Eastern West Virginia
Community and Technical College

Financial Statements
Years Ended June 30, 2015 and 2014
and
Independent Auditor's Reports

Suttle & Stalnaker PLLC
CERTIFIED PUBLIC ACCOUNTANTS

EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE

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Suttle & Stalnaker PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Eastern West Virginia Community and Technical College (the College), a component unit of the West Virginia Council for Community and Technical College Education, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the College, as of June 30, 2015 and 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 2 to the financial statements, in 2015, the College adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* - an amendment of GASB No. 68. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2016, 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.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
January 7, 2016

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015

Overview of the Financial Statements and Financial Analysis

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

The discussion and analysis of Eastern West Virginia Community and Technical College's financial statements provides an overview of the College's financial activities for the fiscal years ended June 30, 2015, 2014 and 2013. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management.

Using this report

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015

From the data presented, readers of the Statement of Net Position are able to determine the availability of net position (assets plus deferred outflows minus liabilities minus deferred inflows) for expenditure to continue the operations of the College. They are also able to determine how much the College owes vendors and employees.

Net position is divided into three major categories. The first category, net investment in capital assets, provides the College's equity in equipment and library books owned by the College. The next net position category is restricted net position, which is divided into two categories, nonexpendable and expendable. Nonexpendable restricted net position is for the Endowment Program where funds are invested and the earnings are available for expenditure but the original investment (corpus) is not. The College does not currently have nonexpendable restricted net position since all funds of this nature would generally be directed to The Eastern West Virginia Community and Technical College Foundation, Incorporated. Expendable restricted net position is available for expenditure by the College but have a specific purpose (i.e. time or purpose restrictions). The final category is unrestricted net position. Unrestricted net position is available to the College for any lawful purpose of the College.

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows, and net position of the College. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of the College. The Statement of Net Position presents end-of-year data concerning Assets (current and noncurrent), Deferred Outflows, Liabilities (current and noncurrent), Deferred Inflows and Net Position (Assets plus Deferred Outflows minus Liabilities minus Deferred Inflows). The difference between current and noncurrent assets and liabilities are discussed in the footnotes to the financial statements.

Condensed Schedules of Net Position
June 30,

	2015	2014	2013
Assets:			
Current assets	$ 2,871,921	$ 4,701,332	$ 2,561,514
Capital assets	10,958,077	8,376,899	8,389,045
Noncurrent assets	256,950	358,331	313,759
Total Assets	14,086,948	13,436,562	11,264,318
Deferred Outflows:	-	-	-
Liabilities:			
Current liabilities	991,530	655,917	531,446
Noncurrent liabilities	3,298,962	3,259,038	1,219,899
Total Liabilities	4,290,492	3,914,955	1,751,345
Deferred Inflows:	-	-	-
Net Position:			
Net investment in capital assets	8,338,145	7,756,967	7,769,113
Restricted-expendable	247,672	361,141	315,134
Unrestricted	1,210,639	1,403,499	1,428,726
Total Net Position	$ 9,796,456	$ 9,521,607	$ 9,512,973

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015

Financial Highlights:

- *Assets*

  Current assets as of June 30, 2015 decreased $1,829,411 from June 30, 2014. Cash decreased by $1,767,415 due to expenses related to the $2,000,000 wing expansion. Accounts receivable decreased $58,551 from June 30, 2014 to June 30, 2015.

  Non-current assets showed an increase of $2,479,797 from June 30, 2014 to June 30, 2015. A majority of the increase related to the wing expansion.

- *Liabilities*

  Current liabilities as of June 30, 2015 increased by $335,613 from the previous year. Accounts payable reflected an increase of $132,698 from June 30, 2014 to June 30, 2015. Unearned revenue increased by $65,246 from June 30, 2014 and June 30, 2015 which is a result of unused grant funding.

  Noncurrent or long-term liabilities represent accrued compensated absences, other post-employment benefits liability (OPEB) and a long term liability for a capital project. Included in compensated absences are employees' balances of annual leave which are in excess of one year's annual leave rate for June 30, 2015 and 2014.

- *Net Position*

  Net investment in capital assets reports an increase of $581,178 in capital assets between June 30, 2015 and June 30, 2014 as a result of increased capital assets.

  Restricted net position shows a decrease of $113,469 between June 30, 2015 and June 30, 2014. This is the result of the purchase of additional acreage at the main campus.

  Unrestricted net position decreased by $192,860 as of June 30, 2015 in comparison to June 30, 2014.

  In total, net position as of June 30, 2015 increased by $274,849 from June 30, 2014.

Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues generated and expenses incurred by the College, both operating and non-operating. In addition, any other revenues, expenses, gains or losses are also reflected in this financial statement.

Operating revenues are generated by providing goods and services to the College's customers and constituencies and in the form of federally-funded and state-funded grants. *Operating expenses* are expenses incurred by the College in order to generate operating revenue and to carry out the mission of the College.

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015

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

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

	2015	2014	2013
Operating revenues	$ 2,132,593	$ 2,293,965	$ 2,072,959
Operating expenses	6,208,023	6,153,113	6,015,333
Operating loss	(4,075,430)	(3,859,148)	(3,942,374)
Nonoperating revenues	3,638,300	3,729,287	3,964,245
Income (loss) before other revenues, expenses, gain or losses	(437,130)	(129,861)	21,871
Capital projects and bond proceeds	711,979	138,495	-
Increase in net position	274,849	8,634	21,871
Net Position - Beginning of year	9,521,607	9,512,973	9,491,102
Net Position - End of year	$ 9,796,456	$ 9,521,607	$ 9,512,973

Financial Highlights:

Operating revenues decreased by $161,372 in fiscal year 2015 as compared to fiscal year 2014. This decrease was due to a decrease in student tuition and fees and grant funding. Net tuition and fee revenue decreased in 2015 by $99,348. The scholarship allowance amount increased by $27,873 in 2015 as compared to 2014. Revenue from grants and contracts reflected a decrease of $88,138 during this period. Grants and contracts are cyclical by nature and cannot be relied upon for sustained revenue from one year to the next.

Operating expenses in fiscal year 2015 increased by $54,910 from fiscal year 2014. The increase in 2015 is due to increases in salaries and wages, benefits and utilities. Wages increased in 2015 by $115,309 as a result of salary increases, full staffing and the need for additional staff for the Bridging the Gap grant. Benefits increased by $52,117 as a result of increased payroll. Other operating expenses decreased by $112,516.

Nonoperating revenue decreased by $90,987 in fiscal year 2015 as compared to fiscal year 2014. This is a result of decreased state appropriations and federal Pell grants.

Other revenues in fiscal year 2015 increased by $573,484 from year 2014. The increase was due to revenue for capital projects.

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015

Statement of Cash Flows

The final statement presented by the College is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the College during the year. Another way to assess the financial health of a College is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows also helps users assess an entity's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing. For the year ended June 30, 2015, the net cash used by operating activities (approximately $3.2 million) indicates that the College used more cash for instructional and administrative costs than it received from sources such as student tuition and certain federal and state grants.

The Statement of Cash Flows is divided into five sections.

The ***first section*** reflects cash in-flows/out-flows generated from operating activities. The ***second section*** reflects cash flows from non-capital financing activities. This section reflects the cash received and spent for nonoperating, non-investing, and noncapital financing purposes. The ***third section*** deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The ***fourth section*** reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The ***fifth section*** reconciles the net cash used to the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

Condensed Schedules of Cash Flows
Years Ended June 30,

	2015	2014	2013
Cash (used in) provided by:			
Operating activities	$ (3,259,473)	$ (3,374,826)	$ (3,633,116)
Noncapital financing activities	3,633,922	3,723,231	3,966,174
Capital and related financing activities	(2,258,892)	1,636,931	(200,222)
Investing activities	4,600	5,691	4,071
(Decrease) increase in cash and cash equivalents	(1,879,843)	1,991,027	136,907
Cash and cash equivalents - Beginning of year	4,780,160	2,789,133	2,652,226
Cash and cash equivalents - End of year	$ 2,900,317	$ 4,780,160	$ 2,789,133

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015

Financial Highlights:

Cash flows used in operating activities decreased by $115,353 in fiscal year 2015 from the previous year. Cash flow from grants and contracts had an increase of $35,768 from fiscal 2014 to fiscal 2015 due to an increase in grants and contracts received by the College. Cash flows for payments to and on behalf of employees increased by $216,885 in fiscal 2015 as compared to fiscal 2014 as a result of the increase in the wages and increased staffing.

Cash flows from noncapital financing activities decreased by $89,309 in fiscal year 2015 as compared to fiscal year 2014. This is as a result in part of decreases in 2015 in State Appropriation of $28,767.

Cash flows from capital and related financing activities decreased in fiscal year 2015 from fiscal year 2014 by $3,895,823. This is a result of purchasing capital assets, including construction of the wing expansion in 2015 and receiving $2 million from the West Virginia Development Office in 2014 but no additional funds in 2015.

Cash flows from investing activities decreased in fiscal year 2015 from fiscal year 2014 by $1,091. This decrease was due to earning less interest on investments.

Overall cash decreased by $1,879,843 in fiscal year 2015 as compared to fiscal year 2014.

Capital Activity

The College has agreements with the West Virginia Development Office (WVDO) totaling $619,932. These funds were used to construct a new sewer system and access road for the College's new facility. The College will repay the WVDO "if non-operating funds become available" or "when an appropriate non-operating income stream is established" or "if the College sells or disposes of the two acres of property." The amount owed to the WVDO, in the event that one of the two previous conditions are met, is recorded as a noncurrent liability in the Statement of Net Position.

Eastern awarded a contract to Harbel Construction, Inc, to construct a new wing in June 2014. The project is for a 7,500 square foot wing to accommodate additional classroom space. The total project cost approximately $3,000,000. A $2,000,000 financial assistance agreement was entered into with WVDO to finance the project. The expansion project was substantially complete in the summer of 2015.

Economic Outlook

The College implemented a revised tuition rate of $125 for fiscal year 2016. Fiscal year 2015 year to date actual tuition and fees revenue totaled $833,472 (net of scholarship allowance). With state appropriations being reduced, the Board of Governors submitted a request to West Virginia Council for Community and Technical College Education to increase the tuition rate to $125 effective fall 2015. The increase was approved. The increased tuition rate will generate additional tuition and fees revenue to support academic and workforce education programs and services. However, it is anticipated state revenues will decline in fiscal year 16 and fiscal year 17 impacting allocations to higher education. Eastern recognizes continuing to increase tuition rates and student fees is not a wise business plan. With recent state appropriation cuts, the college has turned to seeking other sources of revenue to support its mission and special initiatives. Eastern will continue to seek grant funding to help support its programs, but the continuous decline of state appropriations is alarming. The college adopted the 2015-2020 Strategic Plan and resources is one of the five goals.

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015

Contacting the College's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of Eastern West Virginia Community and Technical College and to show the College's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Executive Dean for Financial and Operations Services at Eastern West Virginia Community and Technical College 316 Eastern Drive, Moorefield West Virginia 26836 or call (304) 434-8000.

EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF NET POSITION
JUNE 30, 2015 AND 2014

	2015	2014
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,654,414	$ 4,421,829
Accounts receivable, net of allowance for doubtful accounts	217,202	275,753
Prepaid assets	305	3,750
Total current assets	2,871,921	4,701,332
NONCURRENT ASSETS:		
Cash and cash equivalents	245,903	358,331
Other non current assets	11,047	-
Capital assets, net of accumulated depreciation	10,958,077	8,376,899
Total noncurrent assets	11,215,027	8,735,230
DEFERRED OUTFLOWS OF RESOURCES:		
Total deferred outflows of resources	-	-
TOTAL	$ 14,086,948	$ 13,436,562
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 157,131	$ 24,433
Amount due to the Commission	7,116	13,182
Retainages payable	141,665	-
Accrued liabilities and deposits	116,323	132,093
Compensated absences — current portion	115,435	97,595
Funds due to West Virginia Development Office - current portion	66,668	-
Unearned revenue	453,860	388,614
Total current liabilities	1,058,198	655,917
NONCURRENT LIABILITIES:		
Compensated absences	51,546	45,929
Other post employment benefits liability	627,484	593,177
Funds due to West Virginia Development Office	2,553,264	2,619,932
Total noncurrent liabilities	3,232,294	3,259,038
Total liabilities	4,290,492	3,914,955
DEFERRED INFLOWS OF RESOURCES:		
Total deferred inflows of resources	-	-
NET POSITION:		
Net investment in capital assets	8,338,145	7,756,967
Restricted for - expendable - capital projects	247,672	361,141
Unrestricted	1,210,639	1,403,499
Total net position	9,796,456	9,521,607
TOTAL	$ 14,086,948	$ 13,436,562

EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
OPERATING REVENUES:		
Student tuition and fees — net of scholarship allowance of $829,182 and $801,309 in 2015 and 2014, respectively	$ 833,472	$ 932,820
Contracts and grants:		
Federal	388,265	125,625
State	861,426	1,202,432
Private	4,371	14,143
Sales and services of educational activities	8,822	5,490
Miscellaneous	36,237	13,455
Total operating revenues	2,132,593	2,293,965
OPERATING EXPENSES:		
Salaries and wages	2,417,405	2,302,096
Benefits	572,924	520,807
Supplies and other services	1,538,851	1,599,035
Rent	104,362	103,739
Utilities	104,082	99,322
Student financial aid — scholarships	909,496	997,911
Depreciation	541,251	513,710
Fees assessed by the Commission for operations	19,652	16,493
Total operating expenses	6,208,023	6,153,113
OPERATING LOSS	(4,075,430)	(3,859,148)
NONOPERATING REVENUES:		
State appropriations	1,895,244	1,924,011
Federal Pell grants	1,738,677	1,799,220
Investment income	4,379	6,056
Total nonoperating revenues	3,638,300	3,729,287
INCREASE (DECREASE) IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(437,130)	(129,861)
CAPITAL PAYMENTS MADE AND EXPENSES INCURRED ON BEHALF OF THE COLLEGE	711,979	138,495
INCREASE IN NET POSITION	274,849	8,634
NET POSITION - Beginning of year	9,521,607	9,512,973
NET POSITION - End of year	$ 9,796,456	$ 9,521,607

EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 851,859	$ 906,266
Contracts and grants	1,350,065	1,314,297
Payments to and on behalf of employees	(2,959,662)	(2,742,777)
Payments to suppliers	(1,422,579)	(1,615,525)
Payments to utilities	(204,928)	(206,737)
Payments for scholarships	(899,991)	(986,752)
Sales and service of educational activities	13,213	1,074
Fees retained by the Commission	(19,652)	(16,493)
Other (payments) receipts, net	32,202	(28,179)
Net cash used in operating activities	(3,259,473)	(3,374,826)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	1,895,244	1,924,011
Federal Pell grants	1,738,678	1,799,220
Federal Direct Loan Program — direct lending receipts	1,068,146	1,145,566
Federal Direct Loan Program — direct lending payments	(1,068,146)	(1,145,566)
Net cash provided by noncapital financing activities	3,633,922	3,723,231
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Loan proceeds from West Virginia Development Office	-	2,000,000
Capital project proceeds from the Commission	739,848	110,628
Purchases of capital assets	(2,998,740)	(473,697)
Net cash (used in) provided by capital financing activities	(2,258,892)	1,636,931
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	4,600	5,691
Net cash provided by investing activities	4,600	5,691
CHANGE IN CASH AND CASH EQUIVALENTS	(1,879,843)	1,991,027
CASH AND CASH EQUIVALENTS - Beginning of year	4,780,160	2,789,133
CASH AND CASH EQUIVALENTS - End of year	$ 2,900,317	$ 4,780,160
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (4,075,430)	$ (3,859,148)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	541,251	513,710
Changes in assets and liabilities:		
Accounts receivable, net	30,463	(189,248)
Prepaid expenses	3,445	(3,750)
Other non current assets	(11,047)	-
Accounts payable	122,803	(62,039)
Due to Commission/Council	(6,066)	7,079
Accrued liabilities and deposits	12,097	41,920
Other postemployment benefits liability	34,307	21,787
Compensated absences	23,457	24,278
Unearned revenue	65,247	130,585
Net cash used in operating activities	$ (3,259,473)	$ (3,374,826)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:		
Cash and cash equivalents classified as current	$ 2,654,414	$ 4,421,829
Cash and cash equivalents classified as noncurrent	245,903	358,331
	$ 2,900,317	$ 4,780,160
Noncash transactions:		
Capital expenditures in accounts payable	$ 141,665	$ 27,867

The Accompanying Notes Are An Integral
Part Of These Financial Statements

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 1 - ORGANIZATION

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 invested in capital assets, net of related debt.

Restricted net position - *expendable* - This includes resources the College is legally or contractually obligated to spend 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 restrictions to auxiliaries 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 net position - *nonexpendable* - This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The College does not have any restricted nonexpendable net position at June 30, 2015 or 2014.

Unrestricted net position - Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational activities. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the Board to meet current expenses for any purpose.

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 expenses when materials or services are received.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Noncurrent Cash, 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 position are classified as noncurrent assets in the accompanying statements of net position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets - Capital assets include land, building/improvements, construction in progress, furniture and equipment, and books and materials that are part of a catalogued library. Capital assets are stated at cost at the date of acquisition or construction or fair market value at the date of donation in the case of gifts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 7 years for library books and 3 to 10 years for furniture and equipment. The College's capitalization threshold is $1,000.

Unearned Revenue - Revenues for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenue.

Compensated Absences and Other Postemployment Benefits (OPEBs) - 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. Effective July 1, 2007, the College was required to participate in this multiple-employer cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State. Details regarding this plan and its stand-alone financial statements can be obtained by contacting the West Virginia Public Employees Insurance Agency (PEIA), 601 57th Street SE, Charleston, WV 25304 or http://www.wvpeia.com.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

In addition, through its participation in PEIA and with third-party insurers, 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.

Nonoperating Revenues - Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB, such as state appropriations, federal Pell grants, investment income, and sale of capital assets (including natural resources).

Other Revenues - Other revenues consist primarily of capital grants and gifts.

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Financial Assistance Programs - Federal Direct Loan receivables are not included in the College's statements of net position, as the loans are repayable directly to the U.S. Department of Education. In 2015 and 2014, the College received and disbursed approximately $1,068,000 and $1,146,000, respectively, under the Federal Direct Loan Program on behalf of the U.S. Department of Education, which is not included as revenue and expense on the statements of revenues, expenses, and changes in net position.

The College also distributes other student financial assistance funds on behalf of the federal government to students under the federal Pell Grant program. The activity of this program is recorded in the accompanying financial statements. In 2015 and 2014, the College received and disbursed approximately $1,739,000 and $1,799,000, respectively, under this federal student aid program.

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

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers. Certain aid, such as loans, funds provided to students as awarded by third parties, and Federal Stafford Loans, 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, as described in Section 115 of the Internal Revenue Code.

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Reclassifications - Certain amounts in the 2014 financial statements have been reclassified to conform with the 2015 presentation. Such reclassifications had no effect on the 2014 net position or changes in net position.

Newly Adopted Statements Issued by the Governmental Accounting Standards Board - The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, effective for fiscal years beginning after June 15, 2014. This Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. The adoption of GASB Statement No. 68 had no impact on the June 30, 2015 financial statements. The College did not have any employees (current or retired) participating in the West Virginia State Teachers’ Retirement System.

The Governmental Accounting Standards Board has also issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, effective for fiscal years beginning after December 15, 2013. This Statement provides specific accounting and financial reporting guidance for combinations in the governmental environment. This Statement also improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The adoption of GASB Statement No. 69 had no impact on the June 30, 2015 financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, effective for fiscal years beginning after June 15, 2014. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This benefit will be achieved without the imposition of significant additional costs. The adoption of GASB Statement No. 68 had no impact on the June 30, 2015 financial statements. The College did not have any employees (current or retired) participating in the West Virginia State Teachers’ Retirement System.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Statements Issued by the Governmental Accounting Standards Board - The Governmental Accounting Standards Board has also issued Statement No. 72, *Fair Value Measurement and Application*, effective for fiscal years beginning after June 15, 2015. This Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. The College has not yet determined the effect that the adoption of GASB Statement No. 72 may have on its financial statements.

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

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

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

NOTE 3 - CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents at June 30, 2015 and 2014, is as follows:

	2015		
	Current	Noncurrent	Total
Cash on deposit with the Treasurer/BTI	$ 2,635,899	$ 245,903	$ 2,881,802
Cash in bank	18,215	-	18,215
Cash on hand	300	-	300
	$ 2,654,414	$ 245,903	$ 2,900,317

	2014		
	Current	Noncurrent	Total
Cash on deposit with the Treasurer/BTI	$ 4,409,504	$ 358,331	$ 4,767,835
Cash in bank	12,025	-	12,025
Cash on hand	300	-	300
	$ 4,421,829	$ 358,331	$ 4,780,160

NOTE 3 - CASH AND CASH EQUIVALENTS (CONTINUED)

Cash held by the Treasurer includes $245,903 and $358,331 of restricted cash at June 30, 2015 and 2014, respectively.

The combined carrying amount of cash in the bank at June 30, 2015 and 2014, was $18,215 and $12,025, respectively, as compared with the combined bank balance of $24,133 and $39,417 for the years ended June 30, 2015 and 2014, respectively. The difference is primarily caused by outstanding checks and items in transit. The bank balances were covered by federal depository insurance as noted below or were collateralized by securities held by the State's agent. Regarding federal depository insurance, accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000.

Amounts with the State Treasurer as of June 30, 2015 and 2014, are comprised of three investment pools, the WV Money Market Pool, the WV Government Money Market Pool, and the WV Short Term Bond Pool.

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

	2015		2014	
External Pool	Carrying Value (in Thousands)	S & P Rating	Carrying Value (in Thousands)	S & P Rating
WV Money Market Pool	$ 1,890,464	AAAm	$ 1,959,590	AAAm
WV Government Money Market Pool	$ 248,468	AAAm	$ 238,954	AAAm
WV Short Term Bond Pool	$ 761,526	Not Rated	$ 771,941	Not Rated

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

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

	2015		2014	
External Pool	Carrying Value (in Thousands)	WAM (Days)	Carrying Value (in Thousands)	WAM (Days)
WV Money Market Pool	$ 1,890,464	47	$ 1,959,590	36
WV Government Money Market Pool	$ 248,468	51	$ 238,954	37

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 3 - CASH AND CASH EQUIVALENTS (CONTINUED)

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

External Pool	2015 Carrying Value (in Thousands)	2015 Effective Duration (Days)	2014 Carrying Value (in Thousands)	2014 Effective Duration (Days)
WV Short Term Bond Pool	$ 761,526	410	$ 771,941	407

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

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

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

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

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2015 and 2014, are as follows:

	2015	**2014**
Student tuition and fees, net of allowance for doubtful accounts of $283,123 and $263,575 in 2015 and 2014, respectively.	$ 67,742	$ 90,084
Due from Commission/Council	31,695	59,545
Accrued interest receivable	279	500
Other accounts receivable	117,486	125,624
	$ 217,202	$ 275,753

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 5 - CAPITAL ASSETS

A summary of capital asset transactions for the College for the years ended June 30, 2015 and 2014, is as follows:

	2015			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated				
Land	$ 50,000	$ 160,477	$ -	$ 210,477
Construction in progress	138,495	2,707,746	-	2,846,241
Total capital assets not being depreciated	$ 188,495	$ 2,868,223	$ -	$ 3,056,718
Other capital assets:				
Building/improvements	$ 7,687,768	$ 17,752	$ -	$ 7,705,520
Equipment	3,654,895	236,454	-	3,891,349
Total other capital assets	11,342,663	254,206	-	11,596,869
Less accumulated depreciation for:				
Building/improvements	767,965	157,156	-	925,121
Equipment	2,386,294	384,095	-	2,770,389
Total accumulated depreciation	3,154,259	541,251	-	3,695,510
Other capital assets, net	$ 8,188,404	$ (287,045)	$ -	$ 7,901,359
Capital asset summary:				
Capital assets not being depreciated	$ 188,495	$ 2,868,223	$ -	$ 3,056,718
Other capital assets	11,342,663	254,206	-	11,596,869
Total cost of capital assets	11,531,158	3,122,429	-	14,653,587
Less accumulated depreciation	3,154,259	541,251	-	3,695,510
Capital assets, net	$ 8,376,899	$ 2,581,178	$ -	$ 10,958,077

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	2014			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated				
Land	$ 50,000	$ -	$ -	$ 50,000
Construction in progress	-	138,495	-	138,495
Total capital assets not being depreciated	$ 50,000	$ 138,495	$ -	$ 188,495
Other capital assets:				
Building/improvements	$ 7,697,972	$ -	$ 10,204	$ 7,687,768
Equipment	3,290,190	364,705	-	3,654,895
Total other capital assets	10,988,162	364,705	10,204	11,342,663
Less accumulated depreciation for:				
Building/improvements	619,873	156,660	8,568	767,965
Equipment	2,029,244	357,050	-	2,386,294
Total accumulated depreciation	2,649,117	513,710	8,568	3,154,259
Other capital assets, net	$ 8,339,045	$ (149,005)	$ 1,636	$ 8,188,404
Capital asset summary:				
Capital assets not being depreciated	$ 50,000	$ 138,495	$ -	$ 188,495
Other capital assets	10,988,162	364,705	10,204	11,342,663
Total cost of capital assets	11,038,162	503,200	10,204	11,531,158
Less accumulated depreciation	2,649,117	513,710	8,568	3,154,259
Capital assets, net	$ 8,389,045	$ (10,510)	$ 1,636	$ 8,376,899

As of June 30, 2015, the College had $141,665 in construction commitments related to construction of the new academic wing.

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 that are held for exhibition. These collections are neither disposed of for financial gain nor encumbered in any means.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 6 - LONG-TERM LIABILITIES

A summary of long-term obligation transactions for the College for the years ended June 30, 2015 and 2014, is as follows:

	2015				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued compensated absences	$ 143,524	$ 23,457	$ -	$ 166,981	$ 115,435
Funds due to West Virginia Development Office	2,619,932	-	-	2,619,932	66,668
Other postemployment benefit liability	593,177	101,331	(67,024)	627,484	-
Total long-term liabilities	$ 3,356,633	$ 124,788	$ (67,024)	$ 3,414,397	$ 182,103

	2014				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued compensated absences	$ 119,246	$ 24,278	$ -	$ 143,524	$ 97,595
Funds due to West Virginia Development Office	619,932	2,000,000	-	2,619,932	-
Other postemployment benefit liability	571,390	84,291	(62,504)	593,177	-
Total long-term liabilities	$ 1,310,568	$ 2,108,569	$ (62,504)	$ 3,356,633	$ 97,595

NOTE 7 - LEASE OBLIGATIONS

Future minimum payments under operating leases, which consist primarily of office space, with initial or remaining terms of one year or more, as of June 30, 2015, were as follows:

2016	$ 19,510
2017	1,704
2018	1,704
2019	1,704
2020	710
	$ 25,332

Total rent expense for operating leases amounted to $104,362 and $103,738 for the years ended June 30, 2015 and 2014, respectively.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS

In accordance with GASB, OPEB costs are accrued based upon invoices received from PEIA based upon actuarial determined amounts. At June 30, 2015, 2014, and 2013 the noncurrent liability related to OPEB costs was $627,484, $593,177, and $571,390, respectively. The total OPEB expense incurred and the amount of OPEB expense that relates to retirees was $101,331 and $847 respectively, during 2015 or 1%. The total OPEB expense incurred and the amount of OPEB expense that relates to retirees was $84,291 and $2,107, respectively, during 2014 or 3%. The total OPEB expense incurred and the amount of OPEB expense that relates to retirees was $69,133 and $3,017, respectively, during 2013 or 4%. As of and for the years ended June 30, 2015, 2014, and 2013, there was one retiree receiving these benefits.

During the 2014 Legislative session, the State took proactive measures to address the unfunded liability which will take effect in future fiscal years and fully fund the liability by 2037.

NOTE 9 - STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

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

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

During the year ended June 30, 2005, the Commission issued $167 million of 2004 Series B 30-year Revenue Bonds to fund capital projects at various higher education institutions in the State. The College was approved to receive $8 million of these funds. State lottery funds will be used to repay the debt, although College revenues are pledged if lottery funds prove insufficient. The College has recognized approximately $8,378,218 from these committed funds through June 30, 2015.

On September 24, 2013 Eastern entered into a loan agreement with the West Virginia Development Office to provide funding for the new academic wing. The funding will provide 7,500 square feet of classroom space which was substantially completed in summer 2015.

NOTE 10 - WEST VIRGINIA DEVELOPMENT OFFICE OBLIGATION

In previous years, the College entered into two financial assistance agreements with the West Virginia Development Office (WVDO) for $685,000 to construct a new sewer system and $2,000,000 for the access road for the College's new facility at 316 Eastern Drive. A total of $619,932 was drawn on these agreements, as of June 30, 2015. Under the terms of both agreements, the College agrees to repay the WVDO if nonoperating funds become available or when an appropriate nonoperating income stream is established or if the College sells or disposes of the two acres of property. The College entered into another financial assistance agreement with the WVDO in 2014 for $2,000,000 to construct an academic wing at Eastern's campus in Moorefield, West Virginia. Eastern will remit payments of $16,667 each quarter beginning on September 30, 2015 until the debt is paid in full. The debt will be due in total on June 30, 2045. As of June 30, 2015 a total of $2,619,932 is outstanding on these three agreements.

NOTE 10 - WEST VIRGINIA DEVELOPMENT OFFICE OBLIGATION (CONTINUED)

Future minimum payments related to the academic wing debt, as of June 30, 2015, were as follows:

Year Ending June 30,	
2016	$ 66,668
2017	66,668
2018	66,668
2019	66,668
2020	66,668
Thereafter	1,666,660
	$ 2,000,000

NOTE 11 - UNRESTRICTED NET POSITION

The College did not have any designated unrestricted net position as of June 30, 2015 or 2014.

	2015	2014
Total unrestricted net position before OPEB liability	$ 1,838,123	$ 1,996,676
Less OPEB liability	627,484	593,177
	$ 1,210,639	$ 1,403,499

NOTE 12 - RETIREMENT PLANS

Substantially all full-time employees of the College participate in the Teachers' Insurance and Annuities Association — College Retirement Equities Fund (TIAA-CREF).

Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have an option to switch to the Educators Money 401(a) basic retirement plan (Educators Money). New hires have the choice of either plan. As of June 30, 2015 and 2014, no employees were enrolled in Educators Money.

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, 2015, 2014, and 2013, were $219,823, $195,216, and $185,158, respectively, which consisted of contributions of $109,912, $97,608, and $92,579 for 2015, 2014, and 2013, respectively, from both the College and covered employees.

NOTE 12 - RETIREMENT PLANS (CONTINUED)

The College's total payroll for the years ended June 30, 2015, 2014, and 2013, was $2,396,961, $2,271,921, and $2,144,079, respectively; total covered employees' salaries in TIAA-CREF were $1,855,485, $1,667,038, and $1,535,859 in 2015, 2014, and 2013, respectively.

NOTE 13 - FOUNDATION (UNAUDITED)

The Eastern West Virginia Community and Technical College Foundation, Inc. (the Foundation), which was incorporated in fiscal year 2001, is a separate nonprofit organization incorporated in the State and has as its purpose "to support, encourage and assist in the development and growth of the College, to render service and assistance to the College, and through it to the citizens of the State of West Virginia." Oversight of the Foundation is the responsibility of a separate and independently elected Board of Directors, not otherwise affiliated with the College. In carrying out its responsibilities, the Board of Directors of the Foundation employs management, forms policy, and maintains fiscal accountability over funds administered by the Foundation. Accordingly, the financial statements of the Foundation are not included in the accompanying financial statements because they are not controlled by the College and because they are not significant.

The Foundation's net assets totaled approximately $185,213 and $49,408 at June 30, 2015 and 2014, respectively. The net assets include amounts which are restricted by donors to use for specific projects or departments of the College and its affiliated organizations. Contributions to the Foundation, which are not reflected in the accompanying financial statements, totaled $205,192 and $33,925 for the years ended June 30, 2015 and 2014, respectively. No contributions were made to the College during either the year ended June 30, 2015 or 2014.

NOTE 14 - AFFILIATED ORGANIZATION

The College has an affiliation agreement with Eastern Workforce Opportunity Regional Center and Services (Eastern WORCS). Although Eastern WORCS has been created "to foster and support applied research and workforce development" at the College, it is a separate nonprofit organization incorporated in the State of West Virginia. Oversight of Eastern WORCS is the responsibility of a separate and independently elected Board of Directors. Accordingly, the financial statements of Eastern WORCS are not included in the accompanying financial statements because the economic resources held by Eastern WORCS do not entirely or almost entirely benefit the College. No contributions were made to the College during either the year ended June 30, 2015 or 2014.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 15 - CONTINGENCIES

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

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

NOTE 16 - NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

The following tables represent operating expenses within both natural and functional classifications for the years ended June 30, 2015 and 2014:

2015

	Salaries and Wages	Benefits	Supplies and Other Services	Rent	Utilities	Scholarships	Depreciation	Fees Assessed by the Commission	Total
Instruction	$ 730,462	$ 125,292	$ 132,628	$ -	$ -	$ -	$ -	$ -	$ 988,382
Public service	277,509	59,181	154,764	4,948	-	-	-	-	496,402
Academic support	607,258	142,374	192,322	8,522	4	-	-	-	950,480
Student services	257,100	67,314	58,047	560	-	-	-	-	383,021
General institutional support	499,343	173,646	931,375	-	-	-	-	-	1,604,364
Operations and maintenance of plant	45,733	5,117	60,642	90,332	104,078	-	-	-	305,902
Student financial aid	-	-	-	-	-	909,496	-	-	909,496
Auxiliary	-	-	9,073	-	-	-		-	9,073
Depreciation	-	-	-	-	-	-	541,251	-	541,251
Other	-	-	-	-	-	-	-	19,652	19,652
Total	$ 2,417,405	$ 572,924	$ 1,538,851	$ 104,362	$ 104,082	$ 909,496	$ 541,251	$ 19,652	$ 6,208,023

2014

	Salaries and Wages	Benefits	Supplies and Other Services	Rent	Utilities	Scholarships	Depreciation	Fees Assessed by the Commission	Total
Instruction	$ 788,011	$ 136,299	$ 199,970	$ -	$ -	$ -	$ -	$ -	$ 1,124,280
Public service	257,240	45,493	439,623	3,985	-	-	-	-	746,341
Academic support	428,069	102,639	130,385	8,200	-	-	-	-	669,293
Student services	264,323	70,267	70,207	1,100	-	-	-	-	405,897
General institutional support	507,952	160,308	718,883	121	-	-	-	-	1,387,264
Operations and maintenance of plant	56,501	5,801	38,113	90,333	99,322	-	-	-	290,070
Student financial aid	-	-	-	-	-	997,911	-	-	997,911
Auxiliary	-	-	1,854	-	-	-	-	-	1,854
Depreciation	-	-	-	-	-	-	513,710	-	513,710
Other	-	-	-	-	-	-	-	16,493	16,493
Total	$ 2,302,096	$ 520,807	$ 1,599,035	$ 103,739	$ 99,322	$ 997,911	$ 513,710	$ 16,493	$ 6,153,113

Suttle & Stalnaker PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Governors
Eastern West Virginia Community and Technical College
Moorefield, 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 of Eastern West Virginia Community and Technical College (the College), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated January 7, 2016.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Suttle & Stalnaker, PLLC

Charleston, West Virginia
January 7, 2016