

WEST LIBERTY UNIVERSITY
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

**WEST LIBERTY UNIVERSITY
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2015 AND 2014**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (RSI)	3
FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION	12
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	14
STATEMENTS OF CASH FLOWS	15
COMPONENT UNIT – STATEMENTS OF FINANCIAL POSITION	17
COMPONENT UNIT - STATEMENTS OF ACTIVITIES	18
NOTES TO FINANCIAL STATEMENTS	20
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS	63
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 <i>GOVERNMENT AUDITING STANDARDS</i>	64

INDEPENDENT AUDITORS' REPORT

Governing Board
West Liberty University
West Liberty, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business type activities and the discretely presented component unit of West Liberty University (the "University") as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the West Liberty University Foundation, Inc. (the "Foundation"). Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. 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 of the United States. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*. 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 University'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 University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities and the discretely presented component unit of West Liberty University, as of June 30, 2015 and 2014, and the respective changes in the financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the University implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68 – *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, for the year ended June 30, 2015, which represents a change in accounting principle. As of July 1, 2014, the University's net position was restated to reflect the impact of adoption. A summary of the restatement is presented in Note 2. Our opinion is not modified with respect to this matter.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 to 11 and the Schedules of Proportionate Share of Net Pension Liability and Contributions on page 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2016, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 University's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
January 22, 2016



208 University Drive
CUB 109
West Liberty, WV 26074-0295

**Management Discussion and
Analysis
Fiscal Year 2015 (Unaudited)
Financial Statements**



[About West Liberty University](#)

West Liberty University (“WLU” or “University”) is a state supported institution founded in 1837 and is West Virginia’s oldest institution of higher education. Founded as West Liberty Academy, it was privately operated until 1870 when it became West Liberty State Normal School. The name was changed to West Liberty State Teachers College in 1931 and West Liberty State College in 1943. It was approved to become a “University” by the Higher Education Policy Commission in November 2008 and approved by the Board of Governors’ in May 2009.

West Liberty University serves approximately 2700 students representing 31 states and the District of Columbia and 22 countries. WLU grants baccalaureate degrees in elementary and secondary education, arts and sciences, business administration, dental hygiene, nursing, clinical laboratory science as well as graduate degrees in Education, Professional Studies and Physician Assistant Studies.

West Liberty University is governed by a 12 member Board of Governors that determines, controls, supervises, and manages the financial, business and educational policies and affairs of the University.

[Overview of the Financial Statements and Financial Analysis](#)

The following discussion and analysis of WLU’s financial statements provides an overview of its financial activities for fiscal years 2015 and 2014 with an emphasis on the year ended June 30, 2015 and its required supplementary information prepared in accordance with Governmental Accounting Standards Board (GASB).

The Government Accounting Standards Board (GASB) has revised the financial reporting guidelines for organizations that support government entities, effective for reporting periods beginning after June 15, 2003. Under GASB Statement No. 39, if a private foundation that provides financial support to a public college or university meets specified criteria, the university is required to include the foundation’s financial activities in the university’s financial statements. As a result, the financial statements of the West Liberty University Foundation are discretely presented following the University’s financial statements. The University does not control the resources of the Foundation and, therefore, discussion and analysis of this component unit is not included. The West Liberty University Research Corporation is presented as a component entity of the University.

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.

Statement of Net Position

The Statement of Net Position presents the Assets (current and non-current) plus deferred outflows of resources, Liabilities (current and non-current) plus deferred inflows of resources, and Net Position (assets plus deferred outflows minus liabilities plus deferred inflows) of WLU as of June 30, 2015 and 2014. Assets denote the resources available to continue the operations of the University. Liabilities indicate how much the University owes vendors, employees and lenders. Deferred outflows and inflows are a consumption or acquisition of net assets applicable to a future reporting period and Net Position measures the equity or the availability of funds of the University for future periods.



Net position is divided into three major categories. The first category, invested in capital assets, net of related debt, provides equity in the property, plant, and equipment owned by WLU. The next category is restricted net position, which is divided into two categories, nonexpendable (permanently restricted) and expendable. Expendable restricted net position is available for expenditure but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The balances that have been restricted by the West Virginia Legislature (“Legislature”) are within the expendable net position. These restricted activities are fundamental to the normal ongoing operations of WLU and are subject to change by future actions of the Legislature. The final category is unrestricted net position, which is available for expenditure for any lawful purpose of WLU.

**Condensed Statements of Net Position
(In Thousands)**

	2015	2014	2013
ASSETS:			
Current assets	\$ 8,932	\$ 8,228	\$ 11,034
Other noncurrent assets	1,900	2,921	10,795
Capital assets — net	76,673	75,090	63,154
Deferred outflow	174	95	103
TOTAL ASSETS & DEFERRED OUTFLOWS	\$ 87,679	\$ 86,334	\$ 85,086
LIABILITIES:			
Current liabilities	\$ 4,197	\$ 4,916	\$ 8,625
Noncurrent liabilities	27,859	28,154	28,327
Deferred inflow	252	77	50
TOTAL LIABILITIES & DEFERRED INFLOWS	32,308	33,147	37,002
NET POSITION:			
Invested in capital assets, net of related debt	58,155	56,471	50,988
Restricted expendable	107	39	383
Unrestricted	(2,891)	(3,323)	(3,287)
TOTAL NET POSITION	55,371	53,187	48,084
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	\$ 87,679	\$ 86,334	\$ 85,086

A review of the individual asset and liabilities categories that contributed to the overall increase in net assets indicates the following:



2015:

Assets and Deferred Outflows increased by \$1,344,167. Current Cash and Cash Equivalents increased by \$818,506.

Current Liabilities decreased by \$719,505. This is primarily due to a reduction in outstanding accounts payable at year-end and a decrease in construction work in progress.

2014:

Noncurrent assets increased by \$4,062,046. There was a decrease of \$7,777,818 in noncurrent cash and cash equivalents due to the 2012 bond funds being spent on the completion of Campbell Hall. The balance of the 2012 bond fund at June 30 was \$2,151,197. Capital assets-net increased by \$11,936,134, primarily due to the completion of Campbell Hall.

Current Liabilities decreased by \$2,590,803, primarily due to a reduction in accrued liabilities of \$2,672,977 resulting from the completion of Campbell Hall and a significant reduction in construction work in progress.

Statement of Revenues, Expenses, and Changes in Net Position

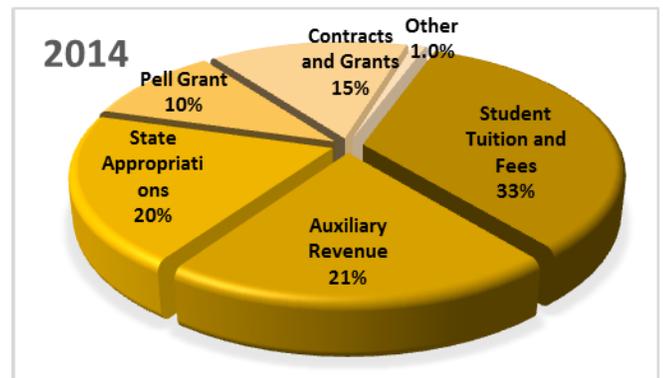
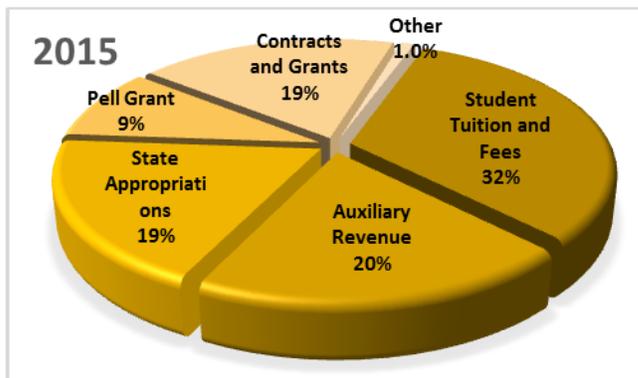
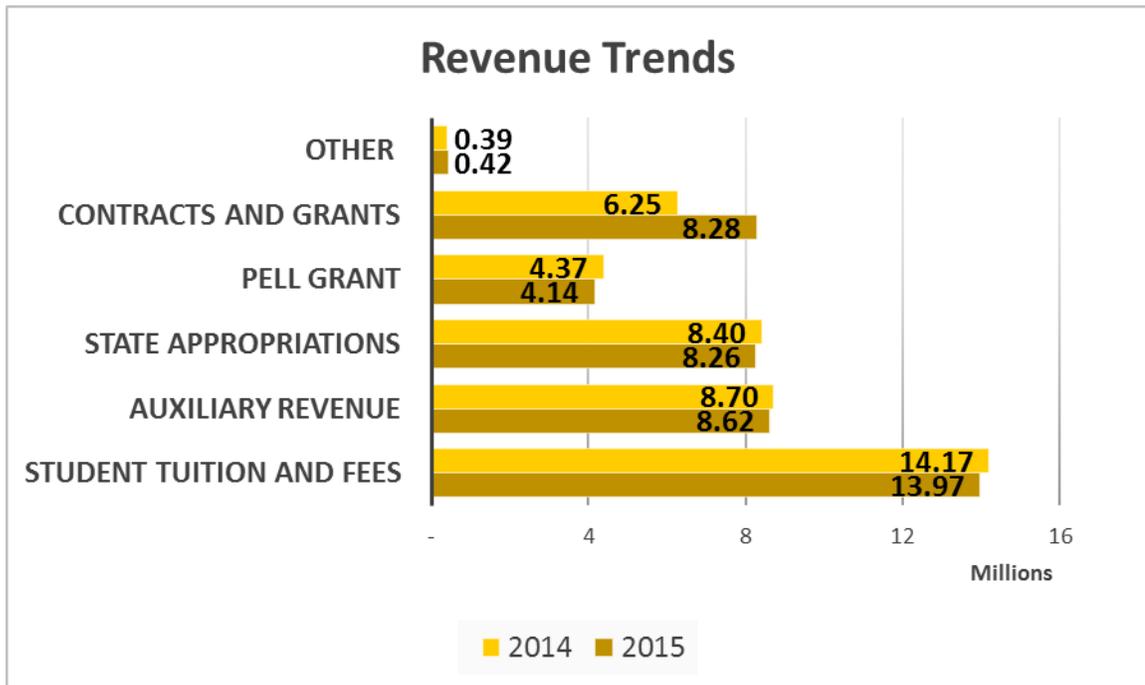
Changes in total net position, as presented on the Statement of Net Position, is based on the activities presented in the Statement of Revenues, Expenses, and Changes in Net Position (SRECNP). The purpose of the SRECNP is to present the revenues earned, both operating and non-operating, and the expenses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

Generally speaking, operating revenues are earned for providing goods and services to the various customers and constituencies of WLU. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the WLU mission. Revenues for which goods and services are not provided are reported as non-operating revenues. For example, state appropriations are non-operating revenues because they are provided by the Legislature to WLU without the Legislature directly receiving commensurate goods and services for those revenues. Likewise, Pell grants are reported as non-operating, because of specific guidance in the AICPA industry audit guide.

**Condensed Statements of Revenues, Expenses and Changes in Net Position
(In Thousands)**

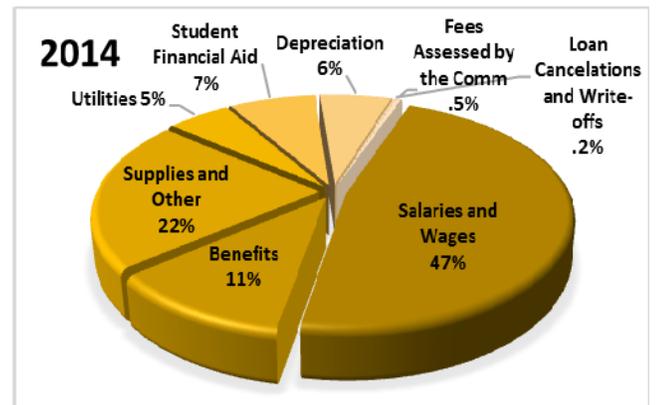
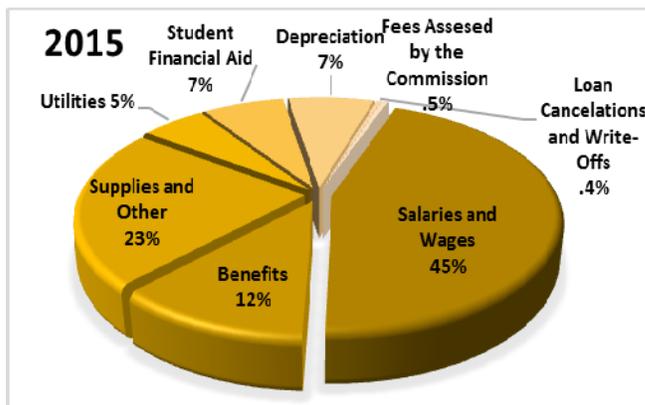
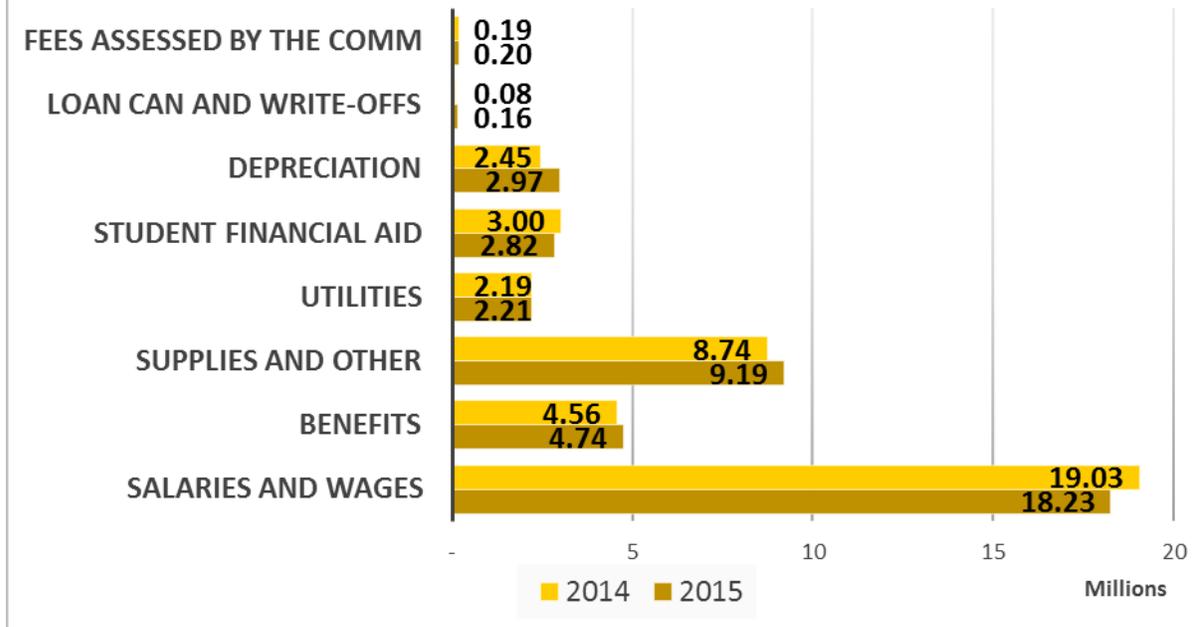
	2015	2014	2013
OPERATING REVENUES	\$ 31,229	\$ 29,427	\$ 28,153
OPERATING EXPENSES	<u>40,532</u>	<u>40,251</u>	<u>40,997</u>
OPERATING LOSS	(9,303)	(10,824)	(12,844)
NON-OPERATING REVENUES (NET OF NON-OPERATING EXPENSES)	<u>12,054</u>	<u>12,480</u>	<u>13,442</u>
(DECREASE) INCREASE IN NET POSITION BEFORE TRANSFER	2,751	1,656	598
CAPITAL AND BOND PROCEEDS	225	3,447	8,640
CAPITAL GIFTS	<u>-</u>	<u>-</u>	<u>1,650</u>
INCREASE IN NET POSITION	2,976	5,103	10,888
NET POSITION — Beginning of year	53,187	48,084	37,196
RESTATEMENT — for July 1, 2014, Pension Liability	<u>(792)</u>	<u>-</u>	<u>-</u>
NET POSITION — Beginning of year, restated	<u>52,395</u>	<u>-</u>	<u>-</u>
NET POSITION — End of year	<u><u>\$ 55,371</u></u>	<u><u>\$ 53,187</u></u>	<u><u>\$ 48,084</u></u>

A review of the individual revenue and expense categories that contributed to the overall increase in net position for both FY15 and FY14 reveals the following:



- Student tuition and fees (net of scholarship allowance) accounted for 45% of WLU's operating revenues in FY15 and 48% in FY14 and 32% of total revenues in FY15 and 33% of total revenues in FY14.
- Contracts and grants have increased by \$2,022,705. Contracts and grants account for 19% and 15% of revenue for FY15 and FY14, respectively.
- Pell decreased from \$4,373,177 in FY14 to \$4,142,994 in FY15.
- The State Appropriation was \$8,255,151 in FY15 and \$8,396,273 in FY14.

Operating Expense Trends



- Salary/wages and employee benefit categories made up 57% and 58% of the operating expenses of WLU for FY15 and FY14, respectively. The University has fully funded the Mercer Scale for Classified Staff. Salary and wages decreased \$796,053 from FY14. Benefits increased by \$197,153, mostly due to the increase in OPEB expenditure from FY14.

Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activities of WLU during the year. The statement is divided into five parts. The first section deals with operating cash flows and shows the net cash used in the operating activities of WLU. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and noncapital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital assets and related items, and related funding received. The fourth section reflects the cash flows from investing activities and shows interest received from investing activities. The fifth section reconciles the net cash used in operating activities to the operating loss reflected in the SRECNP.

Condensed Statements of Cash Flows (In Thousands)

	2015	2014	2013
Cash Provided by (Used in)			
OPERATING ACTIVITIES	\$ (6,156)	\$ (7,735)	\$ (10,799)
NONCAPITAL FINANCING ACTIVITIES	12,391	12,769	14,005
CAPITAL FINANCING ACTIVITIES	(5,427)	(7,565)	(2,003)
INVESTING ACTIVITIES	<u>10</u>	<u>13</u>	<u>16</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	819	(2,518)	1,219
CASH AND CASH EQUIVALENTS — Beginning of year	<u>6,502</u>	<u>9,020</u>	<u>7,801</u>
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 7,321</u>	<u>\$ 6,502</u>	<u>\$ 9,020</u>

Capital Asset and Debt Administration

2015 Capital:

- The Football Stadium project was completed in FY15. Total cost of the construction approximated \$3,684,700 and was funded by private donors.
- Other capital projects completed in FY15 included: Kelly Theater renovations \$188,625 funded by private/grant funds, Main Hall Chiller \$577,341 (\$275,322 provided by HEPC 50/50 match), ADA improvements \$437,982 funded by the University.



2014 Capital:

- Campbell Hall was substantially completed in FY14. Total cost of the building was approximately \$23,246,139.
- Other capital projects completed in FY14 were Tennis Court resurfacing \$68,500, Student Union roof \$155,400, Arnett Roof \$270,000 (\$125,000 provided by HEPC 50/50 match), ADA improvements \$401,000, and Football Field lights \$540,600 (\$500,000 provided by donor).

2015 Debt:

- Principal repayments on 2012 Bond and 2013 Refinancing Bond amounted to \$1,175,000.

2014 Debt:

- On May 31, 2013, the University drew down the final balance of the 2012 Bond, \$9,925,000. The University's first principal payment was in October 2013. As of June 30, the University spent \$7,848,803 of the 2012 \$10,000,000 bond issuance for the construction of Campbell Hall. Principal repayments on the 2012 Bond and 2013 Refinancing Bond amounted to \$1,300,000.

Economic Outlook

In FY15, West Liberty University faced its second consecutive year of declining enrollment. National college enrollment has been declining since 2011. The University remains very competitive with four-year educational institutions both regionally and nationally.

The University continues to implement cost efficiency strategies and invest in initiatives that will increase retention and enrollment. Our strategic planning process will ensure that we overcome any future challenges due to enrollment declines and additional reductions of State support.

The University continues to broaden its programs of study, especially in graduate programs. The Master of Professional Studies began classes in spring of 2015 and generated approximately \$262,000 in tuition revenue. We are currently in the planning phases of several other master's programs including Master of Criminology (projected start August 2016), a Master of Business Administration (projected start August 2016) and a Master of Science in Dental Hygiene (projected start September 2017).

**WEST LIBERTY UNIVERSITY
STATEMENTS OF NET POSITION
JUNE 30, 2015 AND 2014**

	2015	2014
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 7,320,700	\$ 6,502,194
Accounts Receivable - Net	1,074,728	1,171,150
Loans to Students - Current Portion	410,820	442,635
Prepaid Expenses	773	1,491
Inventories	104,925	110,385
Arrears Pay Conversion Receivable - Current Portion	19,598	-
Total Current Assets	8,931,544	8,227,855
 NONCURRENT ASSETS		
Cash and Cash Equivalents	952,275	2,151,197
Loans to Students - Net of Allowance of \$813,573 in 2015 and \$851,206 in 2014	725,956	770,198
Arrears Pay Conversion Receivable	222,132	-
Capital Assets - Net	76,673,052	75,090,069
Total Noncurrent Assets	78,573,415	78,011,464
Total Assets	87,504,959	86,239,319
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding of Debt - Net	87,755	95,156
Deferred Outflows Related to Pension	85,928	-
Total Assets and Deferred Outflows	\$ 87,678,642	\$ 86,334,475

See accompanying Notes to Financial Statements.

WEST LIBERTY UNIVERSITY
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2015 AND 2014

LIABILITIES, DEFERRED INFLOWS AND NET POSITION	2015	2014
CURRENT LIABILITIES		
Accounts Payable	\$ 491,902	\$ 848,516
Accrued Liabilities	2,192,848	2,596,560
Unearned Revenues	123,945	118,966
Compensated Absences	52,433	42,154
Debt Obligation to Commission - Current Portion	140,920	135,357
Bonds Payable - Current Portion	1,195,000	1,175,000
Total Current Liabilities	4,197,048	4,916,553
NONCURRENT LIABILITIES		
Advances from Federal Sponsors	1,515,182	1,456,218
Compensated Absences, Net of Current Portion	1,100,201	1,117,685
Other Post Employment Benefits Liability	6,463,819	6,101,764
Net Pension Liability	637,277	-
Debt Obligation to Commission, Net of Current Portion	2,002,543	2,143,463
Bonds Payable, Net of Current Portion	16,140,000	17,335,000
Total Noncurrent Liabilities	27,859,022	28,154,130
Total Liabilities	32,056,070	33,070,683
DEFERRED INFLOWS OF RESOURCES		
Service Concession Arrangement - Net	79,468	76,582
Deferred Inflows Related to Pension	172,028	-
Total Liabilities and Deferred Inflows	32,307,566	33,147,265
NET POSITION		
Net Investment in Capital Assets	58,155,151	56,471,020
Restricted for - Expendable:		
Scholarships	20,070	13,175
Capital Projects	86,702	25,662
Unrestricted (Deficit)	(2,890,847)	(3,322,647)
Total Net Position	55,371,076	53,187,210
Total Liabilities, Deferred Inflows and Net Position	\$ 87,678,642	\$ 86,334,475

See accompanying Notes to Financial Statements.

WEST LIBERTY UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
OPERATING REVENUES		
Student Tuition and Fees - Net of Scholarship Allowance of \$6,228,926 in 2015 and \$6,296,721 in 2014	\$ 13,967,963	\$ 14,172,920
Contracts and Grants:		
Federal	801,371	836,774
State	3,770,993	4,035,428
Private	3,705,170	1,382,627
Interest on Student Loans Receivable	40,798	32,414
Auxiliary Enterprise Revenue - Net of Scholarship Allowance of \$3,847,321 in 2015 and \$3,868,117 in 2014	8,618,569	8,703,267
Miscellaneous	324,369	263,311
Total Operating Revenues	31,229,233	29,426,741
OPERATING EXPENSES		
Salaries and Wages	18,234,730	19,030,783
Benefits	4,759,978	4,562,825
Supplies and Other Services	9,191,157	8,740,197
Utilities	2,207,608	2,190,158
Student Financial Aid - Scholarships and Fellowships	2,819,899	3,002,424
Depreciation and Amortization	2,965,294	2,454,996
Loan Cancellations and Write-Offs	155,377	76,981
Fees Assessed by the Commission for Operations	198,047	192,566
Total Operating Expenses	40,532,090	40,250,930
OPERATING LOSS	(9,302,857)	(10,824,189)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	8,255,151	8,396,273
Federal Pell Grants	4,142,994	4,373,177
Investment Income	10,331	12,962
Payments on Behalf of the University	85,068	-
Loss on Disposal of Capital Assets	(6,960)	(11,632)
Interest on Indebtedness	(353,881)	(304,731)
Fees Assessed by the Commission for Debt Service	(129,771)	(82,771)
Other Nonoperating Income	51,010	96,874
Net Nonoperating Income	12,053,942	12,480,152
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	2,751,085	1,655,963
CAPITAL AND BOND PROCEEDS FROM COMMISSION	225,322	3,447,446
INCREASE IN NET POSITION	2,976,407	5,103,409
NET POSITION - BEGINNING OF YEAR	53,187,210	48,083,801
RESTATEMENT FOR JULY 1, 2014, PENSION LIABILITY	(792,541)	-
NET POSITION - BEGINNING OF YEAR, RESTATED	52,394,669	48,083,801
NET POSITION - END OF YEAR	\$ 55,371,076	\$ 53,187,210

See accompanying Notes to Financial Statements.

WEST LIBERTY UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Student Tuition and Fees	\$ 14,055,112	\$ 12,789,584
Contracts and Grants	7,626,618	4,993,423
Payments to and on Behalf of Employees	(22,991,116)	(23,299,777)
Payments to Suppliers	(9,082,506)	(8,560,115)
Payments to Utilities	(2,165,521)	(2,253,785)
Payments for Scholarships and Fellowships	(2,819,899)	(2,491,044)
Loans Issued to Students	(261,360)	(135,128)
Collection of Loans to Students	342,198	206,337
Auxiliary Enterprise Charges	8,746,938	9,516,870
Fees Assessed by Commission	(198,048)	(192,566)
Other Receipts - Net	591,721	1,690,465
Net Cash Used by Operating Activities	(6,155,863)	(7,735,736)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	8,255,151	8,396,273
Federal Pell Grants	4,135,520	4,373,177
William D. Ford Direct Lending Receipts	15,059,527	15,764,870
William D. Ford Direct Lending Payments	(15,059,527)	(15,764,870)
Net Cash Provided by Noncapital Financing Activities	12,390,671	12,769,450
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchases of Capital Assets	(5,040,622)	(16,673,820)
State Capital Grants (Federal)	225,322	3,188,877
Principal Paid on Long-Term Liabilities	(135,358)	(129,794)
Principal Paid on Bonds	(1,175,000)	(1,300,000)
Interest Paid on Bonds	(449,340)	(388,299)
Other Nonoperating Receipts	79,100	95,070
Additions to Noncurrent Cash and Cash Equivalents	1,198,954	7,777,935
Fees Assessed by Commission	(129,772)	(134,962)
Net Cash Used by Capital Financing Activities	(5,426,716)	(7,564,993)
CASH FLOWS FROM INVESTING ACTIVITY		
Interest on Investments	10,414	12,735
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	818,506	(2,518,544)
Cash and Cash Equivalents - Beginning of Year	6,502,194	9,020,738
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 7,320,700	\$ 6,502,194

See accompanying Notes to Financial Statements.

WEST LIBERTY UNIVERSITY
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
RECONCILIATION OF OPERATING LOSS TO NET CASH		
USED BY OPERATING ACTIVITIES:		
Operating Loss	\$ (9,302,857)	\$ (10,824,189)
Adjustments to Reconcile Operating Loss to Net Cash		
Used by Operating Activities:		
Depreciation and Amortization Expense	2,965,294	2,454,996
Changes in Assets and Liabilities:		
Accounts Receivable - Net	213,139	144,496
Loans to Students - Net	76,057	53,400
Prepaid Expenses	718	199
Inventories	5,460	6,528
Accounts Payable	(336,058)	250,805
Due to Commission	18,101	(27,997)
Accrued Liabilities	(155,337)	305,077
Compensated Absences	(7,205)	(96,545)
Other Postemployment Benefits	362,055	89,867
Defined Benefit Pension	15,904	-
Unearned Revenues	4,979	(29,694)
Advances from Federal Sponsors	58,964	(70,122)
Other	(75,077)	7,443
Net Cash Used by Operating Activities	\$ (6,155,863)	\$ (7,735,736)
NONCASH TRANSACTIONS		
Property Additions in Accounts Payable and Accrued Liabilities	\$ 153,604	\$ 813,940

See accompanying Notes to Financial Statements.

WEST LIBERTY UNIVERSITY
WEST LIBERTY UNIVERSITY FOUNDATION, INCORPORATED
A COMPONENT UNIT OF WEST LIBERTY UNIVERSITY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
Cash and Cash Equivalents	\$ 12,446	\$ 30,486
Unconditional Promises to Give	210,195	281,501
Other Receivables	12,059	4,855
Investments at Estimated Fair Value	12,978,974	15,872,924
Beneficial Interest in Perpetual Trust	2,168,924	2,270,545
Other Assets	61,107	61,014
Total Assets	\$ 15,443,705	\$ 18,521,325
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 11,924	\$ 34,170
Liability for Charitable Gift Annuities	37,837	50,963
Total Liabilities	49,761	85,133
NET ASSETS		
Unrestricted	2,946,108	2,599,987
Temporarily Restricted	2,488,480	6,011,161
Permanently Restricted	9,959,356	9,825,044
Total Net Assets	15,393,944	18,436,192
Total Liabilities and Net Assets	\$ 15,443,705	\$ 18,521,325

See accompanying Notes to Financial Statements.

WEST LIBERTY UNIVERSITY
WEST LIBERTY UNIVERSITY FOUNDATION, INCORPORATED
A COMPONENT UNIT OF WEST LIBERTY UNIVERSITY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
SUPPORT AND REVENUES				
Contributions	\$ 161,543	\$ 731,633	\$ 131,272	\$ 1,024,448
Investment Income	626,963	(4,902)	104,661	726,722
Change in Value of Split Interest Agreements	-	-	(101,621)	(101,621)
Special Events	59,850	-	-	59,850
Other Income	80,760	-	-	80,760
Net Assets Released from Restrictions and Other	4,249,412	(4,249,412)	-	-
Total Support and Revenues	<u>5,178,528</u>	<u>(3,522,681)</u>	<u>134,312</u>	<u>1,790,159</u>
EXPENSES AND LOSSES				
West Liberty University Support:				
Scholarships	552,680	-	-	552,680
Athletic Programs	137,674	-	-	137,674
Academic Programs	214,402	-	-	214,402
Capital Improvements	3,380,168	-	-	3,380,168
Other Programs	346,710	-	-	346,710
General and Administrative	133,740	-	-	133,740
Fundraising	67,033	-	-	67,033
Total Expenses and Losses	<u>4,832,407</u>	<u>-</u>	<u>-</u>	<u>4,832,407</u>
CHANGES IN NET ASSETS	346,121	(3,522,681)	134,312	(3,042,248)
Net Assets - Beginning of Year	<u>2,599,987</u>	<u>6,011,161</u>	<u>9,825,044</u>	<u>18,436,192</u>
NET ASSETS - END OF YEAR	<u><u>\$ 2,946,108</u></u>	<u><u>\$ 2,488,480</u></u>	<u><u>\$ 9,959,356</u></u>	<u><u>\$ 15,393,944</u></u>

See accompanying Notes to Financial Statements.

**WEST LIBERTY UNIVERSITY
WEST LIBERTY UNIVERSITY FOUNDATION, INCORPORATED
A COMPONENT UNIT OF WEST LIBERTY UNIVERSITY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014**

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
SUPPORT AND REVENUES				
Contributions	\$ 42,259	\$ 4,824,918	\$ 127,770	\$ 4,994,947
Investment Income	1,463,874	-	104,693	1,568,567
Change in Value of Split Interest Agreements	-	(6,625)	172,539	165,914
Special Events	66,375	-	-	66,375
Other Income	129,406	-	-	129,406
Net Assets Released from Restrictions and Other	1,613,954	(1,613,954)	-	-
Total Support and Revenues	<u>3,315,868</u>	<u>3,204,339</u>	<u>405,002</u>	<u>6,925,209</u>
EXPENSES AND LOSSES				
West Liberty University Support:				
Scholarships	408,533	-	-	408,533
Athletic Programs	96,587	-	-	96,587
Academic Programs	431,661	-	-	431,661
Capital Improvements	1,014,651	-	-	1,014,651
Other Programs	432,841	-	-	432,841
General and Administrative	183,937	-	-	183,937
Fundraising	83,623	-	-	83,623
Total Expenses and Losses	<u>2,651,833</u>	<u>-</u>	<u>-</u>	<u>2,651,833</u>
CHANGES IN NET ASSETS	664,035	3,204,339	405,002	4,273,376
Net Assets - Beginning of Year	<u>1,935,952</u>	<u>2,806,822</u>	<u>9,420,042</u>	<u>14,162,816</u>
NET ASSETS - END OF YEAR	<u><u>\$ 2,599,987</u></u>	<u><u>\$ 6,011,161</u></u>	<u><u>\$ 9,825,044</u></u>	<u><u>\$ 18,436,192</u></u>

See accompanying Notes to Financial Statements.

**WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 1 ORGANIZATION

West Liberty University (the "University") is governed by the West Liberty University Board of Governors (the "Board"). The Board was established by Senate Bill 653 ("S.B. 653").

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

S.B. 653 also created the West Virginia Higher Education Policy Commission (the "Commission"), which is responsible for developing, gaining consensus around, and overseeing the implementation and development of a higher education public policy agenda.

West Liberty University Research Corporation ("WLURC") has been created to foster and support research and academic program development at the University and further to provide services for inventions of the University faculty, staff, and students; and has been designated by the University to fulfill the provisions of the West Virginia Code pertaining to the role of public institutions to work in partnership with business, industry, or government. The University encourages the acceptance of grants, contracts, and equipment and the sharing of facilities, equipment, and skilled personnel to promote and develop joint, applied research and development, technical assistance, and instructional programs in West Virginia. WLURC has an approved Affiliation Agreement with the West Liberty University Board of Governors on behalf of West Liberty University providing for services and activities related to promotion, encouragement, and stimulation of research. This Affiliation Agreement is effective beginning July 1, 2010, and will be renewed automatically from fiscal year to fiscal year unless terminated or revised in writing by the parties as provided hereinafter within ninety (90) days of commencement of each new fiscal year.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity

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

The accompanying financial statements present all funds under the authority of the University, including its blended component unit, the WLURC, a nonprofit, nonstock corporation. The basic criterion for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from the University's ability to significantly influence operations and accountability for fiscal matters of the WLURC.

A related organization of the University, the West Liberty University Foundation, Incorporated (the "Foundation") is part of the University reporting entity and is included in the accompanying financial statements, as a discretely presented component unit, as the University has no ability to designate management, cannot significantly influence operations of this entity, and is not accountable for the fiscal matters of the Foundation under GASB. The Foundation is a private nonprofit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from the GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's audited financial information as it is presented herein (see also Note 18).

Financial Statement Presentation

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

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

Restricted Net Position – Expendable – This includes resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

The West Virginia State Legislature (the "State Legislature"), as a regulatory body outside the reporting entity, has restricted the use of certain funds, by Article 10, *Fees and Other Money Collected at State Institutions of Higher Education* of the West Virginia State Code. House Bill 101 passed in March 2004 simplified the tuition and fee restrictions to auxiliaries and capital items. These activities are fundamental to the normal ongoing operations of the institution. These restrictions are subject to change by future actions of the State Legislature.

Restricted Net Position – Nonexpendable – This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The University does not have any restricted nonexpendable net position as of June 30, 2015 and 2014.

Unrestricted Net Position – This represents resources derived from student tuition and fees, state appropriations, and sales and services of educational activities. These resources are used for transactions relating to the educational and general operations of the University, 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 University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University'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 expensed when materials or services are received. All intercompany accounts and transactions have been eliminated.

Cash and Cash Equivalents

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

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (Continued)

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

The BTI maintains the Consolidated Fund investment fund, which consists of eight investment pools and participant-directed accounts, three of which the Commission may invest in. These pools have been structured as multi-participant variable net 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 audited financial report. A copy of that annual report can be obtained from the following address: 1900 Kanawha Boulevard East, Room E-122, Charleston, WV 25305 or <http://www.wvbt.com>.

Allowance for Doubtful Accounts

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

Inventories

Inventories are stated at the lower of cost or market, cost being determined on the first-in, first-out method.

Noncurrent Cash, Cash Equivalents, and Investments

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

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets include property, plant and equipment, books and materials that are part of a catalogued library, and infrastructure assets. Capital assets are stated at cost at the date of acquisition or construction, or fair value at the date of donation in the case of gifts. Interest on related borrowing, net of interest earnings on invested proceeds, capitalized during the period of construction was \$99,191 and \$189,550 for the years ended June 30, 2015 and 2014, respectively. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 20 to 50 years for buildings and infrastructure, 20 years for land improvements, 7 years for library books, and 3 to 12 years for furniture and equipment. The University capitalizes all purchases of library books and uses a capitalization threshold of \$5,000 for other capital assets. The financial statements reflect all adjustments required by GASB.

Unearned Revenues

Revenues for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenues, including items such as tuition, football ticket sales, orientation fees, room, and board. Financial aid and other deposits are separately classified as deposits.

Compensated Absences and Other Postemployment Benefits (OPEBs)

GASB provides standards for the measurement, recognition, and display of OPEB expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State. Effective July 1, 2007, the University was required to participate in this multiple employer cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State. Details regarding this plan and its stand-alone financial statements can be obtained by contacting West Virginia Public Employees Insurance Agency (PEIA), State Capitol Complex, Building 5, Room 1001, 1900 Kanawha Boulevard East, Charleston, West Virginia 25305-0710 or <http://www.wvpeia.com>.

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences and Other Postemployment Benefits (OPEBs) (Continued)

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

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

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

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. A deferred outflow on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This deferred outflow is accreted over the shorter of the life of the refunded bond or the refinancing bond issue. As of June 30, 2015 and 2014, the University's net deferred loss on refunding of debt was \$87,755 and \$95,156, respectively. As of June 30, 2015, had deferred outflows related to pension of \$85,928 (Note 12).

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

An 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 and 2014, the University had deferred inflows from service concession arrangements of \$79,468 and \$76,582, respectively, (Note 15) and deferred inflows related to pension of \$172,028 as of June 30, 2015 (Note 12).

Risk Management

The State's Board of Risk and Insurance Management (BRIM) provides general, property and casualty, and liability coverage to the University and its employees. Such coverage is provided to the University 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 University or other participants in BRIM's insurance programs. As a result, management does not expect significant differences between the premiums the University is currently charged by BRIM and the ultimate cost of that insurance based on the University's actual loss experience. In the event such differences arise between estimated premiums currently charged by BRIM to the University and the University's ultimate actual loss experience, the difference will be recorded as the change in estimate becomes known.

In addition, through its participation in the PEIA and third-party insurers, the University 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 University has transferred its risks related to health, life, prescription drug coverage, and job-related injuries.⁹

Settled claims have not exceeded these coverage's for the past three years.

Classification of Revenues

The University 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 non-exchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB, such as state appropriations, Federal Pell Grants, investment income, and the sale of capital assets (including natural resources).

Other Revenues – Other revenues consist primarily of grants and gifts for capital purchases.

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Restricted Net Position

The University 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 University attempts to utilize restricted net position first when practicable. The University did not have any designated net position funds as of June 30, 2015 and 2014.

Federal Financial Assistance Programs

The University makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through entities like the University. Direct student loan receivables are not included in the University's statements of net position, as the loans are repayable directly to the U.S. Department of Education. In 2015 and 2014, the University received and disbursed \$15,059,527 and \$15,764,870, 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 University also distributes other student financial assistance funds on behalf of the federal government to students under the Federal Pell Grant, Supplemental Education Opportunity Grant, Academic Competitive Grant, Science Math Access to Retain Talent Grant, Federal Teacher Education Assistance for College and Higher Education Grant, and College Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2015 and 2014, the University received and disbursed approximately, \$4,590,000 and \$4,812,000, 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 accompanying 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 University, and the amount that is paid by students and/or third parties making payments on the student's behalf.

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers. Certain aid such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a University basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third-party aid.

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Grants and Contracts

Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to audit. The University 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.

Service Concession Arrangements

The University has service concession arrangements for the operation of the University bookstore and food services. Significant renovations made to University facilities by service concession vendors are capitalized and revenues are deferred and accreted over the life of the contract.

Income Taxes

The University 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 cash flow statement purposes.

Use of Estimates

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

Risks and Uncertainties

Investments, including restricted cash and cash equivalents held in external pools, 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.

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Statements Issued by the Governmental Accounting Standards Board

The University 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 University 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. Amounts below are in thousands:

Net Position - Beginning of Year, as Previously Stated	\$	53,187
Balance of the Net Position Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources		(793)
Net Position - Beginning of Year, Restated	<u>\$</u>	<u>52,394</u>

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 University 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 University has not yet determined the effect that the adoption of GASB Statement No. 73 may have on its financial statements.

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 University 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 University 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 University 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 University has not yet determined the effect that the adoption of GASB Statement No. 77 may have on its financial statements.

Reclassifications

Certain amounts in the prior period presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on the previously reported net position or changes therein.

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 3 CASH AND CASH EQUIVALENTS

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

<u>2015</u>	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
With State Treasurer	\$ 6,379,290	\$ -	\$ 6,379,290
With Trustee Bank	-	952,275	952,275
In Bank	938,770	-	938,770
On Hand	2,640	-	2,640
Total	<u>\$ 7,320,700</u>	<u>\$ 952,275</u>	<u>\$ 8,272,975</u>
<u>2014</u>	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
With State Treasurer	\$ 6,154,294	\$ -	\$ 6,154,294
With Trustee Bank	-	2,151,197	2,151,197
In Bank	344,761	-	344,761
On Hand	3,139	-	3,139
Total	<u>\$ 6,502,194</u>	<u>\$ 2,151,197</u>	<u>\$ 8,653,390</u>

Cash and cash equivalents with trustee bank include deposits held by the Bond Trustee for the bonds issued in March 2013 and May 2012. The University uses WesBanco Bank (the "Trustee Bank") as its trustee bank for the bond proceeds. The total amount held by the Trustee Bank on June 30, 2015 and 2014 is \$952,275 and \$2,151,197, respectively, and was invested in Federated U.S. Treasury Cash Reserves. These funds are rated AAAM by Standard & Poor's and Aaa by Moody's. These funds have neither significant custodial credit risk nor interest rate risk. These funds are neither exposed to a concentration of credit risk nor any foreign currency risk.

The carrying amount of cash in the bank at June 30, 2015 and 2014 was \$938,770 and \$344,761, respectively, as compared with the bank balance of \$1,035,841 and \$468,298, respectively. The difference in these balances was 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 State's agent. Regarding federal depository insurance, accounts are 100% insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash and cash equivalents in the bank included \$29,499 and \$20,677 of restricted cash for grants as of June 30, 2015 and 2014, respectively.

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

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

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		2014	
	Carrying Value (in Thousands)	S & P Rating	Carrying Value (in Thousands)	S & P Rating
WV Money Market Pool	\$ 6,321,925	AAAm	\$ 5,977,832	AAAm
WV Government Money Market Pool	\$ 55,950	AAAm	\$ 49,648	AAAm
WV Short Term Bond Pool	\$ 1,415	Not Rated	\$ 126,814	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		2014	
	Carrying Value (in Thousands)	WAM (Days)	Carrying Value (in Thousands)	WAM (Days)
WV Money Market Pool	\$ 6,321,925	47	\$ 5,977,832	36
WV Government Money Market Pool	\$ 55,950	51	\$ 49,648	37

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

External Pool	2015		2014	
	Carrying Value (in Thousands)	Effective Duration (Days)	Carrying Value (in Thousands)	Effective Duration (Days)
WV Short Term Bond Pool	\$ 1,415	410	\$ 126,814	407

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

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

Cash in Bank with Trustee

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

<u>Investment Type</u>	Carrying Value	
	2015	2014
Federated U.S. Treasury Cash Reserves	\$ 952,275	\$ 2,151,197
Total	\$ 952,275	\$ 2,151,197

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

Custodial Credit Risk

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's investment policy limits investment maturities from potential fair value losses due to increasing interest rates. No more than 5% of the money market fund's total market value may be invested in the obligations of a single issuer, with the exception of the U.S. government and its agencies. The University does not have a formal interest rate risk policy.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2015 and 2014 were as follows:

	2015	2014
Student Tuition and Fees - Net of Allowance for Doubtful Accounts of \$603,693 in 2015 and \$838,817 in 2014	\$ 810,479	\$ 905,052
Due from West Virginia Agencies	40,347	57,146
Interest Receivable on State Cash Accounts	531	646
Due from Component Unit - West Liberty Foundation	59,440	49,151
Grants and Contracts Receivable	163,931	159,155
Total	\$ 1,074,728	\$ 1,171,150

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 5 CAPITAL ASSETS

Capital asset transactions for the years ended June 30, 2015 and 2014 were as follows:

	2015			Ending Balance
	Beginning Balance	Additions	Reductions	
Capital Assets not being Depreciated:				
Land	\$ 182,777	\$ -	\$ -	\$ 182,777
Construction in Progress	899,529	4,033,157	4,922,424	10,262
Total Capital Assets not being Depreciated	<u>\$ 1,082,306</u>	<u>\$ 4,033,157</u>	<u>\$ 4,922,424</u>	<u>\$ 193,039</u>
Other Capital Assets:				
Infrastructure	\$ 8,709,858	\$ 202,255	\$ -	\$ 8,912,113
Buildings	92,129,059	4,560,143	45,700	96,643,502
Leasehold Improvements	829,767	-	-	829,767
Equipment	8,585,114	664,733	258,279	8,991,568
Leased Equipment	127,912	-	-	127,912
Library Books	2,331,704	17,374	98,847	2,250,231
Total Other Capital Assets	<u>112,713,414</u>	<u>5,444,505</u>	<u>402,826</u>	<u>117,755,093</u>
Less: Accumulated Depreciation for:				
Infrastructure	2,792,545	441,110	-	3,233,655
Buildings	27,711,666	1,861,467	45,699	29,527,434
Leasehold Improvements	404,619	82,330	-	486,949
Equipment	5,491,073	530,225	251,319	5,769,979
Leased Equipment	127,913	-	1	127,912
Library Books	2,177,835	50,163	98,847	2,129,151
Total Accumulated Depreciation	<u>38,705,651</u>	<u>2,965,295</u>	<u>395,866</u>	<u>41,275,080</u>
Other Capital Assets - Net	<u>\$ 74,007,763</u>	<u>\$ 2,479,210</u>	<u>\$ 6,960</u>	<u>\$ 76,480,013</u>
Capital Asset Summary:				
Capital Assets not being Depreciated	\$ 1,082,306	\$ 4,033,157	\$ 4,922,424	\$ 193,039
Other Capital Assets	112,713,414	5,444,505	402,826	117,755,093
Total Cost of Capital Assets	<u>113,795,720</u>	<u>9,477,662</u>	<u>5,325,250</u>	<u>117,948,132</u>
Less: Accumulated Depreciation	<u>38,705,651</u>	<u>2,965,295</u>	<u>395,866</u>	<u>41,275,080</u>
Capital Assets - Net	<u>\$ 75,090,069</u>	<u>\$ 6,512,367</u>	<u>\$ 4,929,384</u>	<u>\$ 76,673,052</u>

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 5 CAPITAL ASSETS (CONTINUED)

	2014			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital Assets not being Depreciated:				
Land	\$ 182,777	\$ -	\$ -	\$ 182,777
Construction in Progress	13,017,455	13,697,117	25,815,043	899,529
Total Capital Assets not being Depreciated	<u>\$ 13,200,232</u>	<u>\$ 13,697,117</u>	<u>\$ 25,815,043</u>	<u>\$ 1,082,306</u>
Other Capital Assets:				
Infrastructure	\$ 7,694,132	\$ 1,015,726	\$ -	\$ 8,709,858
Buildings	68,127,512	24,014,040	12,493	92,129,059
Leasehold Improvements	829,767	-	-	829,767
Equipment	7,162,555	1,446,743	24,184	8,585,114
Leased Equipment	127,912	-	-	127,912
Library Books	2,304,398	44,179	16,873	2,331,704
Total Other Capital Assets	<u>86,246,276</u>	<u>26,520,688</u>	<u>53,550</u>	<u>112,713,414</u>
Less: Accumulated Depreciation for:				
Infrastructure	2,368,567	423,978	-	2,792,545
Buildings	26,253,972	1,458,985	1,291	27,711,666
Leasehold Improvements	322,287	82,332	-	404,619
Equipment	5,073,233	441,594	23,754	5,491,073
Leased Equipment	127,913	-	-	127,913
Library Books	2,146,601	48,107	16,873	2,177,835
Total Accumulated Depreciation	<u>36,292,573</u>	<u>2,454,996</u>	<u>41,918</u>	<u>38,705,651</u>
Other Capital Assets - Net	<u>\$ 49,953,703</u>	<u>\$ 24,065,692</u>	<u>\$ 11,632</u>	<u>\$ 74,007,763</u>
Capital Asset Summary:				
Capital Assets not being Depreciated	\$ 13,200,232	\$ 13,697,117	\$ 25,815,043	\$ 1,082,306
Other Capital Assets	86,246,276	26,520,688	53,550	112,713,414
Total Cost of Capital Assets	<u>99,446,508</u>	<u>40,217,805</u>	<u>25,868,593</u>	<u>113,795,720</u>
Less: Accumulated Depreciation	<u>36,292,573</u>	<u>2,454,996</u>	<u>41,918</u>	<u>38,705,651</u>
Capital Assets - Net	<u>\$ 63,153,935</u>	<u>\$ 37,762,809</u>	<u>\$ 25,826,675</u>	<u>\$ 75,090,069</u>

The University maintains various collections of inexhaustible assets to which no value can be practically determined. Such collections include contributed works of art, historical treasures, and literature that are held for exhibition, education, research, and public service. These collections are neither disposed of for financial gain nor encumbered in any means. Accordingly, such collections are not capitalized or recognized for financial statement purposes.

The University had construction commitments of approximately \$235,000 as of June 30, 2015.

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 6 CHANGES IN LONG-TERM LIABILITIES

Long-term obligation transactions for the University for the years ended June 30, 2015 and 2014 were as follows:

	2015				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable:					
Revenue Bonds Payable	\$ 18,510,000	\$ -	\$ (1,175,000)	\$ 17,335,000	\$ 1,195,000
Other Long-Term Liabilities:					
Advances from Federal Sponsors	1,456,218	58,964	-	1,515,182	
OPEB Liability	6,101,764	945,070	(583,015)	6,463,819	
Net Pension Liability	-	637,277	-	637,277	
Debt Obligation to Commission	2,278,820	-	(135,357)	2,143,463	140,920
Total Long-Term Liabilities	<u>\$ 28,346,802</u>	<u>\$ 1,641,311</u>	<u>\$ (1,893,372)</u>	<u>\$ 28,094,741</u>	
	2014				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable:					
Revenue Bonds Payable	\$ 19,810,000	\$ -	\$ (1,300,000)	\$ 18,510,000	\$ 1,175,000
Other Long-Term Liabilities:					
Advances from Federal Sponsors	1,526,340		(70,122)	1,456,218	
OPEB Liability	6,011,898	738,136	(648,270)	6,101,764	
Debt Obligation to Commission	2,408,614		(129,794)	2,278,820	135,357
Total Long-Term Liabilities	<u>\$ 29,756,852</u>	<u>\$ 738,136</u>	<u>\$ (2,148,186)</u>	<u>\$ 28,346,802</u>	

**WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 7 BONDS PAYABLE

Bonds payable at June 30, 2015 and 2014 consisted of the following:

	Original Interest Rates	Annual Principal Installment Due	2015 Principal Amount Outstanding	2014 Principal Amount Outstanding
Series 2012 Due 2027	2.000-3.250 %	585,000 - 785,000	\$ 8,695,000	\$ 9,280,000
Series 2013 Due 2028	1.300-2.680	580,000 - 765,000	8,640,000	9,230,000
Total			<u>\$ 17,335,000</u>	<u>\$ 18,510,000</u>

The Board of Governors of the University issued bonds on May 1, 2012: the University Revenue Bonds, Series 2012 (the "Series 2012 Bonds") for \$10,000,000. The proceeds of the Series 2012 Bonds will be used to finance certain capital improvements to the University. The University set up a separate 2012 Capital Fee to be used solely for the payment of the bonds. The University drew the required full principal amount by June 12, 2013. The bond proceeds will be expended from the trustee as funds are requested for payments on capital projects that were preapproved by the Board of Governors of the University. As of June 30, 2015, \$9,047,954 had been expended from the bond proceeds for costs of issuance and capital expenditures on the Series 2012 Bonds.

The Board of Governors of the University issued bonds on March 6, 2013: the University Revenue Refunding Bonds, Series 2013 (the "Series 2013 Bonds") for \$9,810,000. The proceeds of the Series 2013 Bonds were issued to (1) currently refund in full the outstanding Series 2003A, 2003B, and 2003C Bonds and (2) pay the costs of issuance of the Series 2013 Bonds and related costs. The Auxiliary and Institutional Capital Fees originally set up for the Series 2003A, 2003B, and 2003C Bonds are to be used solely for the payment of the Series 2013 Bonds. This issuance of the Series 2013 Bonds resulted in a loss of \$103,105 (which is reflected as Deferred Outflows of Resources on the Statement of Net Position and being amortized over the shorter of the life of the refunded or refunding debt) and an economic gain of \$2,702,042.

The Bonds are special obligations of the State and are not general obligations or a debt of the State. Neither the credit nor the taxing power of the State is pledged for the payment of the Bonds. The above bond issues are fully insured as to principal and interest by the Federal Guaranty Insurance Company.

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 7 BONDS PAYABLE (CONTINUED)

A summary of the annual aggregate principal and interest payments for years subsequent to June 30, 2015 is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,195,000	\$ 427,230	\$ 1,622,230
2017	1,220,000	404,080	1,624,080
2018	1,240,000	380,495	1,620,495
2019	1,265,000	356,526	1,621,526
2020	1,290,000	330,509	1,620,509
2021-2025	6,945,000	1,145,802	8,090,802
2026-2028	4,180,000	202,519	4,382,519
Total	<u>\$ 17,335,000</u>	<u>\$ 3,247,161</u>	<u>\$ 20,582,161</u>

NOTE 8 LEASE OBLIGATIONS

The University leases building and classroom/office space under an operating lease agreement. Aggregate payments under these agreements were \$258,400 and \$243,000 for the years ended June 30, 2015 and 2014, respectively.

The University does not have any noncancelable leases. Future minimum rental commitments as of June 30, 2015, should the leases not be cancelled, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 207,156
2017	207,156
2018	207,156
2019	207,156
2020	220,274
2021-2025	1,130,322
2026-2030	1,213,662
2031-2035	1,033,270
Total	<u>\$ 4,426,152</u>

The University had no capital lease obligations as of June 30, 2015.

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 9 OTHER POST EMPLOYMENT BENEFITS

In accordance with GASB, OPEB costs are accrued based upon invoices received from PEIA, based upon actuarial determined amounts. At June 30, 2015, 2014, and 2013, the noncurrent liability related to OPEB costs was \$6,463,819, \$6,101,764 and \$6,011,898, respectively. The total of OPEB expense incurred and the amount of OPEB expense that relates to retirees was \$945,070 and \$583,016, respectively, during 2015, or 62%. The total of OPEB expense incurred and the amount of OPEB expense that relates to retirees was \$738,136 and \$648,270, respectively, during 2014, or 88%. The total OPEB expense incurred and the amount of OPEB expense that relates to retirees was \$737,496 and \$692,800, respectively, during 2013, or 94%. As of the years ended June 30, 2015, 2014, and 2013 there were 41, 47, and 54 retirees, respectively, receiving these benefits.

NOTE 10 UNRESTRICTED NET POSITION (DEFICIT)

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

	2015	2014
Total Unrestricted Net Position		
before OPEB Liability	\$ 3,572,972	\$ 2,779,117
Less: OPEB Liability	6,463,819	6,101,764
Total Unrestricted (Deficit) Net Position	\$ (2,890,847)	\$ (3,322,647)

NOTE 11 STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

The University is a State institution of higher education and the University receives a State appropriation to finance its operations. In addition, it is subject to the legislative and administrative mandates of State government. Those mandates affect all aspects of the University'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 University. Financing for these facilities was provided through revenue bonds issued by the former Board of Regents or the former Boards of the College and College Systems (the "Boards"). These obligations administered by the Commission are the direct and total responsibility of the Commission, as successor to the former Boards.

**WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 11 STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS (CONTINUED)

The Commission has the authority to assess each public institution of higher education for payment of debt service on these system bonds. The education and general capital fees (previously tuition and registration fees) of the members of the former State University System are generally pledged as collateral for the Commission's bond indebtedness. Student fees collected by the institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. Although the bonds remain as capital obligation of the Commission, an estimate of the obligation of each institution is reported as a long-term payable by each institution and as a receivable by the Commission, effective as of June 30, 2002.

For the years ended June 30, 2015 and 2014 the debt services assessed were as follows:

	2015	2014
Principal	\$ 135,357	\$ 129,794
Interest	99,191	104,383
Other	30,580	30,579
Total	\$ 265,128	\$ 264,756

During December 2010, the West Virginia Higher Education Policy Commission (HEPC) issued \$76,865,000 of the State of West Virginia Higher Education Policy Commission Revenue 2010 Series Bonds to fund HEPC Bond projects approved by the Commission. The University has been authorized to receive \$12,750,000 of these proceeds to be specifically used for the construction of the new Health Science Building. As of June 30, 2014, the University recognized all of these bond proceeds for this project. The University has no responsibility for the repayment of the debt.

NOTE 12 DEFINED BENEFIT PENSION PLAN

Some employees of the University 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 University'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 (dollars in thousands):

	TRS
Net Pension Liability	\$ 637
Deferred Outflows of Resources	\$ 86
Deferred Inflows of Resources	\$ 172
Revenues	\$ 85
Pension Expense	\$ 102
Contributions Made by WLU	\$ 86

**WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 12 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 12 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employer Contributions: Employers make the following contributions:

The State (including institutions of higher education) contributes:

1. 15% of gross salary of their State-employed members hired prior to July 1, 1991;
2. 2.15% of School Aid Formula (SAF) covered payroll of county-employed members;
3. 7.5% of SAF-covered payroll of 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 University's proportionate share attributable to this special funding subsidy was \$85,068.

The University's contributions to TRS for the years ended June 30, 2015, 2014, and 2013, were approximately \$85,928, \$85,180, and \$93,037, 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.

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 12 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Assumptions (Continued)

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%	0.0%
High-Yield Fixed Income	2.6%	15%*
TIPS	0.7%	0.0%
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 University'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 University'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 (dollars in thousands).

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 826	\$ 637	\$ 475

**WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 12 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 University's proportionate share of the TRS net pension liability was \$2,077,141. Of this amount, the University recognized approximately \$637,277 as its proportionate share on the Statement of Net Position. The remainder of \$1,439,864 denotes the University's proportionate share of net pension liability attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on their proportionate share of employer and non-employer contributions to TRS for each of the fiscal years ended June 30, 2014 and 2013. Employer contributions are recognized when due. At June 30, 2014, the University's proportion was 0.018471%, a decrease of 0.002529% from its proportion of 0.021000% calculated as of June 30, 2013.

For the year ended June 30, 2015, the University recognized TRS pension expense of \$101,832. Of this amount, \$16,764 was recognized as the University's proportionate share of the TRS expense and \$85,068 as the amount of pension expense attributable to special funding from a non-employer contributing entity. The University also recognized revenue of \$85,068 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 (dollars in thousands).

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	\$ -	\$ 88
Net Difference Between Projected and Actual Investment Earnings	-	84
Contributions After Measurement Date	86	-
Total	\$ 86	\$ 172

**WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 12 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

The University will recognize the \$86,000 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	Amortization
June 30, 2016	\$ 39
June 30, 2017	39
June 30, 2018	39
June 30, 2019	39
June 30, 2020	16
Total	<u>\$ 172</u>

Payables to the pension plan

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

NOTE 13 RETIREMENT PLANS

Substantially all full-time employees of the University participate in either the West Virginia Teachers' Retirement System (the "TRS") or the Teachers' Insurance and Annuities Association – College Retirement Equities Fund (the "TIAA-CREF"). (See Note 12 for information regarding TRS).

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 these plans are required to make a contribution equal to 6% of total annual compensation. The University 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 University.

Total contributions to the TIAA—CREF for the years ended June 30, 2015, 2014, and 2013 were \$2,073,698, \$1,944,012, and \$1,931,526, respectively, which consisted of equal contributions from the University and covered employees of \$1,036,849 in 2015, \$972,006 in 2014, and \$965,763 in 2013.

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 13 RETIREMENT PLANS (CONTINUED)

Total contributions to the Educators Money for the years ended June 30, 2015, 2014, and 2013 were \$51,100, \$32,762, and \$28,352, respectively, which consisted of equal contributions from the University and covered employees of \$25,550 in 2015, \$16,381 in 2014, and \$14,176 in 2013.

The University's total payroll for the years ended June 30, 2015, 2014, and 2013 was \$18,234,730, \$19,030,783, and \$18,686,184, respectively, and total covered employees' salaries in the TIAA-CREF, and Educators Money were \$17,280,814 and \$411,475, respectively in 2015; \$16,200,097 and \$277,711, respectively, in 2014; and \$16,096,045 and \$236,264 in 2013, respectively.

NOTE 14 CONTINGENCIES

The nature of the education industry is such that, from time-to-time, claims will be presented against the University 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 education 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 University would not seriously impact the financial status of the University.

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 University's management believes disallowances, if any, will not have a significant financial impact on the University's financial position.

The Internal Revenue Code of 1986 establishes rules and regulations for arbitrage rebates. There were no arbitrage rebate liabilities that were recorded in the financial statements as of June 30, 2015 and 2014.

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

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 15 SERVICE CONCESSION AGREEMENTS

The University has adopted GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The University has identified two contracts 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 contracts are with Sodexo America, LLC and Barnes & Noble Booksellers, Inc.

The University has a contract with Sodexo America, LLC (Sodexo) to provide food services within University facilities. The contract was effective on July 1, 2011 for a period of five (5) years with five (5) additional one-year extension options. Sodexo provides meal plans to students through the University as well as offering cash sales to the University community. The University receives annual commission payments from Sodexo calculated as a contractually agreed percentage of cash sales and the University pays Sodexo for the meal plans from fees collected by the University from students. In 2015 and 2014 the University received \$62,706 and \$65,915, respectively, in commissions from Sodexo. In 2015 and 2014, \$13,063 and \$34,524, respectively, in renovations had been classified as a capital asset with an offsetting Deferred Inflow of Resources. Over the life of the contract, the University will amortize the Deferred Inflow of Resources, while recognizing Auxiliary Revenue each year. If the agreement expires, terminates, or is amended in a way that has an adverse impact on Sodexo, the University will be liable for the unamortized portion of Sodexo's investment.

The University contracts with Barnes & Noble Booksellers, Inc. (Barnes & Noble) to operate a bookstore located within University facilities. These services provide the University community with a professional bookstore. The contract was effective on August 1, 2002 for a period of ten (10) years. The contract was subsequently extended on August 1, 2012 for five (5) years through 2017, with five (5) additional one-year extension options. The University receives annual commission payments calculated as a contractually agreed percentage of bookstore revenue. In 2015 and 2014, the University received \$92,107 and \$120,820, respectively, in commissions from Barnes & Noble. In addition to the commission, Barnes & Noble paid a one-time signing bonus of \$40,000 in 2013. Barnes & Noble also provide \$10,000 annually to the West Liberty University Foundation, Inc.'s Scholarship fund and Gala sponsorship. In 2013, \$52,188 in bookstore renovations has been classified as a capital asset with an offsetting Deferred Inflow of Resources. Over the life of the contract, the University will amortize the Deferred Inflow of Resources, while recognizing Auxiliary Revenue each year. If the agreement expires, terminates, or is amended in a way that has an adverse impact on Barnes & Noble, the University will be liable for the unamortized portion of Barnes & Noble's investment. No significant renovations to University facilities were made by Barnes & Noble in 2015 and 2014.

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 16 SEGMENT INFORMATION

Under the auspices of the State and the Board of Governors, the University issued revenue bonds to finance certain of its auxiliary enterprise activities and capital improvements. Investors in those bonds rely solely on the revenue generated from new capital fees created for repayment.

Descriptive information for each of the University's segments is shown below:

- a. *The Board of Governors of the University issued University Revenue Refunding Bonds, Series 2013*

On March 6, 2013, the University issued University Revenue Refunding Bonds, Series 2013, amounting to \$9,810,000. The Series 2013 Bonds were issued to (1) currently refund in full the outstanding Series 2003A, 2003B, and 2003C Bonds and (2) pay the costs of issuance of the Series 2013 Bonds and related costs.

The Series 2013 Bonds outstanding consist of \$9,120,000 Term Bonds as follows:

Principal Amount	Maturity Date	Interest Rate
\$ 3,520,000	May 1, 2020	1.85%
\$ 3,520,000	May 1, 2025	2.48%
\$ 2,080,000	May 1, 2028	2.68%

- b. *The Board of Governors of the University issued University Revenue Bonds, Series 2012*

On May 1, 2012, the University issued University Revenue Bonds, Series 2012, amounting to \$10,000,000. The Series 2012 Bonds were issued to finance capital improvements.

The Series 2012 Bonds outstanding consist of \$10,000,000 Term Bonds as follows:

Principal Amount	Maturity Date	Interest Rate
\$ 4,000,000	November 1, 2019	2.00%
\$ 3,000,000	November 1, 2023	2.75%
\$ 3,000,000	November 1, 2027	3.25%

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 16 SEGMENT INFORMATION (CONTINUED)

	2015		2014	
	WLU Revenue Refunding Bond 2013 as of Year Ended June 30, 2015	WLU Revenue Bond Issue 2012 as of Year Ended June 30, 2015	WLU Revenue Refunding Bond 2013 as of Year Ended June 30, 2014	WLU Revenue Bond Issue 2012 as of Year Ended June 30, 2014
Condensed Statements of Net Position				
Assets:				
Current Assets	\$ 7,293,470	\$ 690,066	\$ 6,475,815	\$ 568,484
Noncurrent Assets	10,497,104	9,725,409	10,753,120	9,900,437
Deferred Outflows of Resources	87,755	-	95,156	-
Total Assets and Deferred Outflows of Resources	<u>\$ 17,878,329</u>	<u>\$ 10,415,475</u>	<u>\$ 17,324,091</u>	<u>\$ 10,468,921</u>
Liabilities:				
Current Liabilities	\$ 633,213	\$ 635,733	\$ 624,932	\$ 625,933
Noncurrent Liabilities	8,040,000	8,100,000	8,640,000	8,695,000
Total Liabilities	<u>8,673,213</u>	<u>8,735,733</u>	<u>9,264,932</u>	<u>9,320,933</u>
Net Position:				
Net Investments in Capital Assets	1,944,859	1,030,409	1,618,276	620,437
Unrestricted	7,260,257	649,333	6,440,883	527,551
Total Net Position	<u>9,205,116</u>	<u>1,679,742</u>	<u>8,059,159</u>	<u>1,147,988</u>
Total Liabilities and Net Position	<u>\$ 17,878,329</u>	<u>\$ 10,415,475</u>	<u>\$ 17,324,091</u>	<u>\$ 10,468,921</u>

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 16 SEGMENT INFORMATION (CONTINUED)

	2015		2014	
	WLU Revenue Refunding Bond 2013 as of Year Ended June 30, 2015	WLU Revenue Bond Issue 2012 as of Year Ended June 30, 2015	WLU Revenue Refunding Bond 2013 as of Year Ended June 30, 2014	WLU Revenue Bond Issue 2012 as of Year Ended June 30, 2014
Condensed Statements of Revenues, Expenses, and Changes in Net Position				
Operating:				
Operating Revenues	\$ 1,618,745	\$ 946,331	\$ 1,695,466	\$ 995,084
Operating Expenses	-	-	11	-
Net Operating Income	<u>1,618,745</u>	<u>946,331</u>	<u>1,695,455</u>	<u>995,084</u>
Nonoperating:				
Nonoperating Revenues	-	33	-	198
Nonoperating Expenses	(472,788)	(414,610)	(479,369)	(247,904)
Net Nonoperating Expense	<u>(472,788)</u>	<u>(414,577)</u>	<u>(479,369)</u>	<u>(247,706)</u>
Net Increase in Net Position	1,145,957	531,754	1,216,086	747,378
Net Position - Beginning of Year	<u>8,059,159</u>	<u>1,147,988</u>	<u>6,843,073</u>	<u>400,610</u>
Net Position - End of Year	<u><u>\$ 9,205,116</u></u>	<u><u>\$ 1,679,742</u></u>	<u><u>\$ 8,059,159</u></u>	<u><u>\$ 1,147,988</u></u>
Condensed Statements of Cash Flows				
Net Cash Provided by Operating Activities	\$ 1,618,745	\$ 946,331	\$ 1,695,455	\$ 995,084
Net Cash Used by Capital and Related Financing Activities	<u>(802,840)</u>	<u>(824,749)</u>	<u>(795,772)</u>	<u>(945,110)</u>
Net Increase in Cash and Cash Equivalents	815,905	121,582	899,683	49,974
Cash and Cash Equivalents - Beginning of Year	<u>6,475,814</u>	<u>568,484</u>	<u>5,576,131</u>	<u>518,510</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 7,291,719</u></u>	<u><u>\$ 690,066</u></u>	<u><u>\$ 6,475,814</u></u>	<u><u>\$ 568,484</u></u>

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 17 NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

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

	2015								
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation and Amortization	Loan Cancellations and Write-Offs	Fees Assessed by the Commission	Total
Instruction	\$ 9,802,590	\$ 2,305,001	\$ 975,982	\$ 35,473	\$ -	\$ -	\$ -	\$ -	\$ 13,119,046
Research	282,368	8,078	235,128	23,342	-	-	-	-	548,916
Academic Support	1,231,233	325,349	318,792	1,165	-	-	-	-	1,876,539
Student Services	1,516,758	435,381	561,856	-	-	-	-	-	2,513,995
General Institutional Support	2,871,064	932,312	1,409,366	7,747	-	-	-	-	5,220,489
Operations and Maintenance of Plant	623,103	219,253	1,389,828	1,401,303	-	-	-	-	3,633,487
Student Financial Aid	-	-	-	-	2,819,899	-	-	-	2,819,899
Auxiliary Enterprises	1,907,614	534,604	4,300,205	738,578	-	-	-	-	7,481,001
Depreciation	-	-	-	-	-	2,965,294	-	-	2,965,294
Other	-	-	-	-	-	-	155,377	198,047	353,424
Total	\$ 18,234,730	\$ 4,759,978	\$ 9,191,157	\$ 2,207,608	\$ 2,819,899	\$ 2,965,294	\$ 155,377	\$ 198,047	\$ 40,532,090

	2014								
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation and Amortization	Loan Cancellations and Write-Offs	Fees Assessed by the Commission	Total
Instruction	\$ 10,518,972	\$ 2,194,062	\$ 1,074,162	\$ 30,112	\$ -	\$ -	\$ -	\$ -	\$ 13,817,309
Research	229,043	5,686	314,238	25,719	-	-	-	-	574,686
Academic Support	1,354,134	313,871	358,184	1,635	-	-	-	-	2,027,824
Student Services	1,533,042	384,465	568,969	16,603	-	-	-	-	2,503,079
General Institutional Support	2,825,766	953,646	1,541,174	9,331	-	-	-	-	5,329,917
Operations and Maintenance of Plant	680,324	205,982	609,881	1,373,007	-	-	-	-	2,869,193
Student Financial Aid	-	-	-	-	3,002,424	-	-	-	3,002,424
Auxiliary Enterprises	1,889,502	505,112	4,273,590	733,752	-	-	-	-	7,401,956
Depreciation	-	-	-	-	-	2,454,996	-	-	2,454,996
Other	-	-	-	-	-	-	76,981	192,566	269,547
Total	\$ 19,030,783	\$ 4,562,825	\$ 8,740,197	\$ 2,190,158	\$ 3,002,424	\$ 2,454,996	\$ 76,981	\$ 192,566	\$ 40,250,930

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 18 COMPONENT UNIT'S DISCLOSURE

NATURE OF ACTIVITIES

The West Liberty University Foundation, Inc. (the Foundation) was formed to receive and administer funds for scientific, educational, and charitable purposes for the support and benefit of West Liberty University (the University). The Foundation is a separate nonprofit organization incorporated in the State and has as its purpose "... to aid, strengthen, and further in every proper and useful way, the work and services of the University and its affiliated nonprofit organizations..." Oversight of the Foundation is the responsibility of an independently elected Board of Directors not otherwise affiliated with the University. The President of the University is a non-voting member of the Board of Directors. In carrying out its responsibilities, the board of directors of the Foundation employs management, forms policy, and maintains fiscal accountability over funds administered by the Foundation. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by donors. While contributions are generally for the benefit and support of the University, the Foundation exercises discretion over the distribution of assets. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is, therefore, discretely presented with the University's financial statements in accordance with GASB.

During the years ended June 30, 2015 and 2014, the Foundation contributed \$4,098,355 and \$1,616,140, respectively, to the University for scholarships, capital improvements, athletic, academic, and other programs.

The notes taken directly from the audited financial statements of the Foundation are as follows:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Financial statement presentation complies with the requirements of the Financial Accounting Standards Board in its Statement of Accounting Standards Codification (FASB ASC) No. 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*. Under FASB ASC No. 958-205, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 18 COMPONENT UNIT'S DISCLOSURE (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Assets and contributions that are not restricted by donors or for which restrictions have expired are unrestricted. Assets and contributions for which the donor has imposed restrictions that permit the Foundation to use or expend the donated assets for University support according to the restrictions are temporarily restricted. The restrictions are satisfied either by the passage of time or by actions of the Foundation. Assets and contributions for which the donor stipulates that resources be maintained permanently, but permits the Foundation to use or expend part or all of the income derived from the donated assets, are permanently restricted. Such assets are comprised of endowment accounts which are subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity. The investment income, including realized and unrealized gains and losses, is recorded as temporarily restricted until disbursed according to the terms of the gift instrument.

Both temporarily and permanently restricted net assets are to be used for the support and benefit of West Liberty University.

Income Taxes

The West Liberty Foundation, Inc. is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Foundation has analyzed tax positions taken for filing with the Internal Revenue Service and all state and local jurisdictions where it operates. The Foundation believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Foundation's statement of financial position or statement of activities. Accordingly, the Foundation has not recorded any reserves, or related accruals, for interest and penalties for uncertain tax positions at June 30, 2015. The Foundation's tax returns through 2011 have been closed for purposes of examination by taxing authorities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period, as well as disclosures. Accordingly, actual results could differ from those estimates.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 18 COMPONENT UNIT'S DISCLOSURE (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Unconditional promises to give that are expected to be collected within one year are recorded at estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates for United States Government securities. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not recorded as support until the conditions are substantially met.

Investments

Investments in equity securities and all debt securities are reported at their fair value based upon quoted market prices.

The Foundation operates a pooled investment portfolio for all funds. New funds or additions to existing funds are assigned a share in the investment pool based upon the amount of cash or estimated fair value of securities deposited. Income, including unrealized appreciation or depreciation and realized capital gains and losses, is allocated on a monthly basis.

Income from Investments

All investment income in the form of interest and dividends is credited to unrestricted net assets unless otherwise designated by the donor. All capital appreciation/depreciation earned on permanently restricted, temporarily restricted, or unrestricted investments is credited to unrestricted net assets unless otherwise restricted by the donor.

Cash Surrender Value of Insurance Policies

The Foundation records as an asset the cash surrender value of life insurance policies for which it is the owner and beneficiary.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of 3 months or less to be cash equivalents. Money market funds included in non-current investments are not considered cash equivalents.

Reclassifications

Certain amounts in the 2014 financial statements have been reclassified to conform to the 2015 presentation.

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 18 COMPONENT UNIT'S DISCLOSURE (CONTINUED)

PLEDGES RECEIVABLE

Unconditional promises to give at June 30, 2015 and 2014 are as follows:

	2015	2014
Receivable in One Year	\$ 93,479	\$ 95,761
Receivable in Two to Five Years	126,000	203,516
Total Unconditional Promises to Give	219,479	299,277
Less: Discounts to Net Present Value	9,284	17,776
Net Unconditional Promises to Give	\$ 210,195	\$ 281,501

The discount rate used on long-term pledges was 3.25 percent for the period ended June 30, 2015.

An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year-end. At June 30, 2015 and 2014, management determined that all outstanding promises to give are fully collectible.

INVESTMENTS

The cost and estimated fair values of investments at June 30, 2015 and 2014, are as follows:

	2015		2014	
	Fair Value	Cost	Fair Value	Cost
Money Market Funds	\$ 311,304	\$ 311,304	\$ 4,904,534	\$ 4,904,534
Corporate Bonds and Notes	414,174	399,275	219,331	198,683
U.S. Treasury Obligations	618,201	625,320	198,911	206,010
Equity Securities	6,651,102	6,087,797	1,369,723	995,878
Mutual Funds	3,687,440	3,570,456	7,339,977	6,816,122
Alternative Investment Funds	1,296,753	1,183,003	1,493,448	1,373,033
Real Estate Available-for-Sale	-	-	347,000	356,278
Total	\$ 12,978,974	\$ 12,177,155	\$ 15,872,924	\$ 14,850,538

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 18 COMPONENT UNIT'S DISCLOSURE (CONTINUED)

INVESTMENTS (CONTINUED)

The following schedule summarizes the investment income and its classification in the statement of activities for the years ended June 30, 2015 and 2014.

	June 30, 2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and Dividends	\$ 258,150	\$ 1,182	\$ 104,661	\$ 363,993
Realized Gains	647,177	-	-	647,177
Unrealized Losses	(229,277)	(6,084)	-	(235,361)
Investment Fees	(49,087)	-	-	(49,087)
Total	<u>\$ 626,963</u>	<u>\$ (4,902)</u>	<u>\$ 104,661</u>	<u>\$ 726,722</u>
	June 30, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and Dividends	\$ 260,972	\$ -	\$ 104,693	\$ 365,665
Realized Gains	946,838	-	-	946,838
Unrealized Gains	307,029	-	-	307,029
Investment Fees	(50,965)	-	-	(50,965)
Total	<u>\$ 1,463,874</u>	<u>\$ -</u>	<u>\$ 104,693</u>	<u>\$ 1,568,567</u>

Investments include securities held to satisfy charitable gift annuity agreements as follows:

	2015	2014
Fair Value	<u>\$ 196,056</u>	<u>\$ 203,314</u>
Cost	<u>\$ 128,212</u>	<u>\$ 131,956</u>

SPLIT-INTEREST AGREEMENTS

Split-interest agreements consist of beneficial interests in perpetual trusts and charitable gift annuities. The Foundation was bequeathed a beneficial interest in a perpetual trust in accordance with a decedent's will. Under the terms of this split-interest agreement, the Foundation is to receive distributions of 10 percent of the income from the trust in perpetuity. These distributions are to be used to establish an endowment, the income from which will be used to provide scholarships. The Foundation's beneficial interest is valued in the statement of financial position at 10 percent of the fair market value of the trust assets. Adjustments due to changes in the market value of the trust assets are recorded as changes in value of split-interest agreements. Distributions received from the trust are permanently restricted for endowed scholarships and are recorded as permanently restricted investment income.

**WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 18 COMPONENT UNIT'S DISCLOSURE (CONTINUED)

SPLIT-INTEREST AGREEMENTS (CONTINUED)

The Foundation participates in charitable gift annuity agreements with certain donors. Under these agreements, temporarily restricted contribution revenue is recorded when donors transfer assets to the Foundation. The amount of revenue recognized is the difference between the fair value of the assets received and the liability calculated at the net present value of the estimated future payments to the beneficiaries over their life expectancies. In estimating the net present value of the liability, the Foundation uses life expectancy information prepared by the American Council on Gift Annuities. The discount rate for each charitable gift annuity is established at the beginning of the agreement. The discount rate applied to gift annuities held at June 30, 2015 and 2014, ranged from 0.10 percent to 7.0 percent.

The following summarizes the transactions affecting the beneficial interest in perpetual trust for the years ended June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Distributions Received from the Trust Recorded as a Permanently Restricted Investment	<u>\$ 104,661</u>	<u>\$ 104,693</u>
Change in Value of the Split-Interest Agreement	<u>\$ (101,621)</u>	<u>\$ 172,539</u>

TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Net assets were temporarily and permanently restricted for the following purposes at June 30, 2015:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Scholarships	\$ 2,231,154	\$ 9,959,356
Sponsored Projects	257,326	-
Capital Projects	-	-
Totals	<u>\$ 2,488,480</u>	<u>\$ 9,959,356</u>

CONCENTRATIONS OF CREDIT RISK

Financial instruments, which potentially subject the Foundation to a concentration of credit risk, consist principally of pledges receivable, investment securities and cash. Exposure to losses on pledges receivable is principally dependent on each donor's financial condition. The Foundation monitors the exposure for credit losses and maintains allowances for anticipated losses as necessary.

Investments are recorded at fair value. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the Foundation's statements of financial position and activities.

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 18 COMPONENT UNIT'S DISCLOSURE (CONTINUED)

CONCENTRATIONS OF CREDIT RISK (CONTINUED)

Cash balances in banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At various times, there were balances in the bank that exceeded the FDIC limit. However, at June 30, 2015, the Foundation had no uninsured cash balances.

FAIR VALUE MEASUREMENTS

As required by U.S. GAAP, each financial asset and liability must be identified as having been valued according to specified level of input. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date. Fair values determined by Level 2 inputs utilize inputs other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly. Level 2 inputs include quoted prices for similar assets in active markets, and inputs other than quoted prices that are observable for the asset or liability. Level 3 inputs are unobservable inputs for the asset and include situations where there is little, if any, market activity for the asset or liability. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy, within which the fair value measurement in its entirety falls, has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset.

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 18 COMPONENT UNIT'S DISCLOSURE (CONTINUED)

FAIR VALUE MEASUREMENTS (CONTINUED)

As of June 30, 2015 and 2014, equity securities and mutual funds are classified as Level I securities and are valued using observable market prices. Debt securities are classified as Level II securities and are valued using matrix pricing or other market approaches. Real estate available-for-sale is valued using the cost reproduction approach. The Foundation's fair value of assets and liabilities reported on the statement of financial position at their fair value as of June 30, 2015 and 2014 are summarized below, by level.

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
<u>June 30, 2015</u>				
Valued on a Recurring Basis:				
Assets:				
Equity Securities	\$ 6,651,102	\$ -	\$ -	\$ 6,651,102
Debt Securities	-	1,032,375	-	1,032,375
Mutual Funds	3,687,440	-	-	3,687,440
Beneficial Interest in Perpetual Trust	2,168,924	-	-	2,168,924
Alternative Investment Funds	1,296,753	-	-	1,296,753
Cash and Money Market Funds	323,752	-	-	323,752

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
<u>June 30, 2014</u>				
Valued on a Recurring Basis:				
Assets:				
Equity Securities	\$ 1,369,723	\$ -	\$ -	\$ 1,369,723
Debt Securities	-	418,242	-	418,242
Mutual Funds	7,339,823	-	-	7,339,823
Beneficial Interest in Perpetual Trust	2,270,545	-	-	2,270,545
Alternative Investment Funds	1,493,448	-	-	1,493,448
Cash and Money Market Funds	4,935,020	-	-	4,935,020

Valued on a Non-Recurring Basis:

Assets:				
Real Estate	\$ -	\$ -	\$ 347,000	\$ 347,000

The fair values for investments in real estate are determined using the market approach based primarily on current appraised values. The real estate held for sale at June 30, 2014, was sold in the year ended June 30, 2015. Net proceeds of \$305,000 were realized.

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 18 COMPONENT UNIT'S DISCLOSURE (CONTINUED)

ENDOWMENT FUNDS

Endowment Investments

The Foundation's endowment consists of approximately 90 individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies - The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets which create the framework for a well-diversified asset mix that can be expected to generate long-term returns at a level of risk suitable to West Liberty University Foundation, Inc. Accordingly, the Foundation takes a total return approach regarding endowment assets. The assets are to be invested for the long-term, and a higher short-term volatility in these assets is to be expected and accepted. The total return approach is designed to give the Foundation financial flexibility with regard to ongoing capital structure decisions. The Foundation has a tolerance to accept short-term volatility in the value of the funds in line with the market fluctuations to seek long-term capital growth. Domestic equities of both large and small capitalization, fixed-income, and cash equivalents have been determined to be acceptable vehicles for plan assets. Additional asset classes and style strategies may be incorporated into the investment philosophy in the future.

Spending Policy - The Foundation has a policy for appropriating for distribution up to 4 percent of the value of the endowment assets. This amount will be calculated using a rolling 3-year moving average of the market value of the funds at fiscal year-end.

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 18 COMPONENT UNIT'S DISCLOSURE (CONTINUED)

ENDOWMENT FUNDS (CONTINUED)

Endowment net asset composition by type of fund is set forth below:

	June 30, 2015			Total Net Endowment Assets
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-Restricted Endowment Funds	\$ 2,253,521	\$ -	\$ 8,374,685	\$ 10,628,206
Board-Designated Endowment Funds	-	206,342	-	206,342
Total	<u>\$ 2,253,521</u>	<u>\$ 206,342</u>	<u>\$ 8,374,685</u>	<u>\$ 10,834,548</u>
	June 30, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-Restricted Endowment Funds	\$ 2,139,282	\$ -	\$ 8,159,598	\$ 10,298,880
Board-Designated Endowment Funds	-	62,670	-	62,670
Total	<u>\$ 2,139,282</u>	<u>\$ 62,670</u>	<u>\$ 8,159,598</u>	<u>\$ 10,361,550</u>

WEST LIBERTY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 18 COMPONENT UNIT'S DISCLOSURE (CONTINUED)

ENDOWMENT FUNDS (CONTINUED)

Changes in endowment net assets are as follows:

	June 30, 2015			Total Net Endowment Assets
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets - Beginning of Year	\$ 2,139,282	\$ 62,670	\$ 8,159,598	\$ 10,361,550
Contributions	7,471	163,672	131,272	302,415
Investment Income	532,619	-	-	532,619
Program Revenue	24,379	-	81,783	106,162
Amounts Appropriated for Expenditure	<u>(450,230)</u>	<u>(20,000)</u>	<u>2,032</u>	<u>(468,198)</u>
Endowment Net Assets - End of Year	<u>\$ 2,253,521</u>	<u>\$ 206,342</u>	<u>\$ 8,374,685</u>	<u>\$ 10,834,548</u>
	June 30, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment Net Assets - Beginning of Year	\$ 1,207,939	\$ 57,029	\$ 7,824,424	\$ 9,089,392
Contributions	22,616	10,626	287,943	321,185
Investment Income	1,151,496	-	-	1,151,496
Program Revenue	49,064	-	55,981	105,045
Amounts Appropriated for Expenditure	<u>(291,833)</u>	<u>(4,985)</u>	<u>(8,750)</u>	<u>(305,568)</u>
Endowment Net Assets - End of Year	<u>\$ 2,139,282</u>	<u>\$ 62,670</u>	<u>\$ 8,159,598</u>	<u>\$ 10,361,550</u>

NOTE 19 SUBSEQUENT EVENTS

The Foundation assessed events occurring subsequent to June 30, 2015, through September 18, 2015, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to, or disclosure in, the financial statements which were available to be issued on September 18, 2015.

WEST LIBERTY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS
JUNE 30, 2015 AND 2014

Schedule of Proportionate Share of TRS Net Pension Liability

(In Thousands)

Measurement Date	University's Proportionate Share as a Percentage of Net Pension Liability	University's Proportionate Share	State's Proportionate Share	Total Proportionate Share	University's Covered Employee Payroll	University's Proportionate Share as a Percentage of Covered Payroll	University's Plan Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2014	0.018471%	\$ 637	\$ 1,440	\$ 2,077	\$ 568	112%	65.95%

Schedule of Employer Contributions

(In Thousands)

Measurement Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
June 30, 2014	\$ 84	\$ 85	\$ (1)	\$ 568	14.96%

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 a change of benefit terms or assumptions. With only one year reported in the required supplementary information, there is no additional information to include in the notes. Information, if necessary, can be obtained from the CPRB Comprehensive Annual Franchise Report.

**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**

Governing Board
West Liberty University
West Liberty, 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 business-type activities and the discretely presented component unit of West Liberty University as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise University's basic financial statements, and have issued our report thereon dated January 22, 2016. Our report includes a reference to other auditors who audited the financial statements of the West Liberty University Foundation, Inc. (the "Foundation"), the University's discretely presented component unit, as described in our report on the University's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University'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 University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University'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 University'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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 University'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 University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
January 22, 2016