GLENVILLE STATE COLLEGE

Glenville, West Virginia

Financial Statements and
Additional Information for the Years
Ended June 30, 2020 and 2019 and
Independent Auditors' Reports

GLENVILLE STATE COLLEGE

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INDEPENDENT AUDITORS' REPORT

To the Board of Governors
Glenville State College
Glenville, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Glenville State College (The College) as of and for the years ended June 30, 2020 and 2019, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Glenville State College Foundation, Inc. (the Foundation), 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 discretely presented financial statements of the Foundation, is based solely on the report of the other auditors. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation, which were audited by other auditors, were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3–10, the schedule of proportionate share of net pension liability and contributions on page 72, and the schedule of proportionate share of net OPEB liability and contributions on page 73 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 15, 2020, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Hayflich CPAs PLLC

Huntington, West Virginia
October 15, 2020

GLENVILLE STATE COLLEGE

Management's Discussion and Analysis
Fiscal Years 2020 and 2019

About Glenville State College

Glenville State College, West Virginia's only centrally located public college, was founded in 1872 to provide instruction and practice for common school teachers in the science of education and the art of teachers. In the early years, Glenville Normal was obliged to devote resources almost exclusively to secondary studies because of the absence of high schools in the area. Later, as high schools became more numerous, secondary offerings were gradually reduced and more college courses were developed. On May 1, 1930, the State Board of Education authorized the school to award the Bachelor of Arts in Education Degree, and on March 4, 1931, the Legislature changed the school's name to Glenville State Teachers College. Often referred to as the Lighthouse on the Hill, the name of the school was changed to Glenville State College in 1943.

Glenville State College has surpassed its original mission as a teacher's college, and currently prepares students for careers in teaching, business, land resources, music, the liberal arts, the sciences, criminal justice, and human services. With an enrollment of approximately 1,900 students, the College has a student to faculty ratio of 15 to 1. The College's enrollment is made up of many first generation students with over 80% coming from West Virginia. Approximately 81% of Glenville's students receive some form of financial aid or scholarship assistance.

Glenville State College is accredited by the Higher Learning Commission and is a member of the North Central Association of Colleges and Schools. The College holds unit accreditation from the National Council for Accreditation of Teacher Education and recognition from the Society of American Foresters. Glenville State College is part of the West Virginia Higher Education System and is governed by a local, twelve-member Board of Governors.

Operational Highlights

Fiscal year 2020 presented challenges, as well as high points and opportunities, for Glenville State College. On June 2nd, we proudly announced the selection of our 26th President, Dr. Mark A. Manchin, which became effective July 1, 2020. Dr. Manchin has an impressive background over a 44-year career in education and administration. Dr. Manchin contributes a proven record of success and energetic, innovative leadership to drive growth for the College and invigorate it into the future. Dr. Manchin's hiring brings stability to the College's top executive position after over a year of that position being filled on an interim basis. His addition, along with the filling of other key positions, will restore stability to the College's executive leadership team.

Beginning during the Spring semester, the College was no exception to the impacts of the COVID19 pandemic. Upon the initial outbreak, the College acted swiftly to vacate the campus of students and non-essential staff during the initial lockdown period. Building upon our existing on-line class platforms and methodology, we were able to quickly transition all remaining Spring semester classes to a remote delivery format for our students. To offset costs incurred by the College and our students, we were able to secure CARES act funds which assisted our financial performance during the latter portion of the fiscal year. We have since developed comprehensive COVID19 mitigation procedures designed to protect our students and staff. This has allowed us to open our campus for in person Fall attendance, even while we continue to strengthen and expand our capabilities to deliver coursework and content on-line. We also expect to continue securing additional State or Federal aid or grants that become available which will further supplement our ability to continue our strategic objectives during these challenging times.

Overview of the Financial Statements and Financial Analysis

Glenville State College (the "College") is pleased to present its financial statements for the fiscal years 2019 and 2020. The following management discussion and analysis provides an overview of the financial position and activities of the College for these years.

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. These statements provide both long-term and short-term financial information about the College.

Financial Highlights

Total assets decreased year over year. However, total liabilities decreased by a similar amount. Operating revenues decreased, offset by an increase in non-operating revenues. This was mostly offset by an increase in total expenses, resulting in a slight improvement in overall net income Year over Year. All bond debt was refinanced in September, 2017, as discussed in Note 7 to the financial statements. The College continued receiving significant funding through various operational and research grants, as well as through a CARES Act grant.

Net Position

The Statements of Net Position present the assets, liabilities, and net position of the College as of the end of the fiscal years. The purpose of the Statements of Net Position is to present to the readers of the financial statements a fiscal snapshot of the College. The Statements of Net Position present end-of-year data concerning Assets (current and noncurrent), Liabilities (current and noncurrent), and Net Position (Assets minus Liabilities).

The Statements of Net Position provides a way to measure the financial position of the College. It provides a picture of the net position and availability of resources for expenditure by the College. From the data presented, readers of the Statements 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 is owed to employees, vendors and lending institutions.

Net Position is divided into three major categories. The first category, net investment in capital assets, accounts for equity in the property, plant and equipment owned by the College. Title to all property was transferred to the Glenville State College Board of Governors by the Higher Education Policy Commission (HEPC, or the "Commission"), when the HEPC was formed in 2001. The next asset category is restricted, which is divided into two categories: nonexpendable (permanently restricted) and expendable. Expendable restricted resources are available for expenditure 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. Included in restricted expendable resources are balances that have been designated for specific purposes in West Virginia State Code. This category includes auxiliary enterprise balances as well as certain student fee funds that are designated within state code for specific general purposes such as housing operations or library operations. The final category is unrestricted resources, which are available for expenditure for any lawful purpose of the College.

Condensed Schedules of Net Position
For the Years Ended June 30, 2020 and 2019

Assets	2020	2019	
Current assets	$ 1,316,020	$ 2,302,076	-42.8%
Non-current assets	2,981,393	3,221,166	-7.4%
Capital assets, net	74,050,063	76,194,657	-2.8%
Total Assets	78,347,476	81,717,899	-4.1%
Deferred outflows of resources	1,058,653	1,214,109	-12.8%
Total Assets and Deferred Outflows	$ 79,406,129	$ 82,932,008	-4.3%
Liabilities			
Current liabilities	$ 5,619,569	$ 5,795,741	-3.0%
Non-current liabilities	40,755,340	43,097,705	-5.4%
Total Liabilities	46,374,909	48,893,446	-5.2%
Deferred inflows of resources	2,186,312	1,786,899	22.4%
Total Liabilities and Deferred Inflows	48,561,221	50,680,345	-4.2%
Net Position			
Net Investment in Capital Assets	35,769,490	36,929,274	-3.1%
Restricted-expendable	2,851,720	2,711,524	5.2%
Unrestricted	(7,776,302)	(7,389,135)	5.2%
Total Net Position	$ 30,844,908	$ 32,251,663	-4.4%
Total Liabilities, Deferred Inflows, and Net Position	$ 79,406,129	$ 82,932,008	-4.3%

An indicator of short-term financial condition is the ratio of current assets to current liabilities, or current ratio. The current ratio was 0.23 and 0.40 as of June 30, 2020 and 2019, respectively

Significant Changes in Net Position

At June 30, 2020, the College's total net position decreased from the previous year by $1,406,755. Current cash and cash equivalents increased by $88,363. The pension liability at June 30, 2020, was $719,991.

Non-current assets decreased by $2,384,367. Included in non-current receivables is $65,397 which represents "No Hardship" advances made to employees as a result of the transition from real time to arrearage pay in 2014.

Net capital assets decreased $2,144,594 due primarily to $2,392,089 in depreciation more than offsetting the additions during the year. Additions in capital assets were insignificant. The principal balances of five issues of refinanced bonds and other debt was eliminated in 2017 as part of the successful issuance of $36,285,000 of Improvement and Refunding Revenue Bonds.

Revenues, Expenses, and Changes in Net Position

Changes in total net position, as presented on the Statements of Net Position, are based on the activities presented in the Statements of Revenues, Expenses, and Changes in Net Position ("SRECNP"). The purpose of the SRECNP is to present the revenues earned, both operating and non-operating, and the expenses incurred, operating and non-operating, and any other revenues, expenses, gains and losses of the College.

Operating revenues are earned for providing goods and services to the various customers and constituencies of the College. Operating expenses are incurred 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 for which goods and services are not provided are reported as non-operating revenues. Non-operating revenues are primarily from (1) State appropriations, because they are provided by the West Virginia Legislature to the College without the Legislature directly receiving commensurate goods and services for those revenues, and (2) Pell grants, which are reported as non-operating revenue, not as a reduction in amounts due from students, because of specific guidance in the AICPA industry audit guide.

Condensed Schedules of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2020 and 2019

	2020	2019	% Change
Operating revenues	$ 12,722,748	$ 13,626,068	-6.6%
Operating expenses	24,413,988	23,809,752	2.5%
Operating loss	(11,691,240)	(10,183,684)	14.8%
Non-operating Revenues	12,164,981	10,704,789	13.6%
Non-operating Expenses	1,880,496	1,986,643	-5.3%
Net Non-operating income	10,284,485	8,718,146	18.0%
Loss before other revenues, expenses, gains or losses	(1,406,755)	(1,465,538)	-4.0%
Capital Gifts and Grant		-	
Increase (Decrease) in Net Position	(1,406,755)	(1,465,538)	-4.0%
Net Position, beginning of year	32,251,663	33,717,201	-4.3%
Net Position, end of year	$ 30,844,908	$ 32,251,663	-4.4%

An analysis of the individual revenue and expense categories that contributed to the overall decrease in net position is as follows:

Revenues:

		2020		2019	% Change
Program revenues:					
Tuition & fees before allowances	$	10,623,571	$	10,535,816	0.8%
Less: discounts & allowances		(5,875,864)		(5,036,067)	16.7%
Net program revenues		4,747,707		5,499,749	
Research grants & contracts		2,961,757		3,159,120	-6.2%
Auxiliary enterprise sales & services, net		4,742,411		4,559,628	4.0%
Other		270,873		407,571	-33.5%
General revenues					
State appropriations		6,446,942		6,385,700	1.0%
Payments made on behalf of College		391,996		468,993	-16.4%
Federal Pell Grants		3,730,752		3,732,661	-0.1%
Federal CAREs Grants		1,511,522			
Investment Income		83,769		117,435	-28.7%
Total Revenues	$	24,887,729	$	24,330,857	2.3%

The major sources of revenue for the College include student tuition and fees, state appropriations, grants and gifts, government grants, auxiliary enterprise (housing and meals primarily) revenues, investment income, and miscellaneous income.

- Student tuition and fees (net of scholarship and discount allowance) made up 33.35% of the College's operating revenues and 19.08% of total revenues. Tuition and fee revenues remained steady between years as there were basically no changes in tuition or fee rates or in housing or board charges and enrollment remained primarily level.

- Other revenues such as contracts and grants, auxiliary enterprise revenue, and miscellaneous revenues comprised 38.12% and 33.46% of the College's total revenues in FY 2020 and FY 2019, respectively. FY 2020 grant awards included receipts of $112,203 from the US Department of Education, $789,218 from various West Virginia Agency sponsored scholarship programs, and $951,979 in West Virginia Higher Education scholarship programs. Federal Revenues, non-operating, consisted of $3,730,752 and $3,732,661 in 2020 and 2019, respectively in PELL Grants received and distributed for student financial aid and made up 14.99% of the College's total revenues in FY 2020.

- State appropriation revenues amounted to $6,446,942 and $6,385,700, 25.90% and 26.29% of total revenues in FY 2020 and FY 2019, respectively. These appropriations are used to pay salaries and benefits in support of the operations of the College.

Expenses:

The operating expenses of the College by natural classification are as follows:

	2020	2019	% Change
Salaries & Wages	$ 9,991,285	$ 9,150,195	9.2%
Benefits	2,283,568	2,511,369	-9.1%
Supplies and other services	5,746,156	5,201,423	10.5%
Utilities	1,472,333	1,414,032	4.1%
Student financial aid, scholarships, and fellowships	2,513,230	2,983,062	-15.7%
Depreciation	2,392,089	2,433,281	-1.7%
Loan cancellations and write-offs	-	-	
Miscellaneous--net	24,357	116,390	-79.1%
Fees retained by Commission for operation	-	-	
Total Operating Expenses	$ 24,423,018	$23,809,752	2.6%

- Salaries and wages, and employee benefits made up approximately 50% of the operating expenses of the College in both FY 2020 and FY 2019.
- Utility costs remained steady between years at approximately 6% of operating expenses.
- Scholarship expenses decreased $469,832 or 15.7% from FY 2019. They represented 10.29% and 12.53% of the total operating expenses in FY 2020 and FY 2019, respectively.
- Non-operating expenses consisted only of interest on indebtedness and fees assessed by the commission for debt service.

Cash Flows

The Statements of Cash Flows presents detailed information about the cash activities of the College during the year. These statements assist the users in analyzing the College's ability to generate net cash flows, meet obligations as they come due, and determining its need for external financing.

The Statement of Cash Flows is divided into five parts:

1) *Cash flows from operating activities*. This section shows the net cash used by the operating activities of the College.

2) *Cash flows from non-capital financing activities*. This section reflects the cash received and paid for non-operating, non-investing, and non-capital financing purposes.

3) *Cash flows from capital financing activities*. This section includes cash used for the acquisition and construction of capital and related items.

4) *Cash flows from investing activities*. This section shows the purchases, proceeds, and interest received from investing activities.

5) *Reconciliation of net operating loss to net cash used in operating activities.* This part provides a schedule that reconciles the accrual-based operating income or loss and net cash flow used in operating activities to the operating loss reflected in the SRECNP.

Condensed Schedules of Cash Flows
For the Years Ended June 30, 2019 and 2018

	2020	2019	% Change
Cash provided by (used in)			
Operating activities	$ (8,917,491)	$ (7,525,999)	18.5%
Non capital financing activities	11,689,216	9,618,361	21.5%
Capital financing activities	(2,767,131)	(2,666,432)	3.8%
Investing activities	83,768	117,435	-28.7%
(Decrease) Increase cash and cash equivalents	88,362	(456,635)	-119.4%
Cash and cash equivalents, beginning of year	722,729	1,179,364	-38.7%
Cash and cash equivalents, end of year	$ 811,091	$ 722,729	12.2%

Capital Asset and Debt Administration

The College had capital asset additions of $247,495 and $2,205,130, for the years ended June 30, 2020 and 2019, respectively. In FY 2018, the College began construction of the student housing at the site of the former Conrad Motel, now known as Riverfront Residences and the Academic Success Center on the third floor of the Robert F. Kidd Library. Both projects were completed during FY 2019.

Economic Outlook

Glenville State College anticipates FY2021 with heightened expectations for expanding its mission-driven role in providing higher education opportunity to first generation, needs-based, and rural students from central West Virginia and beyond. The College remains determined to counter the state's retreat from higher education funding through a regimen of operational efficiencies, bond refinancing savings, proactively seeking additional sources and forms of funding, and increasing student enrollment from expanding and more diverse populations.

Glenville's expectations for FY2021 are based on:

- The College has a competent, stable leadership team:

    1. After completing a very productive year under Interim President Dr. Kathleen Nelson, our new President Dr. Mark A. Manchin begins his term as President July 1, 2020. Dr. Manchin is a 40+ year veteran of West Virginia education and government, who brings significant experience in various strategic areas in higher education critical to the success of the College.

    2. Through the return or hiring of seasoned, highly experienced personnel to fill our top executive leadership positions, the College is well positioned with a sound and stable leadership team.

- Academic Affairs recently reorganized to a more centrally controlled model of class scheduling and resource management, which will allow for more intentionally directed campus resources to high employer and student demand programs, while increasing faculty efficiency and effectiveness.

- After freezing tuition for 3 years, the College decided to increase both in and out-of-state tuition for FY 2021. We are still the second least expensive state institution and the out-of-state tuition rate is competitive with other neighboring states' in-state rates. The College also instituted a Student Services fee of $125 per semester to further increase revenue and cover relevant costs. The tuition rate increase and the additional fees have had little or no effect on incoming student decisions to attend Glenville State College.

semester to further increase revenue and cover relevant costs. The tuition rate increase and the additional fees have had little or no effect on incoming student decisions to attend Glenville State College.

- The college administration believes that the current growth is sustainable:

1. The College has received federal approval for an expansion of Pell Grant offering to high school students electing college-level studies (dual degree students). Students from all 55 counties in West Virginia are eligible to participate in this program. The College has continued to realize growth through this program and expects significant growth in subsequent academic years. Historically, dual-credit has been limited by an ability-to-pay, a limitation relieved with the expanded Pell Grant eligibility. We are matriculating a higher percentage of these students as first-time freshman.

2. The College received Second Chance federal funding to offer college-level classes at FCI-Gilmer and Huttonsville Correctional Centers. The College estimates the total number of student participants from these facilities for FY2021 reflect a continued track record of improvement compared to the prior years. We also have opportunities to extend this program to other state and Federal correction centers.

3. The College expects to expand enrollment through existing Hidden Promise Scholars programming. The current program identifies and attracts low-income and first-generation high school graduates, an underserved population of students who demonstrate some academic aptitude but, for family, cultural, and economic circumstances. Prior to FY2019, these students were not intentionally recruited to come to Glenville State College.

4. The College expects to enhance overall enrollment through several retention initiatives. The most significant is the fully staffed, Academic Success Center. The Center is providing advising, tutoring, mentoring, and specialized services for those with disabilities and specialty groups including veterans. The substantive remodeling of the third floor of the library for this center has provided a comfortable and learning focused area to serve students. This group has been very effective in reaching out to existing students to encourage them to remain students at GSC.

5. The Glenville State College Foundation continues to hold significant assets for the current or longer-term use by the College. The Foundation’s fundraising efforts during FY 2020 increased the net assets of the Foundation to approximately $12,000,000.

6. The College has received significant State Grant funds, and will seek and pursue other grants and funding sources to fund and support its operations and mission.

7. The College is assessing other strategic tuition or fee reduction or modification opportunities in an effort to further invigorate enrollment growth.

8. In September, 2017, the College successfully completed a refinancing of its previous multiple issues of debt into one, fixed rate 30-year revenue bond, as discussed in footnote 7. This simplified, consolidated structure provides stability for the College and results in improved cash flows.

Overall, the future and outlook of the College seems bright and positive. New and invigorated leadership, fiscal conservancy, and an enrollment and retention driven growth strategy all bode well for FY2021 and beyond.

GLENVILLE STATE COLLEGE

STATEMENTS OF NET POSITION
AS OF JUNE 30, 2020 AND 2019

ASSETS AND DEFERRED OUTFLOWS	**2020**	**2019**
CURRENT ASSETS:		
Cash and cash equivalents	$ 811,091	$ 722,728
Accounts receivable—net	496,408	639,904
Due from primary government	-	500,000
Other accounts receivable	-	438,583
Loans to students—current portion	8,521	861
Total current assets	1,316,020	2,302,076
NONCURRENT ASSETS:		
Cash and cash equivalents	2,915,996	3,149,211
Other accounts receivable	65,397	71,955
Capital assets - net	74,050,063	76,194,657
Total noncurrent assets	77,031,456	79,415,823
TOTAL ASSETS	78,347,476	81,717,899
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	297,157	311,831
Related to Pension Plans	218,352	276,705
Related to OPEB	543,144	625,573
Total deferred outflows of resources	1,058,653	1,214,109
TOTAL	$ 79,406,129	$ 82,932,008

See notes to financial statements.

GLENVILLE STATE COLLEGE

STATEMENTS OF NET POSITION (Continued)
AS OF JUNE 30, 2020 AND 2019

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION

	2020	2019
Accounts payable	$ 1,497,770	$ 1,768,430
Accrued liabilities	1,357,620	1,219,540
Compensated absences	513,967	491,828
Unearned revenue	41,602	331,588
Total bonds, capital leases, and notes payable - current portion	2,050,639	1,924,530
Higher Education Policy Commission debt payable— current portion	62,373	59,825
Total current liabilities	5,523,971	5,795,741
NONCURRENT LIABILITIES	40,850,938	43,097,705
Total liabilities	46,374,909	48,893,446
DEFERRED INFLOWS OF RESOURCES:		
Related to Pension Plans	626,638	670,630
Related to OPEB	1,559,674	1,116,269
Total deferred inflows of resources	2,186,312	1,786,899
TOTAL LIABILITIES AND DEFERRED INFLOWS	48,561,221	50,680,345
NET POSITION:		
Net Investment in capital assets	35,769,490	36,929,274
Restricted for:		
Loans	35,724	19,813
Capital projects	27,261	23,846
Debt service	2,788,735	2,667,865
Other	-	-
Unrestricted	(7,776,302)	(7,389,135)
Total net position	30,844,908	32,251,663
TOTAL	$ 79,406,129	$ 82,932,008

See notes to financial statements.

GLENVILLE STATE COLLEGE

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
OPERATING REVENUES:		
Student tuition and fees (net of scholarship allowance of $5,875,864 and $5,036,067)	$ 4,747,707	$ 5,499,749
Contracts and grants:		
Federal	497,302	454,331
State	1,741,197	1,841,409
Private	723,258	863,380
Sales and services of educational activities	1,881,064	379,950
Auxiliary enterprise revenue (net of scholarship allowance of $3,163,927 and $2,711,729)	2,861,347	4,179,678
Miscellaneous—net	270,873	407,571
Total operating revenues	12,722,748	13,626,068
OPERATING EXPENSES:		
Salaries and wages	9,991,285	9,150,195
Benefits	2,283,568	2,511,369
Supplies and other services	5,737,126	5,201,423
Utilities	1,472,333	1,414,032
Student financial aid—scholarships and fellowships	2,513,230	2,983,062
Depreciation	2,392,089	2,433,281
Loan cancellations and write-offs	-	-
Miscellaneous - net	24,357	116,390
Fees assessed by the Commission for operations	-	-
Total operating expenses	24,413,988	23,809,752
OPERATING LOSS	(11,691,240)	(10,183,684)

See notes to financial statements.

GLENVILLE STATE COLLEGE

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (Cont)
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
State appropriations	$ 6,446,942	$ 6,385,700
Payments made on behalf of College	391,996	468,993
Federal Pell grants	3,730,752	3,732,661
Federal CAREs grants	1,511,522	
Investment income	83,769	117,435
Interest on indebtedness	(1,842,125)	(1,889,741)
Fees assessed by the Commission for debt service	(38,371)	(96,902)
Net nonoperating revenues	10,284,485	8,718,146
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	(1,406,755)	(1,465,538)
CAPITAL GIFTS (PRIVATE)	-	-
INCREASE (DECREASE) IN NET POSITION	(1,406,755)	(1,465,538)
NET POSITION—Beginning of year	32,251,663	33,717,201
NET POSITION—End of year	$ 30,844,908	$ 32,251,663

See notes to financial statements.

GLENVILLE STATE COLLEGE

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 5,539,800	$ 5,551,082
Contracts and grants	2,961,757	3,159,120
Payments to and on behalf of employees	(12,394,966)	(11,657,584)
Payments to suppliers	(6,019,786)	(5,031,980)
Payments to utilities	(1,472,333)	(1,414,032)
Payments for scholarships and fellowships	(2,513,230)	(2,983,062)
Collection of loans to students	(7,660)	(352)
Sales and service of educational activities	1,881,064	379,950
Auxiliary enterprise charges	2,861,347	4,179,678
Fees assessed by the Commission for operations	-	-
Other receipts and payments--net	246,516	291,181
Net cash used in operating activities	(8,917,491)	(7,525,999)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	6,446,942	5,885,700
Federal Pell grants	3,730,752	3,732,661
Federal CAREs grants	1,511,522	
William D. Ford direct lending receipts	5,165,525	5,514,782
William D. Ford direct lending payments	(5,165,525)	(5,514,782)
Net cash provided by noncapital financing activities	11,689,216	9,618,361
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Purchases of capital assets	(247,495)	(2,205,130)
Proceeds from sale of land	-	87,400
Debt service paid to Commission	(198,196)	(157,299)
Non-operating fees retained by the Commission	-	(96,902)
Principal paid on notes, bonds and leases	(712,530)	(234,869)
Proceeds from borrowing	-	500,000
Interest paid on notes, bonds and leases	(1,842,125)	(1,883,130)
Withdrawals from (deposits to) noncurrent cash and cash equivalents	233,215	1,323,497
Net cash used in capital financing activities	(2,767,131)	(2,666,433)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash provided by investing activities	83,769	117,435
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	88,363	(456,636)
CASH AND CASH EQUIVALENTS—Beginning of year	722,728	1,179,364
CASH AND CASH EQUIVALENTS—End of year	$ 811,091	$ 722,728

(Continued)

GLENVILLE STATE COLLEGE

STATEMENTS OF CASH FLOWS (Continued)
YEARS ENDED JUNE 30, 2020 AND 2019

RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		2020		2019
Operating loss	$	(11,691,240)	$	(10,183,684)
Adjustments to reconcile net operating loss to net cash used in operating activities:				
Depreciation expense		2,385,164		2,433,281
Amortization		6,925		14,674
Payments on behalf-special funding pension and OPEB		391,996		468,996
Changes in assets and liabilities:				
Accounts receivable—net		1,244,093		(424,265)
Loans to students—net		(7,660)		(352)
Accounts payable		(282,660)		608,026
Accrued liabilities and due to the Commission		138,080		(93,656)
Defined benefit pension plan and other post employment benefits		(834,342)		(452,514)
Compensated absences		22,139		54,109
Unearned revenue		(289,986)		49,386
NET CASH USED IN OPERATING ACTIVITIES	$	(8,917,491)	$	(7,525,999)
NONCASH TRANSACTIONS:				
Accretion of bond discount into bonds payable	$	6,925	$	6,611
Expenses paid on behalf of College	$	391,996	$	468,993

See notes to financial statements.

(Concluded)

GLENVILLE STATE COLLEGE

GLENVILLE STATE COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF GLENVILLE STATE COLLEGE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	$ 11,889	$ 33,872
Investments, at fair value	10,792,366	11,485,889
Related party receivables	1,324,236	770,826
Other receivables	14,133	14,133
Total current assets	12,142,624	12,304,720
Fixed assets, net	3,159,495	3,188,558
Other assets		
Bequests and contributions receivable	1,012,274	985,721
Land and other assets held for investment	252,531	296,881
Total other assets	1,264,805	1,282,602
Total assets	**$ 16,566,924**	**$ 16,775,880**
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 5,413	$ 3,850
Organization funds held for others	58,668	30,201
Current portion of loan payable	86,249	83,599
Total current liabilities	150,330	117,650
Long-term liabilities		
Loan payable	2,984,779	3,069,302
Total liabilities	3,135,109	3,186,952
Net assets		
Unrestricted		
Board designated	-	-
Undesignated	639,417	862,193
With donor restrictions	12,792,398	12,726,735
Total net assets	13,431,815	13,588,928
Total liabilities and net assets	**$ 16,566,924**	**$ 16,775,880**

The accompanying notes are an integral part of these financial statements.

GLENVILLE STATE COLLEGE

GLENVILLE STATE COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF GLENVILLE STATE COLLEGE
STATEMENT OF ACTIVITIES
JUNE 30, 2020

	Unrestricted	With Donor Restrictions	Total
Revenues and other support			
Bequests and contributions	$ 337,919	$ 965,144	$ 1,303,063
Investment income	111,602	308,211	419,813
Realized and unrealized gains (losses) on investments	(76,340)	(136,651)	(212,991)
Increase in cash surrender value	-	26,553	26,553
Rental income	169,741	-	169,741
Other Income	23,985	5,699	29,684
Net assets released from restrictions			
Purpose restrictions accomplished	1,103,293	(1,103,293)	-
Total revenues and other support	1,670,200	65,663	1,735,863
Expenses			
Expenditures for benefit of Glenville State College	894,355	-	894,355
Scholarships	320,911	-	320,911
Salaries and wages	145,176	-	145,176
Legal, consulting, accounting	17,750	-	17,750
Investment management fee	76,577	-	76,577
Miscellaneous	2,983	-	2,983
Promotions and publications	93,236	-	93,236
Office expense	2,134	-	2,134
Travel and advancement	36,650	-	36,650
Memberships and subscriptions	2,163	-	2,163
Insurance	15,521	-	15,521
Interest expense	101,089	-	101,089
Depreciation	134,092	-	134,092
Meals and meetings	339	-	339
Annual fund expense	5,790	-	5,790
Alumni expenses	7,767	-	7,767
Database management	36,443	-	36,443
Total expenses	1,892,976	-	1,892,976
Change in net assets	(222,776)	65,663	(157,113)
Net assets at beginning of year	862,193	12,726,735	13,588,928
Net assets at end of year	**$ 639,417**	**$ 12,792,398**	**$ 13,431,815**

GLENVILLE STATE COLLEGE

GLENVILLE STATE COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF GLENVILLE STATE COLLEGE
STATEMENT OF ACTIVITIES
JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Bequests and contributions	$ 196,262	$ 3,152,693	$ 3,348,955
Investment income	172,046	318,449	490,495
Realized and unrealized gains (losses) on investments	14,726	282,443	297,169
Gain (loss) on disposal of fixed assets		-	-
Increase in cash surrender value	-	18,735	18,735
Rental income	169,600	-	169,600
Net assets released from restrictions			
Purpose restrictions accomplished	2,218,073	(2,218,073)	-
Total revenues and other support	2,770,707	1,554,247	4,324,954
Expenses			
Expenditures for benefit of Glenville State College	1,467,079	-	1,467,079
Scholarships	355,403	-	355,403
Salaries and wages	124,569	-	124,569
Legal, consulting, accounting	30,495	-	30,495
Investment management fee	69,442	-	69,442
Miscellaneous	2,793	-	2,793
Promotions and publications	128,626	-	128,626
Office expense	5,148	-	5,148
Travel and advancement	9,190	-	9,190
Memberships and subscriptions	2,168	-	2,168
Insurance	14,596	-	14,596
Interest expense	103,733	-	103,733
Depreciation	127,242	-	127,242
Meals and meetings	246	-	246
Annual fund expense	8,000	-	8,000
Alumni expenses	8,812	-	8,812
Impairment Loss	465,850		465,850
Database management	29,311	-	29,311
Total expenses	2,952,703	-	2,952,703
Change in net assets	(181,996)	1,554,247	1,372,251
Net assets at beginning of year	1,044,189	11,172,488	12,216,677
Net assets at end of year	**$ 862,193**	**$ 12,726,735**	**$ 13,588,928**

1. ORGANIZATION

Glenville State College (the "College") is governed by the Glenville State 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 institution(s) 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 (HEPC or the "Commission"), which is responsible for developing, gaining consensus around and overseeing the implementation and development of a higher education public policy agenda.

As a requirement of Governmental Accounting Standards Board standards (GASB), the College has included information from the Glenville State College Foundation, Inc.

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.

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 GASB. The financial statement presentation required by GASB provide a comprehensive, entity-wide perspective of the College's assets, liabilities, 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 of West Virginia (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 Commission, and West Virginia Council for Community and Technical College Education, form 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, including its blended component units, Glenville State College Research Corporation (the "Research Corporation"), which was formed on December 10, 1990 as a nonprofit, nonstock corporation and Glenville State College Housing Corporation (the "Housing Corporation"), which received tax-exempt status on June 11, 1973 as a nonprofit corporation. 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.

The audited financial statements of the Foundation are presented here as a discrete component unit with the College's financial statements in accordance with GASB. The Foundation is a separate, private, nonprofit 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 audited financial information as they are presented herein.

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. The components of net position are classified into four categories according to external donor restrictions or availability of assets for satisfaction of College obligations. The College's components of net position are 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, net of related debt.

- *Restricted—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 at State Institutions of Higher Education* of the West Virginia State Code. House Bill 101 passed in March 2004 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 College. These restrictions are subject to change by future actions of the West Virginia State Legislature.

- *Restricted—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 components of net position at either June 30, 2020 or 2019.

- *Unrestricted* - This 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 auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

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

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

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, which 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, provisions of bond indentures, and the 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 Commission 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 report. A copy of that annual report can be obtained from the following address: 1900 Kanawha Blvd. East, Room E-122, Charleston, WV 25305 or http://www.wvbti.com.

Allowance for Doubtful Accounts—It is the College's policy to provide for future losses on uncollectible accounts, contracts, grants and loans receivable based on an evaluation of the underlying 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, Cash Equivalents, and Investments—Cash, cash equivalents, and investments 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 settle long-term liabilities, or (3) permanently restricted net assets, are classified as noncurrent assets in the accompanying statements of net assets.

Capital Assets—Capital assets include property, plant and equipment, books and materials that are part of a catalogued library, and infrastructure assets. Capital assets are stated at cost at the date of acquisition or construction, or acquisition value at the date of donation in the case of gifts. Donated capital assets acquired prior to July 1, 2015 are stated at fair value as of the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 20 to 50 years for buildings and infrastructure, 20 years for land improvements, 10 years for non-technology equipment, and 3 years for furniture and technology equipment. The College's capitalization threshold is $5,000.

Unearned Revenue—Amounts received as deposits or revenues for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenue.

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 (TRS), administered by the West Virginia Consolidated Public

Retirement Board (CPRB), and additions to or reductions from the TRS fiduciary net position have been determined on the same basis as they are reported in the TRS financial statements, which can be found at ttps://www.wvretirement.com/Publications.html#CAFR. The plan schedules of TRS 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 TRS financial statements. Management of TRS has made certain estimates and assumptions relating to employer allocation schedules, and actual results could differ. (See Note 13)

Compensated Absences and Other Post-Employment Benefits (OPEB)—-GASB provides for the measurement, recognition, and display of OPEB expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State. The College is required to participate in this multiple-employer, cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State of West Virginia. Details regarding this plan and its stand-alone financial statements can be obtained by contacting the West Virginia Public Employees Insurance Agency (PEIA), State Capitol Complex, Building 5, Room 1001, 1900 Kanawha Boulevard, East, Charleston, WV 25305-0710 or http://www.wvpeia.com.

GASB requires the College to accrue for employees' rights to receive compensation for vacation leave or payments in lieu of accrued vacation or sick leave as such benefits are earned and payment becomes probable. The College's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination. Full-time employees also earn 1 1/2 sick leave days for each month of service and are entitled to extend their health or life insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. Generally, two days of accrued sick leave extend health insurance for one month of single coverage, and three days extend health insurance for one month of family coverage. For employees hired after 1988, or who were hired before 1988 but did not choose such coverage until after 1988 but before July 1, 2001, the employee shares in the cost of the extended benefit coverage to the extent of 50% of the premium required for the extended coverage. Employees hired July 1, 2001, or later will do not receive sick leave credit toward insurance premiums when they retire. Additionally, all retirees have the option to purchase continued coverage regardless of their eligibility for premium credits. This liability is now provided for under the multiple-employer, cost-sharing plan sponsored by the State.

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

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

Deferred Outflows of Resources—-Consumption of net position by the College that is applicable to a future fiscal year is reported as a deferred outflow of resources on the statement of net position. Deferred outflows consist of the deferred loss on refunding, which is accreted over the periods of the refunding bond issue, and deferred outflows of resources related to pension and OPEB plans.

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. Deferred inflows consist of those related to pension and OPEB plans.

Risk Management—-The State's Board of Risk and Insurance Management ("BRIM") provides general, property and casualty coverage to the College and its employees.

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, net of scholarship discounts and allowances, (3) most federal, state, local, and nongovernmental grants and contracts, and (4) sales and services of educational activities.

- *Non-operating Revenues*—Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenues that are defined as non-operating revenues by GASB such as state appropriations, Federal Pell Grants, and investment income and sale of capital assets (including natural resources).

- *Other Revenues*—Other revenues consist primarily of non-governmental grants and gifts.

Use of Restricted Components of 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 resources are available. Generally, the College attempts to utilize restricted resources first when practicable.

Federal Financial Assistance Programs—The U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students through the College. Direct student loan receivables are not included in the College's balance sheets, as the loans are repayable directly to the U.S. Department of Education. In 2020 and 2019 the College received and disbursed $5,165,525 and $5,514,782 respectively, under the Federal Direct Student Loan Program on behalf of the U.S. Department of Education, which amounts are not included as revenue and expense on the statements of revenues, expenses and changes in net position.

The College also distributes other student financial assistance funds on behalf of the federal government to students under the Federal Pell Grant, Academic Competitiveness Grant, National Science and Mathematics Access to Retain Talent (“SMART”) Grant, and Teacher Education Assistance for College and Higher Education (“TEACH”) Grant, Supplemental Educational Opportunity Grant and College, and Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2020 and 2019, the College received and disbursed $4,024,912 and $3,839,283 respectively.

Scholarship and Discount Allowances—Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances and discounts in the statements of revenues, expenses and changes in net position. Scholarship and discount allowances are the difference between the stated charge for educational services provided by the College, and the amount that is paid by students and/or third parties on the students’ behalf.

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (“NACUBO”). Certain aid such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending is accounted for as a third party payment (credited to the student’s account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship 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. Its blended component units are exempt from income taxes as nonprofit organizations.

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 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 expenditures during the reporting period. Actual results could differ from those estimates.

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

Newly Adopted Statements Issued by the Governmental Accounting Standards Board (GASB)

In May 2020, the GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This Statement extends the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018.

Recent Statements Issued by the Governmental Accounting Standards Board (GASB)

The GASB has issued Statement No. 84, *Fiduciary Activities*, which is effective for fiscal years beginning after December 15, 2018. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments to determine whether an activity should be reported in a fiduciary fund in the financial statements. The College has not yet determined the effect that the adoption of GASB Statement No. 84 may have on its financial statements.

The GASB has also issued Statement No. 87, Leases, which is effective for fiscal years beginning after December 15, 2019. Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. In other words, most leases currently classified as operating leases will be accounted for and reported in the same manner as capital leases. The College has not yet determined the effect that the adoption of GASB Statement No. 87 may have on its financial statements.

The GASB has also issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, which is effective for fiscal years beginning after December 15, 2019. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. Such interest cost includes all interest that was previously accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The College has not yet determined the effect that the adoption of GASB Statement No. 89 may have on its financial statements.

The GASB has also issued Statement No. 90, Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61, which is effective for fiscal years beginning after December 15, 2018. Statement No. 90's primary objective is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The College has not yet determined the effect that the adoption of GASB Statement No. 90 may have on its financial statements.

The GASB has also issued Statement No. 91, *Conduit Debt Obligations,* which is effective for financial statements beginning after December 15, 2020. This statement defines conduit debt obligations for accounting and financial reporting purposes and establishes standards for recognition, measurement, and disclosure for issuers. The College has not yet determined the effect that the adoption of GASB Statement No. 91 may have on its financial statements.

In January 2020, the GASB issued Statement No. 92, Omnibus 2020, which is effective for fiscal years beginning after June 15, 2020. This statement enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The College is required to adopt Statement No. 92 for its fiscal year 2023 and is assessing if the standard will have any impact on its financial statements.

In March 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates, which is effective for fiscal years beginning after June 15, 2020. This Statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The College is required to adopt Statement No. 93 for its fiscal year 2023 and is assessing if the standard will have any impact on its financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA)*, which is effective for fiscal years beginning after June 15, 2022. This Statement establishes standards of accounting and financial reporting for PPPs and APAs for governments. The College is required to adopt Statement No. 94 for its fiscal year 2024 and is assessing if the standard will have any impact on its financial statements.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, which is effective for fiscal years beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology agreements. The College is required to adopt Statement No. 99 for its fiscal year 2024 and is assessing if the standard will have any impact on its financial statements.

In June 2020, the GASB issued 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. 31*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. The requirements in paragraphs 6–9 of this Statement are effective for fiscal years beginning after June 15, 2021. The College is required to adopt Statement No. 97 for its fiscal year 2023 and is assessing if the standard will have any impact on its financial statements.

3. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents at June 30, 2020 and 2019, was as follows:

	2020					
	Current		Noncurrent		Total	
State Treasurer	$	704,948	$	337	$	705,285
Trustee				2,815,659		2,815,659
Banks		106,143		100,000		206,143
Total	$	811,091	$	2,915,996	$	3,727,087

	2019					
	Current		Noncurrent		Total	
State Treasurer	$	514,978	$	337	$	515,315
Trustee				2,748,874		2,748,874
Banks		207,750		400,000		607,750
Total	$	722,728	$	3,149,211	$	3,871,939

Cash held by the State Treasurer includes $58,569 and $82,049 at June 30, 2020 and 2019, respectively, of restricted cash for grant programs, capital improvements, debt service, and student financial aid among others.

Funds kept in banks are covered by Federal Deposit Insurance Corporation up to $250,000 as noted below or were collateralized by securities held by the State's agent.

Amounts with the State Treasurer as of June 30, 2020 and 2019 are comprised of two investment pools, the WV Money Market Pool and the WV Short Term Bond Pool.

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

	2020			2019		
External Pool	**Carrying Value (in Thousands)**		**S&P Rating**	**Carrying Value (in Thousands)**		**S&P Rating**
WV Money Market Pool	$	622	AAAm	$	456	AAAm
WV Short Term Bond Pool		15	Not Rated		11	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 funds held by 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	2020 Carrying Value (in Thousands)		2020 WAM Days	2019 Carrying Value (in Thousands)		2019 WAM Days
WV Money Market Pool	$	622	44	$	456	42

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

External Pool	2020 Carrying Value (in Thousands)		2020 Effective Duration (Days)	2019 Carrying Value (in Thousands)		2019 Effective Duration (Days)
WV Short Term Bond Pool	$	15	620	$	11	723

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.

Cash in Bank with Trustee

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Cash in bank with Trustee is governed by provisions of the bond agreement.

Investment Type	Carrying Value 2020		Carrying Value 2019	
Government money market funds	$	541,004	$	600,977
U.S. Government securities		1,257,860		1,001,200
Other fixed income securities		1,016,795		1,146,697
Total	**$**	**2,815,659**	**$**	**2,748,874**

The objective of the money market fund is to increase the current level of income while continuing to maintain liquidity and capital. Assets are invested in high-quality, short term money market instruments.

Custodial Credit Risk

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

Interest Rate Risk

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

Foreign Currency Risk

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

4. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2020 and 2019:

	2020	2019
Student tuition and fees, net of allowance for doubtful accounts	$ 466,647	$ 337,848
Other state agencies	5,524	33,467
Federal grants receivable	3,409	35,923
Payroll advance	65,397	71,955
Other	20,828	232,666
	561,805	711,859
Less: noncurrent	65,397	71,955
	$ 496,408	$ 639,904

The amounts due from other state agencies consisted of the following at June 30, 2020 and 2019:

	2020	2019
WV Division of Rehabilitation	$ 5,166	$ 19,344
WV HEPC	358	14,123
	$ 5,524	$ 33,467

5. CAPITAL ASSETS

Capital assets consisted of the following at June 30, 2020 and 2019:

	2020			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 1,199,696	$ 22,868		$ 1,222,564
Construction in Progress				
Total capital assets not being depreciated	$1,199,696	$ 22,868		$ 1,222,564
Other capital assets:				
Land improvements	$ 2,693,698			$ 2,263,698
Infrastructure	1,698,519	20,136		1,718,655
Buildings	105,476,918	152,367		105,629,285
Equipment	9,981,125	44,196		10,025,321
Library books	1,723,239	6,553		1,729,792
Leasehold improvements	192,739			192,739
Total other capital assets	121,336,239	223,252		121,559,490
Less accumulated depreciation for:				
Land improvements	1,460,910	85,146		1,546,056
Infrastructure	1,519,159	35,435		1,554,594
Buildings	33,076,413	1,955,516		35,031,929
Equipment	8,551,382	278,473		8,829,855
Library books	1,654,405	23,294		1,677,699
Leasehold improvements	79,009	12,849		91,858
Total accumulated depreciation	46,341,278	2,390,713		48,731,991
Other capital assets - net	74,994,961	(2,167,461)		$ 72,827,499
Capital asset summary:				
Capital assets not being depreciated	$ 1,199,696	$ 22,868		$ 1,222,564
Other capital assets	121,336,239	223,252		121,559,490
Total cost of capital assets	122,535,935	246,120		122,782,054
Less accumulated depreciation	46,341,278	2,390,713		48,731,991
Capital assets—net	$76,194,657	$ (2,144,593)		$ 74,050,063

	2019			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 1,287,096	$ -	$ 87,400	$ 1,199,696
Construction in Progress	632,775	(632,775)		-
Total capital assets not being depreciated	$ 1,919,871	$ (632,775)	$ 87,400	$ 1,199,696
Other capital assets:				
Land improvements	$ 2,222,561	$41,138		$ 22,693,699
Infrastructure	1,595,589	102,930		1,698,519
Buildings	103,051,766	2,425,152		105,476,918
Equipment	9,740,295	240,830		9,981,125
Library books	1,696,205	27,034	-	1,723,239
Leasehold improvements	192,739	-		192,739
Total other capital assets	118,499,155	2,837,084	-	121,336,239
Less accumulated depreciation for:				
Land improvements	1,374,912	85,998		1,460,910
Infrastructure	1,497,943	21,216		1,519,159
Buildings	31,137,405	1,939,008		33,076,413
Equipment	8,200,711	350,671		8,551,382
Library books	1,631,687	22,718	-	1,654,405
Leasehold improvements	66,160	12,849		79,009
Total accumulated depreciation	43,908,818	2,432,460	-	46,341,278
Other capital assets—net	$ 74,590,337	$ 404,624	$ -	$ 74,994,961
Capital asset summary:				
Capital assets not being depreciated	$ 1,919,871	$ -	$ 87,400	$ 1,199,696
Other capital assets	118,499,155	2,837,084	-	121,336,239
Total cost of capital assets	120,419,026	2,837,084	87,400	122,535,935
Less accumulated depreciation	43,908,818	2,432,460	-	46,341,278
Capital assets—net	$ 76,510,208	$ 404,624	$ 87,400	$ 76,194,657

Buildings include the Waco Center, a portion of which is owned and accounted for by the Foundation. A lease agreement, expiring in 2043, between the College and Foundation specifies that the portion of the Waco Center owned by the Foundation will transfer to the College at the expiration of the lease.

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.

6. LONG-TERM LIABILITIES

The following is a summary of long-term obligation transactions for the years ended June 30, 2020 and 2019:

	2020				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds, capital leases, and notes payable:					
Capital lease obligations	$ 80,268		$ 39,891	$ 40,377	$ 40,377
Notes payable	3,308,084	$ 1,000,000	1,101,564	3,206,520	1,307,860
Commission Debt Payable	566,483		59,825	506,658	62,373
Improvement and Refunding Revenue Bonds	36,165,521		683,075	35,482,446	702,402
Total bonds, capital leases, and notes payable	40,120,356	1,000,000	1,884,355	39,236,001	2,113,012
Other liabilities:					
Net Pension Liability	939,737		219,746	719,991	
Other post employment benefits liability	4,021,967		1,014,009	3,007,958	
Total noncurrent liabilities	$ 45,082,060	$ 1,000,000	$ 3,118,110	$ 42,963,950	$ 2,113,012

	2019				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds, capital leases, and notes payable:					
Capital lease obligations	$ 119,678		$ 39,410	$ 80,268	$ 39,891
Notes payable	3,103,542	$ 500,000	295,458	3,308,084	1,201,564
Commission Debt Payable	623,783		57,300	566,483	59,825
Improvement and Refunding Revenue Bonds	36,158,910		(6,611)	36,165,521	683,075
Total bonds, capital leases, and notes payable	40,005,913	500,000	385,557	40,120,356	1,984,355
Other liabilities:					
Net Pension Liability	1,570,250		630,513	939,737	
Other post employment benefits liability	4,288,887		266,920	4,021,967	
Total noncurrent liabilities	$ 45,865,050	$ 500,000	$ 1,282,990	$ 45,082,060	$ 1,984,355

During 2017, the College's blended component unit, the Glenville State College Housing Corporation, Inc., borrowed $400,000 from private individuals, some of whom are members of the College's Board of Governors. The loans bear interest at a rate of the higher of 4.0% or the Wall Street Journal Prime Rate plus 0.5%. The loans are secured by revenue from rental properties. During FY 2019 and 2020, $300,000 of these borrowings were repaid.

7. **BONDS PAYABLE**

Bonds payable consisted of the following at June 30, 2020 and 2019:

	Interest Rate	Principal Amount Outstanding 2020	2019
Improvement and Refunding Revenue Bonds, Series 2017, mature dates from June, 2022 to June, 2047	3.25% to 5.25%	$ 35,595,000	$ 36,285,000
Unamortized bond discount		(112,554)	(119,479)
Total bonds payable		$ 35,482,446	$ 36,165,521

On September 28, 2017, the Glenville State College Board of Governors issued $36,285,000 in Improvement and Refunding Revenue Bonds, Series 2017, with maturities and interest rates as follows:

Amount	Interest Rate	Maturity
$ 2,135,000	3.25%	June 1, 2022
4,105,000	4.00%	June 1, 2027
5,040,000	4.50%	June 1, 2032
6,345,000	5.00%	June 1, 2037
18,660,000	5.25%	June 1, 2047
$ 36,285,000		

The Series 2017 Bonds bear interest at the rates shown above payable semiannually on June 1 and December 1 of each year until paid.

The Series 2017 Bond proceeds were used to pay in full the Series 2006 Bonds, Series 2007 Bonds, Series 2009 Bonds, and the 2011 Note payable on September 28, 2017. Proceeds were escrowed in sufficient amount to pay in full the Series 2011A Bonds on October 10, 2017. Proceeds of $2,000,000 were deposited in a project fund for future capital improvements. As of June 30, 2019, $2,000,000 had been drawn down to pay for capital projects. In 2019, the College recorded a loss on refunding of $337,511. At June 30, 2020 and 2019, the unamortized loss on refunding was $297,157 and $311,831 respectively.

Future debt service requirements to maturity, as scheduled, for the Series 2017 Bonds at June 30, 2020, are as follows:

	Principal	Interest	Total
2021	$ 710,000	$ 1,734,863	$ 2,444,863
2022	735,000	1,711,788	2,446,788
2023	760,000	1,687,900	2,447,900
2024	790,000	1,657,500	2,447,500
2025	820,000	1,625,900	2,445,900
2026-2030	4,625,000	7,597,075	12,222,075
2031-2035	5,770,000	6,455,500	12,225,500
2036-2040	7,360,000	4,869,313	12,229,313
2041-2045	9,495,000	2,884,912	12,379,912
2046-2047	4,530,000	472,763	5,002,763
	$ 35,595,000	$ 30,697,514	$ 66,292,514

8. CAPITAL LEASE OBLIGATIONS

The College leases various equipment, primarily technology related, and accounts for them as capital leases. The following is the schedule of future annual minimum payments required under the lease obligations existing at June 30, 2020:

	FY	Principal	Interest	Total
	2021	40,377	265	40,642
Total				40,642
Less interest				265
				$ 40,377

The net book value of leased assets was equal to the total future minimum payments.

9. NOTES PAYABLE

Notes payable consisted of the following at June 30, 2020 and 2019:

	Interest Rate	Payment terms	Amount Outstanding 2020	2019
Unsecured promisory note to Glenville State College Foundation	4.00%	Pay in full by October 2019 and 2020	$ 1,000,000	$ 500,000
$400,000 private loans to Glenville State College Housing Corporation collateralized by rental properties.	4.00%	Pay in full upon request	$ 100,000	$ 400,000
$1,000,000 unsecured promissory note to HEPC	0.00%	$25,000, quarterly	250,000	350,000
$3,145,581 promissory note collateralized by 1st lien on equipment installed in various buildings on campus	3.10%	$131,907, semiannually through June, 2028	1,856,520	2,058,084
Total Notes Payable			**$ 3,206,520**	**$ 3,308,084**

The College has available a line of credit of $1,000,000 with the Glenville State College Foundation, Inc., bearing interest at 4.0%. The balance due at June 30, 2020 and 2019 was $1,000,000 and $500,000 respectively and included in the table above.

The following is the schedule of future annual minimum payments required under the notes payable as of June 30, 2020:

	Principal	Interest	Total
2021	$ 1,307,860	$ 71,954	$ 1,379,814
2022	414,354	53,460	467,814
2023	271,051	46,764	317,815
2024	227,956	39,858	267,814
2025	235,078	32,736	267,814
2026 - 2028	750,221	41,221	791,442
Total	3,206,520	285,993	3,492,513
Less, interest			285,993
Principal			$ 3,206,520

10. OTHER POST EMPLOYMENT BENEFITS (OPEB)

As related to the implementation of GASB 75, following are the College's net OPEB liability, 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, 2020 and 2019:

	2020	2019
Net OPEB liability	$ 3,007,958	$ 4,021,967
Deferred outflows of resources	543,144	625,573
Deferred inflows of resources	1,559,674	1,116,269
Revenues	182,361	254,079
OPEB expense	37,004	357,292
Contributions made by the College	342,818	373,889

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.

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, 2019 were:

	July 2018 - June 2019	July 2017 - June 2018
	2019	**2018**
Paygo premium	$183	$177

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, 2020, 2019, and 2018, were $342,818, $373,889, and $383,086 respectively.

Assumptions

The total OPEB liability for financial reporting purposes was determined by an actuarial valuation as of July 1, 2018 and rolled forward to June 30, 2019. 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 20 year closed period
- Remaining amortization period: 20 years closed as of June 30, 2017.
- Investment rate of return: 7.15%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates: 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 of 4.5%. Trend rates for fiscal years 2019 and 2020 were updated based on emerging experience. 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 2020 to account for the Excise Tax.
- Projected salary increases: Dependent upon pension system ranging from 3.0-6.5%, including inflation.
- Inflation rate: 2.75%.
- Mortality rates based on RP-2000 Mortality Tables.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2010 to June 30, 2015. These assumptions will remain in effect for valuation purposes until such time as the RHBT adopts revised assumptions.

The projections of the net OPEB liability are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of the net OPEB liability does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial estimated liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. However, the preparation and any estimate of future postemployment costs requires consideration of a broad array of complex social and economic events. Future changes in the healthcare reform, changes in reimbursement methodology, the emergence of new and expensive medical procedures and prescription drugs options, changes in the investment rate of return, and other matters increase the level of uncertainty in such estimates. As such, the estimate of postemployment program costs contains considerable uncertainty and variability, and actual experience may vary significantly from the current estimated net OPEB liability.

The long-term expected rate of return of 7.15% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.50% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 3.00% 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 best-estimate ranges 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 and by adding expected inflation.

Best estimates of the long-term geometric rates of return for each major asset class included in RHBT's target asset allocation as of June 30, 2020, are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Return
Global equity	49.50%	4.8%
Core plus fixed income	13.50%	2.1%
Core real estate	9.00%	4.1%
Hedge funds	9.00%	2.4%
Private equity	9.00%	6.8%
Cash and cash equivalents	10.00%	0.3%
	100.00%	

Discount rate - The discount rate used to measure the total OPEB liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that RHBT contributions will continue to follow the current funding policies. Based on those assumptions and that the OPEB plan is expected to be fully funded by the fiscal year ended June 30, 2033, 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.

Sensitivity of the net OPEB liability to changes in the discount rate - The following presents the College's proportionate share of the net OPEB liability as of June 30, 2020 calculated using the discount rate of 7.15%, as well as what the College's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate.

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
2020 Net OPEB liability	$ 3,589,908	$ 3,007,958	$ 2,520,963
2019 Net OPEB liability	$ 4,727,021	$ 4,021,967	$ 3,434,228

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate. The following presents the College's proportionate share of the net OPEB liability as of June 30, 2020 calculated using the healthcare cost trend rate, as well as what the College's net OPEB liability 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.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
2020 Net OPEB liability	$ 2,425,483	$ 3,007,958	$ 3,714,790
2019 Net OPEB liability	$ 3,327,961	$ 4,021,967	$ 4,867,589

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

The June 30, 2020 net OPEB liability was measured as of June 30, 2019, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to the measurement date of June 30, 2019.

At June 30, 2020, the College’s proportionate share of the net OPEB liability was $3,623,520. Of this amount, the College recognized $3,007,958 as its proportionate share on the statement of net position. The remainder of $615,562 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, 2019 and 2018. Employer contributions are recognized when due. At the June 30, 2019 measurement date, the College’s proportion was 0.181297024%, a decrease of 0.006169149% from its proportion of 0.187466173% calculated as of June 30, 2018.

For the year ended June 30, 2020, the College recognized OPEB expense of $37,004. Of this amount, $(145,357) was recognized as the College’s proportionate share of OPEB expense and $182,361 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of $182,361 for support provided by the State.

At June 30, 2020, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		$ 350,813
Changes in proportion and difference between employer contributions and proportionate share of contributions	$ 182,483	468,347
Opt-out employer change in proportionate share	742	80,927
Change in assumptions		610,037
Net difference between projected and actual investment earnings	17101	49,550
Contributions after the measurement date	342,818	
Total	$ 543,144	$ 1,559,674

June 30, 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		$ 59,493
Changes in proportion and difference between employer contributions and proportionate share of contributions	$ 251,684	580,743
Change in assumptions		401,587
Net difference between projected and actual investment earnings		74,446
Contributions after the measurement date	$ 373,889	
Total	$ 625,573	$ 1,116,269

The College will recognize the $342,818 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, 2021. 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 Ending June 30,	Amortization
2021	$ 462,432
2022	462,434
2023	243,043
2024	191,439
	$ 1,359,348

Payables to the OPEB Plan

The College did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2020.

11. STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

The College is a State institution of higher education, and the College receives a State appropriation to support 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 Higher Education Policy Commission with the responsibility to construct or renovate, finance and maintain various academic and other facilities of the State's universities and colleges, including certain facilities of the College. Financing for these facilities was provided through revenue bonds issued by the former Board of Regents or the former Boards of the College and College Systems (the "Boards"). These obligations administered by the Commission are the direct and total responsibility of the Commission, as successor to the former Boards.

The Commission has the authority to assess each public institution of higher education for payment of debt service on these system bonds. The tuition and registration fees of the members of the former State University System are generally pledged as collateral for the Commission's bond indebtedness. Student fees collected by the institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. Although the bonds remain as a capital obligation of the Commission, an estimate of the obligation of each institution is reported as a long-term payable by each institution and as a receivable by the Commission. The balances at June 30, 2020 and 2019 were $506,658 and $566,483, respectively.

For the years ended June 30, 2020 and 2019, debt service assessed by HEPC was as follows:

	2020	2019
Principal	$ 59,825	$ 57,300
Interest	25,581	28,504
	$ 85,406	$ 85,804

In December, 2010, the Commission issued $76,865,000 of the State of West Virginia Higher Education Policy Commission Revenue 2010 Series Bonds to fund approved HEPC Bond projects. The College received

$11,000,000 of these proceeds, which was used for the construction of the Waco Center, a facility that houses an expanded Land Resources Education Center, a community and campus health care facility, and athletic facilities including administration, dedicated training areas, coaches' offices, and facilities for several indoor spectator sports. The Commission is responsible for repayment of this debt.

12. UNRESTRICTED COMPONENTS OF NET POSITION

The unrestricted component of the College's net position is composed of resources as follows:

	2020	2019
Designated for affiliated organizations	$ (1,676,223)	$ 789,232
Net OPEB	(4,024,488)	(4,512,663)
Net pension	(1,128,277)	(1,333,662)
Undesignated	(947,314)	(2,332,042)
Total unrestricted net position	$ (7,776,302)	$ (7,389,135)

13. RETIREMENT PLANS

Substantially all eligible full-time employees of the College participate in either the West Virginia State Teachers' Retirement System (TRS) 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 TRS and TIAA-CREF. Effective July 1, 1991, the TRS was closed to new participants. Remaining participants in the TRS 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 (WVTDCP). Contributions to and participation in this Plan by College employees have not been significant to date.

The College's total payroll for the years ended June 30, 2020, 2019, and 2018 was $9,991,285, $9,150,195, and $9,519,560 respectively; total covered employees' salaries in the TRS and TIAA-CREF were $650,657 and $8,063,710 in 2020, $700,282 and $7,671,462 in 2019, and $921,675 and $7,235,078 in 2018.

DEFINED CONTRIBUTION PENSION PLAN

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

Total contributions to the TIAA-CREF for the years ended June 30, 2020, 2019, and 2018, were $967,646 and $868,209, respectively, which consisted of equal contributions from the College and covered employees in 2020, 2019, and 2018 of $483,823, $460,288, and $434,105, respectively.

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, 2020, no College employees were enrolled in the Educators Money 401(a) basic retirement plan.

DEFINED BENEFIT PENSION PLAN

Some employees of the College are enrolled in a defined benefit pension plan, the West Virginia Teachers' Retirement System (TRS), 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, 2020 and 2019:

	2020	2019
Net Pension Liability	$ 719,991	$ 939,737
Deferred Outflows of Resources	218,352	276,705
Deferred Inflows of Resources	626,638	670,630
Revenues	209,635	214,914
Pension Expense	101,849	141,880
Contributions Made by GSC	97,599	105,042

TRS

Plan Description

TRS 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 June 30, 1991, are required to participate in the Higher Education Retirement System. TRS closed membership to new hires effective July 1, 1991.

TRS 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. TRS 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 TRS website at https://www.wvretirement.com/Publications.html#CAFR

Benefits Provided

TRS 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: TRS 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:

1. 15% of gross salary of their State-employed members hired prior to July 1, 1991;
2. 15% of School Aid Formula (SAF) covered payroll of county-employed members;
3. 7.5% of SAF-covered payroll of members of the Teachers' Defined Contribution Retirement System;
4. a certain percentage of fire insurance premiums paid by State residents; and
5. under WV State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the TRS unfunded liability by 2034. As of June 30, 2020 and 2019, respectively, the College's proportionate share attributable to this special funding subsidy was $209,635 and $214,914.

The College's contributions to TRS for the years ended June 30, 2020, 2019, and 2018, were $97,599, $105,042, and $188,147 respectively.

Assumptions

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2018 and 2017 and rolled forward to June 30, 2019 and 2018, respectively. The following actuarial assumptions were used and applied to all periods included in the measurement:

- Actuarial cost method: Entry age normal cost with level percentage of payroll.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method and period: Level dollar, fixed period over 40 years, from July 1, 1994 through fiscal year 2034.
- Investment rate of return of 7.50%, net of pension plan administrative and investment expenses.
- Projected salary increases: Teachers 3.00-6.00% and non-teachers 3.00–6.50%, based on age.
- Inflation rate of 3.0%.
- Discount rate of 7.50%
- Mortality rates based on RP-2000 Mortality Tables.
- Withdrawal rates: Teachers 0.8-35% and non-teachers 1.32-24.75%.
- Disability rates: 0.008-0.704%
- 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 State Legislature. However, the retirement system makes no automatic provision for such increases.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2010 to June 30, 2015. 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 TRS' target asset allocation as of June 30, 2018, are summarized below.

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Domestic Equity	5.8%	27.5%
International Equity	7.7%	27.5%
Fixed Income	3.3%	15.0%
Real Estate	6.1%	10.0%
Private Equity	8.8%	10.0%
Hedge Funds	4.4%	10.0%
		100.0%

Discount rate - The discount rate used to measure the total TRS pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that State contributions will continue to follow the current funding policy. Based on those assumptions, TRS' 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 TRS' investments was applied to all periods of projected benefit payments to determine the total pension liability. In the event of benefit payments that are not covered by the pension plan's fiduciary net position, a municipal bond rate of 2.79% is to be used to discount the benefit payments not covered by the plan's fiduciary net position. The rate equals the S&P Municipal Bond 20 Year High Grade Rate Index at June 30, 2020.

Sensitivity of the net pension liability to changes in the discount rate - The following presents the College's proportionate share of the TRS net pension liability as of June 30, 2020 and 2019 calculated using the discount rate of 7.50%, as well as what the College's TRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability 2020	$ 982,720	$ 719,991	$ 495,253
Net Pension Liability 2019	1,268,473	939,737	658,692

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

The TRS net pension liability was measured as of June 30, 2019. The total pension liability was determined by an actuarial valuation as of July 1, 2018 and rolled forward to the measurement date.

At June 30, 2020, the College's proportionate share of the TRS net pension liability was $2,458,177. Of this amount, the College recognized $719,991 as its proportionate share on the Statement of Net Position. The remainder of $1,738,186 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 TRS for each of the fiscal years ended June 30, 2020 and 2019. Employer contributions are recognized when due. At June 30, 2019 the College's proportion was 0.0242000%, a decrease of 0.005898 from its proportion calculated as of June 30, 2018.

For the years ended June 30, 2020 and 2019, the College recognized TRS pension expense of $101,849 and $141,880, respectively. Of these amounts, $(107,786) and $(73,034), respectively, were recognized as the College's proportionate share of the TRS expense and $209,635 and $214,914, respectively, as the amount of pension expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of $209,635 and $214,914, respectively, for support provided by the State.

At June 30, 2020, deferred outflows of resources and deferred inflows of resources related to the TRS pension are as follow:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference between Employer Contributions and Proportionate Share of Contributions	$ 101,609	$ 582,447
Net Difference between Projected and Actual Investment Earnings		19,582
Differences between Expected and Actual Experience	3,598	24,609
Differences in Assumptions	15,546	
Contributions after the Measurement Date	97,599	
Total	$ 218,352	$ 626,638

At June 30, 2019, deferred outflows of resources and deferred inflows of resources related to the TRS pension are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference between Employer Contributions and Proportionate Share of Contributions	$ 135,705	$ 602,759
Net Difference between Projected and Actual Investment Earnings		48,925
Difference between Expected and Actual Experience	6,758	18,946
Differences in assumptions	29,200	
Contributions after the Measurement Date	105,042	
Total	$ 276,705	$ 670,630

The College will recognize the $97,599 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the TRS net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in TRS pension expense as follows.

Fiscal Year	Amortization
2021	$ 150,033
2022	130,503
2023	84,421
2024	109,194
2025	31,734
Total	$ 505,885

Payables to the pension plan

The College did not report any amounts payable for normal contributions to the TRS as of June 30, 2020 and 2019.

14. CONTINGENCIES

The nature of the higher education industry is such that, from time-to-time, claims may 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 a judgement against the College would not seriously impact 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 Internal Revenue Code of 1986 establishes rules and regulations for arbitrage rebates. There are no arbitrage rebate liabilities that have been recorded in the financial statements as of June 30, 2020 or 2019.

Several of the College properties are known to contain asbestos. The College is not required by federal, state or local law and Federal Environmental, Health and Safety Regulations to remove asbestos from its buildings, but is required to manage the presence of asbestos in a safe manner. The College addresses this responsibility on a case-by-case basis. The College 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 manner.

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year-end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the College, COVID-19 may impact various parts of its 2021 operations and financial results, including, but not limited to, declines in enrollment, loss of auxiliary revenues, additional bad debts, costs for increased use of technology, or potential shortages of personnel. The events related to COVID-19 are still developing, and the full impact is unknown and cannot be reasonably estimated.

Due to COVID-19, the Federal Government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020 which included funding for the Higher Education Emergency Relief Fund (HEERF). These funds were awarded to institutions of higher education in two equal allotments; institutional aid to provide support for pivoting instruction to online delivery or reimbursement of refunds, and a student portion to provide emergency financial aid grants to students.

As of June 30, 2020, the College had received allocations of $720,384 in student portion and $720,384 in institutional portion. As of June 30, 2020, the College had expended $720,384 related to web-based course fees and faculty payroll, as well as $715,050 for emergency student grants. The grants are reported in nonoperating revenues in the Statements of Revenues, Expenses and Changes in Net Position.

In light of the potential impact of the COVID-19 pandemic and other factors causing recent negative enrollment trends, management believes that appropriate actions are being taken to ensure that the College will continue as a going concern in the foreseeable future. These include:

- Applying for various federal and state grants for COVID-19 relief.
- Continuing to utilize the established budget and planning process that connects, more directly, the expenditures of the College's budget with needs of its academic and student service functions on campus. This integrated planning provides a more clearly-defined budgeting process and, thus, provides a strong foundation for building academic programs and student services aimed at attracting and retaining more students.

- Continue initiatives designed to increase enrollment: (1) Pioneer Early Entrance Program which allows high school students to enroll in college courses and use federal financial aid to attend without cost. (2) Second Chance, which allows incarcerated students to enroll in college courses and use federal financial aid to attend without cost. (3) Hidden Promise, a long-standing middle school and high school program that is being utilized more intentionally to recruit student to enroll at the College.
- The College is seeking to expand its established on-line Associate and Baccalaureate degree options for targeting place- and time-bound adults. Additionally, on-line class offerings have been expanded on a short term basis to mitigate the current COVID-19 situation, which also strengthens the flexibility to respond to similar future circumstances.
- The College is now offering a scholarship of appreciation for law enforcement personnel. This scholarship includes a 25% discount off of tuition for currently employed or retired law enforcement who are enrolled in the College's Online Only Program. The College is offering this scholarship towards the goal of attracting additional online students through the West Virginia State Police Academy and International Criminal Justice Conferences.
- Tuition was increased 7% for fiscal 2021 to offset rising costs. A decrease in out-of-state tuition is increasing out-of-state enrollment.
- Glenville State College Foundation, Inc. is a supporting organization to the College and has significant resources available.
- In September, 2017 the College refinanced its long term debt into a single, lower interest, revenue bond offering.

15. CONDENSED COMPONENT UNIT INFORMATION

Condensed component unit information for the Glenville State College Housing Corporation and Glenville State College Research Corporation, the College's blended component units for the years ended June 30, 2020 and 2019, are as follows:

Condensed Schedules of Net Position

	GSC Housing Corporation		GSC Research Corporation	
	2020	2019	2020	2019
Assets:				
Current Assets	$ 1,062,948	$ 1,105,319	$ 9,301	$ 2,591
Noncurrent and capital assets	1,256,973	1,482,944	152,532	151,855
Total Assets	$ 2,319,921	$ 2,588,263	$ 161,833	$ 154,446
Liabilities:				
Current liabilities	119,088	473,066	48,054	80,870
Noncurrent liabilities		-	671,058	661,058
Total liabilities	119,088	473,066	719,112	741,928
Net Position				
Net investment in capital assets	1,156,972	421,886	152,532	151,855
Restricted: Debt Service		-		-
Unrestricted	1,043,861	1,693,311	(709,811)	(739,337)
Total Liabilities and Net Position	$ 2,319,921	$ 2,588,263	$ 161,833	$ 154,446

Condensed Statements of Revenues, Expenses and Change in Net Position

	GSC Housing Corporation		GSC Research Corporation	
	FY 2020	FY 2019	FY 2020	FY 2019
Expenses and Change in Net Position				
Operating				
Operating Revenue	$ 669,655	$ 749,910	$ 56,817	$ 153,849
Operating Expense	871,180	892,965	24,058	250,958
Net Operating Income (Loss)	(201,525)	(143,055)	32,759	(97,109)
Non-operating				
Non-operating Revenue		-		-
Non-operating Expense	21,904	16,000	2,557	4,177
Net Non-operating Income (Loss)	(21,904)	(16,000)	(2,557)	(4,177)
Changes in Net Position	(223,429)	(159,055)	30,202	(101,286)
Net position – beginning of year	2,424,262	2,583,317	(587,481)	(486,195)
Net position – end of year	$ 2,200,833	$ 2,424,262	$ (557,279)	$ (587,481)

Condensed Schedule of Cash Flows

	GSC Housing Corporation		GSC Research Corporation	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Net cash from operating activities	$ (377,617)	$ (517,958)	$ 6,710	$ (113,982)
Net cash from non-operating activities		30		-
Net increase in cash	(377,617)	(517,928)	6,710	(113,982)
Cash and cash equivalents – beginning of year	535,265	1,053,193	2,591	116,573
Cash and cash equivalents – end of year	$ 157,648	$ 535,265	$ 9,301	$ 2,591

16. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

For the year ended June 30, 2020 and 2019, the following table represents operating expenses within both natural and functional classifications:

	2020								
	Salaries and Wages	Benefits	Supplies and Services	Utilities	Scholarships and Fellowships	Depreciation	Cancellation and Write-offs	Fees assessed by HEPC	Total
Instruction	$ 4,196,340	$ 959,097	$ 2,423,615						$ 7,579,052
Academic support	399,651	91,343	230,821						721,815
Student services	1,398,780	319,700	807,872						2,526,352
General institutional support	1,998,257	456,714	1,154,103						3,609,074
Operations and maintenance of plant	699,390	159,850	394,906	1,472,333					2,726,479
Student financial aid					2,513,230				2,513,230
Auxiliary enterprises	1,298,867	296,864	750,166						2,345,897
Depreciation						2,392,089			2,392,089
Fees assessed by HEPC									-
Total	$ 9,991,285	$ 2,283,568	$ 5,761,483	$ 1,472,333	$ 2,513,230	$ 2,392,089	$ -	$ -	$ 24,413,988

	2019								
	Salaries and Wages	**Benefits**	**Supplies and Services**	**Utilities**	**Scholarships and Fellowships**	**Depreciation**	**Cancellations and Write-offs**	**Fees assessed by HEPC**	**Total**
Instruction	$ 3,843,082	$ 1,054,774	$ 2,233,480						$ 7,131,336
Academic support	366,008	100,455	212,713						679,176
Student services	1,281,027	351,592	744,494						2,377,113
General institutional support	1,830,039	502,274	1,063,563						3,395,876
Operations and maintenance of plant	640,514	175,796	372,247	1,414,032					2,602,589
Student financial aid					$ 2,983,062				2,983,062
Auxiliary enterprises	1,189,525	326,478	691,316						2,207,319
Depreciation						$ 2,433,281			2,433,281
Fees assessed by HEPC							$	$	
Total	$ 9,150,195	$ 2,511,369	$ 5,317,813	$ 1,414,032	$ 2,983,062	$ 2,433,281	$	$	$ 23,809,752

17. FOUNDATION

The Foundation is a separate nonprofit organization incorporated in the state of West Virginia and has as its purpose, ". . . to aid, strengthen and further in every proper and useful way, the work and services of the College and its affiliated nonprofit organizations . . . ." 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 employ management, form policy and maintain fiscal accountability over funds administered by the Foundation. Although the College does not control the timing or amount of receipts from the Foundation, most of the resources or the income derived therefrom 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.

Based on the Foundation's audited financial statements as of June 30, 2020, 2019, and 2018, the Foundation's net assets (including unrealized gains) totaled $13,431,815, $13,588,928, and $12,216,677, respectively. Complete financial statements for the Foundation can be obtained from the Executive Director of the Glenville State College Foundation, Inc., 200 High Street, Glenville, WV 26351.

During the year ended June 30, 2020 and 2019, the Foundation contributed $320,911 and $300,587 to the College for scholarships.

In 2019, the College entered into a line of credit agreement with the Foundation for $1,000,000 with the annual interest rate of 4%. The balance due to the Foundation under this arrangement was $1,000,000 and $500,000 as of June 30, 2020 and June 30, 2019, respectively.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Nature of activities and organization - 1601.0 - Glenville State College Foundation (the Foundation) was incorporated in 1959 under the laws of the State of West Virginia as a nonprofit organization to receive and provide funds for scholarships, endowments, educational research, and other general educational purposes for the benefit of Glenville State College and the students at Glenville State College.

Reporting entity - The financial statements of the Foundation include all funds, functions, and activities to which the Board of Directors has oversight responsibility. There are no additional entities required to be included in the reporting entity.

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. Revenues are recognized when earned and expenses are recognized when they are incurred, whether or not cash is received or paid out at that time.

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.**

Classification of net assets - These financial statements are prepared to focus on the entity as a whole and to present transactions according to the existence or absence of donor-imposed restrictions. Accordingly, transactions and balances are classified into two categories of net assets.

Net assets without donor restrictions are not subject to donor-imposed stipulations. Net assets without donor restrictions are maintained and distributed at the discretion of the Foundation's Board of Directors.

Net assets with donor restrictions are subject to donor-imposed stipulations, which will either expire by the passage of time or by action of the Foundation. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

Income tax status - By a letter issued February 1961, the Internal Revenue Service has determined that the Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to federal and state income taxes on its exempt purpose activities. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). However, income from certain activities not directly related to the Foundation's tax-exempt purpose would be subject to taxation as unrelated business income.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

For the years ended June 30, 2020 and 2019, the Foundation has no material uncertain tax positions to be accounted for in the financial statements under professional standards. The Foundation recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. The Foundation's returns for years ending on or after June 30, 2017 remain subject to examination.

Cash and cash equivalents - For purposes of the statements of cash flows, the Foundation considers all cash accounts and all highly liquid instruments available for current use with an original maturity of three months or less, which are not held for long-term investment and are not subject to withdrawal restrictions or penalties, to be cash and cash equivalents.

Marketable investments - The Foundation carries investments with readily determinable market values at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Receivables - Receivables consists of amounts due from the Foundation's lessee and the College. Uncollectible accounts are written off in the year they are determined to become uncollectible. As needed, the Foundation records an allowance for doubtful accounts from the determination of collectibility, which is based on historical bad debt experience and an evaluation of the periodic aging accounts. The Foundation believes no allowance for doubtful accounts is necessary as of June 30, 2020 and 2019, respectively.

Fixed assets - Fixed assets are recorded at cost, if purchased, or estimated fair value, if donated. The Foundation computes depreciation on the straight-line method over the estimated useful lives of the respective assets which ranges from 3 to 7 years for office equipment and vehicles and 29 years for buildings. Useful lives are revised when a change in life expectancy becomes apparent.

Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized. Gains or losses on dispositions of fixed assets are included in current operations as realized.

Bequests and contributions receivable - Bequests and contributions receivable consist of bequests and contributions to give stock, cash, and life insurance proceeds. Bequests and contributions to give cash and stock are recorded at fair value. Bequests and contributions to give life insurance proceeds are recorded at the cash surrender value.

All bequests and contributions receivable as of June 30, 2020 and 2019 are, in the opinion of Foundation management, fully collectible.

Land and other assets held for investment - Contributions of land, mineral rights, works of art, and equipment are carried at their fair or appraisal value determined on the date of the gift. From time to time, management reviews these assets for impairment.

Organization funds held for others - Organization funds held for others are used to account for assets held by the Foundation as an agent. These funds are custodial by nature (assets equal liabilities) and do not involve measurement of operations. The funds are held on behalf of Glenville State College, a related party of the Foundation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

The Foundation maintains legal ownership of these funds and, as such, continues to report the funds as assets of the Foundation. However, a liability has been established for the fair value of the funds.

Contributions - Contributions received by the Foundation are recorded at their fair values at the date of such gifts and are reported as an increase in net assets. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor-imposed stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

During 2020, the Foundation adopted FASB Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and FASB ASU No. 2018-08, *Not-for-Profit Entities.* ASU 2014-09 provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services. ASU 2018-08 and ASU Sub Topic 958-605, *Not-for-Profit Entities - Revenue Recognition - Contributions,* specifically address the application of the standard to contribution income.

The majority of the Foundation's revenues come from bequests and contributions, and interest, dividends, and realized and unrealized gains and losses on investments that are outside the scope of Topic 606. The Foundation has evaluated the nature of its contributions from donors and agency organizations in accordance with the guidance provided in ASU 2018-08 and Sub Topic 958-605. Due to the nature of the Foundation's revenue, there was no significant change in the determination of the amount and timing of the Foundation's revenue.

Advertising - It is the policy of the Foundation to expense advertising costs as incurred.

Risks and uncertainties - A substantial portion of the Foundation's assets consist of investment securities, which are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and those changes could materially affect the investments reported in the statements of financial position, and the realized and unrealized gains (losses) in the statements of activities.

Date of management's review of subsequent events - Management has evaluated subsequent events through September 17, 2020, the date the financial statements were available to be issued.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation’s financial assets available for general expenditure within one year after year end are as follows:

	June 30, 2020	June 30, 2019
Cash and cash equivalents	$ 11,889	$ 33,872
Investments, at fair value	545,067	523,398
Related party receivables	1,324,236	770,826
Other receivables	14,133	14,133
	$ 1,895,325	$ 1,342,229

The Foundation’s investments held at year end are considered available for expenditure based on the Foundation’s approved spending policy. Under current policy, the distribution shall be a minimum of 5.0 percent of the endowment portfolio’s average market value on June 30, for the three years immediately preceding the establishment of the distributable amount.

As part of the Foundation’s liquidity management, the Foundation has adopted investment and spending policies for assets that support the Foundation’s mission and purpose, which are best served over the long term through a flow of interest income and an expanding flow of dividends and capital gains. Achieving these desired ends will help preserve the current purchasing power originating with the Foundation’s invested funds, and it will not place at risk the principal value of those funds. The overriding investment objective is to earn a real total rate of return (interest and dividend income, plus realized and unrealized appreciation expressed as a percentage of market value, both adjusted for inflation) averaging at least 5.0 percent per annum, measured over a three-year to five-year period.

NOTE 3 - MARKETABLE INVESTMENTS

Investments are stated at estimated fair value in the financial statements. The following is an analysis of the composition of the Foundation’s investments:

	June 30, 2020	June 30, 2019
Marketable investments		
Cash, interest-bearing	$ 249,653	$ 437,862
Mutual funds	3,346,913	3,518,944
Bonds	1,730,888	1,840,960
Stocks	5,206,716	5,438,023
Alternatives	258,196	250,100
Total marketable investments	$ 10,792,366	$ 11,485,889

NOTE 4 - FAIR VALUE MEASUREMENTS

Determination of fair value - The Foundation uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. In accordance with the *Fair Value Measurements and Disclosures* Topic of the FASB Accounting Standards Codification, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Foundation's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value, a reasonable point within the range, is most representative of fair value under current market conditions.

Fair value hierarchy - In accordance with this guidance, the Foundation groups its financial assets generally measured at fair value in three levels, based on markets in which the assets are traded and the reliability of the assumptions used to determine fair value.

Level 1 - Valuation is based on quoted prices in active markets for identical assets that the Foundation has the ability to access at the measurement date. Level 1 assets generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets.

Level 2 - Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. The valuation may be based on quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset.

Level 3 - Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. Level 3 assets include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

Fair values of assets measured on a recurring basis as of June 30, 2020 are as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using: Quoted Prices In Active Markets For Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Total cash, interest-bearing	$ 249,653	$ -	$ 249,653	$ -
Mutual funds				
Balanced	45,146	45,146	-	-
Foreign large blend	531,417	531,417	-	-
High yield bond	222,887	222,887	-	-
Intermediate term bond	450,131	450,131	-	-
International large growth	21,306	21,306	-	-
Large blend	371,551	371,551	-	-
Large cap value	144,242	144,242	-	-
Large growth	171,626	171,626	-	-
Multisector bond	616,713	616,713	-	-
S&P 500 index	458,651	458,651	-	-
S&P mid cap 400 index	244,680	244,680	-	-
S&P small cap 600 index	68,563	68,563	-	-
Total mutual funds	3,346,913	3,346,913	-	-
Bonds				
Corporate bonds	872,374	-	872,374	-
Federal agencies	285,725	-	285,725	-
Treasury securities	572,789	-	572,789	-
Total bonds	1,730,888	-	1,730,888	-
Stocks				
Consumer goods	539,743	539,743	-	-
Energy	267,955	267,955	-	-
Financials	914,053	914,053	-	-
Healthcare	770,956	770,956	-	-
Industrial goods	517,287	517,287	-	-
Materials	179,202	179,202	-	-
Real estate	59,245	59,245	-	-
Services	480,727	480,727	-	-
Technology	1,358,839	1,358,839	-	-
Utilities	118,709	118,709	-	-
Total stocks	5,206,716	5,206,716	-	-
Total investments, at fair value	10,534,170	$ 8,553,629	$ 1,980,541	$ -
Alternatives				
Hedge Fund (NAV) (See Note 5)	258,196			
Total Marketable Investments	$ 10,792,366			

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

Fair values of assets measured on a recurring basis as of June 30, 2019 are as follows:

		Fair Value Measurements at Reporting Date Using:		
	Fair Value	Quoted Prices In Active Markets For Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Total cash, interest-bearing	$ 437,862	$ -	$ 437,862	$ -
Mutual funds				
Balanced	42,078	42,078	-	-
Foreign large blend	570,836	570,836	-	-
High yield bond	186,215	186,215	-	-
Intermediate term bond	410,627	410,627	-	-
International large growth	19,803	19,803	-	-
Large blend	126,065	126,065	-	-
Large cap value	158,636	158,636	-	-
Large growth	157,942	157,942	-	-
Multi-alternative	233,051	233,051	-	-
Multisector bond	722,680	722,680	-	-
S&P 500 index	436,525	436,525	-	-
S&P mid cap 400 index	375,893	375,893	-	-
S&P small cap 600 index	78,593	78,593	-	-
Total mutual funds	3,518,944	3,518,944	-	-
Bonds				
Corporate bonds	747,026	-	747,026	-
Federal agencies	288,961	-	288,961	-
Treasury securities	804,973	-	804,973	-
Total bonds	1,840,960	-	1,840,960	-
Stocks				
Consumer goods	538,305	538,305	-	-
Energy	441,941	441,941	-	-
Financials	1,135,542	1,135,542	-	-
Healthcare	722,676	722,676	-	-
Industrial goods	508,055	508,055	-	-
Materials	177,607	177,607	-	-
Real estate	80,982	80,982	-	-
Services	663,780	663,780	-	-
Technology	1,006,824	1,006,824	-	-
Utilities	162,311	162,311	-	-
Total stocks	5,438,023	5,438,023	-	-
Total investments, at fair value	$ 11,235,789	$ 8,956,967	$ 2,278,822	$ -
Alternatives				
Hedge Fund (NAV) (See Note 5)	250,100			
Total Marketable Investments	$ 11,485,889			

NOTE 5 - NET ASSET VALUE (NAV) PER SHARE

In accordance with the fair value measurements and disclosures guidance, the category, fair value, redemption frequency, and redemption notice period for investments, the fair value of which are estimated using the NAV per share, as of June 30, 2020 and 2019, are as follows. There were no unfunded commitments as of June 30, 2020 and 2019.

	Fair Value		Redemption Frequency (If Currently Eligible)		Redemption Notice Period	
	June 30,		Years Ended June 30,			
	2020	2019	2020	2019	2020	2019
Alternatives						
Hedge funds[a]	$ 258,196	$ 250,100	Various	Various	Various	Various
Total	$ 258,196	$ 250,100				

[a] Funds in this category invest in hedge funds to achieve capital appreciation with limited variability of returns.

NOTE 6 - FIXED ASSETS

Fixed assets consist of the following:

	June 30, 2020	June 30, 2019
Land improvements, non-depreciable	564,403	$ 550,043
Buildings	3,133,358	3,067,718
Office equipment	41,579	41,579
Vehicles	195,966	141,277
Total	3,935,306	3,800,617
Less accumulated depreciation	(775,811)	(612,059)
Fixed assets - net	$ 3,159,495	$ 3,188,558

Depreciation expense for the years ended June 30, 2020 and 2019 was $134,092 and $127,242, respectively.

NOTE 7 - LAND AND OTHER ASSETS HELD FOR INVESTMENT

Land and other assets held for investment consists of the following:

	June 30, 2020	June 30, 2019
Land and mineral rights	$ 231,531	$ 231,531
Interests in S-Corporation and Partnership	-	44,350
Works of art	20,000	20,000
Storage equipment	1,000	1,000
Total	$ 252,531	$ 296,881

If facts and circumstances suggest that land and other assets held for investment may be impaired, the carrying value is reviewed for recoverability. If this review indicates that the carrying value of the asset will not be recovered, the carrying value is reduced to its estimated fair value through an impairment loss. During the year ended June 30, 2020 and 2019, an impairment loss of $0 and $465,850, respectfully was recognized on the statements of activities related to the valuation of coal producing mineral rights.

NOTE 8 - LOAN PAYABLE

Loan payable consists of the following:

	June 30, 2020	June 30, 2019
Loan payable to United Bank, Inc. for $3,530,000. Payments are to be made in monthly installments of $15,247 including a fixed interest rate of 3.19% and matures June 27, 2024. The loan is collateralized by a first deed-of-trust on Building A located at 921 Mineral Road and the assignment of all lease agreements.	$ 3,071,028	$ 3,152,901
Less: current portion of loan payable	(86,249)	(83,599)
Net long-term portion	$ 2,984,779	$ 3,069,302

NOTE 8 - LOAN PAYABLE (Continued)

Scheduled principal payments for long-term debt are as follows:

For the year ended June 30,		
2021	$	86,249
2022		89,041
2023		91,924
2024		2,803,814
Total	$	3,071,028

NOTE 9 - RELATED PARTY TRANSACTIONS

The Foundation entered into an operating lease agreement effective November 18, 2009 with Glenville State College for the Alumni House, 3,780 square feet located at 213 North Court Street. The lease is payable in annual installments of $1 and expires on June 30, 2049.

The Foundation entered into an operating lease agreement effective July 1, 2013 with the Glenville State College Board of Governors for 2.74 acres of a 76.2 acre tract. The lease is payable in annual installments of $1 and expires on June 30, 2043.

The Foundation entered into a lease agreement effective July 1, 2013 with Glenville State College Board of Governors for 18,000 square feet of the second floor of the Waco Center's Building A. The lease is receivable in annual installments of $1 and expires on June 30, 2043 at which time the lease provides for the transfer of ownership of Building A to the College.

The Foundation entered into a line of credit agreement effective May 15, 2019 with Glenville State College for up to $1,000,000. The line of credit has an interest rate of 4% per annum. As of June 30, 2020 and 2019, the College owed the Foundation $1,000,000 and $500,000, respectfully, on this line of credit. The balance is included in related party receivables in the statements of financial position.

NOTE 10 - LEASES - LESSOR

Operating - The Foundation entered into a cancellable operating lease with Minnie Hamilton for 10,585 square feet of the first floor of the Waco Center's Building A. The lease was effective July 15, 2014 and shall expire on July 14, 2054, unless sooner by mutual agreement. The cost of the space was $889,638 and $889,638 at June 30, 2020 and 2019, respectively. Accumulated depreciation on the space was $184,063 and $153,386 at June 30, 2020 and 2019, respectively. The minimum lease receivable for the first five years is $14,133 per month ($169,600 per year) with each succeeding five-year period being readjusted, but at no time exceeding a 2.5% increase per year.

NOTE 11 - ADMINISTRATIVE FEE ASSESSMENT

As provided by the West Virginia Code, the Foundation is entitled to charge an administrative fee for the management of the various assets held in trust. For the years ended June 30, 2020 and 2019, the Foundation charged an administrative fee sufficient to cover operating expenses of $46,133 and $208,234, respectively. For financial statement purposes, the administrative fee income assessed by the Foundation is netted against the administrative fee expense recognized by the funds. These amounts net to zero, and no income or expense is reported.

NOTE 12 - CONCENTRATIONS

The Foundation places its cash with local high-credit quality financial institutions under normal financial arrangements. During the year ended June 30, 2020, the Foundation's cash balances periodically exceeded the FDIC insured deposit limit of $250,000.

NOTE 13 - ENDOWMENT FUNDS

The Foundation's endowment funds consist of individual funds established by donors for a variety of purposes, including scholarships and Foundation specified projects. Endowment assets include those assets of donor restricted funds that the Foundation must hold in perpetuity. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation has adopted investment and spending policies for endowment assets that support the Foundation's mission and purpose which are best served over the long term through a flow of interest income and an expanding flow of dividends and capital gains. Achieving these desired ends will help preserve the current purchasing power originating with the Foundation's invested funds, and it will not place at risk the principal value of those funds. The overriding investment objective is to earn a real total rate of return (interest and dividend income, plus realized and unrealized appreciation expressed as a percentage of market value, both adjusted for inflation) averaging at least 5.0 percent per annum, measured over a three-year to five-year period.

The permanent nature of the endowment funds requires that the Board of Directors work to maintain the purchasing power of endowment assets into perpetuity. To accomplish this, the Foundation links its investment objectives with its spending policy. The goal is to ensure that funds currently available from the endowment will provide the same level of support to Glenville State College, both now and in the future.

In an effort to protect the endowment funds, meet current spending needs, and provide long-term growth, the Foundation has established the following spending policy. This policy is designed to meet two objectives:

1. To release as much current income as possible in a steady and consistent stream; and,
2. To protect the value of the endowment assets against inflation so as to allow College programs, at a minimum, to be supported at today's level far into the future.

NOTE 13 - ENDOWMENT FUNDS (Continued)

The portfolio encompassing endowment funds generates a total investment return consisting of four components: interest income, dividend income, realized capital gains, and unrealized capital appreciation measured by growth in market value. A portion of this total investment return on the portfolio is to be distributed to all endowment accounts to be expended annually in support of the needs of the Foundation and the College in conformity with the purposes and restrictions on each specific account. The total investment return is to be calculated on June 30 of each year.

The annual amount to be distributed to endowment accounts during the fiscal year beginning each July 1, shall be the minimum of 5.0 percent of the endowment portfolio's average market value on June 30, for the three years immediately preceding the establishment of the distributable amount.

The Board of Directors of the Foundation has interpreted the West Virginia Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. These funds are classified as net assets with donor restrictions until they are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: the duration and preservation of the fund, the purposes of the Foundation and the donor restricted endowment fund, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, and other resources of the Foundation.

The endowment net assets consisted of the following types of funds:

	Without donor restrictions	With donor restrictions	Total
June 30, 2020			
Total endowment funds	$ 325,612	$ 11,498,783	$ 11,824,395
June 30, 2019			
Total endowment funds	$ 231,470	$ 11,179,420	$ 11,410,890

NOTE 13 - ENDOWMENT FUNDS (Continued)

Change in endowment net assets for the years ended June 30, 2020 and 2019 are as follows:

	Without donor restrictions	With Donor restrictions	Total
Endowment funds at June 30, 2018	$ 93,487	$ 10,128,637	$ 10,222,124
Bequest and contributions	-	1,375,617	1,375,617
Investment return	11,694	547,704	559,398
Expenditures	(43,032)	(401,691)	(444,723)
Change to endowment	169,321	(470,847)	(301,526)
Endowment funds at June 30, 2019	231,470	11,179,420	11,410,890
Bequest and contributions	-	279,481	279,481
Investment return	5,282	136,958	142,240
Expenditures	(691)	(278,362)	(279,053)
Change to endowment	89,551	181,286	270,837
Endowment funds at June 30, 2020	$ 325,612	$ 11,498,783	$ 11,824,395

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor contributed. As of June 30, 2020, deficiencies of this nature exist in 68 donor restricted endowment funds, which together have an original gift amount of $5,281,515, a current fair value of $4,628,192, and a deficiency of $653,323. As of June 30, 2019, deficiencies of this nature exist in 58 donor restricted endowment funds, which together have an original gift amount of $4,379,237, a fair value of $3,813,696, and a deficiency of $565,541. These deficiencies resulted from unfavorable market fluctuations and continued appropriation to certain programs that was deemed prudent by the Board of Directors. During the years ended June 30, 2020 and 2019, the Foundation did not have a policy regarding spending from underwater endowment funds.

NOTE 14 - NET ASSETS WITH DONOR RESTRICTIONS

	June 30, 2020	June 30, 2019
Donor restricted net assets available for grants, scholarships, and donor-designated charitable purposes for the benefit of Glenville State College; and net assets intended to be held in perpetuity	$ 12,792,398	$ 12,726,735

NOTE 15 - FUNCTIONAL EXPENSE

Expenses are allocated among program services, management and general, and fundraising based on the purposes for which the expenses have been incurred. The Foundation incurs certain joint costs which are not specifically attributable to a particular component of activities. These costs include salaries and wages, depreciation, interest, and certain office and occupancy expenses. Joint costs are allocated on the basis of estimates of time and effort, square footage, or purposes for which the expenses have been incurred. For the years ended June 30, 2020 and 2019, the following table represents operating expenses within both natural and functional classifications:

June 30, 2020	Program Services	Management and General	Fundraising	Total
Expenditures for benefit of Glenville State College	$ 894,355	-	-	894,355
Scholarships	320,911	-	-	320,911
Salaries and wages	29,036	58,070	58,070	145,176
Legal, consulting, and accounting	-	17,750	-	17,750
Investment management fee	-	76,577	-	76,577
Miscellaneous	-	2,386	597	2,983
Promotions and publications	83,912	-	9,324	93,236
Office	427	427	1,280	2,134
Travel and advancement	14,660	-	21,990	36,650
Memberships and subscriptions	433	433	1,297	2,163
Insurance	7,760	7,761	-	15,521
Interest	50,545	50,544	-	101,089
Depreciation	67,046	67,046	-	134,092
Meals and meetings	-	339	-	339
Annual fund	-	579	5,211	5,790
Alumni	6,214	1,553	-	7,767
Database management	14,577	7,289	14,577	36,443
Total expenses	$ 1,489,876	$ 290,754	$ 112,346	$ 1,892,976

NOTE 15 - FUNCTIONAL EXPENSE (Continued)

June 30, 2019	Program Services	Management and General	Fundraising	Total
Expenditures for benefit of Glenville State College	$ 1,467,079	-	-	$ 1,467,079
Scholarships	355,403	-	-	355,403
Salaries and wages	24,913	49,828	49,828	124,569
Legal, consulting, and accounting	-	30,495	-	30,495
Investment management fee	-	69,442	-	69,442
Miscellaneous	-	2,234	559	2,793
Promotions and publications	115,763	-	12,863	128,626
Office	1,030	1,030	3,088	5,148
Travel and advancement	3,676	-	5,514	9,190
Memberships and subscriptions	434	434	1,300	2,168
Insurance	7,298	7,298	-	14,596
Interest	51,867	51,866	-	103,733
Depreciation	63,621	63,621	-	127,242
Meals and meetings	-	246	-	246
Annual fund	-	800	7,200	8,000
Alumni	7,050	1,762	-	8,812
Impairment loss	-	465,850	-	465,850
Database management	11,724	5,863	11,724	29,311
Total expenses	$ 2,109,858	$ 750,769	$ 92,076	$ 2,952,703

GLENVILLE STATE COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS

Schedule of Proportionate Share of TRS Net Pension Liability

Measurement Date	College's Proportionate Share as a Percentage of Net Pension Liability	College's Proportionate Share	State's Proportionate Share	Total Proportionate Share	College's Covered Employee Payroll	College's Proportionate Share as a Percentage of Covered Payroll	College's Plan Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2014	0.525160%	$ 1,811,863	$ 4,093,721	$ 5,905,584	$ 1,305,234	139%	65.95%
June 30, 2015	0.043056%	$ 1,492,000	$ 3,404,353	$ 4,896,353	$ 1,028,446	145%	66.25%
June 30, 2016	0.039778%	$ 1,634,806	$ 3,113,871	$ 4,748,677	$ 907,360	180%	65.57%
June 30, 2017	0.045449%	$ 1,570,250	$ 3,472,445	$ 5,042,695	$ 921,675	170%	67.85%
June 30, 2018	0.030098%	$ 939,737	$ 2,434,910	$ 3,374,647	$ 700,282	134%	71.20%
June 30, 2019	0.024200%	$ 719,991	$ 1,738,186	$ 2,458,177	$ 650,657	111%	72.64%

Schedule of Employer Contributions

Measurement Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
June 30, 2014	$ 239,000	$ 241,922	$ (2,922)	$1,305,234	18.54%
June 30, 2015	$ 239,000	$ 195,785	$ 43,215	$1,028,446	19.04%
June 30, 2016	$ 166,922	$ 154,213	$ 12,709	$ 907,360	17.00%
June 30, 2017	$ 188,148	$ 188,146	$ 2	$ 921,675	20.41%
June 30, 2018	$ 133,576	$ 133,576	$ -	$ 700,282	19.07%
June 30, 2019	$ 104,835	$ 104,835	$ -	$ 650,657	16.11%

These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

Notes to Required Supplementary Information
For the Year Ended June 30, 2020

There are no factors that affect trends in the amounts reported, such as a change of benefit terms or assumptions. With only five years reported in the required supplementary information, there is no additional information to include in notes. Information, if necessary, can be obtained from the CPRB Comprehensive Annual Financial Report.

GLENVILLE STATE COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF PROPORTIONATE SHARE OF NET OPEB LIABILITY AND CONTRIBUTIONS

Schedule of Proportionate Share of Net OPEB Liability

Measurement Date	College's Proportionate Share as a Percentage of Net OPEB Liability	College's Proportionate Share	State's Proportionate Share	Total Proportionate Share	College's Covered Employee Payroll	College's Proportionate Share as a Percentage of Covered Payroll	College's Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
June 30, 2017	0.17441669%	$ 4,288,887	$ 880,942	$ 5,169,829	$ 3,835,528	111.82%	25.10%
June 30, 2018	0.18746617%	$ 4,021,967	$ 831,233	$ 4,853,200	$ 3,844,357	104.62%	30.98%
June 30, 2019	0.18129702%	$ 3,007,958	$ 615,562	$ 3,623,520	$ 3,490,320	86.18%	39.69%

Schedule of Employer Contributions

Measurement Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
June 30, 2017	$ 358,249	$ 358,249	$ -	$ 3,835,528	9.34%
June 30, 2018	$ 373,889	$ 373,889	$ -	$ 3,844,528	9.73%
June 30, 2019	$ 373,523	$ 373,523	$ -	$ 3,490,320	10.70%

These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

Notes to Required Supplementary Information
For the Year Ended June 30, 2020

There are no factors that affect trends in the amounts reported, such as a change of benefit terms or assumptions. With only one year reported in the required supplementary information, there is no additional information to include in notes. Information, if necessary, can be obtained from the West Virginia Retiree Benefit Health Benefit Trust Fund Audited Schedules of Employer Other Post-Employment Benefits Allocations and Other Post-Employments Benefits Amounts by Employer.

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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*

To the Board of Governors
Glenville State College
Glenville, 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 the discretely presented component unit of Glenville State College (the College) as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 15, 2020. Our report includes a reference to other auditors who audited the financial statements of Glenville State College Foundation, Inc., as described in our report on the College's financial statements. The financial statements of Glenville State College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Hayflich CPAs PLLC

Huntington, West Virginia
October 15, 2020