Eastern West Virginia
Community and Technical College

Financial Statements
Years Ended June 30, 2018 and 2017
and
Independent Auditor's Reports

EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE

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Suttle & Stalnaker PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Governors
Eastern West Virginia Community and Technical College
Moorefield, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Eastern 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, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the College, as of June 30, 2018 and 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 3 to the financial statements, in 2018, the College adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 – 11, the schedule of proportionate share of the net OPEB liability and schedule of OPEB contributions, and related footnote on pages 40 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2018, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

Overview of the Financial Statements and Financial Analysis

The Governmental Accounting Standards Board (GASB) issued directives for presentation of college and university financial statements which were adopted in Fiscal Year 2002 by Eastern West Virginia Community and Technical College (Eastern or the College). The previous reporting format presented financial balances and activities by fund groups. The current format places emphasis on the overall economic resources of the College.

The discussion and analysis of Eastern West Virginia Community and Technical College’s financial statements provides an overview of the College’s financial activities for the fiscal years ended June 30, 2018, 2017 and 2016. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College’s management.

Using this report

The College’s basic financial statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the Statement of Net Position is designed to present the College’s financial position as of a point in time. This statement combines current financial resources (short-term spendable resources) with capital assets and other long-term resources. The Statement of Revenues, Expenses, and Changes in Net Position, emphasizes the change in net position over the year to indicate whether there has been improvement or erosion of the College’s financial health.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position

One of the most important questions asked about the College’s finances is, “Is the College as a whole better off or worse off as a result of the year’s activities?” The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information on the College as a whole and on its activities in a way that helps answer this question. The relationship between revenues and expenses may be thought of as the College’s operating results.

These two statements report the College’s net position and the changes that occur in them during the year. You can think of the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources as one way to measure the College’s financial health, or financial position. Over time, increases or decreases in the College’s net position is one indicator of whether its financial health is improving or deteriorating.

You will need to consider many other nonfinancial factors, such as the trend in College recruiting, student retention, enrollment growth, academic or workforce programs created or expanded during the year, and the strength of the instructional services, to accurately assess the overall health of the College. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

From the data presented, readers of the Statement of Net Position are able to determine the availability of net position (assets plus deferred out

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

Financial Highlights:

Assets

Current assets as of June 30, 2018 decreased $84,198 from June 30, 2017. Cash decreased by $187,796. Accounts receivable increased $99,891

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

Nonoperating revenue is revenue received for which goods and services are not provided. For example, state appropriations are nonoperating because the West Virginia Legislature provides them to the College without the West Virginia Legislature directly receiving commensurate goods and services for those revenues.

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

	2018	2017	2016
Operating revenues	$ 2,959,474	$ 2,010,049	$ 2,365,647
Operating expenses	5,346,878	5,103,977	5,770,946
Operating loss	(2,387,404)	(3,093,928)	(3,405,299)
Nonoperating revenues	2,641,060	2,759,622	3,223,122
Income (loss) before other revenues, expenses, gain or losses	253,656	(334,306)	(182,177)
Capital projects and bond proceeds	3,686	-	-
Payments made and expenses incurred on behalf of the college	45,585	-	-
Increase (decrease) in net position before cumulative effect of adoption of accounting principle	302,927	(334,306)	(182,177)
Cumulative effect of adoption of accounting principle	(192,754)	-	-
Increase (decrease) in net position	110,173	(334,306)	(182,177)
Net Position - Beginning of year	9,279,973	9,614,279	9,796,456
Net Position - End of year	$ 9,390,146	$ 9,279,973	$ 9,614,279

Financial Highlights:

<u>Operating revenues</u> increased by $949,425 in fiscal year 2018 as compared to fiscal year 2017. Net tuition and fee revenue increased in 2018 by $32,120. The scholarship allowance amount decreased by $113,091 in 2018 as compared to 2017. Revenue from grants and contracts reflected an increase of $827,742 during this period. Grants and contracts are cyclical by nature and cannot be relied upon for sustained revenue from one year to the next.

<u>Operating expenses</u> in fiscal year 2018 increased by $242,901 from fiscal year 2017. Wages decreased in 2018 by $264,840 as a result of vacancies and employee turnover. Benefits decreased by $38,310 due to the adoption of a new accounting principle concerning the treatment of OPEB expenses. Other operating expenses increased by $546,051. This was mostly due to an increase of $485,368 in supplies and services from 2017 to 2018.

<u>Nonoperating revenue</u> decreased by $118,562 in fiscal year 2018 as compared to fiscal year 2017. State appropriations decreased by $45,222 in fiscal year 2018 as compared to fiscal year 2017. Federal Pell grants decreased by $79,051 in fiscal year 2018.

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

Other nonoperating revenues in fiscal year 2018 increased by $5,711 from year 2017. The increase was due to additional investment income.

In fiscal year 2018, a new accounting principal (GASB 75) was adopted to modify the method of recording OPEB expenses and liabilities. The cumulative effect of the adoption of GASB 75 was a decrease in net position of $192,754. Total increase in net position from June 30, 2017 to June 30, 2018 was $110,173.

Statement 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. Another way to assess the financial health of a College is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows also helps users assess an entity's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing. For the year ended June 30, 2018, the net cash used by operating activities (approximately $3.1 million) indicates that the College used more cash for instructional and administrative costs than it received from sources such as student tuition and certain federal and state grants.

The Statement of Cash Flows is divided into five sections.

The ***first section*** reflects cash in-flows/out-flows generated from operating activities. The ***second section*** reflects cash flows from non-capital financing activities. This section reflects the cash received and spent for nonoperating, non-investing, and noncapital 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 to the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

Condensed Schedules of Cash Flows
Years Ended June 30,

		2018		2017		2016
Cash (used in) provided by:						
Operating activities	$	(2,198,586)	$	(3,092,669)	$	(2,489,049)
N						

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

Eastern awarded a contract to Harbel Construction, Inc, to construct a new wing in June 2016. The project was for a 7,500 square foot wing to accommodate additional classroom space for approximately $3,000,000. Eastern entered into a $2,000,000 financial assistance agreement with WVDO to finance the project and the expansion project was substantially complete in the summer of 2017. Eastern began quarterly payments to WVDO in fall 2017.

West Virginia University completed two energy assessments for the Moorfield campus and Technology Center in Petersburg, WV. Eastern has been awarded beginning in fiscal year 2018 a ten year loan from the Higher Education Policy Commission (HEPC) for $75,000 to implement energy projects that will assist with reducing utilities. The annual payments will be funded by capital fees. In spring of 2018, Eastern used the proceeds of this loan to replace the fluorescent lights at the Petersburg Technology Center with LED lights.

Also in spring of 2018, Eastern broke ground on an additional student parking lot at the front entrance of the college. The parking lot was funded by a $67,568 grant from the West Virginia Department of Environmental Protection. Per the terms of the grant, the amount awarded will be matched by the remaining proceeds from the WVDO financial assistance agreement mentioned above.

The college is investigating the application of solar lighting for parking, a solar canopy, a wind turbine and other energy related projects to promote the College as a demonstration site for a variety of renewable energy projects.

Eastern submitted capital projects to HEPC to complete the following projects:

HVAC improvements to reduce utility expenses.
West Wing portico
Mountain Skyway Center

Economic Outlook

ASSETS AND DEFERRED OUTFLOWS	2018	2017
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,980,984	$ 2,168,780
Accounts receivable, net of allowance for doubtful accounts	476,417	376,526
Prepaid assets	3,707	

2018

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 771,314	$ 702,935
Contracts and grants	1,784,952	780,780
Payments to and on behalf of employees	(2,265,063)	(2,491,596)
Payments to suppliers	(2,068,460)	(1,519,151)
Payments to utilities	(112,377)	(120,680)
Payments for scholarships	(384,200)	(350,160)
Sales and service of educational activities	1,048	15,875
Fees retained by the Commission	(19,113)	(21,643)
Other (payments) receipts, net	93,313	

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 1 - ORGANIZATION

Eastern West Virginia Community and Technical College (the College) is governed by the Eastern West Virginia Community and Technical College Governing Board (the Board). The Board was established by Senate Bill 448.

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 College under its jurisdiction; the duty to develop a master plan for the College; the power to prescribe the specific functions and College's budget request; the duty to review at least every five years all academic programs offered at the College; and the power to fix tuition and other fees for the different classes or categories of students enrolled at its College.

Senate Bill 448 also gives the West Virginia Council for Community and Technical College Education (the Council) the responsibility of developing, overseeing, and advancing the State of West Virginia (the State) public policy agenda as it relates to community and technical college education.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Governmental Accounting Standards Board standards (GASB). The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the College's assets, liabilities, deferred outflows and inflows of resources, net position, revenues, expenses, changes in net position, and cash flows.

Reporting Entity - The College is a blended component unit of the West Virginia Higher Education Fund and represents separate funds of the State that are 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 West Virginia Higher Education Policy Commission (the Commission, which includes West Virginia Network for Educational Telecomputing (WVNET)) 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 foundation and another affiliate of the College are not part of the College reporting entity and are not included in the accompanying financial statements since the College has no ability to designate management, cannot significantly influence operations of these entities, and is not accountable for the fiscal matters of these entities under GASB.

Financial Statement Presentation - GASB establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented 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:

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The BTI maintains the Consolidated Fund investment fund, which consists of eight investment pools and participant-directed accounts, three of which the College may invest in. These pools have been structured as multiparticipant variable 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 those annual reports can be obtained from the following address: 1900 Kanawha Blvd., E. Room E-122, Charleston, WV 25305 or http://wvbti.com.

Permissible investments for all agencies include those guaranteed by the United States of America, its agencies and instrumentalities (U.S. government obligations); corporate debt obligations, including commercial paper, which meet certain ratings; cer

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Cash Flows - Any cash and cash equivalents escrowed, restricted for noncurrent assets, or in funded reserves have been included as cash and cash equivalents for the purpose of the statements of cash flows.

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

Risks 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 2017 financial statements, as previously presented, have been reclassified to conform with the 2018 presentation. The reclassifications had no effect on net position or the change in net position.

Newly Adopted Statements Issued by the Governmental Accounting Standards Board

The College implemented Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after June 15, 2017. The requirements of this Statement will improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The adoption of GASB Statement No. 75 reclassified some items previously reported as expenses as deferred outflows of resources and deferred inflows of resources. This Statement also changed the valuation methodology used to record the net other postemployment benefits liability. See Note 3 for a discussion of the effect and additional disclosures at Note 9.

The College implemented Statement No. 85, *Omnibus 2017*, effective for fiscal years beginning after June 15, 2017. The requirements of this Statement will enhance consistency in the application of accounting and financial reporting requirements. Consistent reporting will improve the usefulness of information for users of state and local government financial statements. The adoption of GASB Statement No. 85 had no impact on the June 30, 2018 financial statements.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Statements Issued by the Governmental Accounting Standards Board

The Governmental Accounting Standards Board has issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for fiscal years beginning after June 15, 2018. The requirements of this Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain asset retirement obligations (AROs), including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. The College has not yet determined the effect that the adoption of GASB Statement No. 83 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 84, *Fiduciary Activities,* effective for fiscal years beginning after December 15, 2018. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The College has not yet determined the effect that the adoption of GASB Statement No. 84 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. The requirements of this Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The College has not yet determined the effect that the adoption of GASB Statement No. 87 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 88, *Certain Disclosures Related to Debt*, Including Direct Borrowings and Direct Placements, effective for fiscal years beginning after June 15, 2018. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows. The College has not yet determined the effect that the adoption of GASB Statement No. 88 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for fiscal years beginning after December 15, 2019. The requirements of this Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The College has not yet determined the effect that the adoption of GASB Statement No. 89 may have on its financial statements.

NOTE 4 - CASH AND CASH EQUIVALENTS

NOTE 4 - CASH AND CASH EQUIVALENTS (CONTINUED)

A Fund rated “AAAm” has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. “AAAm” is the highest principal stability fund

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2018 and 2017, are as follows:

	2018	2017
Student tuition and fees, net of allowance for doubtful accounts		

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 6 - CAPITAL ASSETS (Continued)

	2017			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated				
Land	$ 210,477	$ -	$ -	$ 210,477
Construction in progress	-	-	-	-
Total capital assets not being depreciated	$ 210,477	$ -	$ -	$ 210,477
Other capital assets:				
Building/improvements	$ 10,982,308	$ 27,363	$ -	$ 11,009,671
Equipment	4,027,897	112,090	19,953	4,120,034
Total other capital assets	15,010,205	139,453	19,953	15,129,705
Less accumulated depreciation for:				
Building/improvements	1,209,429	253,348	-	1,462,777
Equipment	3,043,022	267,837	19,953	3,290,906
Total accumulated depreciation	4,252,451	521,185	19,953	4,753,683
Other capital assets, net	$ 10,757,754	$ (381,732)	$ -	$ 10,376,022
Capital asset summary:				
Capital assets not being depreciated	$ 210,477	$ -	$ -	$ 210,477
Other capital assets	15,010,205	139,453	19,953	15,129,705
Total cost of capital assets	15,220,682	139,453	19,953	15,340,182
Less accumulated depreciation	4,252,451	521,185	19,953	4,753,683
Capital assets, net	$ 10,968,231	$ (381,732)	$ -	$ 10,586,499

As of June 30, 2018, the College had $141,665 in construction comh9A4(in)]TJ0.001rgsc9o

NOTE 9 - OTHER POST EMPLOYMENT 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, 2017 were:

	July 2016-December 2016 2017	January 2017-June 2017 2017
Paygo premium	$ 196	$ 135

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

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

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

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

The 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, 2018, 2017, and 2016, were $54,927, $60,389, and $65,719, respectively.

Assumptions

The total OPEB liability for financial reporting purposes was determined by an actuarial valuation as of July 1, 2016 and rolled forward to June 30, 2017. 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.
Asset valuation method: Investments are reported at fair (market) value.
Amortization method: Level percentage of payroll over a 21 year closed period
Remaining amortization period: 21 years closed as of June 30, 2016.
Investment rate of return: 7.15%, net of OPEB plan investment expense, including inflation.
Healthcare cost trend rates: Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.50% and 9.75%

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

The College will recognize the $54,927 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30,	Amortization
2019	$ 47,592
2020	47,592
2021	47,592
2022	47,591
	$ 190,367

Payables to the OPEB Plan

The College did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2018.

NOTE 10 - STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

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

The State has chartered the Commission with the responsibility to construct or renovate, finance, and maintain various academic and other facilities of the State’s universities and colleges. As of June 30, 2013, the College had completed the construction of its new facility, which is being funded as noted below.

During the year ended June 30, 2005, the Commission issued $167 million of 2004 Series B 30-year Revenue Bonds to fund capital projects at various higher education institutions in the State. The College was approved to receive $8 million of these funds. State lottery funds will be used to repay the debt, although College revenues are pledged if lottery funds prove insufficient. The College has recognized approximately $8,378,218 from these committed funds through June 30, 2018.

During the year ended June 30, 2018, the Commission issued $82 million of Capital Improvement Refunding Revenue Bonds Series 2017 to fund capital projects at various higher education institutions in the State. The College was approved to receive $300,000 of these funds. The College has recognized approximately $3,686 for these committed funds through June 30, 2018.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 11 – FUNDS DUE TO STATE AGENCIES

Amounts included in Due to Other State Agencies at June 30, are as follows:

	2018	2017
Department of Health and Human Resources	$ 11,372	$ 19,117
Department of Administration	151	51
State Treasurer's Office	3	10
Public Employees' Insurance Agency (PEIA)	167	377
Division of Rehabilitation Services	3,938	5,835
	$ 15,631	$ 25,390

On September 24, 2013 Eastern entered into a loan agreement with the West Virginia Development Office to provide funding for the new academic wing. The funding provided 7,500 square feet of classroom space.

In previous years, the College entered into two financial assistance agreements

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 11 – FUNDS DUE TO STATE AGENCIES (CONTINUED)

Future minimum payments related to the academic wing debt and solar shed, as of June 30, 2018, were as follows:

Year Ending June 30,	HEPC	WVDO
2019	$ 7,500	$ 66,668
2020	7,500	66,668
2021	7,500	66,668
2022	7,500	66,668
2023	7,500	66,668
Thereafter	30,000	2,086,591
	$ 67,500	$ 2,419,931

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 13 - RETIREMENT PLANS (CONTINUED)

The College's total payroll for the years ended June 30, 2018, 2017, and 2016, was $1,727,313, $2,010,647, and $2,313,165, respectively; total covered employees' salaries in TIAA-CREF were $1,471,847, $1,608,492, and $1,640,190, in 2018, 2017, and 2016, respectively.

NOTE 14 - FOUNDATION (UNAUDITED)

The Eastern West Virginia Community and Technical College Foundation, Inc. (the Foundation), which was incorporated in fiscal year 2001, is a separate nonprofit organization incorporated in the State 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. Accordingly, the financial statements of the Foundation are not included in the accompanying financial statements because they are not controlled by the College and because they are not significant.

The Foundation's net assets totaled $132,693 and $149,197 at June 30, 2018 and 2017, respectively. The Foundation's net assets include amounts which are restricted by donors to use for specific projects or departments of the College and its affiliated organizations. Contributions to the Foundation, which are not reflected in the accompanying financial statements, totaled $112,597 and $156,527 for the years ended June 30, 2018 and 2017, respectively. No contributions were made to the College during either the year ended June 30, 2018 or 2017.

NOTE 15 - AFFILIATED ORGANIZATION

The College has an affiliation agreement with Eastern Workforce Opportunity Regional Center and Services (Eastern WORCS). Although Eastern WORCS has been created "to foster and support applied research and workforce development" at the College, it is a separate nonprofit organization incorporated in the State of West Virginia. Oversight of Eastern WORCS is the responsibility of a separate and independently elected Board of Directors. Accordingly, the financial statements of Eastern WORCS are not included in the accompanying financial statements because the economic resources held by Eastern WORCS do not entirely or almost entirely benefit the College. No contributions were made to the College during either the year

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 16 - CONTINGENCIES (CONTINUED)

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

EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
JUNE 30, 2018

Last 10 Fiscal Years*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Eastern's proportion of the net OPEB liability (asset) (percentage)	0.029400918%									
Eastern's proportionate share of the net OPEB liability (asset)	$ 722,965									
State's proportionate share of the net OPEB liability (asset)	148,498									
Total proportionate share of the net OPEB liability (asset)	$ 871,463									
Eastern's covered-employee payroll	$ 1,453,976									
Eastern's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	49.72%									
Plan fiduciary net position as a percentage of the total OPEB liability	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, Eastern should present information for those years for which information is available.

EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
JUNE 30, 2018

Last 10 Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Statutorily required contribution	$ 54,927									
Contributions in relation to the statutorily required contribution	(54,927)									
Contribution deficiency (excess)	$ -									
Eastern's covered-employee payroll	$ 1,354,270									
Contributions as a percentage of covered-employee payroll	4.06%									

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

EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2018 AND 2017

There are no other factors that affect trends in the amounts reported, such as a change of benefit terms, size or composition of the population covered by the benefit terms, or other assumptions. Additional information, if necessary, can be obtained from the RHBT audited Financial Statements, Required Supplementary Information, and Other Financial Information for the year ended June 30, 2017.

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

Compliance and Other Matters

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

Purpose of this Report

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

Charleston, West Virginia
October 5, 2018