BridgeValley Community and Technical College

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

Suttle & Stalnaker PLLC
CERTIFIED PUBLIC ACCOUNTANTS

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE

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Suttle & Stalnaker PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Governors
BridgeValley Community and Technical College
South Charleston, West Virginia

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

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

Change in Accounting Principle

As described in Note 3 to the financial statements, in 2015, the College adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* - an amendment of GASB No. 68. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 16, the schedule of proportionate share of the net pension liabilities and schedule of contributions, and related footnote on pages 46 through 48 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 standard 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.

Prior Year Comparative Information

We have previously audited Bridgemont Community & Technical College and Kanawha Valley Community & Technical College's June 30, 2014 financial statements, and we expressed unmodified opinions on the respective financial statements of the business-type activities in our reports dated October 23, 2014 and October 28, 2014, respectively. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited statements from which it was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated January 13, 2016, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
January 13, 2016

History

BridgeValley Community and Technical College (BridgeValley or the College), formed in 2014 with the consolidation of Bridgemont and Kanawha Valley Community and Technical Colleges, is accredited by the Higher Learning Commission as a higher education institution that awards associate and certificate degrees within the West Virginia Community and Technical College System. The service region for the multi-campus consolidated institution includes Fayette, Kanawha, Clay, Putnam, Nicholas, and Raleigh counties.

The new community college evolved in response to the educational and economic development needs for the State of West Virginia. Associate degree program offerings in the region began in the late 1940s and early 1950s at West Virginia State College and West Virginia Institute of Technology (WVU Tech). In the 1960s, each of these baccalaureate institutions created "community college components" on the respective campuses. In 1999, the state legislature created a separate community and technical college system. Community college components hosted by baccalaureate institutions began the process of becoming independent colleges.

In 2004, each community college achieved separate accreditation forming The Community and Technical College at West Virginia University Institute of Technology and West Virginia State Community and Technical College. Legislation in 2008 required that these new community colleges form their own respective Board of Governors and change their names by 2009 to emphasize their unique mission and create distinction from their "host" baccalaureate colleges. In 2009, The Community and Technical College at WVU Tech became Bridgemont Community and Technical College (Bridgemont); West Virginia State Community and Technical College became Kanawha Valley Community and Technical College (Kanawha Valley). The two colleges worked collaboratively to avoid duplication of programs in their overlapping service regions.

During the 2013 legislative session, passage of Senate Bill 438 approved the consolidation of Bridgemont and Kanawha Valley to form a stronger, more comprehensive multi-campus institution for the six-county region. A Board of Governors was appointed to oversee the consolidation; the name BridgeValley was selected to represent the fusion of the institutions. The Higher Learning Commission at its February 27, 2014 meeting approved the change of control request submitted, and the official founding date of BridgeValley, March 20, 2014, signified the completion of all accreditation requirements for the multi-campus institution.

Overview

The Management's Discussion and Analysis is required supplementary information and has been prepared in accordance with the requirements of Governmental Accounting Standards Board (GASB) standards. This section of BridgeValley's annual financial report provides an overview of the College's financial performance during the fiscal years ended June 30, 2015, and 2014, with a focus on 2015. A comparative analysis is presented for fiscal year 2015 compared to fiscal year 2014.

BridgeValley's annual report consists of three basic financial statements: the statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows. These statements focus on the financial condition of the College, the results of operations, and cash flows of the College as a whole. Each of these statements is discussed below.

Financial Highlights

At June 30, 2015, BridgeValley's total net position was $34,662,789 representing an increase of $12,614,088. This increase in net position was primarily attributable to increases in the investment in capital assets of $13,892,798 related to the transfer of the Advanced Technology Center.

Total operating revenues increased by nearly 12% over prior year primarily due to increases in federal grants and contracts. Total operating expenses increased by 11% over prior year mainly due to increases in supplies and other services and offset by the reduction in scholarships and fellowships. Net nonoperating revenue decreased by nearly 7% primarily due to the decreases in federal Pell grant revenue and State appropriations.

Net Position

The statement of net position presents the assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position (assets minus liabilities) of the College as of the end of the fiscal year. Assets denote the resources available to continue the operations of the College. Liabilities indicate how much the College owes vendors, employees, and lenders. Net position measures the equity or the availability of funds of the College for future periods.

Net position is displayed in three major categories:

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

Restricted net position. This category includes net position, the use of which is restricted either due to externally imposed constraints or because of restrictions imposed by law. They are further divided into two additional components — nonexpendable and expendable. Nonexpendable restricted net position includes endowment and similar type funds for 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. Expendable restricted net position includes resources for which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted net position. This category includes resources that are not subject to externally imposed stipulations. Such resources are derived primarily from tuition and fees (not restricted as to use), state appropriations, and sales and services of educational activities. Unrestricted net position are used for transactions related to the educational and general operations of the College and may be designated for specific purposes by action of the College's management or the Board of Governors.

Condensed Schedules of Net Position
June 30,

	2015	**2014**
Assets and Deferred Outflows		
Current Assets	$ 7,988,370	$ 8,410,473
Noncurrent Assets	39,438,911	26,222,370
Total Assets	47,427,281	34,632,843
Deferred Outflows	60,479	-
Total	$ 47,487,760	$ 34,632,843
Liabilities, Deferred Inflows, and Net Position		
Current Liabilities	$ 8,131,124	$ 7,831,197
Noncurrent Liabilities	4,587,853	4,752,945
Total Liabilities	12,718,977	12,584,142
Deferred Inflows	105,994	-
Net Position		
Net Investment in Capital Assets	37,839,441	23,946,643
Restricted for:		
Nonexpendable	50,000	50,000
Unrestricted	(3,226,652)	(1,947,942)
Total Net Position	34,662,789	22,048,701
Total	$ 47,487,760	$ 34,632,843

Total 2015 assets and deferred outflows of resources increased by $12,854,917 over 2014. Primary reasons for this increase in 2015 over 2014 are as follows:

- Capital assets, net increased by $13,176,646 primarily related to the transfer of the Advanced Technology Center to the College.

- Cash and cash equivalents decreased by $746,505 due to the payment of large leases accrued in payables at the end of fiscal year 2014. Accounts receivable increased by $304,057 primarily related to increase in grants and contracts receivable as well as an increase in due from third party for payments of tuition and fees.

Total liabilities and deferred inflows of resources in 2015 increased by $240,829 compared with 2014. The primary reasons for this increase in 2015 compared with 2014 are as follows:

- Unearned revenue increased $527,773 primarily attributable to increases in grant funds during the year that were unspent at year-end.

- Debt service assessment payable to the Commission decreased by $454,280. This decrease was due to the $175,000 current payment as well as a reduction of $279,280 that after the final reconciliation of Main Hall's renovation reflected the lack of need for the College to borrow the original total loan.

- Accounts payable decreased by $410,768 primarily due to payments of large invoices accrued prior fiscal year.

- Other post employment benefits liability (OPEB) increased 2015 by $205,376 due to revised calculations by the State's Public Employees Insurance Agency.

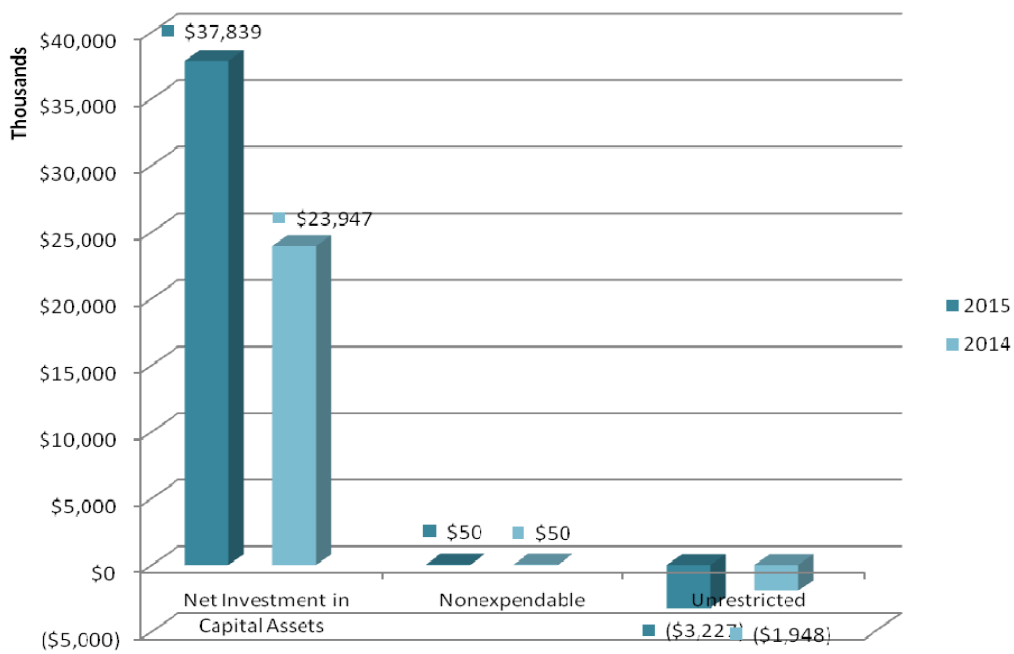
- Net pension liability increased by $438,284 as a result of recognition required by GASB Statement Nos. 68 and 71.

- Compensated absences increased by a net $167,103 (including the decrease in long term and increase in short term). This increase is related to BridgeValley's adoption of a new operating policy allowing employees to accrue up to a maximum of two years of annual leave.

- Due to State agencies decreased by $157,231 with the payment of West Virginia State University's agreement.

The following is a comparative illustration of net position.

Total Net Position
As of June 30, 2015 and 2014
(in thousands)



Revenues, Expenses, and Changes in Net position

The statement of revenues, expenses, and changes in net position presents the operating revenues, operating expenses, nonoperating revenues and expenses, and other revenues, expenses, gains, or losses of BridgeValley for each fiscal year.

State appropriations while budgeted for operations are considered and reported as operating revenues. This is because State appropriations are provided by the Legislature to the College without the Legislature directly receiving commensurate goods and services for those revenues. Likewise, Pell grants are reported as nonoperating, because of specific guidance in the American Institute of Certified Public Accountants industry audit guide.

Student tuition and fees are reported net of scholarship discounts and allowances. Financial aid to students is reported using the National Association of College and University Business Officers alternative method. Under this method certain aid, such as loans and federal direct lending, is accounted for as a third party payment, while all other aid is reflected either as operating expenses or scholarship allowances, which reduce revenues. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

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

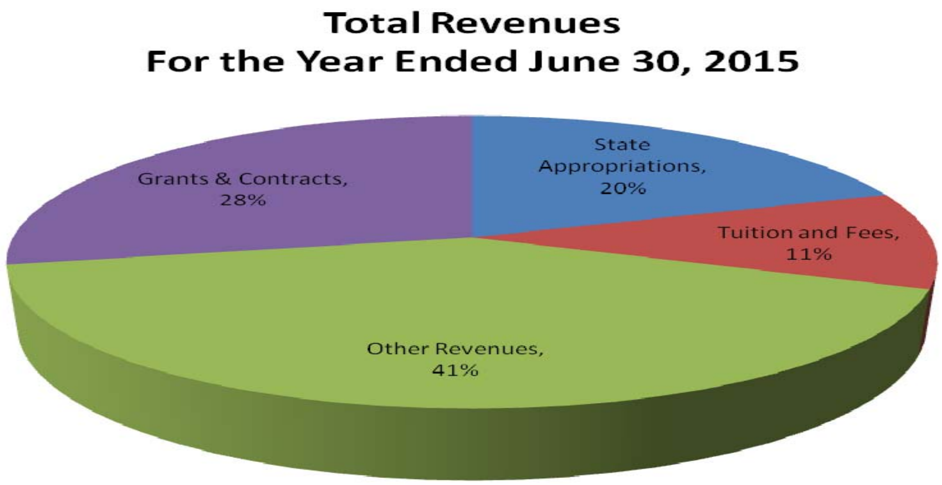
	2015	2014
Operating Revenues	$ 11,470,946	$ 10,253,664
Operating Expenses	25,920,117	23,418,501
Operating Loss	**(14,449,171)**	**(13,164,837)**
Net Nonoperating Revenues	12,109,773	12,970,543
Decrease in Net Position before Other Revenues, Expenses, Gains, or Losses	**(2,339,398)**	**(194,294)**
Capital Grants and Gifts, Capital Bond Proceeds and Payments on Behalf of the College	15,483,759	2,326,905
Increase in Net Position	**13,144,361**	**2,132,611**
Net Position at Beginning of Year, as previously stated	**22,048,701**	**19,916,090**
Adjustment for change in accounting principle	**(530,273)**	**-**
Net position at Beginning of Year, as restated	**21,518,428**	**19,916,090**
Net Position at End of Year	**$ 34,662,789**	**$ 22,048,701**

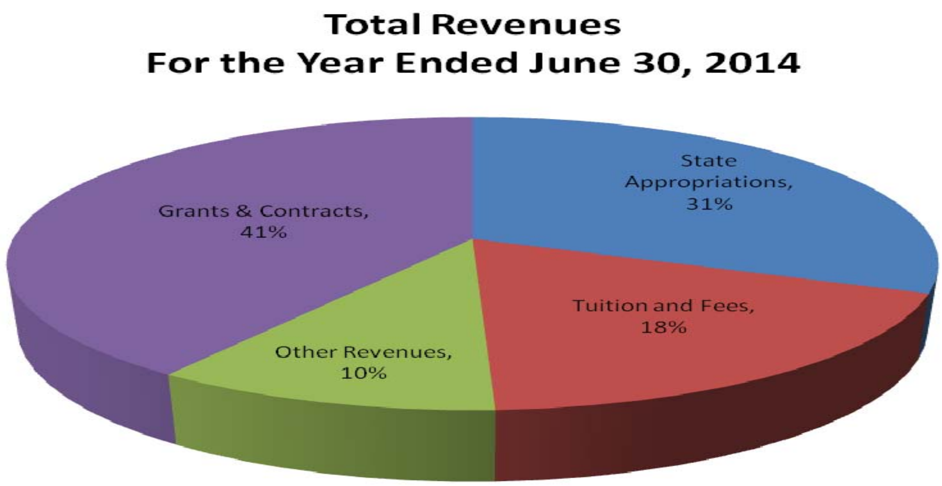
Operating revenue increased in fiscal year 2015 by $1,217,282 over fiscal year 2014. Operating expenses increased by $2,501,616 over fiscal year 2014, resulting in a fiscal year 2015 net operating loss increase of $1,284,334 compared with fiscal year 2014. Net nonoperating revenue decreased in fiscal year 2015 by $860,770 compared with fiscal year 2014.

The pie charts below reflect the percentage allocation of total revenue from all sources in fiscal year 2015 compared with fiscal year 2014. Following these charts is a discussion regarding the changes in fiscal year 2015 revenue compared with fiscal year 2014.

Revenues:

The following charts illustrate the composition of revenues by source for 2015 and 2014.





Some highlights of the changes in fiscal year 2015 revenues compared with fiscal year 2014 are as follows:

- State appropriations decreased by $138,906.

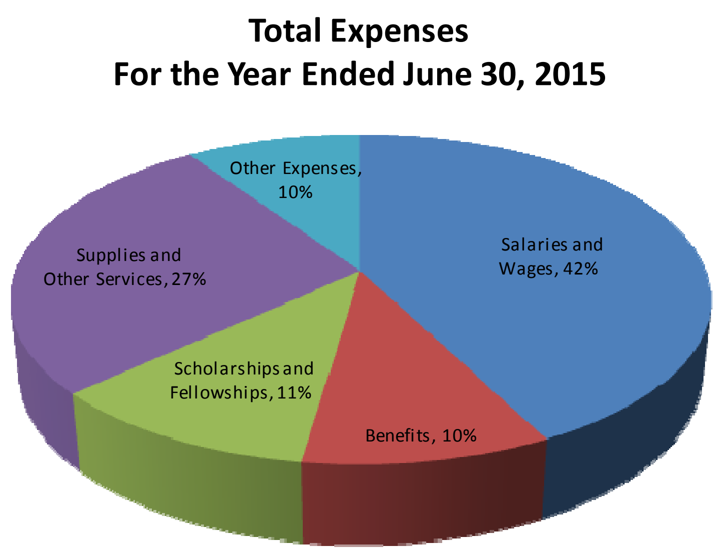
- Net tuition and fee revenue decreased by $561,044 primarily related to a reduction in student enrollment as well as an increase in third party contracts at reduced tuition rates and an increase in the scholarship allowance.

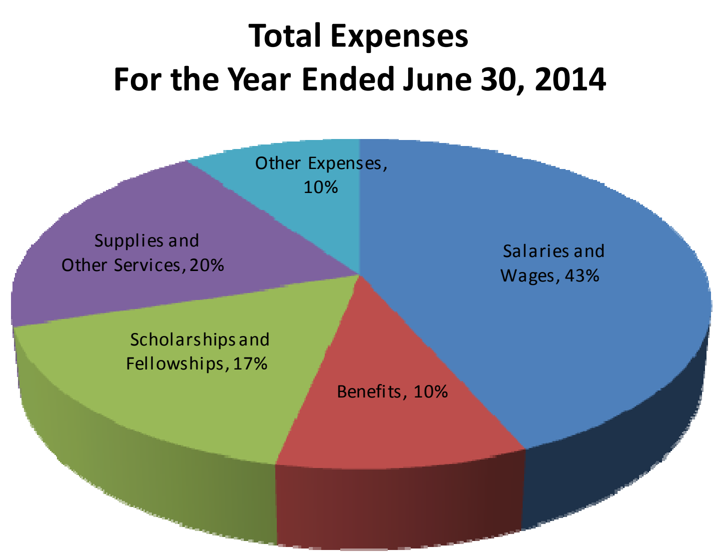
- Payments made and expenses incurred on behalf increased by $13,114,892 over the previous year primarily related to the increase in capital payments made on behalf of BridgeValley of $13,056,383 due to the transfer of the Advanced Technology Center.

- Grants and Contracts increased by $578,350. There was an increase in Federal grants and contracts revenue of $2,406,705 primarily related to recognizing the income from the Federal Department of Labor grant, Bridging the Gap. State grants and contracts decreased by $1,056,172 as less state grants were received during fiscal year 2015.

Expenses:

The following is a graphic illustration of total expenses by source for fiscal years 2015 and 2014.





Total expenses for fiscal year 2015 were $25,960,598 with an increase of $2,468,617 over fiscal year 2014. Some highlights of the changes in fiscal year 2015 expenses compared with fiscal year 2014 are as follows:

- Supplies and other services increased by $2,341,961 due to expenses related to the Bridging the Gap grant, spending on state grants, and an increase in lease payments for the South Charleston campus.

- Salaries and wages increased by $822,039 primarily related to classified staff step increases and faculty promotions as required by statute as well as the hiring of additional grant funded personnel.

- Benefits increased by $234,988 primarily related to above salaries as well as an increase in the OPEB expense.

- Scholarships and fellowships decreased by $1,120,832 with the reduction in student enrollment.

Cash Flows

The statement of cash flows provides information about the cash receipts, cash payments, and net change in cash resulting from the operating, investing, and financing activities (capital and noncapital) of the College during the year. This statement helps users assess the College's ability to generate net cash flows, its ability to meet obligations as they come due, and its need for external financing.

The statement of cash flows is divided into five sections:

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

Cash flows from noncapital financing activities. This section reflects the cash received and paid for nonoperating, noninvesting, and noncapital financing purposes.

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

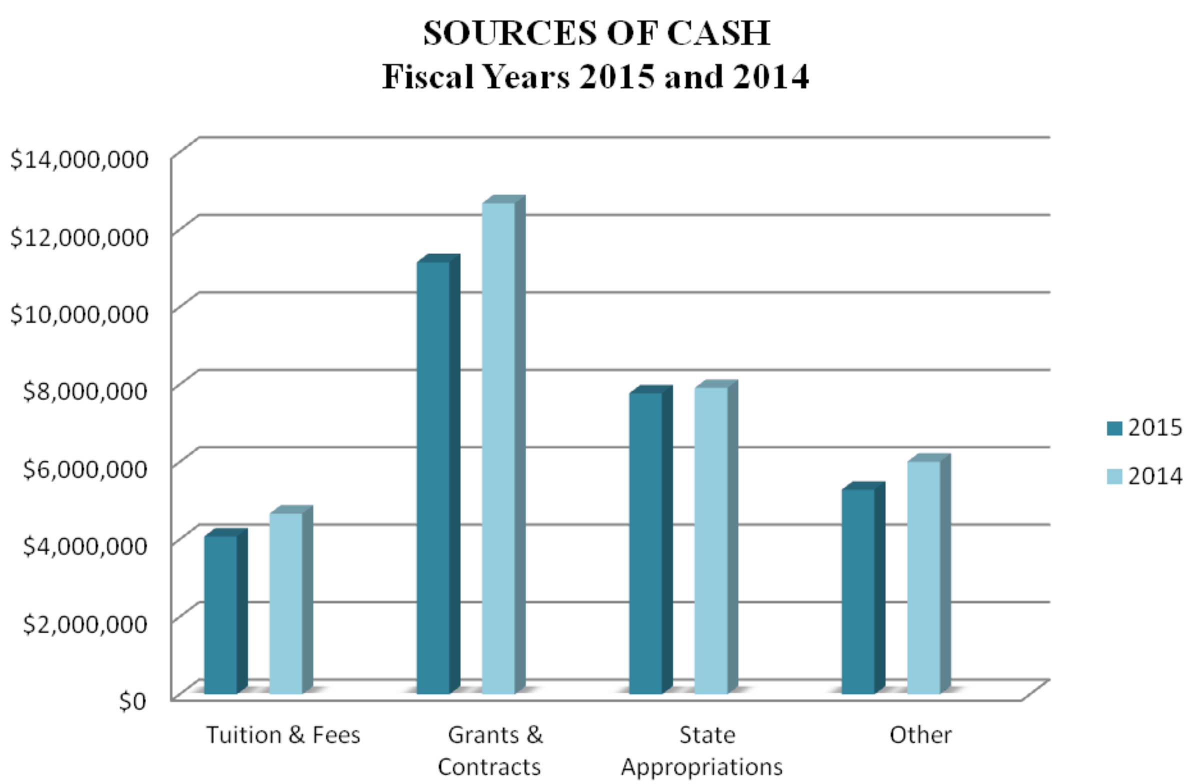
Cash flows from investing activities. This section shows the purchases, proceeds, and interest received from investing activities.

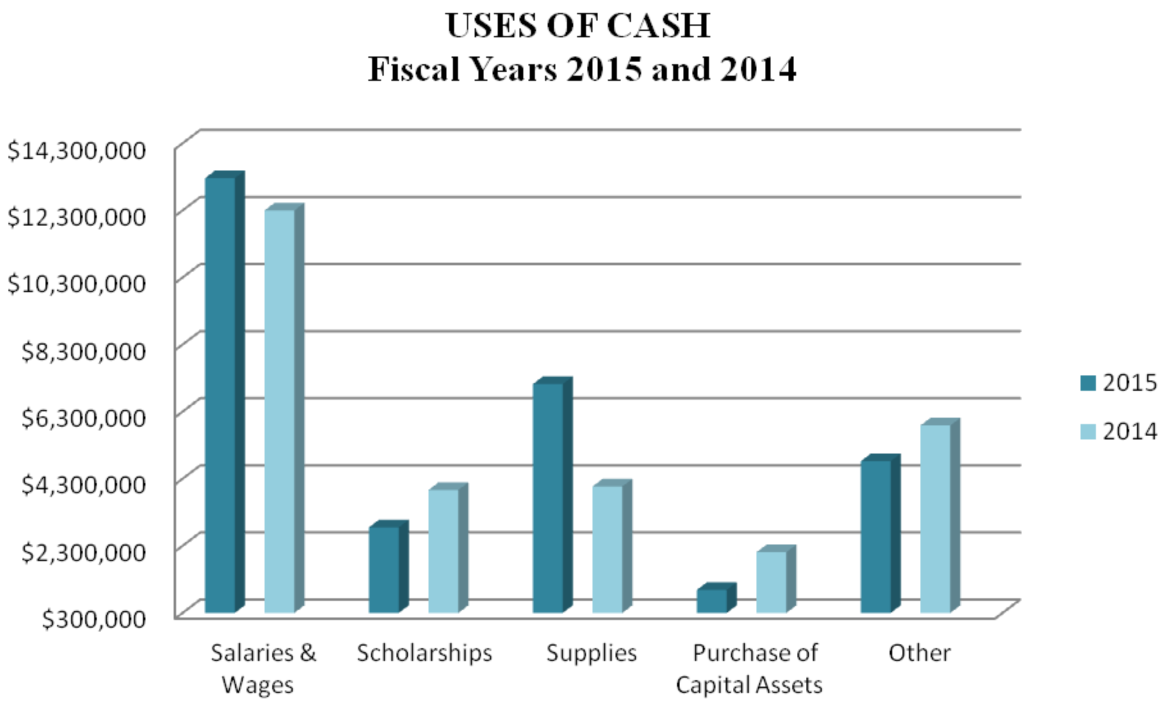
Reconciliation of operating loss to net cash used in operating activities. This section provides a schedule that reconciles the accrual-based operating income (loss) and net cash used in operating activities.

Condensed Statements of Cash Flows
Years Ended June 30,

Cash Provided By (Used In):	**2015**	**2014**
Operating Activities:	$ (12,438,547)	$ (8,485,497)
Noncapital Financing Activities	12,128,747	13,021,634
Capital Financing Activities	(444,955)	(1,608,666)
Investing Activities	8,250	8,338
Increase (Decrease) in Cash and Cash Equivalents	(746,505)	2,935,809
Cash and Cash Equivalents, Beginning of Year	7,719,597	4,783,788
Cash and Cash Equivalents, End of Year	$ 6,973,092	$ 7,719,597

The following graphs illustrate the sources and uses of cash:





Capital Asset and Long Term Debt Activity

During fiscal year 2015, the construction in progress projects were completed, transferred to capital assets, and the College began depreciating these assets. These projects were specific to each campus. Discussed previously in prior fiscal years as Bridgemont projects are now referenced as BridgeValley Montgomery campus projects. Additionally, the previously discussed Kanawha Valley projects will now be referenced as BridgeValley South Charleston campus projects.

BridgeValley Montgomery campus Davis Hall Renovations project began during fiscal year 2012 with $230,427 and was completed during fiscal year 2013 with a total of $4,689,755 excluding the furniture and equipment also purchased in conjunction with the renovation. The scope of the project expanded allowing completion of additional critically needed deferred maintenance during these renovations.

BridgeValley South Charleston campus Building 2000 (Main Hall) renovations began during fiscal year 2012 with $1,334,596 spent for design and renovation of Main Hall located in the WV Regional Technology Park. Renovations continued in 2013 and 2014 with final payment in 2015. The total amount of this project was $14,494,654. During fiscal year 2014, BridgeValley completed the previous Bridgemont project renovations on Building 704 (Annex) also at the West Virginia Regional Technology Park. These renovations, which totaled $735,619, included new HVAC to make the building more energy efficient and other renovations to allow BridgeValley to provide expanded academic and workforce programs at the South Charleston location.

Lottery funds are paying the system debt associated with the Council's $13.5 million bonds (South Charleston campus) and $3 million (Montgomery campus) projects. The $1.75 million (Montgomery campus expansion project) funded with special lottery revenue has no associated debt. BridgeValley incurred new College debt for the Montgomery campus totaling $410,000 to help fund additional renovations related to the Davis Hall Renovations Project. Payment of this debt includes a total of $340,000 paid over five years with final payment in 2016 and a total of $70,000 paid over ten years with final payment in 2021. For the South Charleston campus, the College entered into a new energy savings loan with the Commission in the amount of $500,000 in fiscal year 2013 and an additional $500,000 in fiscal year 2014 to help further fund construction. During fiscal year 2015 after the final reconciliation of the Main Hall renovations, the need for all of the second $500,000 was unnecessary and this loan was reduced by $279,280. This made the revised combined loan for the South Charleston campus a total of $720,720 to be paid over ten years with final payment in 2022.

Economic Outlook

The financial position of BridgeValley is closely tied to that of the State of West Virginia. However, legislative changes have occurred over the last decade resulting in more autonomy and control over all operations of the College. Enrollment has been relatively stable for the past few years. Projections for Fall 2015 enrollment reflect a small increase in both headcount and full-time equivalent enrollment. The College is dependent upon tuition and fee revenue to maintain the large percentage of high-cost allied health and technical programs; however, the rate of tuition increases has been contained as much as possible. For fiscal year 2016, BridgeValley's Board of Governors approved a 3% or $112 annual increase for resident students.

Faculty and staff rely on external funding, primarily through State grants and contracts, to initiate new academic programs and workforce initiatives. Grants and contracts provide essential start-up money with sustainability of initiatives created through enrollment. New projects are being proposed for the use of State grants available for community and technical college education. Another revenue enhancement began with the establishment of the consolidated BridgeValley Community and Technical College Foundation (Foundation) effective July 1, 2014, which combined funds from both the Bridgemont and Kanawha Valley Community and Technical College Foundations.

Fiscal year 2016 state appropriations reflected a modest decrease of less than 1%. The State Budget Office projections for fiscal year 2017 state appropriations currently are level with fiscal year 2016. Should these projections for fiscal year 2017 change and BridgeValley experiences a reduction in state appropriations, the College has developed plans to address this reduction. With the consolidation of Bridgemont and Kanawha Valley Community and Technical College, many opportunities continue to enhance revenue and allow additional costs efficiencies through careful consideration of filling any current and new vacancies, determining the applicability of part-time versus full-time employees, and contractual versus permanent employees. Enhanced recruitment activities and projects are ongoing to increase the tuition and fee revenue stream through enrollment.

Through strategic planning for energy efficiencies in buildings, cost containment with sustainability measures, careful deliberation on personnel decisions, enhanced grant activity, encouraging external gifting through an established Foundation, and focusing on student recruitment and retention, College leadership is consistently engaged in a solution-focused dialogue designed to meet future economic challenges. These changes will result in cost savings and revenue enhancements for the College to provide greater financial stability. The College remains focused on expanding enrollment through increased on-line offerings, expansion of class offerings at the South Charleston location in the West Virginia Regional Technology Park, and continued development of industry partnerships such as the Toyota Advanced Manufacturing program and customized training through the Workforce Development Division. BridgeValley is the lead institution in a $25 million DOL consortia grant for technical education advancements announced on September 18, 2014. With the consolidation, new grants, and national recognition, BridgeValley will continue to prosper and grow.

Requests for Information

The design of this financial report is to provide an overview of the finances of the College for those with an interest in this organization. Questions concerning any of the information provided in this report or requests for additional financial information should addressed to BridgeValley Community and Technical College at 2001 Union Carbide Drive – South Charleston, West Virginia 25303.

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF NET POSITION
JUNE 30 2015 AND 2014

	2015	2014
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 6,923,092	$ 7,669,597
Accounts receivable, net of allowance for doubtful accounts in 2015 and 2014, respectively	815,940	511,883
Due from the Council/Commission	249,338	228,993
Total current assets	7,988,370	8,410,473
NONCURRENT ASSETS:		
Cash and cash equivalents	50,000	50,000
Other receivables	62,984	-
Other assets	265,754	288,843
Capital assets, net	39,060,173	25,883,527
Total noncurrent assets	39,438,911	26,222,370
DEFERRED OUTFLOWS OF RESOURCES:		
Employer pension contributions	60,479	-
Total deferred outflows of resources	60,479	-
TOTAL	$ 47,487,760	$ 34,632,843
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 534,917	$ 945,685
Service agreement payable to WVU	8,684	17,368
Due to State agencies	3,330	160,561
Accrued liabilities	1,062,867	1,069,755
Unearned revenue	5,317,812	4,790,039
Due to the Council/Commission	219,576	123,554
Compensated absences	541,092	287,363
Debt payable to the Commission — current portion	175,000	175,000
Leases payable — current portion	227,846	221,872
Notes payable to WVU — current portion	40,000	40,000
Total current liabilities	8,131,124	7,831,197
NONCURRENT LIABILITIES:		
Compensated absences	-	86,626
Other post employment benefits liability	3,371,683	3,166,307
Net pension liability	438,284	-
Debt payable to the Commission, net of current portion	414,720	869,000
Leases payable, net of current portion	363,166	591,012
Notes payable to WVU, net current portion	-	40,000
Total noncurrent liabilities	4,587,853	4,752,945
DEFERRED INFLOWS OF RESOURCES:		
Net difference between projected and actual earnings on pension plan investments	57,936	-
Changes in proportion and differences in pension contributions	48,058	-
Total deferred inflows of resources	105,994	-
NET POSITION:		
Net investment in capital assets	37,839,441	23,946,643
Restricted for—nonexpendable	50,000	50,000
Unrestricted deficit	(3,226,652)	(1,947,942)
Total net position	34,662,789	22,048,701
TOTAL	$ 47,487,760	$ 34,632,843

The Accompanying Notes Are An Integral
Part Of These Financial Statements

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

	2015	2014
OPERATING REVENUES:		
Student tuition and fees — net of scholarship allowances of $2,419,769 and $3,219,804 in 2015 and 2014, respectively	$ 4,168,160	$ 4,729,204
Federal grants and contracts	2,913,576	506,871
State grants and contracts	2,990,146	4,046,318
Nongovernmental grants and contracts	645,764	663,966
Sales and services of educational departments	43,199	135,285
Auxiliary enterprises — net of scholarship allowances of $79,606 and $93,516 in 2015 and 2014, respectively	660,324	168,916
Other operating revenues	49,777	3,104
Total operating revenues	11,470,946	10,253,664
OPERATING EXPENSES:		
Salaries and wages	11,002,470	10,180,431
Benefits	2,575,257	2,340,269
Scholarships and fellowships	2,839,514	3,960,346
Utilities	227,568	229,967
Supplies and other services	6,841,760	4,497,799
Depreciation	1,995,396	1,771,797
Assessments by the Commission for operations	95,167	88,335
Net service agreement expense to WVU/WVSU	342,985	349,557
Total operating expenses	25,920,117	23,418,501
OPERATING LOSS	(14,449,171)	(13,164,837)
NONOPERATING REVENUES (EXPENSES):		
State appropriations	7,774,924	7,913,830
Federal Pell grants	4,367,211	5,121,192
Investment income	8,119	9,001
Loss on disposal	-	(16,669)
Fees assessed by the Commission	(13,388)	(13,388)
Interest on capital asset-related debt	(27,093)	(43,423)
Net nonoperating revenues	12,109,773	12,970,543
DECREASE IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(2,339,398)	(194,294)
CAPITAL GRANTS AND GIFTS	999,640	957,678
PAYMENTS MADE AND EXPENSES INCURRED ON BEHALF OF THE COLLEGE - STATE OF WV	58,509	-
CAPITAL PAYMENTS MADE AND EXPENSES INCURRED ON BEHALF OF THE COLLEGE	14,425,610	1,369,227
INCREASE IN NET POSITION	13,144,361	2,132,611
NET POSITION - Beginning of year, as previously reported	22,048,701	19,916,090
Net effect of change in accounting policy	(530,273)	-
NET POSITION - Beginning of year, as restated	21,518,428	19,916,090
NET POSITION - End of year	$ 34,662,789	$ 22,048,701

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 4,077,165	$ 4,667,376
Grants and contracts	6,792,596	7,561,566
Payments to and on behalf of employees	(13,258,777)	(12,300,393)
Payments to suppliers	(7,122,600)	(4,069,722)
Payments to utilities	(221,605)	(252,614)
Payments for scholarships and fellowships	(2,851,033)	(3,966,827)
Auxiliary enterprise charges	660,769	169,265
Sales and service of educational departments	41,999	40,301
Payments of operating expenses to WVU	(511,671)	(345,401)
Fees retained by the Commission	(95,167)	(54,986)
Other payments	49,777	65,938
Net cash used in operating activities	(12,438,547)	(8,485,497)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	7,774,924	7,913,830
Federal Pell grants	4,367,211	5,121,192
Federal student loan program — direct lending receipts	3,567,789	4,766,520
Federal student loan program — direct lending payments	(3,567,789)	(4,766,520)
Fees assessed by the Commission	(13,388)	(8,358)
Credit from the Commission for debt service	-	(5,030)
Net cash provided by noncapital financing activities	12,128,747	13,021,634
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Payments on Commission debt	(175,000)	(175,000)
Capital gifts and grants received	999,640	957,678
Purchases of capital assets	(986,799)	(2,110,398)
Payments on notes payable to WVU	(40,000)	(40,000)
Payments on leases payable	(221,872)	(205,647)
Interest paid on capital debt and leases	(20,924)	(35,299)
Net cash used in capital financing activities	(444,955)	(1,608,666)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	8,250	8,338
Net cash provided by investing activities	8,250	8,338
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(746,505)	2,935,809
CASH AND CASH EQUIVALENTS - Beginning of year	7,719,597	4,783,788
CASH AND CASH EQUIVALENTS - End of year	$ 6,973,092	$ 7,719,597
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (14,449,171)	$ (13,164,837)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	1,995,396	1,771,797
Pension expense - special funding situation	58,509	-
Net effect of change in accounting principle	(530,273)	-
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable — net	(304,055)	(87,942)
Due from the Council/Commission	(20,478)	909,429
Other receivables	(62,984)	-
Other assets	16,920	16,920
Deferred outflows of resources	(60,479)	-
Accounts payable	(449,681)	378,210
Accrued liabilities	(6,888)	200,383
Deposits	-	(2,500)
Unearned revenue	527,773	1,389,953
Service agreement payable to WVU	(8,684)	4,156
Due to State Agencies	(157,231)	24,560
Due to the Council/Commission	96,022	52,444
Other postemployment benefits liability	205,376	72,678
Net pension liability	438,284	-
Compensated absences	167,103	(50,658)
Deferred inflows of resources	105,994	-
Net cash used in operating activities	$ (12,438,547)	$ (8,485,407)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:		
Cash and cash equivalents classified as current	$ 6,923,092	$ 7,669,597
Cash and cash equivalents classified as noncurrent	50,000	50,000
	$ 6,973,092	$ 7,719,597
NONCASH TRANSACTIONS:		
Capital payments made on behalf of the College	$ 14,425,610	$ 1,369,227
Capital expenses in accounts payable	$ 38,194	$ 166,455
Loss on disposal	$ -	$ (16,669)

The Accompanying Notes Are An Integral
Part Of These Financial Statements

NOTE 1 - ORGANIZATION

BridgeValley Community and Technical College (BridgeValley or the College) is governed by BridgeValley Community and Technical College Board of Governors (the Board). The Board was established by Senate Bill 438, effective June 30, 2013, which approved the consolidation of the previous Bridgemont and Kanawha Valley Community and Technical Colleges. The previous Boards for each college were established by House Bill 3215 (H.B. 3215), effective July 1, 2008, which clarified and redefined relationships between and among certain higher education boards and institutions.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The accompanying financial statements present all funds under the authority of BridgeValley. The basic criterion for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from BridgeValley's ability to significantly influence operations and accountability for fiscal matters of related entities. The related foundation of BridgeValley is not part of BridgeValley's reporting entity and is not included in the accompanying financial statements as BridgeValley has no ability to designate management, cannot significantly influence operations of these entities, and is not accountable for the fiscal matters of the foundations and other affiliates under GASB blended component unit requirements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The related foundation of BridgeValley does not meet the criteria for inclusion as a component unit of BridgeValley under discretely presented component unit requirements and, as a result, are not included in these financial statements (see Note 13).

Financial Statement Presentation - GASB standards for external financial reporting for public colleges and universities require that financial statements be presented on a basis to focus on BridgeValley as a whole. Net position is classified according to external donor restrictions or availability of assets for satisfaction of BridgeValley's obligations. BridgeValley's net position is classified as follows:

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

Restricted net position, expendable **-** This includes resources in which BridgeValley is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

The West Virginia 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 fees restrictions to auxiliaries and capital items. These activities are fundamental to the normal ongoing operations of BridgeValley. These restrictions are subject to change by future actions of the West Virginia Legislature. At June 30, 2015 and 2014, BridgeValley had no restricted balances remaining in these funds.

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.

Unrestricted net position - Unrestricted net position includes resources that are not subject to externally imposed stipulations. Such resources represent those derived from student tuition and fees (not restricted as to use), state appropriations, and sales and services of educational activities. Unrestricted net position is used for transactions relating to the educational and general operations of BridgeValley and may be designated for specific purposes by action of the Board.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents balances on deposit with the State of West Virginia Treasurer's Office (the Treasurer) are pooled by the Treasurer with other available funds of the State for investment purposes by the West Virginia Board of Treasury Investments (the BTI). These funds are transferred to the BTI, and the BTI is directed by the 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. The BTI was established by the West Virginia Legislature (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 West Virginia Short Term Bond Pool and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

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

Cash and cash equivalents also include all outside bank accounts and cash on hand.

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

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

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

Noncurrent Cash, Cash Equivalents, and Investments - Cash and cash equivalents that are (1) externally restricted to make debt service payments or long-term loans to students or to purchase capital or other noncurrent assets and (2) permanently restricted net position are classified as a noncurrent asset in the statement of net position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets - Capital assets include property, plant, and equipment. Capital assets are stated at cost at the date of acquisition or construction, or fair market value at the date of donation in the case of gifts. The capital assets transferred in were recorded at net book value. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and land improvements, and 3 to 15 years for furniture and equipment. BridgeValley's capitalization threshold is $5,000.

Unearned Revenue - Revenue for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenue, including items such as tuition, orientation fees, financial aid deposits, and advance payments on sponsored awards. Financial aid deposits are separately classified.

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

GASB requires entities to accrue for employees' rights to receive compensation for vacation leave or payments in lieu of accrued vacation or sick leave as such benefits are earned and payment becomes probable. The College's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination. Full-time employees also earn 1 1/2 sick leave days for each month of service and are entitled to extend their health or life insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. Generally, two days of accrued sick leave extend health insurance for one month of single coverage, and three days extend health insurance for one month of family coverage. For employees hired after 1988, or who were hired before 1988 but did not choose such coverage until after 1988 but before July 1, 2001, the employee shares in the cost of the extended benefit coverage to the extent of 50% of the premium required for the extended coverage. Employees hired July 1, 2001, or later 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Certain faculty employees (generally those with less than a 12-month contract) earn a similar extended health or life insurance coverage retirement benefit based on years of service. Generally, 3 1/3 years of teaching service extend health insurance for one year of single coverage, and five years 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 College. Two groups of employees hired after July 1, 2010 will not be required to pay the unsubsidized rate: 1) active employees who were originally hired before July 1, 2010 who have a break in service of fewer than two years after July 1, 2010; and 2) retired employees who retired before July 1, 2010, return to active service after July 1, 2010, and then go back into retirement. In those cases, the original hire date will apply.

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

Net Pension Liability - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Teachers' Retirement System (STRS), administered by the West Virginia Consolidated Public Retirement Board (CPRB), and additions to/reductions from the STRS fiduciary net position have been determined on the same basis as they are reported in the STRS financial statements, which can be found at https://www.wvretirement.com/Publications .html# CAFR. The plan schedules of STRS are prepared using the accrual basis of accounting and economic resources measurement focus in accordance with U.S. GAAP as prescribed by GASB. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Investments are reported at fair value. Detailed information on investment valuation can be found in the STRS financial statements. Management of STRS has made certain estimates and assumptions relating to employer allocation schedules, and actual results could differ. (See Note 12.)

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

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

Risk Management - The State's Board of Risk and Insurance Management (BRIM) provides general liability, property, and auto insurance coverage, to BridgeValley and its employees. Such coverage is provided to BridgeValley by BRIM through a self-insurance program maintained by BRIM for general liability and auto insurance coverage. BRIM maintains a self-insurance program to pay the first $1,000,000 of each property insurance claim and purchases excess property insurance from the commercial insurance market to cover individual claims that exceed $1,000,000. The BRIM self-insurance programs may involve experience and exposure related premiums.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

In addition, through its participation in the West Virginia Public Employees Insurance Agency (PEIA) and a third-party insurer, the College has obtained health, life, prescription drug coverage, and coverage for job related injuries for its employees. In exchange for payment of premiums to PEIA and the third-party insurer, the College has transferred its risks related to health, life, prescription drug coverage, and job related injuries.

West Virginia had a single private insurance company, BrickStreet Insurance, which provided workers' compensation coverage to all employers in the state. Other private insurance companies began to offer coverage to private-sector employers beginning July 1, 2009 and to government employers beginning July 1, 2010. Nearly every employer in the State, who has payroll must have coverage. The cost of all coverage is paid by the employers. BrickStreet retains the risk related to the compensation of injured employees under the program.

Classification of Revenues - BridgeValley 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) most federal, state, local, and nongovernmental grants and contracts, and (3) sales and services of educational activities.

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

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

Use of Restricted Net Position - BridgeValley 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, BridgeValley attempts to utilize restricted net position first when practicable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Financial Assistance Programs - In fiscal year 2010, Bridgemont and Kanawha Valley Community and Technical Colleges switched to the William D. Ford Direct Loan program for making loans to students from the Federal Stafford Loan Program provided to students. Under the William D. Ford Direct Loan program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through colleges. Direct Loan student receivables are not included in BridgeValley's statement of net position, as the loans are repayable directly to the U.S. Department of Education. BridgeValley received and disbursed approximately $3.6 million and $4.8 million, respectively, during fiscal years 2015 and 2014 under the Direct Loan Program on behalf of the U.S. Department of Education. These amounts are not included as revenues and expenses on the statement of revenues, expenses, and changes in net position.

BridgeValley also distributes student financial assistance funds on behalf of the federal government to students under the federal Pell Grant, Supplemental Educational Opportunity Grant, Academic Competitive Grant, and College Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2015 and 2014, BridgeValley received and disbursed approximately $4.5 million and $5.3 million, 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 statement of revenues, expenses, and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by BridgeValley, 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 (NACUBO). Certain aid such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a college basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third-party aid.

Government Grants and Contracts - Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to audit. BridgeValley 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 three years.

Income Taxes - BridgeValley 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 (IRS).

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Newly Adopted Statements Issued by the Governmental Accounting Standards Board - The GASB also issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective for fiscal years beginning after June 15, 2015. This statement enhances the information provided in the financial statements regarding the effects of pension-related transactions, the pension obligations of the entity, and the resources available to satisfy those obligations. See note 3 for a discussion of the effect and additional disclosures at note 12.

The Governmental Accounting Standards Board has also Statement No. 69¸Government Combinations and Disposals of Government Operations, effective for fiscal years beginning after December 31, 2014. This statement provides guidance on measurement and reporting of combinations and disposals of government operations. The adoption of this statement did not have a material effect on the financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, effective for fiscal years beginning after June 15, 2015. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This benefit will be achieved without the imposition of significant additional costs. See note 3 for a discussion of the effect and additional disclosures at note 12.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

NOTE 3 - CHANGE IN ACCOUNTING POLICY AND RESTATEMENT OF BEGINNING NET POSITION

The College has implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Statement Nos. 68 and 71 require the College to report its share of the defined benefit pension liabilities and expense, as well as the related deferred outflows of resources and deferred inflows of resources, allocated to it by the CPRB. The balance of the net pension liability and related deferred outflows of resources and deferred inflows of resources at July 1, 2014 is reported on the statement of revenues, expenses, and changes in net position as a restatement to the 2015 net position — beginning of year. The CPRB was not able to provide sufficient information to restate the financial statements for the period ending June 30, 2014.

Net position at the beginning of the year required restatement:

Net position - beginning of year, as previously stated	$ 22,048,701
Net effect of change in accounting policy	(530,273)
Net position - beginning of year, restated	$ 21,518,428

NOTE 4 - CASH AND CASH EQUIVALENTS

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

	2015		
	Current	Noncurrent	Total
Cash on deposit with the Treasurer/BTI			
Nonauxiliaries	$ 6,785,847	$ 50,000	$ 6,835,847
Auxiliaries	62,878	-	62,878
Cash on hand	650	-	650
Cash in bank	73,717	-	73,717
	$ 6,923,092	$ 50,000	$ 6,973,092

	2014		
	Current	Noncurrent	Total
Cash on deposit with the Treasurer/BTI			
Nonauxiliaries	$ 7,498,154	$ 50,000	$ 7,548,154
Auxiliaries	56,405	-	56,405
Cash on hand	100	-	100
Cash in bank	114,939	-	114,939
	$ 7,669,598	$ 50,000	$ 7,719,598

These bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by securities held as collateral by the bank in the name of the State. Cash held by the Treasurer includes $50,000 and $50,000 of restricted cash at June 30, 2015 and 2014, respectively.

The combined carrying amount of cash in the bank at June 30, 2015 and 2014, was $73,717 and $114,939, respectively, as compared with the combined bank balance of $123,596 and $159,127 for the years ended June 30, 2015 and 2014. The difference is primarily caused by outstanding checks and items in transit. The bank balances were covered by federal depository insurance as noted below or were collateralized by securities held by the State’s agent. Regarding federal depository insurance, accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000.

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

NOTE 4 - 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 Carrying Value (in Thousands)	2015 S & P Rating	2014 Carrying Value (in Thousands)	2014 S & P Rating
WV Money Market Pool	$ 1,890,464	AAAm	$ 1,959,590	AAAm
WV Government Money Market Pool	$ 248,468	AAAm	$ 238,954	AAAm
WV Short Term Bond Pool	$ 761,526	Not Rated	$ 771,941	Not Rated

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

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

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

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

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

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

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

NOTE 4 - CASH AND CASH EQUIVALENTS (CONTINUED)

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

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

NOTE 5 - ACCOUNTS RECEIVABLE

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

	2015	2014
Student tuition and fees, net of allowances for doubtful accounts of $267,928 and $567,760 in 2015 and 2014, respectively	$ 126,112	$ 204,972
Grants and contracts receivable	522,096	284,768
Due from third party for payment of tuition & fees	115,610	-
Other	1,200	-
Due from other State Agencies	50,922	22,143
	$ 815,940	$ 511,883

NOTE 6 - CAPITAL ASSETS

The following, as of June 30, 2015 and 2014, is a summary of capital assets transactions for BridgeValley:

	2015			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 458,073	$ 12,200	$ -	$ 470,273
Construction in progress	1,686,748	159,159	(1,745,907)	100,000
Total capital assets not being depreciated	$ 2,144,821	$ 171,359	$ (1,745,907)	$ 570,273
Other capital assets:				
Buildings	$ 10,901,475	$ 14,500,875	$ -	$ 25,402,350
Leasehold improvements	12,749,252	1,062,907	-	13,812,159
Equipment	6,542,897	1,182,808	(34,602)	7,691,103
Total other capital assets	30,193,624	16,746,590	(34,602)	46,905,612
Less accumulated depreciation for:				
Buildings	(3,205,203)	(463,243)	-	(3,668,446)
Leasehold improvements	(1,274,926)	(637,463)	-	(1,912,389)
Equipment	(1,974,789)	(894,690)	34,602	(2,834,877)
Total accumulated depreciation	(6,454,918)	(1,995,396)	34,602	(8,415,712)
Other capital assets – net	$ 23,738,706	$ 14,751,194	$ -	$ 38,489,900
Capital asset summary:				
Capital assets not being depreciated	$ 2,144,821	$ 171,359	$ (1,745,907)	$ 570,273
Other capital assets	30,193,624	16,746,590	(34,602)	46,905,612
Total cost of capital assets	32,338,445	16,917,949	(1,780,509)	47,475,885
Less accumulated depreciation	(6,454,918)	(1,995,396)	34,602	(8,415,712)
Capital assets, net	$ 25,883,527	$ 14,922,553	$ (1,745,907)	$ 39,060,173

NOTE 6 - CAPITAL ASSETS (CONTINUED)

	2014			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 413,957	$ 44,116	$ -	$ 458,073
Construction in progress	765,215	1,625,911	(704,378)	1,686,748
Total capital assets not being depreciated	$ 1,179,172	$ 1,670,027	$ (704,378)	$ 2,144,821
Other capital assets:				
Buildings	$ 10,721,812	$ 179,663	$ -	$ 10,901,475
Leasehold improvements	12,749,252	-	-	12,749,252
Equipment	4,419,567	2,156,669	(33,339)	6,542,897
Total other capital assets	27,890,631	2,336,332	(33,339)	30,193,624
Less accumulated depreciation for:				
Buildings	(2,749,426)	(455,777)	-	(3,205,203)
Leasehold improvements	(637,463)	(637,463)	-	(1,274,926)
Equipment	(1,312,902)	(678,557)	16,670	(1,974,789)
Total accumulated depreciation	(4,699,791)	(1,771,797)	16,670	(6,454,918)
Other capital assets – net	$ 23,190,840	$ 564,535	$ (16,669)	$ 23,738,706
Capital asset summary:				
Capital assets not being depreciated	$ 1,179,172	$ 1,670,027	$ (704,378)	$ 2,144,821
Other capital assets	27,890,631	2,336,332	(33,339)	30,193,624
Total cost of capital assets	29,069,803	4,006,359	(737,717)	32,338,445
Less accumulated depreciation	(4,699,791)	(1,771,797)	16,670	(6,454,918)
Capital assets, net	$ 24,370,012	$ 2,234,562	$ (721,047)	$ 25,883,527

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

There was no capitalized interest for fiscal year 2015 or 2014.

NOTE 7 - LONG-TERM LIABILITIES

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

	2015				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$ 373,989	$ 167,103	$ -	$ 541,092	$ 541,092
Other postemployment benefits liability	3,166,307	536,054	(330,678)	3,371,683	-
Debt payable to the Commission	1,044,000	-	(454,280)	589,720	175,000
Net pension liability	-	438,284	-	438,284	-
Leases payable	812,884	-	(221,872)	591,012	227,846
Notes payable	80,000	-	(40,000)	40,000	40,000
Total long-term liabilities	$ 5,477,180	$ 1,141,441	$ (1,046,830)	$ 5,571,791	$ 983,938

	2014				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$ 424,647	$ 11,647	$ (62,305)	$ 373,989	$ 287,363
Other postemployment benefits liability	3,093,629	399,532	(326,854)	3,166,307	-
Debt payable to the Commission	1,219,000	-	(175,000)	1,044,000	175,000
Leases payable	1,169,034	-	(356,150)	812,884	221,872
Notes payable	120,000	-	(40,000)	80,000	40,000
Total long-term liabilities	$ 6,026,310	$ 411,179	$ (960,309)	$ 5,477,180	$ 724,235

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS LIABILITY

In accordance with GASB, OPEB costs are accrued based upon invoices received from PEIA based upon actuarial determined amounts. At June 30, 2015 and 2014, the noncurrent liability related to OPEB was $3,371,683 and $3,166,307, respectively. The total OPEB expense incurred and the amount of OPEB expense that relates to retirees was $536,054 and $43,191, respectively, during 2015, or 8%. The total of OPEB expense incurred and the amount of OPEB expense that relates to retirees was $399,532 and $34,944, respectively, during 2014, or 9%. For the years ended June 30, 2015 and 2014, there were nineteen retirees receiving these benefits. During the 2014 legislative session, the State took proactive measures to address this unfunded liability, which will take effect in future fiscal years and fully fund the liability by 2037.

NOTE 9 - LEASES PAYABLE

Operating - BridgeValley has entered into various operating lease agreements. Future annual minimum lease payments for years subsequent to June 30, 2015 are $16.

NOTE 9 - LEASES PAYABLE (CONTINUED)

Total rent expense for these operating leases for the years ended June 30, 2015 and 2014, was approximately $16,920 and $16,920, respectively. BridgeValley does not have any non-cancelable leases. Payments for 2016 through 2031 are $1 per year. Due to the long-term implications of this lease (25 years) and the fact that the last 19 years are at $1 annually, BridgeValley reports an amortized amount of lease payments for 2015 and subsequent years of $16,920 annually and reflects the difference between cash payouts and accrued expenses against prepaid expenses over the life of the lease.

Capital - BridgeValley leases certain property, plant, and equipment through capital leases. The net book value of assets obtained through capital leases was $656,223 and $852,672 for June 30, 2015 and 2014, respectively. Future annual minimum lease payments on capital assets are as follows:

Years Ending June 30,

2016	$ 243,636
2017	244,511
2018	22,546
2019	21,788
2020	21,788
Thereafter	81,708
Future minimum lease payments	635,977
Less interest	(44,965)
Total	591,012
Current portion	(227,846)
Long-term portion	$ 363,166

NOTE 10 - STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

BridgeValley is a State institution of higher education. It receives a State appropriation in partial support of its operations. In addition, BridgeValley is subject to the legislative and administrative mandates of State government. Those mandates affect all aspects of BridgeValley’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 BridgeValley. Financing for these facilities was provided through revenue bonds issued by either the former Board of Regents, the former University System of West Virginia, the former State College System of West Virginia, or the former Interim Governing Board (collectively the Boards). These obligations administered by the Commission are the direct and total responsibility of the Municipal Bond Commission, as successor to the former Boards.

NOTE 10 - STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS (CONTINUED)

The Municipal Bond Commission has the authority to assess each public institution of higher education for funds to meet the payment of debt service on these various bonds. Certain tuition and registration fees (referred to as system 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 an institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. The bonds remain a capital obligation of the Commission; however, effective June 30, 2002, an amount of principal related to each institution was reported as debt service assessment payable to the Commission by each institution and as a receivable by the Commission. These system bonds were fully paid off by what was then Bridgemont and Kanawha Valley in prior years.

During December 2009, the Commission, on behalf of the Council, issued $78,295,000 of Community and Technical Colleges Improvement Revenue Bonds, 2009 Series A (the 2009 Bonds). Lottery funds are paying the system debt associated with the Council's $13.5 million bonds (South Charleston campus) and $3 million (Montgomery campus) projects.

The $1.75 million (Montgomery campus expansion project) funded with special lottery revenue has no associated debt. BridgeValley incurred new College debt for the Montgomery campus totaling $410,000 to help fund additional renovations related to the Davis Hall Renovations Project. Payment of this debt includes a total of $340,000 paid over five years with final payment in 2016 and a total of $70,000 paid over ten years with final payment in 2021. For the South Charleston campus, the College entered into a new energy savings loan with the Commission in the amount of $500,000 in fiscal year 2013 and an additional $500,000 in fiscal year 2014 to help further fund construction. During fiscal year 2015 after the final reconciliation of the Main Hall renovations, the need for all of the second $500,000 was unnecessary and this loan was reduced by $279,280. This made the revised combined loan for the South Charleston campus a total of $720,720 to be paid over ten years with final payment in 2022.

NOTE 11 - UNRESTRICTED NET POSITION (DEFICIT)

	2015	2014
Total unrestricted net position before OPEB liability and net pension liability	$ 628,830	$ 1,218,365
Less: OPEB liability	3,371,683	3,166,307
Less: Net pension liability	438,284	-
Less: Deferred inflows of resources - pension	105,994	-
Add: Deferred outflows of resources - pension	60,479	-
Total unrestricted deficit	$ (3,226,652)	$ (1,947,942)

NOTE 12 - RETIREMENT PLANS

Substantially all full-time employees of BridgeValley participate in either the West Virginia Teachers' Retirement System (the STRS) or the Teachers' Insurance and Annuities Association - College Retirement Equities Fund (the TIAA-CREF). Previously, upon full-time employment, all employees were required to make an irrevocable selection between the STRS and TIAA-CREF. Effective July 1, 1991, the STRS was closed to new participants. Current participants in the STRS are permitted to make a one-time election to cease their participation in that plan and commence contributions to the West Virginia Teachers' Defined Contribution Plan.

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.

DEFINED BENEFIT PENSION PLAN

Some employees of BridgeValley are enrolled in a defined benefit pension plan, the STRS, which is administered by the CPRB.

As related to the implementation of GASB 68, following is BridgeValley'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):

	STRS
Net pension liability	$ 438,284
Deferred outflows of resources	60,479
Deferred inflows of resources	105,994
Revenues	58,509
Pension expense	72,514
Contributions made by BridgeValley	60,479

Plan Description

STRS 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. STRS closed membership to new hires effective July 1, 1991.

NOTE 12 - RETIREMENT PLANS (CONTINUED)

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

Benefits Provided

STRS 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 five 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 the 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: STRS funding policy provides for member contributions based on 6% of members' gross salary. Contributions as a percentage of payroll for members and employers are established by State law and are not actuarially-determined.

Employer Contributions: Employers make the following contributions:

The State (including institutions of higher education) contributes:

- 15% of gross salary of their State-employed members hired prior to July 1, 1991;
- 15% of School Aid Formula (SAF) covered payroll of county-employed members for entities other than institutions of higher education;
- 7.5% of SAF-covered payroll of members of the Teachers' Defined Contributions Retirement System for entities other than institutions of higher education;
- a certain percentage of fire insurance premiums paid by State residents; and
- 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 STRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2014, BridgeValley's proportionate share attributable to this special funding subsidy was $58,509.

NOTE 12 - RETIREMENT PLANS (CONTINUED)

BridgeValley's contributions to STRS for the years ended June 30, 2015, 2014, and 2013, were approximately $60,500, $58,800, and $64,240, 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 7.5%.
- 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 Legislature. However, the retirement system makes no automatic provision for such increases.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2005 to June 30, 2010. These assumptions will remain in effect for valuation purposes until such time as the CPRB adopts revised assumptions.

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

NOTE 12 - RETIREMENT PLANS (CONTINUED)

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

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

Discount rate. The discount rate used to measure the total STRS 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, STRS' 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 STRS' 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 BridgeValley's proportionate share of the STRS net pension liability as of June 30, 2015 calculated using the discount rate of 7.50%, as well as what BridgeValley's STRS 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	$ 568,469	$ 438,284	$ 326,611

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

The STRS 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, BridgeValley's proportionate share of the STRS net pension liability was $1,428,607. Of this amount, BridgeValley recognized approximately $438,284 as its proportionate share on the statement of net position. The remainder of $990,323 denotes BridgeValley's proportionate share of net pension liability attributable to the special funding.

NOTE 12 - RETIREMENT PLANS (CONTINUED)

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 STRS for each of the fiscal years ended June 30, 2014 and 2013. Employer contributions are recognized when due. At June 30, 2014, BridgeValley's proportion was 0.025603%, an increase of 0.011515% from its proportion of 0.014088% calculated as of June 30, 2013.

For the year ended June 30, 2015, BridgeValley recognized STRS pension expense of $72,514. Of this amount, $14,005 was recognized as BridgeValley's proportionate share of the STRS expense and $58,509 as the amount of pension expense attributable to special funding from a non-employer contributing entity. BridgeValley also recognized revenue of $58,509 for support provided by the State.

At June 30, 2015, deferred outflows of resources and deferred inflows of resources related to the STRS pension are as follows.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	$ -	$ 48,058
Net difference between projected and actual investment earnings	-	57,936
Contributions after the measurement date	60,479	-
Total	$ 60,479	$ 105,994

BridgeValley will recognize the $60,479 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the STRS 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 STRS pension expense as follows.

Fiscal Year Ended June 30,	Amortization
2016	$ 24,272
2017	24,272
2018	24,272
2019	24,272
2020	8,906
	$ 105,994

Payables to the Pension Plan

BridgeValley did not report any amounts payable for normal contributions to the STRS as of June 30, 2015.

NOTE 12 - RETIREMENT PLANS (CONTINUED)

DEFINED CONTRIBUTION BENEFIT PLANS

The TIAA-CREF and Educators Money are defined contribution plans in which benefits are based upon amounts contributed, plus investment earnings. Each employee who elects to participate in these plans is required to make a contribution equal to 6% of total annual compensation. BridgeValley simultaneously matches the employees' 6% contribution. Contributions are immediately and fully vested.

Total contributions to the TIAA-CREF for the years ended June 30, 2015 and 2014, were approximately $1,088,200 and $982,460, respectively, which consisted of approximately $544,100 and $491,230, respectively, from BridgeValley and approximately $544,100 and $491,230, respectively, from covered employees.

Total contributions to Educators Money for the years ended June 30, 2015 and 2014, were approximately $15,000 and $19,200, respectively, which consisted of approximately $7,500 and $9,600, respectively, from BridgeValley and approximately $7,500 and $9,600, respectively, from covered employees.

BridgeValley's total payroll for the years ended June 30, 2015 and 2014 was approximately $9.6 million and $9.6 million respectively, and total covered employees' salaries in the TIAA-CREF, and Educators Money were approximately $9,067,600, and $125,000, respectively, for the year ended June 30, 2015 and approximately $8,187,800, and $169,000, respectively, for the year ended June 30, 2014.

NOTE 13 - AFFILIATED ORGANIZATIONS

BridgeValley and the West Virginia University Institute of Technology (WVU Tech), a division of the West Virginia University (WVU), share the Montgomery, West Virginia campus and were administratively linked from July 1, 2004 until June 30, 2008. WVU provided BridgeValley with administrative and support services. BridgeValley also agreed to transfer capital fees, auxiliary fees, certain educational and general fees, and other fees collected from students to WVU and to provide instructional services to WVU.

Effective July 1, 2008, BridgeValley established its own Board. Effective July 1, 2009, BridgeValley separated from WVU and no longer purchased administrative and support services from WVU. Instead, BridgeValley continues to have service agreements for use of certain facilities and support services for BridgeValley's students.

Additionally Kanawha Valley shared a campus with West Virginia State University (WV State) until 2012 when the College moved its campus to the West Virginia Regional Technology Park. BridgeValley continues to make payments on WV State's Student Union building as student tuition from both institutions were obligated per the bond agreements. Final payments will occur in fiscal year 2022.

NOTE 14 - BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE FOUNDATION, INCORPORATED

BridgeValley Community and Technical College Foundation, Incorporated (Foundation) is a separate non-profit organization incorporated in the State of West Virginia. During fiscal year 2013 what was then the Bridgemont Community and Technical College Foundation applied for and received from the IRS its tax exempt, 501(c)(3) status in March 2013. During fiscal year 2014 Boards for both the Bridgemont and Kanawha Valley Community and Technical College Foundations approved the consolidation of the respective foundations into BridgeValley Community and Technical College Foundation, Inc. Appropriate paperwork was sent to the State and the Internal Revenue Service to change the name from Bridgemont to BridgeValley with the same federal identification number.

The related foundation of BridgeValley is not part of BridgeValley’s reporting entity and is not included in the accompanying financial statements as BridgeValley has no ability to designate management, cannot significantly influence operations of these entities, and is not accountable for the fiscal matters of the foundations and other affiliates under GASB blended component unit requirements.

The related foundation of BridgeValley does not meet the criteria for inclusion as a component unit of BridgeValley under discretely presented component unit requirements and, as a result, are not included in these financial statements.

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

NOTE 15 - CONTINGENCIES

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. Management believes disallowances, if any, would not have a significant financial impact on BridgeValley’s financial position.

BridgeValley owns various buildings that are known to contain asbestos. BridgeValley is not required by Federal, State, or Local Law to remove the asbestos from the buildings. BridgeValley is required by Federal Environmental, Health, and Safety Regulations to manage the presence of asbestos in the buildings in a safe condition. Significant problems of dangerous asbestos conditions are abated as the condition becomes known. BridgeValley 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.

NOTE 16 - FUNCTIONAL CLASSIFICATION OF EXPENSES

BridgeValley's operating expenses by functional and natural classification are as follows:

2015

	Salaries and Wages	Benefits	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation	Assessments by the Commission	Net Service Agreement Expense	Total
Instruction	$ 6,331,724	$ 1,294,618	$ -	$ 460	$ 4,197,491	$ -	$ -	$ -	$ 11,824,293
Public service	1,087,858	218,861	-	940	589,904	-	-	-	1,897,563
Academic support	914,432	148,756	-	-	296,512	-	-	-	1,359,700
Student services	824,616	153,409	-	-	151,206	-	-	-	1,129,231
Operation and maintenance of plant	287,724	84,585	-	226,168	123,592	-	-	-	722,069
General institutional support	1,556,116	675,028	-	-	1,483,055	-	-	-	3,714,199
Student financial aid	-	-	2,839,514	-	-	-	-	-	2,839,514
Depreciation	-	-	-	-	-	1,995,396	-	-	1,995,396
Fees assessed by the Commission	-	-	-	-	-	-	95,167	-	95,167
Net service agreement expense	-	-	-	-	-	-	-	342,985	342,985
Total expenses	$ 11,002,470	$ 2,575,257	$ 2,839,514	$ 227,568	$ 6,841,760	$ 1,995,396	$ 95,167	$ 342,985	$ 25,920,117

2014

	Salaries and Wages	Benefits	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation	Assessments by the Commission	Net Service Agreement Expense	Total
Instruction	$ 5,832,330	$ 1,312,020	$ -	$ -	$ 1,296,150	$ -	$ -	$ -	$ 8,440,500
Public service	968,732	169,242	15,594	1,658	316,535	-	-	-	1,471,761
Academic support	646,870	157,194	-	-	513,834	-	-	-	1,317,898
Student services	624,707	157,303	-	1,084	99,090	-	-	-	882,184
Operation and maintenance of plant	216,205	70,075	-	225,344	758,300	-	-	-	1,269,924
General institutional support	1,891,587	474,435	-	1,881	1,513,890	-	-	-	3,881,793
Student financial aid	-	-	3,944,752	-	-	-	-	-	3,944,752
Depreciation	-	-	-	-	-	1,771,797	-	-	1,771,797
Fees assessed by the Commission	-	-	-	-	-	-	88,335	-	88,335
Net service agreement expense	-	-	-	-	-	-	-	349,557	349,557
Total expenses	$ 10,180,431	$ 2,340,269	$ 3,960,346	$ 229,967	$ 4,497,799	$ 1,771,797	$ 88,335	$ 349,557	$ 23,418,501

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2015

State Teachers' Retirement System
Last 10 Fiscal Years*

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
BridgeValley's proportion of the net pension liability (asset) (percentage)	0.012705%									
BridgeValley's proportionate share of the net pension liability (asset)	$ 438,284									
State's proportionate share of the net pension liability (asset)	990,323									
Total	$ 1,428,607									
BridgeValley's covered-employee payroll	$ 392,000									
BridgeValley's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	111.81%									
Plan fiduciary net position as a percentage of the total pension liability	65.95%									

* - The amounts presented for each fiscal year were determined as of June 30th .
This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, BridgeValley should present information for those years for which information is available.

BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
June 30, 2015

State Teachers' Retirement System
Last 10 Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Contractually required contribution	$ 57,806									
Contributions in relation to the contractually required contribution	(58,524)									
Contribution deficiency (excess)	$ (718)									
Government's covered-employee payroll	$ 392,000									
Contributions as a percentage of covered-employee payroll	14.93%									

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

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Governors
BridgeValley Community and Technical College
Montgomery, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of BridgeValley Community and Technical College (the College), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated January 13, 2016.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Suttle & Stalnaker, PLLC

Charleston, West Virginia
January 13, 2016