Blue Ridge Community and Technical College

Financial Statements as of and for the
Years Ended June 30, 2015 and 2014, and Independent
Auditor's Reports

BLUE RIDGE COMMUNITY AND TECHNICAL COLLEGE

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

To the Governing Board
Blue Ridge Community and Technical College
Martinsburg, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Blue Ridge Community and Technical College (the College) (a component unit of the State of West Virginia), 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.

Auditors' 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 opinion.

Opinion

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

Emphasis of a Matter

During fiscal year ended June 30, 2015, the College adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.* As a result of the implementation of these standards, the College reported a restatement for the change in accounting principle (see Note 2.) Our auditors' opinion was not modified with respect to the restatement.

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 3-12 and the Schedule of Proportionate Share of Net Pension Liability and Contributions on page 36, 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 February 3, 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 result 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
February 3, 2016

About The Blue Ridge Community and Technical College

The Blue Ridge Community and Technical College (the "College") is a State-supported institution within the West Virginia System of Higher Education Policy. The College is under the authority of the West Virginia Council for Community and Technical College Education (the "Council").

The College offers associate degrees, workforce development programs, and collaborative programs in government, business and industry sectors. The College achieved separate accreditation during fiscal year 2005, and became a complete separate entity for financial reporting purposes on July 1, 2006.

Overview of the Financial Statements and Financial Analysis

There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. The discussion and analysis of the College's financial statements provides an overview of its financial activities for the three years ended June 30, 2015, with a focus on 2015, and is required supplemental information.

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the College as of the end of the fiscal year. The Statement of Net Position is a point-of-time financial statement. The Statement of Net Position presents end-of-year data concerning assets (current and noncurrent), liabilities (current and noncurrent), deferred inflows and outflows of resources, and net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources). From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the College. They are also able to determine how much the College owes vendors, employees, lenders and others. Finally, the Statement of Net Position provides a snapshot of the net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) and their availability for expenditure by the College.

Net position is divided into three major categories. The first category, net investment in capital assets, provides equity in property, plant, and equipment owned by the College, net of any debt related to the acquisition of the capital assets. The second category is restricted net position, which is divided into two categories, nonexpendable and expendable. The College does not currently have nonexpendable restricted assets. Expendable restricted net position resources are available for expenditure by the College but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The third category is unrestricted net position. Unrestricted net position is available to the College for any lawful purpose of the College.

Condensed Schedules of Net Position
As of June 30, 2015, 2014, and 2013
(In thousands of dollars)

	2015	2014	2013
Assets, Deferred Outflows of Resources			
Cash	$ 8,990	$ 7,426	$ 7,375
Other Current Assets	856	535	741
Other Noncurrent Assets	38	-	-
Capital Assets	18,752	19,567	20,279
Total Assets	28,636	27,528	28,395
Deferred Outflows of Resources	10	-	-
Liab Current Liabilities	4,010	2,635	3,529
Noncurrent Liabilities	1,617	1,436	1,389
Total Liabilities	5,627	4,071	4,918
Deferred Inflows of Resources	66	14	14
Investment in Capital Assets	18,752	19,567	20,279
Restricted	2,045	1,753	1,235
Unrestricted	2,156	2,122	1,949
Total Net Position	$ 22,953	$ 23,442	$ 23,463

The liquidity position of the College continues to remain strong as cash exceeds total current and noncurrent liabilities. The College's quick ratio (cash to current liabilities) is 2.24, 2.82 and 2.09 as of June 30, 2015, 2014 and 2013, respectively. The working capital (current assets to current liabilities) is 2.46, 3.02 and 2.30 as of June 30, 2015, 2014 and 2013, respectively.

Other items of interest related to assets are as follows:

- Approximately 31% of the assets as of June 30, 2015 were held in cash and cash equivalents, compared to 27% and 26% in cash and cash equivalents as of June 30, 2014 and 2013, respectively. The increase in cash and cash equivalents is primarily attributable to an increase in state grant award receipts and accumulation of capital fees.
- Other current assets include Due from the Council/Commission; net accounts receivable, which is a combination of student accounts receivable, grants receivable, unbilled charges and other receivable; service concession arrangement; and prepaid expenses.
  - The amount in Due from the Council/Commission as of June 30, 2015 represents $92,528 related to grants and $861 in interest receivable from interagency funds.
  - The net student accounts receivable is $194,936, $130,108 and $87,427 at June 30, 2015, 2014 and 2013, respectively. The bad debt reserve is $1,408,261, $1,374,120 and $1,097,488 as of June 30, 2015, 2014 and 2013, respectively. The growing allowance is an indication that the collectability of the accounts is unlikely. The majority of receivables resulted from the return of financial aid to federal and state agencies for students that withdrew from classes. Considerable efforts to collect outstanding balances began during FY15, and accounts are being placed with a collection agency on a routine

basis. The College will assess the need to write off these receivables as the collectability trends through the third party becomes apparent.

  - Grants receivable consists of $95,455, $125,299 and $144,042 at June 30, 2015, 2014 and 2013, respectively. The current year balance primarily represents various amounts due to the College from third party agencies for financial aid disbursed to students.
  - Unbilled charges of $251,012, $18,944 and $55,978 at June 30, 2015, 2014 and 2013, respectively. These balances represent amounts due to the College as a result of federal grant activities which have not been billed. It also includes amounts not drawn for the Federal direct loan program.
  - Other receivables represent amounts due for private grant matches and workforce development contracted training.
  - Prepaid expenses of $74,693, $51,943 and $47,163 at June 30, 2015, 2014 and 2013, respectively, include expenditures for services of more than $500 that span a minimum period of six months. Much of this amount represents costs for software warranties and subscriptions.
- Noncurrent assets are other receivable and capital assets.
  - Other receivable is the amount due from employees that were converted from a non-arrears pay cycle to an arrears pay cycle. Nine employees received a "no hardship payment" on 9/30/14 equal to their then-current gross wages, which will be collected from the employee when he or she separates from the College.
  - Construction in Process (CIP) balances at June 30, 2015, 2014 and 2013 were $185,341, $14,620 and $685,944, respectively. The current CIP balance is for costs accrued for the expansion at the Technology Center. The 7,000 square foot space includes faculty offices, classrooms and Chemical Technology program lab. The 2014 CIP balance consisted of expenditures for an outdoor storage unit and minor building improvement project on main campus. The construction costs in CIP at June 30, 2013 were for land improvements and main campus security system.
  - Fixed asset additions, inclusive of Construction in Process (CIP) transfers, total $217,262 for fiscal year 2015. Over half of the additions, or 57%, were grant funded. Student fees and capital fees each funded 18% of the purchases, and general operating funds were used for 6% of the purchases. A business donation and capital bond funds provided for the remaining additions of 2% and 1%, respectively.

Items of interest related to liabilities are as follows:

- Current liabilities of $4,009,681, $2,635,462 and $3,528,384 at June 30, 2015, 2014 and 2013 increased by $1,374,219 in fiscal year 2015 and decreased by $892,922 and $1,737,259 in fiscal years 2014 and 2013, respectively.

  - Non-construction accounts payable of $486,650, $187,936 and $323,720 at June 30, 2015, 2014 and 2013, respectively, represent typical operating expenses such as supplies and utilities. The 2015 balance is inflated compared to prior years by the following items:
    - Contractual invoices for workforce training agreement totaling approximately $102,000
    - Three computer lab refreshes and classroom technology totaling $75,000
    - IT administrative upgrades totaling nearly $12,500
    - Third party agency financial aid contracts payable of approximately $53,000
  - Accrued payroll of $416,457, $346,264 and $343,069 at June 30, 2015, 2014 and 2013, respectively, increased each year. The increase of approximately $70,000 is due to two main factors: payroll expense increase and increment increase. Payroll has increased as a result of the new personnel funded by Dept. of Labor grants, and annual promotions, step increases and COLA. The 2014 increase is attributed to the annual increment expense. Employees who have a minimum of three years of service with the State earn $60 for each year served. Each year, an increased cost to the institution is evidenced by more

employees qualifying for the benefit, in addition to those employees already receiving the benefit adding $60 to their benefit.

- Due to Council/Commission and State agencies amounts reported of $201, $39,109 and $28,635 at June 30, 2015, 2014 and 2013, respectively, represent a combination of amounts due for services the State provides the College and for West Virginia financial aid grants. The 2015 balance is due to WVNet. The 2014 balance includes unused grant funds of $22,038 from WV Higher Education and $17,071 from HEAPS that are returned to the State. The 2013 balance is primarily comprised of amounts due for services rendered by WVNET and a consortium purchase of online tutoring services facilitated by the WVCTCS.
- Accrued annual leave, or compensated absences, total $583,967, $488,650 and $468,952 at June 30, 2015, 2014 and 2013, respectively, increased year over year due to additional employees, increased wages, and an increase in unused hours by full time employees.
- Unearned revenues were $2,331,040, $1,562,545 and $2,353,458 at June 30, 2015, 2014 and 2013, respectively. The balance is largely driven by the grants awarded to the College by the CTCS Council. The College applies for these grants on behalf of local businesses for workforce training and for creation of new technical programs or sustaining existing technical programs. Grant awards vary from year to year depending on market demand and the school's desire to create new programs. Two major drivers of unearned revenue include new grants and summer school. During FY15, the school received new State grants totaling $1,577,416, and expended $794,879 in total State grants. This resulted in a net increase in unearned State grant revenue of $782,537. The summer school component of unearned revenue for FY15 is $207,938, which is approximately 42% of the total summer term revenue. The deferral calculation is driven by the dates of the three summer terms.

- Noncurrent Liabilities include:
  - Other post-employment benefits (OPEB) accrued at June 30, 2015, 2014 and 2013 total $1,540,897, $1,435,873 and $1,389,331, respectively. The liability is a product of the number of employees enrolled in the health insurance program and the PEIA actuarially determined amount per person. The College accrued $225, $94 and $79 per month per person, in each of the respective years.
  - The net pension liability at June 30, 2015 totals $75,898. The College implemented GASB Statement 68 during fiscal 2015, as a result there was not a liability in the prior year. The liability is reliant on the number of employees continuing on the West Virginia Teachers' Retirement System (TRS) which was closed to new participants effective July 1, 1991. TRS is a cost-sharing, defined benefit, public employee retirement system with contribution rates established annually by the West Virginia State Legislature.

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 this statement is to present the revenues received by the College, both operating and non-operating, and the expenses paid by the College, operating and non-operating, and any other revenues, expenses, gains, and losses received or expended by the College.

In general, operating revenues are received for goods and services rendered to various customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided resulting in operating revenues, and to accomplish the mission of the College. Revenues received for which goods and services are not provided are reported as non-operating revenues. For example, State appropriations are provided by the Legislature to the College without the Legislature directly receiving commensurate goods and services for those revenues and are, therefore reported as non-operating revenues.

Condensed Schedules of
Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2015, 2014 and 2013
(In thousands of dollars)

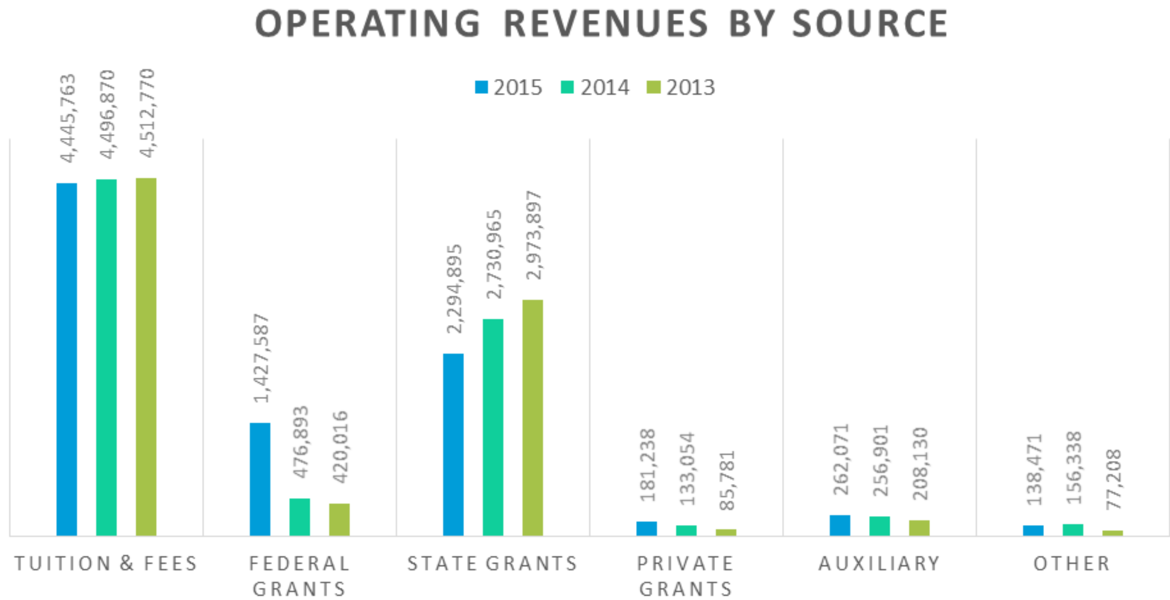
	2015	2014	2013
Operating Revenues	$ 8,750	$ 8,251	$ 8,278
Operating Expenses	18,831	18,354	18,798
Operating Loss	(10,081)	(10,103)	(10,520)
Nonoperating Revenues - Net	9,673	10,048	10,325
Increase in Net Position	(408)	(55)	(195)
Capital Payments Made/ Expenses Incurred on Behalf of College	4	34	275
Decrease in Net Position	(404)	(21)	80
Net Position - Beginning of Year	23,442	23,463	23,383
Cumulative Effect of Change in Accounting Principle	(85)	-	-
Net Position - Beginning of Year restated	23,357	23,463	23,383
Net Position - End of Year	22,953	23,442	23,463

Operating Revenues

Over half of the operating revenue for the College is derived from tuition and fee assessments. Federal grants provide funding for varying degrees of technical education support and grant funds for students. State grants provide funding for new technical program activities, business and industry workforce development, and sustainability funds for high cost programs. The following is an overview of revenues and their sources:

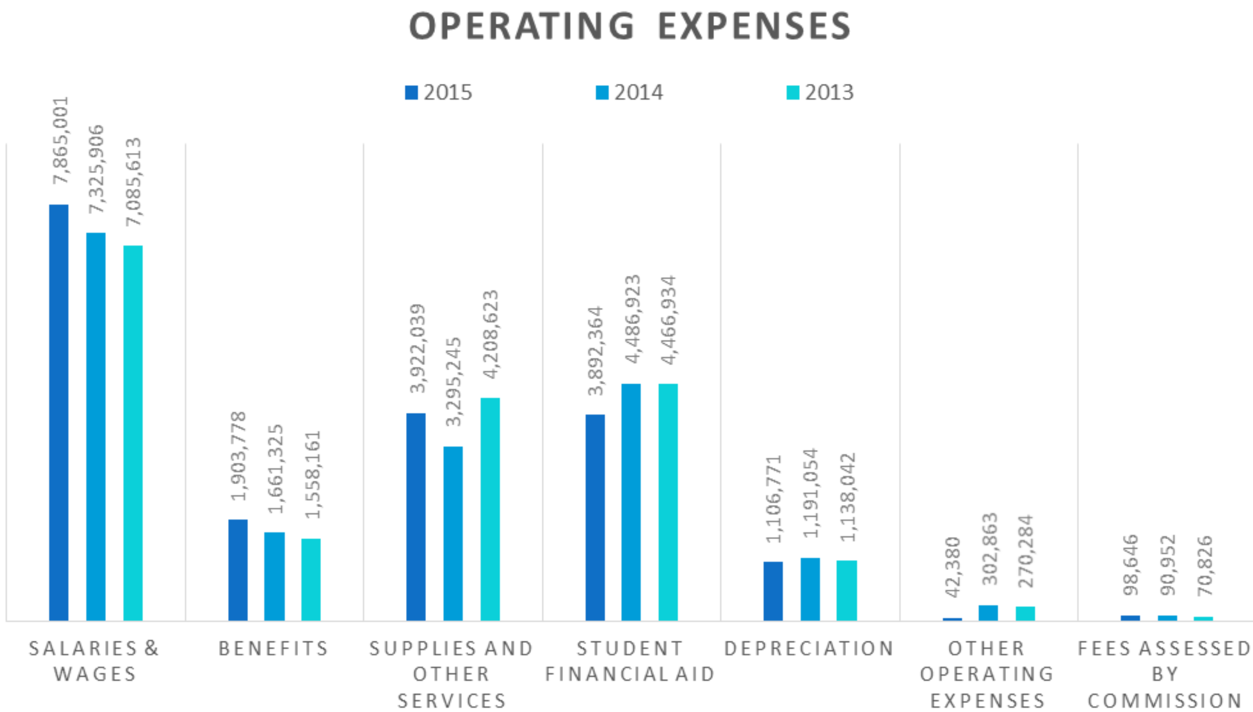
- Student tuition and fees – net of scholarship allowance decreased 1% from 2014 and 1.5% from 2013. This revenue category can be segregated by two types of tuition and fee revenues – academic and workforce development. While gross academic revenues increased by approximately $261,000, $284,000 and $64,000 from 2014, 2013 and 2012, respectively, the scholarship allowance has increased each year, causing net tuition to decrease. The fiscal year 2015 tuition rate increased by 10%. Workforce development revenue, which is generated by Career Advancement courses and contracted training with local employers, increased by $218,000 from 2014 and continues to show measurable growth.
- Revenues from federal sources totaling $1,427,587 consists of 48% Department of Labor project, “Bridging the Gap” funds, 24% Department of Labor project, “Heroes for Hire” funds, 20% Carl D. Perkins Act funds, and 8% student financial aid grants.
- State grants in the form of WV student financial aid grants make up approximately 65%, or $1,500,016 of total revenues reported as State Contracts and Grants. WV Advance, Technical Program, and HB3009 grants make up the remaining 35%, or $794,879.

Operating revenues are up 5.9%, primarily due to the federal Department of Labor grants. Blue Ridge CTC’s FY15 Fall FTEs decreased from the FY14 Fall FTEs by 93 full time equivalent students. The FTEs for FY15 and FY14 Fall semesters were 1,932 and 2,025, respectively. The gain in revenue was produced as a result of increasing the tuition rate, however the scholarship allowance offsets the increase.



Operating Expenses

Operating expenses increased by 2.6% from 2014 to 2015. The 2015 expenses represent the second year of stable activity with all locations remaining constant and fully functional. However, with the inception of two federal grants, overall spending increases result from supporting the initiatives of these grants. For example, additional staffing requires additional space and equipment needs. Over half of the fiscal year 2015 operating expenses were incurred for personnel services and benefits. Compared to fiscal years 2014 and 2013, personnel services and benefits represented slightly less than half of operating expenses. Supplies and other services increased by $566,794 from fiscal year 2014 to 2015. Another incremental increase that occurred in 2015 was rent, which rose by 2% due to scheduled lease increases. Student scholarships account for 21%, 24% and 24% of the operating expenses in fiscal years 2015, 2014 and 2013, respectively. Other operating expense represents the estimated bad debt expense that is accrued annually and additional amounts from student account balances that were written off during the year. The 2015 accrual increased the allowance for doubtful accounts balance by approximately 2%. This calculation is an analysis of the financial aid that the Institution returns to the Department of Education when the College determines that the student is no longer entitled to the funds. The return of aid results in a receivable balance on the student's account. Fees assessed by the Commission are funds remitted to the Higher Education Policy Commission (HEPC) for the Higher Education Resource Assessment (HERA). This fee is a percentage of the previous year's tuition and fee revenues.



Non-operating Revenue (Expense)

The net non-operating revenues in fiscal year 2015 decreased by $375,326 from fiscal year 2014, largely in part to a decrease in the State appropriation of $66,275 a decrease in Federal Pell Grant funds of $219,300, and an increase in loss on disposals of $90,400.

Investment income in fiscal year 2015 increased by $628 from 2014. Fees assessed by the Commission also remained constant in fiscal 2015 and a loss on disposal of $94,956 brings the total to $435,326. The non-operating Commission fees are remitted to HEPC for a capital assessment.

Capital Payments Made on Behalf of College

Payments have been made on behalf of the College seven of the last nine fiscal years. Payments amounted to $3,820 in 2015, $34,453 in 2014 and $274,840 in 2013. All payments have been in conjunction with the acquisition of a permanent main campus. The funds originated from the 2009 bonds issued by HEPC. A total of $13,500,000 was available from this source for the construction and furnishing of this facility. Total payments to date made on behalf of the College equal $13,094,047.

Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activities of the College during the year. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the College. The second section reflects cash flows from non-capital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and non-capital financing purposes. The third section deals with cash flows from capital related financing activities. This section deals with cash used for the acquisition and construction of capital assets and related items, and related funding received. 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 provided by (used in) operating activities to the operating income (loss) reflected in the Statement of Revenues, Expenses, and Changes in Net Position.

Condensed Schedules of Cash Flows
For the Year Ended June 30, 2015, 2014 and 2013
(In thousands of dollars)

	2015	2014	2013
Cash Provided by (Used in):			
Operating Activities	$ (8,017)	$ (9,511)	$ (9,816)
Noncapital Financing Activities	9,767	10,053	10,230
Capital and Related Financing Activities	(195)	(499)	(2,896)
Investing Activities	9	8	10
Increase(Decrease) in Cash and Cash Equivalents	1,564	51	(2,472)
Cash and Cash Equivalents - Beginning of Year	7,426	7,375	9,847
Cash and Cash Equivalents - End of Year	$ 8,990	$ 7,426	$ 7,375

Cash used in 2015 operating activities was less than 2014 and 2013 by $1,494,000 and $1,799,000, respectively. Cash inflows increased by approximately $1,760,000 and cash outflows in the form of payments to suppliers and employees increased by approximately $830,000. Payments for scholarships and fellowships decreased by $594,559. This decrease was driven by the increase in the scholarship allowance of $480,702 and Pell expense decrease of $219,290. Cash expenditures for the purchase of capital assets was less in 2015 due to acquiring fewer assets and payments for capital assets not yet complete as of June 30, 2015.

Cash used in 2014 operating activities was less than 2013 due to fewer payments to suppliers, although personnel expenditures increased and less cash was generated by student tuition and fees than previous years.

Capital Asset Activity

2015:

CIP projects converted to capitalized assets during 2015 include a storage facility and heating enhancements at the main campus totaling $24,966. The CIP balance as of June 30, 2015 contains a partial accrual of leasehold improvements at the Technology Center. The newly leased 7,000 square foot space includes faculty offices, classrooms and Chemical Technology program lab. Significant fixed asset additions during fiscal year 2015 are primarily for classroom and lab use. A SimMan, or simulation mannequin, for $43,572 was purchased to benefit the new Health Information Management program, which is funded by the Department of Labor Heroes for Hire grant. Mechatronics equipment totaling $31,396 was purchased to increase the capacity of the lab, and funded by the Department of Labor Bridging the Gap grant. Additionally, two Mondopads and polycom technology were purchased in amount of $31,133 to facilitate classroom communication at independent sites. The remaining fixed asset additions were administrative IT equipment ($54,648), general building improvements ($31,708), all-terrain vehicle ($15,985), lab equipment donation ($5,000), and land improvements ($3,820).

2014:

The College transitioned the two remaining CIP projects associated with the new building construction into service. These included $659,000 in land improvements and $127,000 for the security system. Other significant additions include $302,000 of grant funded classroom technology, of which $239,000 was invested in the Mechatronics program. Other minor additions include internal information technology upgrades and expansion of bookstore space at the Technology Center.

2013:

Approximately $160,000 of furniture for the new building was capitalized. Two computer labs amounting to approximately $40,000 of equipment were added to the new facility as well. Smartboards, server equipment, IT infrastructure, hospital beds for healthcare labs, and an ambulance simulator are examples of the investments made for the new headquarters. The Mechatronics program continued outfitting its lab with an investment of $238,780 in various pieces of equipment.

Economic Outlook

The fiscal state of the College has strengthened as it has grown over the last several years. The administration strives to be fiscally responsible and carefully considers the investments it makes to ensure that the long and short term effects of decisions are balanced and strategic. Amid the drastic changes the College has experienced in recent history, the College has maintained a healthy financial position. Rapid growth is often accompanied by challenges, both positive and negative. Positive financial challenges have included determining the best use of increased revenue resulting from higher enrollment, and making determinations on which new program(s) to implement through grant opportunities. A negative financial challenge that the College continually faces which results from rapid growth is the lack of growth in State support. As a public institution, the cost of attendance is expected to be subsidized by State funds, however, this funding source is becoming unstable and less predictable. The decrease in funding per student is further exaggerated as enrollment increases and State funding does not. Despite these challenges, the College has taken advantage of the opportunities afforded by the increased tuition revenues and strives to provide its students and community with quality educational offerings. The College's administration believes that it must focus its efforts on increasing degree seeking enrollment in order to increase revenues. National trends indicate that states continue to have fewer and fewer resources to invest in higher education and the College must anticipate a future that is less dependent upon state funds for its operation. Another facet of funding that the College is examining is the possibility of implementing program fees for high cost degree programs.

It is anticipated that degree-seeking enrollment will remain steady or decline slightly over the next few years. The College must be diligent in containing costs and identifying cost saving opportunities. Careful analysis of programs, to include enrollment, retention, graduation rates and faculty to student ratios, must be reviewed to ensure the viability of programs. Formulating a balanced budget becomes more difficult each year as costs continue to rise, State support declines, and tuition rates are established to remain affordable and competitive.

An alternative source of revenue has been realized through federal grants. The College has largely benefited from two Department of Labor grants: Bridging the Gap and Heroes for Hire. These multi-year grants totaling $2.676M and $2.573M, respectively, have allowed the College to expand existing programs and student services as well as add new programs and services. This is reflected in the increase in Salaries and Wages expenses and Supplies and Services expenses. Two new programs created from the Heroes for Hire grant are Chemical Operator Technician and Health Information Management. These programs were selected due to a local labor market needs analysis conducted through the Chamber of Commerce. This federal funding has facilitated physical expansion needs at the Technology Center, including an additional 7,000 square foot space that houses faculty offices, four classrooms and a state of the art chemical lab.

The new chemical lab and additional classroom and lab space for the Mechatronics program will be used not only for degree-seeking students, but also for training opportunities with local businesses. The College is poised to partner with Proctor and Gamble for their workforce training needs as they prepare to open a new $500M manufacturing facility in Martinsburg in 2017. The College will create curriculum specific to Proctor and Gamble's needs, to include skills in mechanical, electrical and manufacturing engineering. Additionally, the College has entered into a five year training contract with Volvo Powertrain for a mechanical apprenticeship program in machine repair and maintenance.

As fiscal year 2015 closes, the College looks to navigate the coming year with cautious optimism. State funding may be reduced mid-year due to State tax collection shortfalls, which underscores the necessity of the College to maintain flexibility and fiscal stewardship. The College continues to strive to meet the needs of its student population and community, as well as valuing the contributions of its faculty and staff.

Requests for information may be directed to:

Chief Financial Officer
Blue Ridge Community and Technical College
13650 Apple Harvest Drive
Martinsburg, WV 25403

BLUE RIDGE COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2015 AND 2014

	2015	2014
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash and cash equivalents	$ 8,989,596	$ 7,425,870
Due from the Council/Commission	93,389	137,258
Accounts receivable — net	687,873	321,089
Service concession arrangement receivable	-	25,000
Prepaid expenses	74,693	51,943
Total current assets	9,845,551	7,961,160
NONCURRENT ASSETS:		
Other receivable	37,657	-
Capital assets — net	18,752,454	19,566,843
Total noncurrent assets	18,790,111	19,566,843
Total assets	28,635,664	27,528,003
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	10,429	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 28,646,093	$ 27,528,003
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 671,991	$ 188,344
Accrued liabilities	416,457	346,264
Due to the Council/Commission	201	39,109
Compensated absences	583,967	488,650
Service concession arrangement liability	6,025	10,550
Unearned revenue	2,331,040	1,562,545
Total current liabilities	4,009,681	2,635,462
NONCURRENT LIABILITIES:		
Other postemployment benefits liability	1,540,897	1,435,873
Net pension liability	75,898	-
Total noncurrent liabilities	1,616,795	1,435,873
Total liabilities	5,626,476	4,071,335
DEFERRED INFLOWS OF RESOURCES:		
Service concession arrangement deferred revenue	53,975	14,450
Deferred inflows related to pensions	12,452	-
Total deferred inflows of resources	66,427	14,450
NET POSITION:		
Investment in capital assets	18,752,454	19,566,843
Restricted for — expendable — other	2,045,197	1,753,536
Unrestricted	2,155,539	2,121,839
Total net position	22,953,190	23,442,218
TOTAL	$ 28,646,093	$ 27,528,003

The Accompanying Notes Are An Integral Part Of These Financial Statements

BLUE RIDGE COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
OPERATING REVENUES:		
Student tuition and fees — net of scholarship allowance of $2,998,901 and $2,518,199 in 2015 and 2014, respectively	$ 4,445,763	$ 4,496,870
Contracts and grants:		
Federal	1,427,587	476,893
State	2,294,895	2,730,965
Private	181,238	133,054
Auxiliary enterprise revenue	262,071	256,901
Other operating revenues	138,471	156,338
Total operating revenues	8,750,025	8,251,021
OPERATING EXPENSES:		
Salaries and wages	7,865,001	7,325,906
Benefits	1,903,778	1,661,325
Supplies and other services	3,922,039	3,295,245
Student financial aid — scholarships and fellowships	3,892,364	4,486,923
Depreciation	1,106,771	1,191,054
Other operating expenses	42,380	302,863
Fees assessed by the Commission for operations	98,646	90,952
Total operating expenses	18,830,979	18,354,268
OPERATING LOSS	(10,080,954)	(10,103,247)
NONOPERATING REVENUES (EXPENSES):		
State appropriations	4,640,378	4,706,653
Federal Pell Grant	5,126,823	5,346,113
Investment income	8,947	8,318
Fees assessed by the Commission	(8,364)	(8,364)
Loss on disposals	(94,956)	(4,567)
Net nonoperating revenues	9,672,828	10,048,153
DECREASE IN NET POSITION BEFORE OTHER REVENUE, EXPENSES, GAINS, OR LOSSES	(408,126)	(55,094)
CAPITAL PAYMENTS MADE AND EXPENSES INCURRED ON BEHALF OF THE COLLEGE	3,820	34,453
DECREASE IN NET POSITION	(404,306)	(20,641)
NET POSITION — Beginning of year	23,442,218	23,462,859
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(84,722)	-
NET POSITION — Beginning of year, as restated	23,357,496	23,462,859
NET POSITION — End of year	$ 22,953,190	$ 23,442,218

The Accompanying Notes Are An Integral Part Of These Financial Statements

BLUE RIDGE 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	$ 4,354,376	$ 3,360,413
Contracts and grants	4,360,650	3,594,277
Payments to and on behalf of employees	(9,494,915)	(8,917,798)
Payments to suppliers	(3,636,738)	(3,383,121)
Payments for scholarships and fellowships	(3,892,364)	(4,486,923)
Auxiliary enterprise charges	262,071	256,901
Fees retained by Commission	(98,646)	(90,952)
Other receipts - net	128,340	156,337
Net cash used in operating activities	(8,017,226)	(9,510,866)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	4,640,378	4,706,653
Federal Pell Grant	5,126,823	5,346,113
Federal student loan program - direct lending receipts	7,020,882	9,129,018
Federal student loan program - direct lending payments	(7,020,882)	(9,129,018)
Net cash provided by noncapital financing activities	9,767,201	10,052,766
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Purchases of capital assets	(186,831)	(490,713)
Fees assessed by the Commission	(8,364)	(8,364)
Net cash used in capital financing activities	(195,195)	(499,077)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	8,946	8,318
Net cash provided by investing activities	8,946	8,318
INCREASE IN CASH AND CASH EQUIVALENTS	1,563,726	51,141
CASH AND CASH EQUIVALENTS - Beginning of year	7,425,870	7,374,729
CASH AND CASH EQUIVALENTS - End of year	$ 8,989,596	$ 7,425,870
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (10,080,954)	$ (10,103,248)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	1,106,771	1,191,054
Amortization of Service Concession Arrangement	60,000	-
Bad debt expense	34,141	276,632
Effect of changes in assets and liabilities:		
Accounts receivable, net	(438,582)	(264,635)
Due from Council/Commission	4,961	209,160
Prepaid expenses	(22,750)	(4,780)
Accounts payable	286,959	(93,570)
Accrued liabilities	70,193	3,194
Compensated absences	95,317	19,698
Net pension liability	(6,801)	-
Other postemployment benefits liability	105,024	46,542
Unearned revenue	768,495	(790,913)
Net cash used in operating activities	$ (8,017,226)	$ (9,510,866)
NONCASH TRANSACTIONS:		
Capital expenses in accounts payable	$ 197,332	$ -
Capital payments made and expenses incurred on behalf of the College	$ 3,820	$ 34,453

The Accompanying Notes Are An Integral Part of These Financial Statements

1. ORGANIZATION

Blue Ridge Community and Technical College (the “College”) is governed by Blue Ridge Technical College Board of Governors (the “Board”). The Board was established by Senate Bill 448 (“S.B. 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 the College.

S.B. 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’s (the “State”) public policy agenda as it relates to community and technical college education.

The accompanying financial statements exclude Blue Ridge Community and Technical College Foundation because, based on the criteria provided by GASB Statement No. 39 and No. 61, the economic resources received or held by the related Foundation to which the College, or its component units, is entitled or has the ability to otherwise access, are not significant to the College.

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 inflows and outflows of resources, net position, revenues, expenses, changes in net position, and cash flows and replaces the fund-group perspective previously required.

Reporting Entity — The College is a component unit of the State of West Virginia and 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 that, along with all State institutions of higher education, the Council, the West Virginia Higher Education Policy Commission (the “Commission”), which includes West Virginia Network for Educational Telecomputing (WVNET), 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. 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.

Financial Statement Presentation — GASB establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a combined basis to focus on the College as a whole. Net Position is defined as an organization's worth after all debts and liabilities have been deducted from its gross assets. Net position is classified into three categories according to external restrictions or availability of assets for satisfaction of College obligations. The College's net position is classified as follows:

Investment in Capital Assets — This represents the College's total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position — This category is comprised of two components, *Expendable* and *Nonexpendable.*

Expendable — This includes resources for which 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 No. 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.

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 principle. 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 at the time of purchase to be cash.

Cash and cash equivalents balances on deposit with the State Treasurer's Office (the "State Treasurer") are pooled by the State Treasurer with other available funds of the State for investment purposes and are overseen and managed by the West Virginia Board of Treasury Investments (BTI). 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 West Virginia State Legislature and is subject to oversight by the

West Virginia State Legislature. Fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. The amounts on deposit are available for immediate withdrawal or, on the first day of each month for the WV Short Term Bond Pool, and accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

The BTI maintains the Consolidated Fund investment fund, which consists of eight investment pools and participant-directed accounts, three of which the College may invest in. These pools have been structured as multi-participant variable net position 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 Boulevard, E. Room E-122, Charleston, WV 25305, or http://www.wvbti.com.

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 Due From Primary Government — An appropriation due from primary government, that is (1) externally restricted to make debt service payments, long-term loans to students, or to maintain sinking or reserve funds, (2) to purchase capital or other noncurrent assets, or (3) held for permanently restricted net position, is classified as a noncurrent asset in the statements of net position.

Capital Assets — Capital assets include land, land improvements, buildings and leasehold improvements, and equipment. 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 20 years for library books, 50 years for buildings and 3–10 years for furniture and equipment. Leasehold improvements are amortized over the period of the lease. The College uses a capitalization threshold of $5,000 for capital assets.

Unearned Revenue — Revenues for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenue. Financial aid and other deposits are separately classified as deposits.

Compensated Absences and Other Postemployment Benefits (OPEB)— GASB provides standards for the measurement, recognition, and display of other postemployment benefit (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 of WV. 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 entities to accrue for employees' rights to receive compensation for vacation leave, or payments in lieu of accrued vacation or sick leave, as such benefits are earned, and payment becomes probable. The College's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination. Full-time employees also earn 1 1/2 sick leave days for each month of service and are entitled to extend their health or life insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. Generally, two days of accrued sick leave extend health insurance for one month of single coverage and three days extend health insurance for one month of family coverage. For employees hired after 1988 or who were hired before 1988 but did not choose such coverage until after 1988 but before July 1, 2001, the employee shares in the cost of the extended benefit coverage to the extent of 50% of the premium required for the extended coverage. Employees hired July 1, 2001, or later, 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 approved 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. 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 incurred for vacation leave or OPEB benefits is recorded as a component of benefits expense on the statements of revenues, expenses, and changes in net position.

Net Pension Liability – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Teachers' Retirement System (TRS), administered by the West Virginia Consolidated Public Retirement Board (CPRB), and additions to/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 https://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 12)

Deferred Outflows of Resources – Consumption of net position by the University that is applicable to a future fiscal year is reported as a deferred outflow of resources on the statement of net position. The College had deferred outflows of resources related to pensions of $10,429 as of June 30, 2015 (see Note 12). As of June 30, 2014, the College did not have any deferred outflows of resources.

Deferred Inflows of Resources – Acquisition of net position by the University that is applicable to a future fiscal year is reported as a deferred inflow of resources on the statement of net position. As of June 30, 2015, the College had deferred service concession arrangements of $53,975 (see Note 14) and deferred inflows related to pensions of $12,452 (see Note 12). As of June 30, 2014, the College had deferred concession arrangements of $14,450.

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

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

In addition, through its participation in PEIA and 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 insurers, 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 are available. Generally, the College attempts to utilize restricted net position first when practicable.

Federal Financial Assistance Programs — The College facilitates borrowing opportunities to students through the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through institutions like the College. Direct student loan receivables are not included in the College's statements of net position as the loans are repayable directly to the U.S. Department of Education. In 2015 and 2014, the College received and disbursed $7,020,882 and $9,129,018, respectively, under the Federal Direct Student Loan Program on behalf of the U.S. Department of Education, which is not included as revenue and expense on the statements of revenues, expenses, and changes in net position.

The College also distributes other student financial assistance funds on behalf of the federal government to students under the Federal Pell Grant, Supplemental Educational Opportunity Grant, and College Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2015 and 2014, the College received and disbursed $5,236,879 and $5,454,145, respectively, under these federal student aid programs.

Scholarship Allowances — Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the 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 College Business Officers. 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 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 nonprofit organization under federal income tax laws and regulations of the Internal Revenue Service.

Cash Flows — Any cash and cash equivalents escrowed, restricted for noncurrent assets, or in funded reserves have 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 Standards Issued by the GASB – The College has implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Statements No. 68 and 71 require the College to report its share of the defined benefit pension liabilities and expense, as well as the related deferred outflows of resources and deferred inflows of resources, allocated to it by the CPRB. The balance of the net pension liability and related deferred outflows of resources and deferred inflows of resources at July 1, 2014 is reported on the Statement of Revenues, Expenses, and Changes in Net Position as a restatement to the 2015 Net position—beginning of year. The CPRB was not able to provide sufficient information to restate the financial statements for the period ending June 30, 2014.

	2015
Net position - beginning of year, as previously stated	$ 23,442,218
Balance of the net pension liability and related deferred outflows of resources and deferred inflows of resources	(84,722)
Net position - beginning of year, restated	$ 23,357,496

Recent Statements Issued by the GASB – The GASB has issued Statement No. 72, *Fair Value Measurement and Application*, effective for fiscal years beginning after June 15, 2015. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The College has not yet determined the effect that the adoption of GASB Statement No. 72 may have on its financial statements.

The GASB has 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*. The requirements of this statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2016, and the requirements of this statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015.

This statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions that are provided to the employees of state and local governmental employers and are not within the scope of Statement 68. This statement also establishes requirements for pensions that are provided through pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. This statement also establishes requirements for governments that hold assets accumulated for purposes of providing pensions through defined benefit pension plans that are not administered through trusts that meet certain criteria and amends certain provisions for pension plans that are within the scope of Statement 67 and for pensions that are within the scope of Statement 68. The College has not yet determined the effect that the adoption of GASB Statement No. 73 may have on its financial statements.

The GASB has also issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is effective for fiscal years beginning after June 15, 2016. This statement establishes financial reporting standards for state and local governmental other postemployment benefit plans – defined benefit plans and defined contribution plans – that are administered through trusts or equivalent arrangements that meet certain criteria. This statement also establishes financial reporting standards for governments that hold assets accumulated for purposes of providing other postemployment benefits through defined benefit plans that are not administered through trusts or equivalent arrangements that meet certain criteria. The College has not yet determined the effect that the adoption of GASB Statement No. 74 may have on its financial statements.

The GASB has also issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is effective for fiscal years beginning after June 15, 2017. This statement establishes standards of accounting and financial reporting for defined benefit other postemployment benefits and defined contribution other postemployment benefits that are provided to the employees of state and local governmental employers through other postemployment benefit plans that are administered through trusts or equivalent arrangements that meet certain criteria. This statement also establishes standards of accounting and financial reporting for defined benefit other postemployment benefits and defined contribution other postemployment benefits that are provided to the employees of state and local governmental employers through other postemployment benefit plans that are not administered through trusts that meet certain criteria. The College has not yet determined the effect that the adoption of GASB Statement No. 75 may have on its financial statements.

The GASB has also issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which is effective for fiscal years beginning after June 15, 2015. This statement establishes the hierarchy of GAAP for state and local governments. The College has not yet determined the effect that the adoption of GASB Statement No. 76 may have on its financial statements.

The GASB has also issued Statement No. 77, *Tax Abatement Disclosures*, which is effective for fiscal years beginning after December 15, 2015. This statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The College has not yet determined the effect that the adoption of GASB Statement No. 77 may have on its financial statements.

3. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents held was as follows:

	June 30, 2015		
	Current	Noncurrent	Total
State Treasurer	$ 8,476,597	$ -	$ 8,476,597
In Bank	512,999	-	512,999
Total	$ 8,989,596	$ -	$ 8,989,596

	June 30, 2014		
	Current	Noncurrent	Total
State Treasurer	$ 7,025,725	$ -	$ 7,025,725
In Bank	400,145	-	400,145
Total	$ 7,425,870	$ -	$ 7,425,870

The combined carrying amount of cash in bank at June 30, 2015 and 2014, was $512,999 and $400,145 as compared with the combined bank balance of $607,241 and $538,372, 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, interest-bearing accounts are insured by the Federal Deposit Insurance Corporation up to $250,000. Non-interest-bearing accounts are 100% insured through December 31, 2015.

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

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

External Pool	2015 Carrying Value	2015 S & P Rating	2014 Carrying Value	2014 S & P Rating
WV Money Market Pool	$ 8,367,673	AAAm	$ 6,820,156	AAAm
WV Government Money Market Pool	$ 74,055	AAAm	$ 56,644	AAAm
WV Short Term Bond Pool	$ 1,873	Not Rated	$ 144,683	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:

External Pool	2015 Carrying Value	2015 WAM (Days)	2014 Carrying Value	2014 WAM (Days)
WV Money Market Pool	$ 8,367,673	49	$ 6,820,156	36
WV Government Money Market Pool	$ 74,055	58	$ 56,644	37

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

External Pool	2015 Carrying Value	2015 Effective Duration (Days)	2014 Carrying Value	2014 Effective Duration (Days)
WV Short Term Bond Pool	$ 1,873	410	$ 144,683	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.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss arising from a large position in a single asset or market exposure.

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.

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.

4. ACCOUNTS RECEIVABLE

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

	2015	2014
Student tuition and fees — net of allowance for doubtful accounts of $1,408,261 and $1,374,120 in 2015 and 2014, respectively	$ 194,936	$ 130,108
Other receivables	146,470	46,737
Unbilled charges	251,012	18,945
Financial aid grants receivable	95,455	125,299
	$ 687,873	$ 321,089

5. CAPITAL ASSETS

Summary of capital assets transactions for the College as of June 30, 2015 and 2014, is as follows:

	2015			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 1,605,550	$ -	$ -	$ 1,605,550
Construction in progress	14,620	195,687	(24,966)	185,341
Total capital assets not being depreciated	$ 1,620,170	$ 195,687	$ (24,966)	$ 1,790,891
Capital assets being depreciated:				
Land Improvements	$ 659,403	$ 3,820	$ -	$ 663,223
Buildings/Leasehold improvements	17,680,250	15,606	(473,134)	17,222,722
Library books	1,492	-	-	1,492
Equipment	3,895,928	197,836	(270,793)	3,822,971
Total capital assets being depreciated	22,237,073	217,262	(743,927)	21,710,408
Less accumulated depreciation for:				
Land Improvements	20,832	45,976	-	66,808
Buildings/Leasehold improvements	1,804,685	570,627	(379,888)	1,995,424
Library books	1,259	186	-	1,445
Equipment	2,463,624	489,982	(268,439)	2,685,168
Total accumulated depreciation	4,290,400	1,106,771	(648,327)	4,748,845
Capital assets being depreciated — net	$ 17,946,673	$ (889,509)	$ (95,600)	$ 16,961,563
Capital assets — net	$ 19,566,843	$ (693,822)	$ (120,566)	$ 18,752,454

CAPITAL ASSETS (Continued)

	2014			
	Beginning Balance	**Additions**	**Reductions**	**Ending Balance**
Capital assets not being depreciated:				
Land	$ 1,605,550	$ -	$ -	$ 1,605,550
Construction in progress	685,944	106,233	(777,556)	14,620
Total capital assets not being depreciated	$ 2,291,494	$ 106,233	$ (777,556)	$ 1,620,170
Capital assets being depreciated:				
Land Improvements	$ -	$ 659,403	$ -	$ 659,403
Buildings	17,654,772	25,478	-	17,680,250
Library books	1,492	-	-	1,492
Equipment	3,601,327	469,804	(175,204)	3,895,928
Total capital assets being depreciated	21,257,591	1,154,685	(175,204)	22,237,073
Less accumulated depreciation for:				
Land Improvements	-	20,832	-	20,832
Buildings	1,233,546	571,139	-	1,804,685
Library books	1,072	187	-	1,259
Equipment	2,035,365	598,896	(170,637)	2,463,624
Total accumulated depreciation	3,269,983	1,191,054	(170,637)	4,290,400
Capital assets being depreciated — net	$ 17,987,608	$ (36,369)	$ (4,567)	$ 17,946,673
Capital assets — net	$ 20,279,102	$ 69,863	$ (782,123)	$ 19,566,843

6. LONG-TERM LIABILITIES

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
Long-term liabilities:					
OPEB liability	$ 1,435,873	$ 300,566	$ 195,542	$ 1,540,897	$ -

	2014				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Long-term liabilities:					
OPEB liability	$ 1,389,331	$ 260,264	$ 213,722	$ 1,435,873	$ -

7. OTHER POSTEMPLOYMENT BENEFITS

In accordance with GASB, OPEB costs are accrued based upon invoices received from PEIA based upon actuarially determined amounts. At June 30, 2015, 2014, and 2013 the noncurrent liability related to OPEB costs was $1,540,897, $1,435,873, and $1,389,331 respectively. The total OPEB expense incurred and the amount of OPEB expense that relates to retirees was $300,566 and $195,542, respectively, during 2015, or 65%. The total OPEB expense that relates to retirees was $260,264 and $213,722, respectively, during 2014, or 82%. The total OPEB expense incurred and the amount of OPEB expense that relates to retirees was $208,078 and $169,647, respectively, during 2013, or 82%. As of and for the years ended June 30, 2015, 2014, and 2013 there were two, two, and three, respectively, retirees receiving these benefits. During the 2012 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.

8. 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 the State government. Those mandates affect all aspects of the College's operations, its tuition and fee structure, its personnel policies, and its administrative practices.

The State has chartered the Commission with the responsibility to construct or renovate, finance, and maintain various academic and other facilities of the State's universities and colleges, including certain facilities of the College. Financing for these facilities was provided through revenue bonds issued by the former Board of Regents or the former Boards of the University and College Systems (the "Boards"). These obligations administered by the Commission are the direct and total responsibility of the Municipal Bond Commission, as successor to the former Boards.

The Municipal Bond 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. Although the bonds remain as capital obligation of the Commission, an estimate of the obligation of each institution was reported as a long-term payable by each institution and as a receivable by the Commission, The College has no liability to the Commission at June 30, 2015 and 2014.

9. LEASES AND AMOUNT DUE TO BERKELEY BUSINESS PARK ASSOCIATES, L.C. AND MORGAN COUNTY COMMISSION

The College leases space at two locations as of June 30, 2015, which are accounted for as operating leases.

Future annual scheduled lease payments on operating leases for years subsequent to June 30, 2015, are as follows presented on a straight-line basis:

Year Ending June 30,	Berkeley Business Park	Morgan County Commission	Total
2016	$ 297,354	$ 59,892	$ 357,246
2017	297,354	59,892	357,246
2018	297,354	-	297,354
2019	61,023	-	61,023
Total	$ 953,085	$ 119,784	$ 1,072,869

Total lease expense for the years ended June 30, 2015 and 2014, was $300,015 and $294,663, respectively.

The College does not have any non-cancellable leases.

10. UNRESTRICTED NET POSITION

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

Total unrestricted net position before OPEB liability	$ 3,696,436	$ 3,557,712
Less OPEB liability	(1,540,897)	(1,435,873)
Total unrestricted net position	$ 2,155,539	$ 2,121,839

11. DEFINED CONTRIBUTION PLANS

Substantially, all full-time employees of the College participate in either the West Virginia Teachers' Retirement System (TRS) or the Teachers' Insurance and Annuities Association — College Retirement Equities Fund (TIAA-CREF). Previously, upon full-time employment, all employees were required to make an irrevocable selection between the TRS and TIAA-CREF. Effective July 1, 1991, the TRS was closed to new participants. Current 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. Contributions to and participation in the West Virginia Teachers' Defined Contribution Plan by College employees have not been significant to date.

Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have an option to switch to the New Educators Money 401(a) basic retirement plan ("Educators Money"). New hires have the choice of either plan.

The TIAA-CREF and Educators Money are defined contribution benefit plans 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 and Educators Money, which are not matched by the College.

DEFINED CONTRIBUTION PLANS

	Educators Money		
Source of contributions:	2015	2014	2013
Employee	$ 1,612	$ 1,491	$ 1,371
Employer	1,612	1,491	1,371
Total contributions	$ 3,224	$ 2,983	$ 2,742

	TIAA-CREF		
Source of contributions:	2015	2014	2013
Employee	$ 398,628	$ 366,873	$ 350,780
Employer	398,628	366,873	350,780
Total contributions	$ 797,256	$ 733,745	$ 701,560

The following is the covered payroll by plan for the year ended June 30:

BENEFITS ELIGIBLE PAYROLL

	2015	2014	2013
Employees' Salaries-TIAA-CREF	6,643,796	6,114,544	5,846,335
Employees' Salaries-Educators Money	26,872	24,857	22,841
Total	$ 6,715,386	$ 6,206,962	$ 5,938,387

12. 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 year ended June 30, 2015:

	TRS
Net Pension Liability	$ 75,898
Deferred Outflows of Resources	$ 10,429
Deferred Inflows of Resources	$ 12,452
Revenues	$ 10,131
Pension Expense	$ 3,330
Contributions Made by BRCTC	$ 10,429

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 (the State) and certain personnel of the 13 State-supported institutions of higher education, State Department of Education and the Higher Education Policy Commission hired prior to July 1, 1991. Employees of the State-supported institutions of higher education and the Higher Education Policy Commission hired after June 30, 1991, are required to participate in the Higher Education Retirement System. 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 the average of the 5 highest fiscal years of earnings during the last 15 fiscal years of earnings. Chapter 18, Article 7A of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan, including contribution rates, to the State Legislature.

Contributions

The funding objective of the CPRB pension trust funds is to meet long-term benefit requirements through contributions, which remain relatively level as a percent of member payroll over time, and through investment earnings. Contribution requirements are set by 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: Employers make the following contributions:

The State (including institutions of higher education) contributes:

1. 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 od members of the TDCRS;
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 within 40 years of June 30, 1994. As of June 30, 2014, the College's proportionate share attributable to this special funding subsidy was $75,898.

The College's contributions to TRS for the years ended June 30, 2015, 2014, and 2013, were $10,429, $10,134, and $10,382, respectively.

Assumptions

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

- Actuarial cost method: Entry age normal cost with level percentage of payroll.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method and period: Level dollar, fixed period over 40 years, from July 1, 1994 through fiscal year 2034.
- Investment rate of return of 7.50%, net of pension plan administrative and investment expenses.
- Projected salary increases: Teachers 3.75–5.25% and non-teachers 3.40–6.50%, based on age.
- Inflation rate of 2.2%.
- Discount rate of 7.50%
- Mortality rates based on RP-2000 Mortality Tables.
- Withdrawal rates: Teachers 1.2-30% and non-teachers 1.4-22.5%.
- Disability rates: 0-0.8%
- 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, 2005 to June 30, 2010. These assumptions will remain in effect for valuation purposes until such time as the CPRB adopts revised assumptions.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term arithmetic real rates of return for each major asset class included in TRS' target asset allocation as of June 30, 2014, are summarized below.

Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	5.4%	27.5%
International equity	6.3%	27.5%
Core fixed income	0.7%	-
High-yield fixed income	2.6%	15.0%*
TIPS	0.7%	-
Real estate	4.6%	10.0%
Private equity	7.7%	10.0%
Hedge funds	2.8%	10.0%

* Core and high-yield fixed income securities have a combined target allocation of 15.0%

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 3.66% is to be used to discount the benefit payments not covered by the plan's fiduciary net position. The rate equals the S&P Municipal Bond 20 Year High Grade Rate Index at June 30, 2014.

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, 2015 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 (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net Pension Liability	$ 98,436	$ 75,898	$ 56,556

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, 2014. The total pension liability was determined by an actuarial valuation as of July 1, 2013 and rolled forward to the measurement date.

At June 30, 2015, the College's proportionate share of the TRS net pension liability was $247,382. Of this amount, the College recognized approximately $75,898 as its proportionate share on the Statement of Net Position. The remainder of $171,484 denotes the College's proportionate share of net pension liability attributable to the special funding situation.

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, 2014 and 2013. Employer contributions are recognized when due. At June 30, 2014, the College's proportion was 0.002200%, a decrease of 0.030937% from its proportion of 0.002270% calculated as of June 30, 2013.

For the year ended June 30, 2015, the College recognized TRS pension expense of $3,330. Of this amount, $(6,801) was recognized as the College's proportionate share of the TRS expense and $10,131 as the amount of pension expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of $10,131 for support provided by the State.

At June 30, 2015, 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	$ -	$ 2,420
Net difference between projected and actual investment earnings	-	10,032
Contributions after the measurement date	10,429	-
Total	$ 10,429	$ 12,452

The College will recognize the $10,429 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 ended June 30, 2016. 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 Ended	Amorization	
June 30, 2016	$	(3,001)
June 30, 2017		(3,001)
June 30, 2018		(3,001)
June 30, 2019		(3,001)
June 30, 2020		(449)
	$	(12,452)

Payables to the pension plan

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

13. 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 disallowances, if any, will not have a significant financial impact on the College's financial position.

14. SERVICE CONCESSION ARRANGEMENTS

The College has adopted GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The College has identified one contract for services that meet the four criteria of a service concession arrangement. SCAs are defined as a contract between a government and an operator, another government or a private entity, in which the operator provides services, the operator collects and is compensated by fees from third parties, the government still has control over the services provided and the government retains ownership of the assets at the end of the contract. The contract is with Barnes & Noble College Booksellers, LLC (Barnes & Noble).

The College contracts with Barnes & Noble to operate the bookstore located on the main campus. These services provide the College community with a professional bookstore to meet the needs of students, faculty and staff. The College receives commission payments calculated as a contractually agreed percentage of bookstore revenue. The current contract began on May 1, 2013 and allows for five annual renewals.

15. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

Operating expenses within both natural and functional classifications for the years ended June 30, 2015 and 2014 are as follows:

	2015	2014
Instruction	$ 6,120,230	$ 5,922,803
Academic support	591,609	566,583
Student services	1,390,738	1,428,004
General institutional support	1,058,642	3,219,279
Operations and maintenance of plant	4,365,663	1,201,655
Student financial aid	3,892,364	4,486,923
Depreciation	1,106,771	1,191,054
Auxiliary	202,986	247,017
Other	101,976	90,950
Total	$ 18,830,979	$ 18,354,268

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
June 30, 2014	0.002200%	$ 75,898	$ 171,484	$ 247,382	$ 67,561	112.34%	65.95%

Schedule of Employer Contributions:

Measurement Date	Actuarily Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a percentage of Covered Payroll
June 30, 2014	$ 10,010	$ 10,134	$ (124)	$ 67,561	15.00%

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, 2015

There are no factors that affect trends in the amounts reported, such as change in 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 CPRB Comprehensive Annual Financial Report.

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' 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
Blue Ridge Community and Technical College
Martinsburg, 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 Blue Ridge Community and Technical College (the College) (a component unit of the State of West Virginia), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Blue Ridge Community and Technical College's basic financial statements, and have issued our report thereon dated February 3, 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 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 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 result of that testing, and not to provide an opinion on the effectiveness of the College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
February 3, 2016