officer. Non-capital assets to be entered into the official inventory records include:
- 4.2.1 Any laptop computer, desktop computer, tablet, or phone
  - 4.2.2 Printers
  - 4.2.3 Scanners
  - 4.2.4 Projectors
  - 4.2.5 Televisions
- 4.3 A physical audit of at least 50% of the College's inventory must be performed annually. The results of the inventory audit are to be presented to President's Cabinet for review and the records maintained in Business Services.
- 4.4 Assets removed from the official inventory list must be done so in accordance with College policy.

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

- 5.1 This policy is based on provisions of the joint Procedural Rule, Title 135, Series 30, *Purchasing*, of the West Virginia Council for Community and Technical College Education (Council), and West Virginia Higher Education Policy Commission (HEPC).

## **SECTION 6. GENERAL PROVISIONS**

- 6.1 None.

## **SECTION 7. RESPONSIBILITIES**

- 7.1 It is the responsibility of the Chief Financial Officer, or their designee, to maintain an accurate record of assets in accordance with this policy.

## **SECTION 8. CANCELLATION**

- 8.1 None.

## **SECTION 9. REVIEW STATEMENT**

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



**SECTION 10. SIGNATURES**

---

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

---

**President****Date****Attachments:** None.**Distribution:** Board of Governors (12 members)  
[www.southernwv.edu](http://www.southernwv.edu)

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
MEETING OF DECEMBER 13, 2022**

**ITEM:** SCP-XXXX, *Employee Conflict Resolution Policy*

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

**STAFF MEMBER:** Debbie C. Dingess

**BACKGROUND:**

SCP-XXXX, *Employee Conflict Resolution Policy*, was reviewed by the Policies and Procedures Committee electronically on December 7, 2022. This is a new policy created to satisfy the requirements of the Higher Learning Commission (HLC) and to establish a means by which employees of Southern West Virginia Community and Technical College may raise and resolve disputes and/or complaints that arise in the workplace.

The Policies and Procedures Committee determined that, since this is a new policy, it requires approval of the Board of Governors of Southern West Virginia Community and Technical College. The recommendation of the committee was to approve SCP-XXXX, *Employee Conflict Resolution Policy*, to be forwarded to President's Cabinet for approval and submission to the Board of Governors of Southern West Virginia Community and Technical College.

The President's Cabinet granted electronic approval on December 8, 2022 for advancement of SCP-XXXX, *Employee Conflict Resolution Policy*, to Southern West Virginia Community and Technical College Board of Governors.

Therefore, the staff recommends that the Board of Governors of Southern West Virginia Community and Technical College grant approval for distribution of SCP-XXXX, *Employee Conflict Resolution 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-XXXX**

**SUBJECT:** Employee Conflict Resolution Policy

**REFERENCE:** W. Va. Code § 6C-2-1, et seq.

**ORIGINATION:** December 7, 2022

**EFFECTIVE:**

**REVIEWED:** N/A

### **SECTION 1. PURPOSE**

- 1.1 The purpose of this policy is to establish a means by which employees of Southern West Virginia Community and Technical College (the “College”) may raise and resolve disputes and/or complaints that arise in the workplace.

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

- 2.1 This policy applies to all employees of the College. This policy does not expand or limit the rights provided to employees pursuant to the West Virginia Public Employees Grievance Procedure, West Virginia Code § 6C-2-1, et seq, or any other state or federal statute, policy, rule or regulation.

### **SECTION 3. DEFINITIONS**

- 3.1 Disputable Issues – Instances that an employee considers to be a misapplication of policy, improper or unfair treatment by supervisors or others, status and/or standing as an employee, or other significant conditions of employment.
- 3.2 Complainant – The employee who reports a Disputable Issue.
- 3.3 Informal Complaint – The first step in the Conflict Resolution policy by which the Complainant reports a Disputable Issue to either the employee’s direct supervisor or the Chief Human Resources Officer.
- 3.4 Formal Complaint – The second step in the Conflict Resolution policy by which the Complainant determines there has been no resolution to the informal complaint.

### **SECTION 4. PROCEDURE**

- 4.1 This policy does not replace the employee grievance procedure established by W. Va. Code §6C-2-2. Rather, it shall be the plan of the College to provide a mechanism through which the College may identify and resolve Disputable Issues. Nothing in the conflict resolution process operates to deny or infringe upon an employee’s right to pursue a formal grievance. The College believes that the establishment of this internal process will benefit faculty and staff alike, permitting investigation and resolution of problems.

- 4.2 The College's supervisors, managers, and directors are required to carefully review complaints raised by employees and attempt to resolve any complaint or disputes in a fair, efficient, and economic manner and possibly prevent or make unnecessary the filing of a formal complaint. The College's supervisors, managers, and/or directors shall not retaliate or take any form of reprisal against an employee for raising an issue such as those set forth above and may not impose any discrimination against an employee for doing so.
- 4.3 Complaints of illegal discrimination or harassment on the basis of age, color, disability, ethnic origin, genetic information, marital status, race, religious beliefs, sex, sexual orientation, or veteran status will be addressed in an objective and timely manner. Employees are encouraged to immediately report suspected discrimination or harassment of any kind.
- 4.4 The confidentiality of all parties involved shall be strictly respected insofar as it does not interfere with the College's obligations to investigate allegations of discrimination and to take corrective action.

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

- 5.1 None.

## **SECTION 6. CONFLICT RESOLUTION PROCEDURES**

### **6.1 Informal Conflict Resolution Procedure.**

- 6.1.1 If a Disputable Issue arises, the Complainant shall report the Disputable Issue to either the Complainant's direct supervisor or the Chief Human Resources Officer; provided, however, that if the Disputable Issue involves allegations concerning the Complainant's direct supervisor, the Complainant shall report the Disputable Issue to the Chief Human Resources Officer. If the complaint involves the Chief Human Resources Officer, it should instead be reported to the President.
- 6.1.2 The supervisor or the Chief Human Resources Officer, as applicable, shall promptly investigate the facts surrounding the events giving rise to the Informal Complaint. The supervisor or the Chief Human Resources Officer shall contact and interview each person that the Complainant contends has knowledge of facts surrounding the Disputable Issue. The supervisor or Chief Human Resources Officer, in his or her judgment, may conduct as many meetings with the Complainant and/or other employees as the supervisor or Chief Human Resources Officer deems reasonable.
- 6.1.3 The supervisor or Chief Human Resources Officer shall attempt to resolve the Disputable Issue by any reasonable means. The Complainant shall inform the supervisor or the Chief Human Resources Officer whether the Complainant believes the Disputable Issue is resolved.
- 6.1.4 If the supervisor, rather than the Chief Human Resources Officer, conducted the investigation and attempted to resolve the dispute, the supervisor shall then report the outcome of attempt to resolve the Disputable Issue. The supervisor or the Chief Human Resources Officer shall document whether the Disputable Issue is resolved or unresolved and shall report the outcome to the Complainant.

## 6.2 Formal Conflict Resolution Procedure.

- 6.2.1 If following the supervisor's or the Chief Human Resources Officer's attempt to resolve the Disputable Issue, the Complainant is not satisfied that the Disputable Issue has been resolved, the Complainant may file a Formal Complaint. The Formal Complaint must be filed within ten (10) working days of: (i) the date or last occurrence of the event giving rise to the Disputable Issue, (ii) the date the employee became aware of the Disputable Issue, or (iii) the date the Complainant informed the supervisor or Chief Human Resources Officer that the Disputable Issue was unresolved.
- 6.2.2 The Formal Complaint must contain, at a minimum, the following information and items: (i) a statement of the exact Disputable Issue; (ii) the date or dates, to the best of the Complainant's knowledge, that the Disputable Issue occurred, the date the employee became aware of the issue, or the date the Complainant informed the supervisor or Chief Human Resources Officer that the Disputable Issue was unresolved; (iii) the person or office from which the Complainant seeks relief; and (iv) the exact relief sought.
- 6.2.3 First Level Decision. The Complainant and the Chief Human Resources Officer must then schedule a conference with Complainant's direct supervisor to discuss the nature of the complaint, the Disputable Issue, and the relief sought. Following the meeting, the Chief Human Resources Officer will issue a decision (the "First Level Decision"), in writing, to the Complainant, regarding the Complaint. The decision shall indicate whether the complaint is resolved and the basis for the decision.
- 6.2.4 Second Level Decision. If the Complainant finds that the First Level Decision is unacceptable, the Complainant may appeal the First Level Decision to the President of the College. The President or the President's designee shall review the complaint and schedule a conference with the Complainant, his/her immediate supervisor, and/or the Chief Human Resources Officer. The President or the President's designee shall, after reviewing the complaint and listening to the arguments and comments presented by the Complainant, his/her supervisor, and/or the Chief Human Resources Officer in the conference, issue a decision (the "Second Level Decision"), in writing, to the Complainant regarding the complaint.
- 6.2.5 The Complainant may have one other College employee of his or her choosing accompany him or her at the conferences associated with the First Level and the Second Level. The College management shall authorize a reasonable amount of time for the Complainant and/or the employee assisting the Complainant to assemble and prepare materials related to the complaint and to participate in the conferences at the First Level and the Second Level.
- 6.2.6 If the Complainant believes that he or she was exposed to reprisal or discrimination as a result of filing a complaint, he or she may contact the Chief Human Resources Officer, who shall review the matter and make any recommendation to the President of the College regarding his or her determination of whether the Complainant was or was not treated in a manner free of reprisal and/or discrimination.

## SECTION 7. RESPONSIBILITIES

### 7.1 Employee

- 7.1.1 All employees of the College are responsible for knowing the terms and requirements of this policy and the procedures related hereto.

## 7.2 Supervisors

- 7.2.1 All supervisors are responsible for consistent application of this policy and the procedures related hereto.

## 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:** None.

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

**Revision Notes:** December 7, 2022 – New Policy.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
MEETING OF DECEMBER 13, 2022**

**ITEM:** SCP-XXXX *Return of Title IV Funds (R2T4)*

**RECOMMENDED RESOLUTION:** *RESOLVED*, That the Southern West Virginia Community and Technical College Board of Governors grant approval for the distribution of SCP-XXXX, *Return of Title IV Funds (R2T4)*, to Southern's constituents and the Chancellor for Community and Technical College Education for an additional 30-day public comment period.

**STAFF MEMBER:** Debbie C. Dingess

**BACKGROUND:**

SCP-XXXX, *Return of Title IV Funds (R2T4)*, was created by the Chief Student Services Officer to satisfy the requirements by the U.S. Department of Education for institutions on heightened cash management to develop a new partnership agreement to come off those restrictions. The Department of Education made recommendations that the institutions edit existing policies and to create a new policy on returning the Title IV funds.

This new policy was reviewed by the Policy and Procedures Committee at a special meeting on August 25, 2022. The Policy and Procedures Committee determined that, as a newly established policy, this policy would require approval of the Board of Governors of Southern West Virginia Community and Technical College. The recommendation of the parties was to approve SCP-XXXX, *Return of Title IV Funds (R2T4)*, be forwarded to President's Cabinet at their September 6, 2022 meeting for approval and submission to the Board of Governors of Southern West Virginia Community and Technical College for 30-day public comment period.

At its October 18, 2022 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. Comments were received from Kristin Boggs, General Counsel, WV Higher Education Policy Commission. These comments are reflected in the revised policy being presented today.

Therefore, the staff recommends that the Board of Governors of Southern West Virginia Community and Technical College grant approval for distribution of SCP-XXXX, *Return of Title IV Funds (R2T4)*, to Southern's constituents and the Chancellor for Community and Technical College Education for an additional 30-day public comment period.

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

**SUBJECT:** Return of Title IV Funds (R2T4)

**REFERENCE:** The Higher Education Act of 1965 (as amended), HEA, Section 484B, as amended by the Higher Education Opportunity Act of 2008, 20 U.S.C. § 1001, et seq., specifically Section 484B thereof, 20 U.S.C. § 1091b; Title IV of the Higher Education Act of 1965, 20 U.S.C. §§ 1070, et seq.; 34 CFR § 668.22; West Virginia Code §§ 18C-5-5, 18C-5-7, 18C-7-6; Title IV, and SCP-4356, Change in Enrollment Status

**ORIGINATION:**

**EFFECTIVE:**

**REVIEWED:**

### **SECTION 1. PURPOSE**

- 1.1 The purpose of this policy is to establish the process for the return of Federal Title IV funds for students ~~that~~ who receive financial assistance at Southern West Virginia Community and Technical College.

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

- 2.1 This policy applies to all eligible students who receive assistance through federal, state, ~~and or~~ institutional Financial Aid programs.

### **SECTION 3. DEFINITIONS**

- 3.1 “Enrollment” ~~Student enrollment refers to~~ means the act of registering and paying for specific classes in a student’s chosen program of study. The enrollment process is completed after a student has paid tuition in full, completed all financial aid requirements to secure a tuition payment, or completed the proper documentation to enroll in the installment tuition payment plan.
- 3.2 ~~Class Drop~~ “Dropping a class” ~~is means~~ unenrolling from the class by a certain deadline. When a student drops a class from their schedule, the course is completely erased from the student’s class schedule. Dropped courses do not appear on the student’s official academic record, and the student does not incur tuition and fee charges.
- 3.3 “Official Withdrawal” means a student drops a class after the allowed add/drop period ends. If a student finds it necessary to withdraw from class or from the College, he/she must complete the withdrawal process. The specific last day to withdraw in an academic term is published in the academic calendar included in the catalog. Students withdrawing during this time period will receive a grade of “W.” To officially withdraw, the student must contact a Student Success representative or a faculty advisor and complete the requisite process.
- 3.4 “Unofficial Withdrawal” means a student drops a class by ~~if the student~~ ceasing to attend, failing to officially withdraw, and ~~does~~ not successfully completing at least one course with an A, B, C, or D. In such instance, the student will be considered unofficially withdrawn and the College may recalculate Title IV aid ~~may be~~



~~recalculated~~ based on the student's last day of attendance. If the College cannot determine the student's last date of attendance ~~cannot be determined~~, the R2T4 calculation will be taken back to the 50% point in the term. The final burden of proof ~~is required of~~ regarding last date of attendance lies with the student.

- 3.5 “Administrative Drop” means a decision by the College to drop a student from an academic credit-based course or courses for nonpayment of tuition or fees or for ~~being verified as non-attendance~~ lack of attendance.
- 3.6 “Administrative Withdrawal” means a decision by the College allowing a student who is facing certain types of documented hardships or crises to withdraw ~~a student~~ from an academic credit-based course or courses ~~for emergency reasons, or disciplinary reasons~~ after the deadline passes for an official withdrawal.
- 3.7 “Grade of F\*” means a failing grade due to non-attendance.

## SECTION 4. POLICY

- 4.1 Title IV funds are awarded to a student under the assumption that the student will attend the institution for the entire period ~~in for~~ which the Title IV funds are awarded. Students who receive federal funds as part of their aid package but withdraw from all courses, for any reason, during a semester may no longer be eligible for the full amount of Title IV funds and may be required to return all or a portion of those funds.
- 4.2 The College uses a pro-rated formula ~~is used~~ to determine the amount of federal student aid funds a student earned at the time of the withdrawal. Thus, a student who withdraws in the second week of classes has earned less financial aid than a student who withdraws in the seventh week.
- 4.3 Once ~~the student completes~~ 60% of the semester ~~is completed~~, he/she is considered to have earned all of his/her financial aid and will not be required to return any funds.
- 4.4 ~~A~~ Return of Title IV funds is required:
- 4.4.1 Although a student's aid is posted to his/her account at the start of the term, the student earns funds as he/she completes the semester. If for any reason a student withdraws, as defined above, during the semester ~~(see withdraw definitions above)~~, the amount of Title IV program assistance earned up to that point is determined by a specific formula. If a student received less assistance than the amount earned, the student may be eligible to receive those additional funds. If a student received more assistance than earned, the excess funds must be returned by the school and/or the student.
- 4.4.2 The amount of assistance that a student has earned is determined on a pro rata basis. For example, if a student completed 30% of the semester before withdrawal, the student earns 30% of the assistance he/she was originally scheduled to receive. Once a student has completed more than 60% or more of the semester, he/she has earned all the assistance that he/she was scheduled to receive for the semester. If a student received excess Title IV program funds that must be returned, the institution will return a portion of the excess equal to the lesser of:
- 4.4.2.1 ~~Your~~ The student's institutional charges multiplied by the unearned percentage of ~~your~~ the student's funds, or
- 4.4.2.2 The entire amount of excess funds.
- 4.5 Any amount of unearned grant funds the student must return is called an overpayment. The institution will notify the student by email and/or postal mail of the amount of Title IV aid overpayment. It is the student's responsibility to make payment arrangements with the institution or the U.S Department of Education.

4.5.1 A student is not eligible to receive any Title IV funds if:

4.5.1.1 ~~The student drops~~ classes ~~are dropped~~ prior to the first day of the class, or

4.5.1.2 College has no record of ~~class attendance or participation~~ the student ~~attending or participating~~ in class during the semester, or

4.5.1.3 ~~They are approved for~~ College approves the student receiving a 100% reversal of his/her tuition and fee charges after the beginning of a semester.

4.6 Timeline for a Return of Title IV Funds

4.6.1 Financial Aid Office will determine the amount of aid that was earned/unearned within 30 days from the date of withdrawal. The College will return the amount of unearned aid ~~will be returned~~ to the U.S. Department of Education within 45 days from the date of the student's withdrawal.

4.6.2 ~~The Institution's Financial Aid Return of Title IV Funds~~ This policy highlights the process ~~for by~~ which Title IV funds are returned to the Department of Education. The requirement for the return of Title IV program funds when the student withdraws are separate from any tuition refund policy offered by Southern. Institutional charges are determined by the tuition refund policy, which ~~entails~~ includes how much the student will owe the institution. This amount is posted as a charge to the student's Southern account.

4.7 How Return of Title IV Funds is calculated

4.7.1 Federal regulations specify the process ~~in by~~ which the institution will determine the amount of Title IV funds that a student earns if he/she withdraws from school.

4.7.2 The percentage of Title IV Aid is calculated based upon the number of days a student attended class, compared to the number of calendar days in the semester. The College uses a pro-rated formula ~~is used~~ to determine the amount of federal student aid funds a student will have earned at the time of the withdrawal.

4.7.3 The College calculates institutional charges ~~are calculated~~, and determines the amount that must be returned to each Title IV program ~~is determined~~. The College then returns such funds ~~are then returned~~ to the Title IV programs according to regulatory requirements.

4.7.4 The institution must return Title IV funds back to the federal aid programs in the following order:

4.7.4.1 Unsubsidized Federal Direct Loans

4.7.4.2 Subsidized Direct Loans

4.7.4.3 Direct PLUS Loans

4.7.4.4 Federal Pell Grant

4.7.4.5 Iraq and Afghanistan Service Grant

#### 4.7.4.6 Federal Supplemental Education Opportunity Grant (FSEOG)

- 4.7.5 Federal Work-Study earnings are not affected by the Title IV regulations concerning the return of unearned federal student aid; however, the student cannot continue employment after the last day of attendance at the College.
- 4.7.6 Any federal student loan funds disbursed must be repaid in accordance with the terms of the loan's master promissory note (MPN). The student must make scheduled payments to the loan servicer over a period of time.

#### 4.8 Post-Withdrawal Disbursement

- 4.8.1 If the student does not receive all the funds earned, they may be due a post-withdrawal disbursement. A student who earned more aid than was disbursed prior to withdrawal is owed a post-withdrawal disbursement which must be paid within 120 days of the student's withdrawal. The institution will credit post-withdrawal disbursements towards unpaid institutional charges (i.e., tuition, fees, books, and supplies). Any portion of a post-withdrawal disbursement not credited to the student's account (also known as a credit balance) will be offered to the student as a disbursement. If the student is due a credit balance, the credit balance must be disbursed as soon as possible and no later than 14 days after the calculation of R2T4.
- 4.8.2 If a post-withdrawal disbursement includes federal student loan funds, the student must give permission before it can be disbursed. Because loans must be paid back, the student may choose to decline some or all the loan funds.

#### 4.9 Withdrawing or Ceasing to Attend Class

- 4.9.1 If the student "officially" or "unofficially" withdraws from all classes before completing 60% of the term ~~is completed~~ and the student has received federal student aid, College is required to perform a Return of Title IV Funds Calculation (R2T4) ~~is required to be performed~~.
- 4.9.2 Should a student be assigned a grade of F or F\* for all the courses in the term for which Title IV aid was calculated and disbursed, faculty will be required to verify the student's last day of attendance. Should faculty fail to verify the last date of attendance, the R2T4 calculation will be taken back to the 50% point in the term and the Title IV aid will be prorated or cancelled ~~and a Return of Title IV funds will be calculated~~.
- 4.9.3 This calculation may result in a portion of Title IV funds being returned to the U.S. Department of Education. The student may then owe a balance to the institution/and or the U.S. Department of Education. For more information concerning repayment, please contact Southern's business office.

#### 4.10 A Return of Title IV funds is not required:

- 4.10.1 If a student withdraws from one or more courses during a semester but remains enrolled, a Return of Title IV Funds is not required. However, withdrawing from one or more courses can ~~however~~ affect your the student's satisfactory academic progress and financial aid eligibility for future semesters.

#### 4.11 Balances Due

- 4.11.1 When Title IV funds are returned, the student may owe a balance to the institution. The College will return funds owed back to the U.S. Department of Education, will be turned over to U.S. Department of Education which will turn the account over to collections at the 45-day point if not paid in full. Funds owed the institution will be sent through the business office. Southern requires students to make financial arrangements for any outstanding balance prior to registering for the next term or obtaining any services (such as official transcripts, etc.). The Return of Funds policy Federal law and regulations require that students must satisfy the amount owed the federal programs before they may re-enroll in any college.

## SECTION 5. BACKGROUND OR EXCLUSIONS

- 5.1 The law specifies how the institution must determine the amount of Title IV program assistance that the student earns if he/she withdraws from school. The Title IV programs that are covered by this law, offered at Southern are: Federal Pell Grants, Iraq and Afghanistan Service Grants, Federal Direct Subsidized Loans, Federal Direct Unsubsidized Loans, Federal Direct PLUS loans, and Federal Supplemental Educational Opportunity Grants (FSEOGs).
- 5.2 In addition, the WV Higher Education Policy Commission and the Council for Community and Technical College Education requires use of the same policy for the WV Higher Education Grant Program (HEGP), the PROMISE Scholarship, Higher Education Assistance for Part-time Students (HEAPS), and the WV Invests Grant Program.

## SECTION 6. GENERAL PROVISIONS

- 6.1 None.

## SECTION 7. RESPONSIBILITIES

- 7.1 None.

## 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:** None

**Distribution:** Board of Governors (12 members)  
[www.southernwv.edu](http://www.southernwv.edu)

**Revision Notes:** New Policy

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
MEETING OF DECEMBER 13, 2022**

**ITEM:** SCP-1230 *Firearms, Weapons, and Explosives Policy*

**RECOMMENDED RESOLUTION:** *RESOLVED*, That the Southern West Virginia Community and Technical College Board of Governors grant final approval of SCP-1230, *Firearms, Weapons, and Explosives Policy*.

**STAFF MEMBER:** Debbie C. Dingess

**BACKGROUND:**

SCP-1230, *Firearms, Weapons, and Explosives Policy*, was reviewed by the Chief Human Resources Officer and the Policy and Procedures Committee at their meeting on February 11, 2022.

The Policy and Procedures Committee determined that this was a policy that required approval of the Board of Governors of Southern West Virginia Community and Technical College. The recommendation of the parties was to approve SCP-1230, *Firearms, Weapons, and Explosives Policy* to be forwarded to President's Cabinet at their March 3, 2022 meeting for approval and submission to the Board of Governors of Southern West Virginia Community and Technical College for 30-day public comment period.

At its August 23, 2022 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. Comments were received from Kristin Boggs, General Counsel, WV Higher Education Policy Commission.

At its October 18, 2022 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 an additional 30-day public comment period. This comment period ended November 17, 2022. There were no additional comments received.

Therefore, the staff recommends that the Board of Governors of Southern West Virginia Community and Technical College grant final approval of SCP-1230, *Firearms, Weapons, and Explosives Policy*, following the 30-day public comment period.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE  
BOARD OF GOVERNORS  
SCP-1230**

**SUBJECT:** Firearms, Weapons, and Explosives Policy

**REFERENCE:** West Virginia Code § 18B-2A-4, *Powers and duties of governing boards generally*;  
West Virginia Code § 61-7-14, *Right of certain persons to limit possession of firearms on premises.*

**ORIGINATION:** May 24, 2016

**EFFECTIVE:** September 16, 2016

**REVIEWED:** February 11, 2022

**SECTION 1. PURPOSE**

- 1.1 The purpose of this policy is to impose the prohibition of and penalty for the possession or storage of firearms, explosives, and weapons in any form on the premises of Southern West Virginia Community and Technical College or any College-leased facilities.

**SECTION 2. SCOPE AND APPLICABILITY**

- 2.1 This policy applies to all members of the Southern West Virginia Community and Technical College community, including faculty, staff and students, as well as visitors to any campus.

**SECTION 3. DEFINITIONS**

- 3.1 Firearm – Any device that shoots a bullet, pellet, flare, tranquilizer, spear dart, paintball or other projectile, whether loaded or unloaded, including those powered by CO2. This includes, but is not limited to, guns, air guns, dart guns, pistols, revolvers, rifles, cannons, etc., and any ammunition for any such device.
- 3.2 Weapon – Any device that is designed to or traditionally used to inflict harm. This includes, but is not limited to:
- 3.2.1 Firearms, slingshots, switchblades, daggers, blackjacks, brass knuckles, bows and arrows, hand grenades, hunting knives, nun-chucks, throwing stars, etc.;
  - 3.2.2 Any object that could be reasonably construed as a weapon; or
  - 3.2.3 Any object legally controlled as a weapon or treated as a weapon under the laws of the State of West Virginia.
- 3.3 Explosives – Any chemical compounds or mechanical mixture that contains any oxidizing and combustible units, or other ingredients, in such proportion, quantities or packing that an ignition by fire, friction, concussion, percussion, or detonator, or any part of the compound or mixture, may cause a sudden generation of highly heated gases that result in gaseous pressures capable of producing destructive efforts on contiguous objects or of destroying life or limb. This includes, but is not limited to, firecrackers, black powder,

dynamite, etc., as well as detonating devices such as detonators, blasting caps, timers, incendiary wire and the like.

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

- 4.1 Southern West Virginia Community and Technical College has a responsibility to provide a safe and secure environment for its employees and students. In support of this responsibility, the College has established the following rule regarding firearms, weapons, and explosives on its property.
- 4.2 It is prohibited to possess firearms, weapons, and/or explosives on Southern West Virginia Community and Technical College campuses, or any College-leased facilities, in College vehicles, on any real property under the care, custody, and control of the College, or at any College-sponsored event without the explicit authorization of the President, whether or not it is done openly or concealed and whether or not a federal or state license to possess the same has been issued to the possessor; *Provided*, that a customer, employee, or invitee of Southern may possess any legally owned firearm when the firearm is (a) lawfully possessed; (b) out of view; (c) locked inside or locked to a motor vehicle in a parking lot; and (d) when the customer, employee, or invitee is lawfully allowed to be present in that area. W. Va. Code § 61-7-14(d)(1). This provision does not apply to the possession of any other weapons or explosives, which remain prohibited. Other exceptions to this policy are as follows:
  - 4.2.1 Law enforcement officer to the extent they are legally permitted to possess weapons pursuant to West Virginia State Law;
  - 4.2.2 Military personnel in performance of their official duties to the extent they are legally permitted to possess weapons in the State of West Virginia; and
  - 4.2.3 College sanctioned classes, group or events where a particular weapon(s) is required and regularly used as part of the curriculum or activity, i.e., various Criminal Justice courses. The control, security and safe use of such weapons shall be the responsibility of the supervising faculty member. The supervising faculty member shall inform the appropriate Director of Campus Operations in advance of any unusual or seldom occurring events involving the use of weapons on campus.
- 4.3 If any person carrying or possessing a firearm or other deadly weapon in violation of this policy refuses to temporarily relinquish possession of the firearm or other deadly weapon, or to leave the College premises or grounds as previously defined, upon being requested to do so, then the College shall request the services of the appropriate law enforcement authority. Such person may be found guilty of a misdemeanor, and upon conviction thereof, may be fined not more than \$1,000 or confined in jail for not more than six months, or both. W. Va. Code § 61-7-14(c).

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

- 5.1 Exceptions to this policy may be requested in writing to the President. Only under very limited circumstances will an exception be granted. Questions regarding the applicability of this policy to specific items must be directed to the President.

#### **SECTION 6. GENERAL PROVISIONS**

- 6.1 Any student, faculty or staff member violating this policy shall be subject to the disciplinary policies and procedures applicable to students, faculty or staff in addition to the penalties provided under State law.



## SECTION 7. RESPONSIBILITIES

- 7.1 Enforcement of this policy will depend on the cooperation of all members of the campus community, both to comply and encourage others to do so. Faculty, staff, and students who see individuals with weapons are asked to notify the President immediately.

## 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

- 10.1

---

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

---

**President** **Date**

**Attachments:** None.

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

**Revision Notes:** May 24, 2016 – Policy originated.

February 11, 2022 – Revisions made pursuant to amendments in W. Va. Code in both 2017 and 2018.