WEST VIRGINIA NORTHERN COMMUNITY COLLEGE

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

WEST VIRGINIA NORTHERN COMMUNITY COLLEGE
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YEARS ENDED JUNE 30, 2015 AND 2014

INDEPENDENT AUDITORS' REPORT

Governing Board
West Virginia Northern Community College
Wheeling, West Virginia

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the West Virginia Northern Community College Foundation, Inc. (the Foundation). Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

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

Emphasis of Matters

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

As discussed in Note 17 to the financial statements, the component unit, West Virginia Northern Community College Foundation, Inc., restated its previously issued financial statements for matters related to permanently restricted net assets. 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 4 to 11 and the Schedules of Proportionate Share of Net Pension Liability and Contributions on page 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Governing Board
West Virginia Northern Community College

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2016, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
January 14, 2016

Overview

West Virginia Northern Community College (WVNCC or the "College") is providing its financial statements for the fiscal year 2015, along with a comparative of fiscal years 2014 and 2013. There are three Financial Statements presented: the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows as required by GASB reporting standards. This section of the annual financial report focuses on an overview of the College's financial performance during the fiscal year ended June 30, 2015, with comparisons to the two previous fiscal years (June 30, 2014 and 2013).

In addition, WVNCC Foundation, Inc. consists of two basic financial statements; the Statements of Financial Position and the Statements of Activities. The WVNCC Foundation, Inc. assets are controlled by a separate Board of Trustees and its historical purpose has been in support of the College's student scholarships, capital improvements, and institutional support. More information about the accounting and reporting aspects of the Foundation can be found in footnotes 12 and 17 of these financial statements.

Statements of Net Position

The Statements of Net Position present the Assets (current and non-current), Deferred Outflows of Resources, Liabilities (current and non-current), Deferred Inflows of Resources and Net Position (Assets plus Deferred Outflows of Resources minus Liabilities minus Deferred Inflows of Resources) of the College as of June 30, 2015. Assets denote the resources available to continue the operations of the College. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s). Liabilities indicate how much the College owes vendors, employees, lending institutions and the West Virginia Higher Education Policy Commission. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s). Net Position provides a way to measure the financial position of the College.

Net Position is Displayed in Three Major Categories:

- ***Net Investment in Capital Assets*.** This category provides equity in the property, plant, and equipment owned by WVNCC. The title is held by the West Virginia Northern Community College Board of Governors. It represents the College's investment in capital assets plus deferred outflows of resources attributable to those capital assets, net of accumulated depreciation, outstanding debt obligations and deferred inflows of resources related to those capital assets. To the extent debt or deferred inflows of resources has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets. Rather that portion of debt or deferred inflows of resources is included in the same net position component as the unspent amount.

- ***Restricted Net Position*.** This category includes net position whose use is restricted either due to externally imposed constraints or because of restrictions imposed by law. They are further divided into two additional components – expendable and non-expendable:

  Expendable restricted net position includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. For example, the expenditure must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets.

Non-expendable restricted net position includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The College presently does not have any non-expendable net position.

- ***Unrestricted Net Position*****.** This category represents resources derived from tuition and fees, State appropriations and sales and services of educational activities. These resources are used for transactions related to the educational and general operations of the College, and may be used at the sole discretion of the Governing Board to meet current expenses for any purpose.

Statement of Net Position
Fiscal Years Ended June 30

	2015	2014	Change FS 15-14	2013	Change FS 14-13
Assets and Deferred Outflows:					
Current Assets	$ 14,087,808	$ 13,065,943	7.82%	$ 12,969,617	0.74%
Other Noncurrent Assets	2,841,762	2,192,330	29.62%	3,298,967	-33.54%
Capital Assets - Net	33,432,795	34,538,442	-3.20%	34,697,373	-0.46%
Total Assets	50,362,365	49,796,715	1.14%	50,965,957	-2.29%
Deferred Outflows of Resources:	38,870	-		-	
Liabilities, Deferred Inflows and Net Position:					
Current Liabilities	1,484,373	1,506,184	-1.45%	3,051,996	-50.65%
Noncurrent Liabilities	3,270,476	2,774,155	17.89%	2,764,509	0.35%
Total Liabilities	4,754,849	4,280,339	11.09%	5,816,505	-26.41%
Deferred Inflows of Resources:	451,070	240,000	87.95%	-	N/A
Net Position:					
Net Investments in Capital Assets	33,192,795	34,538,442	-3.90%	34,697,373	-0.46%
Restricted For - Expendable	2,731,220	2,150,023	27.03%	3,325,281	-35.34%
Unrestricted	9,271,301	8,587,911	7.96%	7,126,798	20.50%
Total Net Position	$ 45,195,316	$ 45,276,376	-0.18%	$ 45,149,452	0.28%

Statement of Net Position 2015 to 2014 Financial Highlights

Assets

- Current and Non-Current cash and cash equivalents increased $1.7 million or 11.4%.
- Capital Assets – net decreased $1.1 million or 3.2%.
- Total Assets increased $566,000 million or 1.1%.

Liabilities

- Current Liabilities decreased $22,000 or 1.5%.
- Post-Employment Benefits Liability increased $116,000 or 4.3%.
- Total Liabilities increased $474,510 or 11.1%.

Comments

An indicator that the College has sufficient resources available to meet its obligations is the current ratio (current assets to current liabilities). This ratio is calculated at 9.5 to 1 and 8.7 to 1 for 2015 and 2014, respectively. The improvement is attributable to the completion of the College's capital expansion including card access system and security camera projects. Despite a $112,000 decline in Operating Revenue due to declining enrollment and modifications to student eligibility for financial aid, the College managed to maintain a robust cash balance which demonstrates continued asset growth for Fiscal Year 2015.

West Virginia Northern Community College continues to maintain a strong cash position with current cash and cash equivalents representing 27% of total assets for FY 2015. The College has added approximately $16.4 million in net fixed assets over the last 10 years. More detailed data with respect to capital assets for the years ended June 30, 2015 and 2014 can be found in footnote 5 to these financial statements.

The increase in Other Post Employment Benefits (OPEB) Liability is due to the accrual of annual OPEB cost as determined by the State's actuarial calculation. In FY 2015 and 2014, the State directed all of their Universities and Colleges to account for the full amount of these OPEB liabilities without the transfer of any State general revenue funds. Subsequent to their directive, the State has begun to modify the actuarial assumptions related to the OPEB Liability which slowed its growth for FY 2014 and beyond.

Statements of Revenues, Expenses and Changes in Net Position

The Statements of Revenues, Expenses and Changes in Net Position present the operating results of the College for the fiscal year ended June 30, 2015 compared to fiscal years ended June 30, 2014 and 2013. The purpose of the Statement is to present the revenues of the College (operating and non-operating), the expenses of the College (operating and non-operating), and any other revenues, expenses, gains and losses of the College. State Appropriations, while budgeted for operations, are considered and reported as non-operating revenues. This is due to State Appropriations being provided by the Legislature to the College without the Legislature directly receiving commensurate goods and services for those 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.

Statements of Revenues, Expenses, and Changes in Net Position
Fiscal Years Ended June 30

	2015	2014	Change FS 15-14	2013	Change FS 14-13
Total Operating Revenues	$ 5,251,982	$ 5,363,833	-2.09%	$ 5,649,836	-5.06%
Total Operating Expenses	15,968,913	17,159,947	-6.94%	17,476,408	-1.81%
Operating Loss	(10,716,931)	(11,796,114)	-9.15%	(11,826,572)	-0.26%
Net Nonoperating Revenues	11,183,776	11,788,035	-5.13%	13,469,021	-12.48%
Capital Payments on Behalf of College	60,000	135,003	-55.56%	1,916,545	-92.96%
Increase in Net Position	526,845	126,924	315.09%	3,558,994	-96.43%
Net Position - Beginning of Year	45,276,376	45,149,452	0.28%	41,590,458	8.56%
Restatement for July 1, 2014, Pension Liability	(607,905)	-	100.00%	-	0.00%
Net Position - Beginning of Year, Restated	44,668,471	45,149,452		41,590,458	
Net Position - End of Year	$ 45,195,316	$ 45,276,376	-0.18%	$ 45,149,452	0.28%

Statement of Revenues, Expenses and Changes in Net Position 2015 and 2014 Financial Highlights:

Operating Revenue

- Total Operating Revenues decreased $112,000 or 2.1%.
- Net Student Tuition & Fees increased $92,000 or 3.6%.
- State Contracts and Grants increased $87,000 or 5.5%.

Operating Expenses

- Total Operating Expenses decreased $1.2 million or 7.0%.
- Salaries and Wages decreased $497,000 or 6.8%.
- Employee Benefits increased $107,000 or 5.8%.
- Student Financial Aid decreased $761,000 or 27.1%.

Non-Operating Revenues (Expenses)

- Net Non-Operating Revenues decreased $604,000 or 5.1%.
- Federal Pell Grants to students decreased $511,000 or 11.3%.

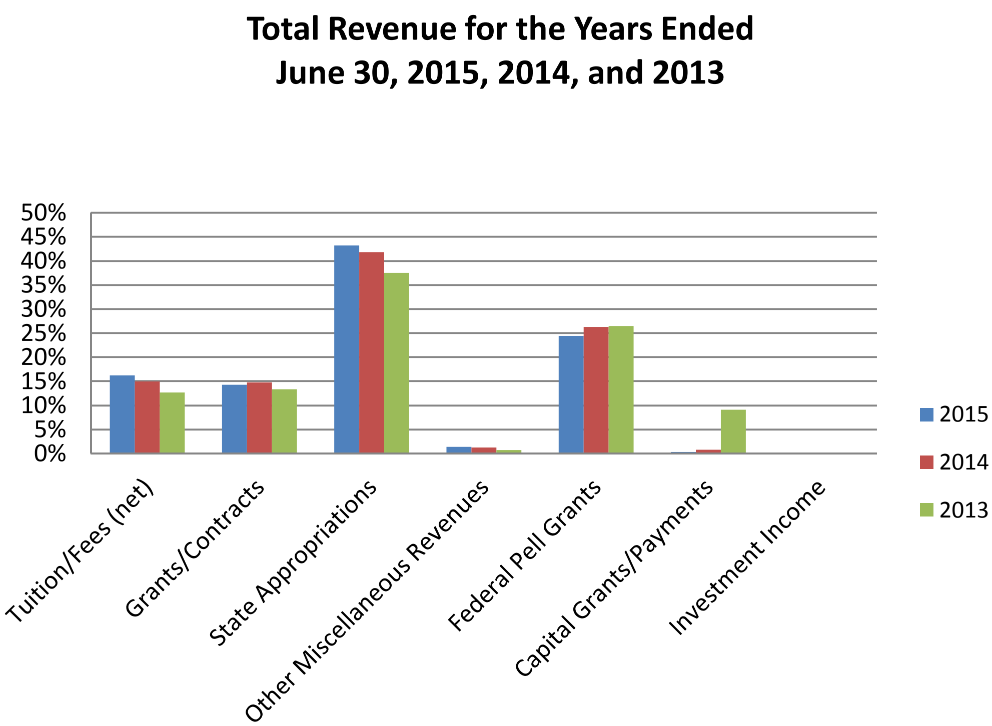
Comments

Total operating revenues decreased due to declines in enrollment and fewer Local and Private Grant funds secured and/or available for College initiatives. Gross tuition and fees increased by $105,000 or 1.9%. However, netting scholarship allowances against gross tuition and fees yields a net decrease of $92,000 or 2.1%.

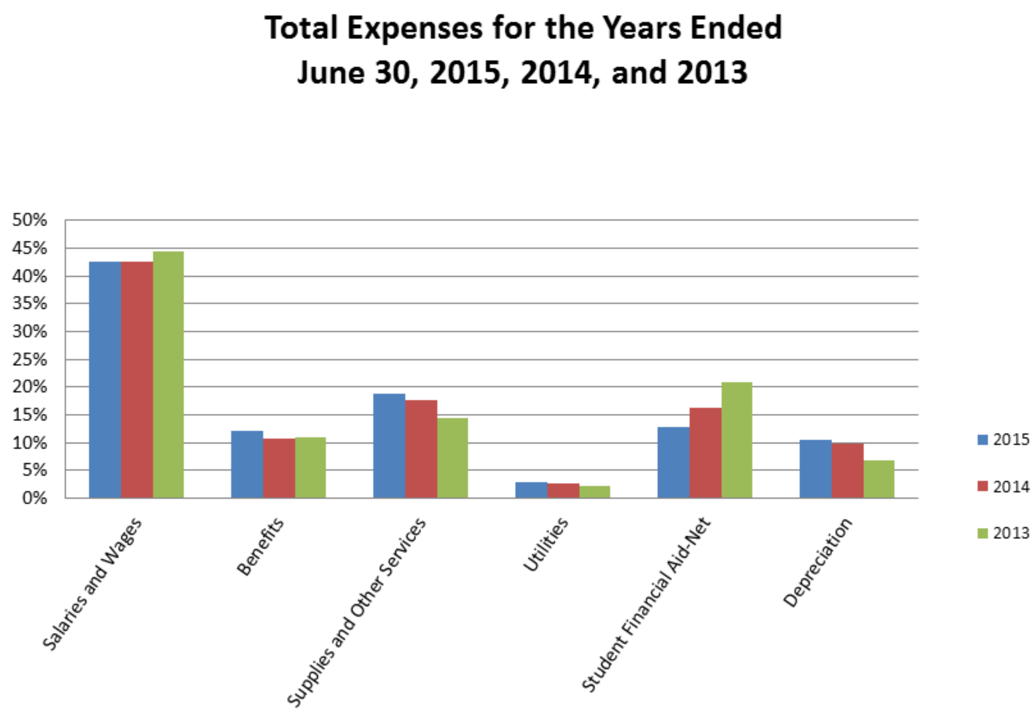
Total operating expenses decreased due to decreases in financial aid disbursements and an overall 4.3% decrease in salary & benefits.

The Non-Operating Revenues decreased as a result of a decrease in Federal Pell Grants disbursed to students.

Major sources of revenue for the College consist of program and general. The graph illustrates the revenues by source and percentage based on the total revenues of $16,495,758, $17,286,871, and $21,035,541 for the years ended 2015, 2014, and 2013, respectively.



The graph illustrates the operating expenses by natural classifications, non-operating expenses, and percentage based on the total expenditures of $15,968,913, $17,159,947, and $17,476,547 for the years ended 2015, 2014, and 2013, respectively.



Statements of Cash Flows

The Statements of Cash Flows provide information about the cash receipts, cash payments, and net change in cash resulting from the activities 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 Four Parts:

Cash Flows from Operating Activities. This section shows the net cash used by the operating activities of the College.

Cash Flows from Non-Capital Financing Activities. This section reflects the cash received and paid for non-operating, non-investing, and non-capital financing purposes.

Cash Flows from Capital and Related 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.

Statements of Cash Flows
Fiscal Years Ended June 30

	2015	2014	Change FS 15-14	2013	Change FS 14-13
Cash Provided (Used) by:					
Operating Activities	$ (9,008,687)	$ (9,891,047)	-8.92%	$ (10,914,076)	-9.37%
Noncapital Financing Activities	11,153,176	11,769,050	-5.23%	13,455,666	-12.53%
Capital Financing Activities	(1,057,760)	(1,505,783)	-29.75%	(5,249,509)	-71.32%
Investing Activities	18,375	18,576	-1.08%	24,614	-24.53%
Increase in Cash and Cash Equivalents	1,105,104	390,796	182.78%	(2,683,305)	-114.56%
Cash and Cash Equivalents - Beginning of Year	12,597,670	12,206,874	3.20%	14,890,179	-18.02%
Cash and Cash Equivalents - End of Year	$ 13,702,774	$ 12,597,670	8.77%	$ 12,206,874	3.20%

Comments

The College generated positive cash flows which resulted in ending cash balance increase of 8.8% for the fiscal year ended 2015. The increase in 2015 is attributable to the operating expense savings in salaries and lower than anticipated disbursements of Federal financial aid. The increase in 2014 is attributable to the preservation of cash due to the completion of the building renovation projects on the Wheeling Campus.

Capital Asset and Debt Activity

The College continued to invest in building improvements, equipment and other capital activity in FY 2015, financed by grants, bond proceeds, gifts and other College funds.

- During December 2009 the Higher Education Policy Commission (HEPC), on behalf of the Council for Community and Technical College Education, issued approximately $78 million in bonds which will be repaid from excess Lottery Funds. The College's share of the bond issuance is $6 million, which was used to finance construction of an addition to the Weirton Redline building and is being used for renovations for the Applied Technology building and Student Union in Wheeling. Through June 30, 2014, the College's cumulative construction costs of $5.9 million were paid on behalf of the College by HEPC from the bond proceeds for these projects.

- The College has met its debt service obligations to the HEPC.

Economic Outlook

WVNCC regional service area has a mixed economic future. Currently, Ohio, Wetzel and Marshall Counties in West Virginia have high employment and a shortage of skilled workers for the existing jobs. Wetzel County in particular has seen job growth due to the migration of the Marcellus Shale industry in the region. The counties of Hancock, Brooke and Tyler face economic slowdowns caused by heavy industry reductions and out migration. In all areas, high school population continues to decline while the elderly population is increasing. This is a formula that will produce negative economic issues for the region.

The competition for students also increased with the region's nine higher education institutions tapping a similar customer base. WVNCC is planning to outpace the other institutions by focusing on the traditional student market, expanding Developmental Education programs, creating a Physical Therapy Assistance program, and enhancing technical programs, especially Industrial Maintenance training. With funds provided through State initiatives, the College purchased a flexible space site in Wheeling and completed a major addition to its Weirton Campus for technical and nursing training. Finally, the College renovated a recently acquired building in part, to house a new Student Union. This space also houses a full retail Barnes and Noble bookstore which opened to College and Public use on July 15, 2013.

Another enrollment effort focuses on Northern's e-learning expansion. With the hiring of an Instructional Technologist, the College is committed to making a significant impact on e-learning in the region. The goal is to expand on-line courses by 25% within a year. In addition, the College will work with current faculty to offer 10% more hybrid courses. Within two years, it is expected Northern will have three complete programs on-line.

The last initiative focuses on simplifying the registration process for students by streamlining processes and providing early registration opportunities. The process has been changed to a fully automated process so that students may register on-line at their leisure.

WVNCC has worked diligently to establish contingency, deferred maintenance, and base budget funds. All department budgets have adequate funding, but a cautionary stance is still maintained within the budget. Increased efficiencies have permitted the College to reinvest in its infrastructure and personnel. Northern is expected to be financially stable going into the next fiscal year.

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

	2015	2014
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 13,702,774	$ 12,597,670
Accounts Receivable - Net	292,542	321,664
Interest Receivable on State Cash Accounts	1,740	1,540
Due from Commission/Council	80,876	142,091
Arrears Pay Conversion Receivable - Current Portion	7,786	-
Loans to Students - Current Portion	2,081	2,975
Prepaid Expenses	9	3
Total Current Assets	14,087,808	13,065,943
NONCURRENT ASSETS		
Restricted Cash and Cash Equivalents	2,747,702	2,173,052
Arrears Pay Conversion Receivable	78,966	-
Loans to Students, Net of Allowance of $98,507 in 2015 and $96,693 in 2014	15,094	19,278
Capital Assets - Net	33,432,795	34,538,442
Total Noncurrent Assets	36,274,557	36,730,772
Total Assets	50,362,365	49,796,715
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pension	38,870	-
Total Assets and Deferred Outflows	$ 50,401,235	$ 49,796,715

See accompanying Notes to Financial Statements.

WEST VIRGINIA NORTHERN COMMUNITY COLLEGE
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2015 AND 2014

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	2015	2014
CURRENT LIABILITIES		
Accounts Payable	$ 239,857	$ 198,009
Due to State of West Virginia	10,332	2,242
Due to Commission/Council	200	45,559
Accrued Liabilities	795,360	756,301
Unearned Revenues	141,405	160,201
Compensated Absences	297,219	343,872
Total Current Liabilities	1,484,373	1,506,184
NONCURRENT LIABILITIES		
Advances from Federal Sponsors	40,903	45,649
Other Post Employment Benefits Liability	2,844,421	2,728,506
Net Pension Liability	385,152	-
Total Noncurrent Liabilities	3,270,476	2,774,155
Total Liabilities	4,754,849	4,280,339
DEFERRED INFLOWS OF RESOURCES		
Service Concession Arrangement - Net	240,000	240,000
Deferred Inflows Related to Pension	211,070	-
Total	5,205,919	4,520,339
NET POSITION		
Net Investment in Capital Assets	33,192,795	34,538,442
Restricted for:		
Capital Projects	2,723,974	2,149,656
Scholarships	7,246	367
Unrestricted	9,271,301	8,587,911
Total Net Position	45,195,316	45,276,376
Total Liabilities, Deferred Inflows, and Net Position	$ 50,401,235	$ 49,796,715

See accompanying Notes to Financial Statements.

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

	2015	2014
OPERATING REVENUES		
Student Tuition and Fees - Net of Scholarship Allowance of $2,913,087 in 2015 and $2,900,342 in 2014	$ 2,679,184	$ 2,587,217
Contracts and Grants:		
Federal	594,504	465,661
State	1,667,146	1,580,585
Private	96,607	511,040
Interest on Student Loans Receivable	130	627
Sales and Services of Educational Activities	220,380	221,608
Miscellaneous - Net	(5,969)	(2,905)
Total Operating Revenues	5,251,982	5,363,833
OPERATING EXPENSES		
Salaries and Wages	6,791,686	7,288,574
Benefits	1,950,409	1,842,998
Supplies and Other Services	2,999,818	3,024,548
Utilities	454,234	462,257
Student Financial Aid - Scholarships and Fellowships	2,048,045	2,808,722
Depreciation	1,665,885	1,669,172
Fees Assessed by the Commission for Operations	58,836	63,676
Total Operating Expenses	15,968,913	17,159,947
OPERATING LOSS	(10,716,931)	(11,796,114)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	7,125,451	7,230,369
Federal Pell Grants	4,027,725	4,538,681
Payments on Behalf of the University	51,413	-
Loss on Disposal of Assets	(39,389)	(400)
Investment Income	18,576	19,385
Net Nonoperating Revenues	11,183,776	11,788,035
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	466,845	(8,079)
Payments Made and Expenses Incurred on Behalf of College	60,000	135,003
INCREASE IN NET POSITION	526,845	126,924
NET POSITION - BEGINNING OF YEAR	45,276,376	45,149,452
RESTATEMENT FOR JULY 1, 2014, PENSION LIABILITY	(607,905)	-
NET POSITION - BEGINNING OF YEAR, RESTATED	44,668,471	45,149,452
NET POSITION - END OF YEAR	$ 45,195,316	$ 45,276,376

See accompanying Notes to Financial Statements.

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

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Student Tuition and Fees	$ 2,616,649	$ 2,447,993
Contracts and Grants	2,389,761	3,007,113
Payments to and on Behalf of Employees	(8,723,222)	(9,259,662)
Payments to Suppliers	(2,980,635)	(2,992,561)
Payments to Utilities	(425,045)	(445,133)
Payments for Scholarships and Fellowships	(2,048,045)	(2,808,722)
Loans Issued to Students	(2,000)	(2,000)
Collection of Loans to Students	2,122	2,269
Sales and Service of Educational Activities	220,380	221,609
Fees Assessed by the Commission for Operations	(58,836)	(63,676)
Other Receipts / (Payments) - Net	184	1,723
Net Cash Used by Operating Activities	(9,008,687)	(9,891,047)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	7,125,451	7,230,369
Federal Pell Grants	4,027,725	4,538,681
Federal Direct Lending Receipts	2,513,300	2,979,958
Federal Direct Lending Payments	(2,513,300)	(2,979,958)
Net Cash Provided by Noncapital Financing Activities	11,153,176	11,769,050
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchases of Capital Assets	(480,852)	(2,612,414)
Fees Assessed by Commission	(2,258)	(2,258)
Withdrawals from (Deposits to) Noncurrent Cash and Cash Equivalents	(574,650)	1,108,889
Net Cash Used by Capital Financing Activities	(1,057,760)	(1,505,783)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	18,375	18,576
INCREASE IN CASH AND CASH EQUIVALENTS	1,105,104	390,796
Cash and Cash Equivalents - Beginning of Year	12,597,670	12,206,874
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 13,702,774	$ 12,597,670

See accompanying Notes to Financial Statements.

WEST VIRGINIA NORTHERN COMMUNITY COLLEGE
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$ (10,716,931)	$ (11,796,114)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	1,665,885	1,669,172
Effect of Changes in Operating Assets and Liabilities:		
Accounts Receivable - Net	29,122	(39,269)
Interest Receivable from State Cash Accounts	(200)	(810)
Due from Commission / Council	61,215	329,316
Arrears Pay Conversion Receivable	(86,752)	-
Loans to Students - Net	5,078	2,939
Prepaid Expenses	(6)	42
Accounts Payable	(16,927)	61,537
Due to State of West Virginia	8,090	(21,953)
Due to Commission / Council	(45,359)	(57,613)
Accrued Liabilities	39,059	(37,206)
Unearned Revenue	(18,796)	14,943
Compensated Absences	(46,653)	(28,742)
Other Post Employment Benefits	115,915	10,570
Defined Benefit Pension	860	-
Advances from Federal Sponsors	(4,746)	(924)
Other	2,459	3,065
Net Cash Used by Operating Activities	$ (9,008,687)	$ (9,891,047)
NONCASH TRANSACTIONS		
Capital Assets Purchased through Accounts Payable and Accrued Liabilities	$ 67,025	$ 8,250
Capital Assets Acquired through Contributions	$ -	$ 240,000

See accompanying Notes to Financial Statements.

WEST VIRGINIA NORTHERN COMMUNITY COLLEGE
WEST VIRGINIA NORTHERN COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

	2015	Restated 2014
ASSETS		
Cash	$ 70,728	$ 146,667
Accounts Receivable	2,350	2,050
Investments at Fair Value	4,064,175	3,588,159
Prepaid Expenses	2,141	1,855
Other Current Assets	5,828	10,046
Beneficial Interest in Perpetual Trust	1,084,462	1,076,004
Total Assets	$ 5,229,684	$ 4,824,781
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 5,556	$ 17,578
Total Liabilities	5,556	17,578
NET ASSETS		
Unrestricted	780,864	781,697
Temporarily Restricted	2,597,943	2,240,982
Permanently Restricted	1,845,321	1,784,524
Total Net Assets	5,224,128	4,807,203
Total Liabilities and Net Assets	$ 5,229,684	$ 4,824,781

See accompanying Notes to Financial Statements.

WEST VIRGINIA NORTHERN COMMUNITY COLLEGE
WEST VIRGINIA NORTHERN COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUES					
Grants and Donations		$ 34,916	$ 408,557	$ -	$ 443,473
Dividend and Interest Income		6,468	51,169	-	57,637
Investment Revenue from Beneficial Interest in Perpetual Trust		-	-	52,339	52,339
Special Events Fundraisers	$ 61,464				
Less Costs of Direct Benefits to Donors	(26,573)	34,891	-	-	34,891
Gain on Investment		435	36,933	-	37,368
Change in Value of Split Interest Agreements		-	-	8,458	8,458
Net Assets Released from Restrictions - Satisfaction of Program Restrictions		139,698	(139,698)	-	-
Total Support and Revenues		216,408	356,961	60,797	634,166
EXPENSES					
WV Northern Community College Support:					
Scholarships / Student Assistance		76,276	-	-	76,276
Institutional Support		92,984	-	-	92,984
Fundraising		12,864	-	-	12,864
Management and General		35,117	-	-	35,117
Total Expenses		217,241	-	-	217,241
CHANGE IN NET ASSETS		(833)	356,961	60,797	416,925
NET ASSETS - BEGINNING OF YEAR, AS RESTATED		781,697	2,240,982	1,784,524	4,807,203
NET ASSETS - END OF YEAR		$ 780,864	$ 2,597,943	$ 1,845,321	$ 5,224,128

See accompanying Notes to Financial Statements.

WEST VIRGINIA NORTHERN COMMUNITY COLLEGE
WEST VIRGINIA NORTHERN COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

		Restated			
		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUES					
Grants and Donations		$ 141,152	$ 393,386	$ -	$ 534,538
Dividend and Interest Income		11,220	52,378	-	63,598
Investment Revenue from Beneficial Interest in Perpetual Trust		-	-	52,355	52,355
Special Events Fundraisers	$ 66,522				
Less Costs of Direct Benefits to Donors	(26,116)	40,406	-	-	40,406
Gain on Investment		72,257	343,048	-	415,305
Change in Value of Split Interest Agreements		-	-	27,001	27,001
Net Assets Released from Restrictions - Satisfaction of Program Restrictions		498,876	(498,876)	-	-
Total Support and Revenues		763,911	289,936	79,356	1,133,203
EXPENSES					
WV Northern Community College Support:					
Scholarships / Student Assistance		9,832	-	-	9,832
Institutional Support		431,816	-	-	431,816
Fundraising		18,427	-	-	18,427
Management and General		36,188	-	-	36,188
Total Expenses		496,263	-	-	496,263
CHANGE IN NET ASSETS		267,648	289,936	79,356	636,940
NET ASSETS - BEGINNING OF YEAR, AS PREVIOUSLY STATED		514,049	1,951,046	656,165	3,121,260
CORRECTION OF AN ERROR		-	-	1,049,003	1,049,003
NET ASSETS - BEGINNING OF YEAR, RESTATED		514,049	1,951,046	1,705,168	4,170,263
NET ASSETS - END OF YEAR		$ 781,697	$ 2,240,982	$ 1,784,524	$ 4,807,203

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

West Virginia Northern Community College (the "College") is governed by the West Virginia Northern Community College Board of Governors (the "Board"). The Board was established by Senate Bill 448 ("S.B. 448").

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

In accordance with GASB, the audited financial statements of West Virginia Northern Community College Foundation, Incorporated (the "Foundation") are discretely presented here with the College's financial statements for the fiscal years ended June 30, 2015 and 2014. The Foundation is a private nonprofit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests, is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is, therefore, discretely presented with the College's financial statements in accordance with GASB. No modifications have been made to the Foundation's audited financial information as presented herein (see also Note 17).

Financial Statement Presentation

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

Net Investment in Capital Assets

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

Restricted Net Position, Expendable

This includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

Restricted Net Position, Nonexpendable

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

Unrestricted Net Position

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

Basis of Accounting

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

Cash and Cash Equivalents

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

Cash and cash equivalents balances on deposit with the State of West Virginia Treasurer's Office (the "State Treasurer") are pooled by the State Treasurer with other available funds of the State for investment purposes by the West Virginia Board of Treasury Investments (BTI). These funds are transferred to the BTI, and the BTI is directed by the State Treasurer to invest the funds in specific external investment pools in accordance with West Virginia Code, policies set by the BTI, provisions of bond indentures, and trust agreements when applicable. Balances in the investment pools are recorded at fair value or amortized cost, which approximates fair value. Fair value is determined by a third-party pricing service based on asset portfolio pricing models and other sources, in accordance with GASB. The BTI was established by the State Legislature and is subject to oversight by the State Legislature.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (Continued)

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

Appropriations Due from Primary Government

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

Allowance for Doubtful Accounts

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

Noncurrent Cash, Cash Equivalents and Investments

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

Capital Assets

Capital assets include property, plant and equipment; books and materials that are part of a catalogued library; and infrastructure assets. Capital assets are stated at cost at the date of acquisition or construction, or fair value at the date of donation in the case of gifts. If material, interest on related borrowing, net of interest earnings on invested proceeds, is capitalized during the period of construction. No interest was capitalized as part of the cost of assets for the years ended June 30, 2015 and 2014. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and infrastructure, 15 years for land improvements, 7 years for library books, and 3 to 12 years for furniture and equipment. The College capitalizes all purchases of library books. Prior to April 1, 2014 the College used a capitalization threshold of $1,000 for other capital assets. Effective April 1, 2014, the College used capitalization thresholds of $5,000 for furniture and equipment; $2,500 for land, leasehold and building improvements and computer software; and $15,000 for aggregate capital asset purchases. Land, buildings, infrastructure and library books are capitalized regardless of cost. The accompanying financial statements reflect all adjustments required by GASB.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenues

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

Compensated Absences and Other Postemployment Benefits

GASB provides standards for the measurement, recognition, and display of other postemployment benefit (OPEB) expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State. 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. Details regarding this plan and its stand-alone financial statements can be obtained by contacting the West Virginia Public Employees Insurance Agency (PEIA), State Capital Complex, Building 5, Room 1001, 1900 Kanawha Boulevard East, Charleston, West Virginia 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.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences and Other Postemployment Benefits (Continued)

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.

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. As of June 30, 2015, the College had deferred outflows of resources related to pension of $38,780.

Deferred Inflows of Resources

An acquisition of net position by the College that is applicable to a future fiscal year is reported as a deferred inflow of resources on the statement of net position. As of June 30, 2015 and 2014, the College had deferred inflows from service concession arrangements of $240,000, respectively, and deferred inflows related to pension of $211,070 as of June 30, 2015.

Risk Management

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

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

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

Settled claims have not exceeded these coverages for the past three fiscal years.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Revenues

The College has classified its revenues according to the following criteria:

- *Operating Revenues* - Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; (3) most federal, state, local, and nongovernmental grants and contracts; and (4) sales and services of educational activities.

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

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

Use of Restricted Net Position

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

Federal Financial Assistance Program

The College makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students through institutions like the College. Direct student loan receivables are not included in the College's accompanying statements of net position since the loans are repayable directly to the U.S. Department of Education. In 2015 and 2014, the College received and disbursed approximately $2.5 and $3.0 million, respectively, under the Federal Direct Student Loan Program on behalf of the U.S. Department of Education, which is not included as revenue and expense on the statements of revenues, expenses, and changes in net position.

The College also distributes other student financial assistance funds on behalf of the federal government to students under the federal Pell Grant, Supplemental Educational Opportunity Grant, and College Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2015 and 2014, the College received and disbursed approximately $4.1 and $4.7 million, respectively, under these federal student aid programs.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Scholarship Allowances

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

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

Government Grants and Contracts

Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to audit. The College recognizes revenue associated with direct costs as the related costs are incurred. Recovery of related indirect costs is generally recorded at fixed rates negotiated for a period of one to five years.

Service Concession Arrangements

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

Income Taxes

The College is exempt from income taxes, except for unrelated business income, as a nonprofit organization under federal income tax laws and regulations of the Internal Revenue Service.

Cash Flows

Any cash and cash equivalents escrowed, restricted for noncurrent assets, or in funded reserves have not been included as cash and cash equivalents for the cash flow statement purposes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Risk and Uncertainties

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

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

The College has implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Statements 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 West Virginia State Teachers Retirement System ("TRS"). The July 1, 2014, balance of the net pension liability and related deferred outflows of resources and deferred inflows of resources is reported in the statement of revenues, expenses, and changes in net position as a restatement to the 2015 net position – beginning of the year. TRS was not able to provide sufficient information to restate the June 30, 2014 financial statements.

	2015
Net Position - Beginning of Year, as Previously Stated	$ 45,276,376
July 1, 2014, Balance of the Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	(607,905)
Net Position - Beginning of Year, Restated	$ 44,668,471

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The GASB has issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, *and Amendments to Certain Provisions of GASB Statements 67 and 68*. The requirements of this statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2016, and the requirements of this statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

NOTE 3 CASH AND CASH EQUIVALENTS

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

	2015		
	Current	Noncurrent	Total
State Treasurer	$ 13,586,675	$ 2,723,974	$ 16,310,649
Bank	116,099	23,728	139,827
Total	$ 13,702,774	$ 2,747,702	$ 16,450,476

	2014		
	Current	Noncurrent	Total
State Treasurer	$ 12,524,036	$ 2,149,656	$ 14,673,692
Bank	73,634	23,396	97,030
Total	$ 12,597,670	$ 2,173,052	$ 14,770,722

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

Cash held by the State Treasurer includes $2,723,974 and $2,149,656 at June 30, 2015 and 2014, respectively, restricted for capital assets. These amounts were collateralized by financial instruments held by the State's agent.

The combined carrying amount of cash in bank was $139,827 and $97,030 as compared with the combined bank balance of $142,479 and $229,541 at June 30, 2015 and 2014, respectively. The difference is primarily caused by items in transit and outstanding checks. The bank balances were covered by federal depository insurance as noted below or collateralized by securities held by the State's agent. Regarding federal depository insurance, accounts held at one bank are 100% insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000.

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

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

	2015		2014	
External Pool	Carrying Value (in Thousands)	S&P Rating	Carrying Value (in Thousands)	S&P Rating
WV Money Market Pool	$ 16,163,977	AAAm	$ 14,252,954	AAAm
WV Government Money Market Pool	$ 143,054	AAAm	$ 118,376	AAAm
WV Short Term Bond Pool	$ 3,618	Not Rated	$ 302,362	Not Rated

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

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

	2015		2014	
External Pool	Carrying Value (in Thousands)	WAM (Days)	Carrying Value (in Thousands)	WAM (Days)
WV Money Market Pool	$ 16,163,977	47	$ 14,252,954	36
WV Government Money Market Pool	$ 143,054	51	$ 118,376	37

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

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

	2015		2014	
External Pool	Carrying Value (in Thousands)	Effective Duration (Days)	Carrying Value (in Thousands)	Effective Duration (Days)
WV Short Term Bond Pool	$ 3,618	410	$ 302,362	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 University will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

Interest Rate Risk

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

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 University has no securities with foreign currency risk.

NOTE 4 ACCOUNTS RECEIVABLE

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

	2015	2014
Student Tuition and Fees, Net of Allowance for Doubtful Accounts of $928,664 in 2015 and $855,802 in 2014	$ 256,002	$ 255,959
Third Party Contracts Receivable	36,540	65,705
Total	$ 292,542	$ 321,664

WEST VIRGINIA NORTHERN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 5 CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2015 and 2014 is as follows:

	2015			
	Beginning Balance	Additions	Reductions	Ending Balance
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	$ 1,728,751	$ -	$ -	$ 1,728,751
Construction in Progress	-	223,242	(217,340)	5,902
Total Capital Assets not Being Depreciated	$ 1,728,751	$ 223,242	$ (217,340)	$ 1,734,653
OTHER CAPITAL ASSETS				
Land Improvements	$ 738,067	$ -	$ -	$ 738,067
Infrastructure	2,225,652	-	-	2,225,652
Buildings	36,482,914	114,817	-	36,597,731
Equipment	7,293,248	471,636	(312,396)	7,452,488
Library Books	627,185	7,271	(7,568)	626,888
Total Other Capital Assets	47,367,066	593,724	(319,964)	47,640,826
LESS ACCUMULATED DEPRECIATION FOR				
Land Improvements	(453,190)	(42,753)	-	(495,943)
Infrastructure	(953,147)	(102,208)	-	(1,055,355)
Buildings	(8,920,593)	(896,504)	-	(9,817,097)
Equipment	(3,674,699)	(602,618)	273,008	(4,004,309)
Library Books	(555,746)	(21,802)	7,568	(569,980)
Total Accumulated Depreciation	(14,557,375)	(1,665,885)	280,576	(15,942,684)
OTHER CAPITAL ASSETS - NET	$ 32,809,691	$ (1,072,161)	$ (39,388)	$ 31,698,142
CAPITAL ASSET SUMMARY				
Capital Assets not Being Depreciated	$ 1,728,751	$ 223,242	$ (217,340)	$ 1,734,653
Other Capital Assets	47,367,066	593,724	(319,964)	47,640,826
Total Cost of Capital Assets	49,095,817	816,966	(537,304)	49,375,479
Less: Accumulated Depreciation	(14,557,375)	(1,665,885)	280,576	(15,942,684)
CAPITAL ASSETS - NET	$ 34,538,442	$ (848,919)	$ (256,728)	$ 33,432,795

NOTE 5 CAPITAL ASSETS (CONTINUED)

	2014			
	Beginning Balance	Additions	Reductions	Ending Balance
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	$ 1,412,926	$ 315,825	$ -	$ 1,728,751
Construction in Progress	9,566,652	1,081,915	(10,648,567)	-
Total Capital Assets not Being Depreciated	$ 10,979,578	$ 1,397,740	$ (10,648,567)	$ 1,728,751
OTHER CAPITAL ASSETS				
Land Improvements	$ 738,067	$ -	$ -	$ 738,067
Infrastructure	1,100,885	1,124,767	-	2,225,652
Buildings	28,534,204	7,948,710	-	36,482,914
Equipment	5,677,234	1,680,069	(64,055)	7,293,248
Library Books	624,078	7,922	(4,815)	627,185
Total Other Capital Assets	36,674,468	10,761,468	(68,870)	47,367,066
LESS ACCUMULATED DEPRECIATION FOR				
Land Improvements	(409,857)	(43,333)	-	(453,190)
Infrastructure	(868,439)	(84,708)	-	(953,147)
Buildings	(8,027,681)	(892,912)	-	(8,920,593)
Equipment	(3,114,179)	(624,175)	63,655	(3,674,699)
Library Books	(536,517)	(24,044)	4,815	(555,746)
Total Accumulated Depreciation	(12,956,673)	(1,669,172)	68,470	(14,557,375)
OTHER CAPITAL ASSETS - NET	$ 23,717,795	$ 9,092,296	$ (400)	$ 32,809,691
CAPITAL ASSET SUMMARY				
Capital Assets not Being Depreciated	$ 10,979,578	$ 1,397,740	$ (10,648,567)	$ 1,728,751
Other Capital Assets	36,674,468	10,761,468	(68,870)	47,367,066
Total Cost of Capital Assets	47,654,046	12,159,208	(10,717,437)	49,095,817
Less: Accumulated Depreciation	(12,956,673)	(1,669,172)	68,470	(14,557,375)
CAPITAL ASSETS - NET	$ 34,697,373	$ 10,490,036	$ (10,648,967)	$ 34,538,442

The College maintains various 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.

The College has construction commitments of approximately $107,000 as of June 30, 2015.

NOTE 6 LONG-TERM LIABILITIES

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

	2015			
	Beginning Balance	Additions	Reductions	Ending Balance
Advances from Federal Sponsors	$ 45,649	$ -	$ 4,746	$ 40,903
OPEB Liability	2,728,506	390,465	274,550	2,844,421
Net Pension Liability	-	385,152	-	385,152
Total Long-Term Liabilities	$ 2,774,155	$ 775,617	$ 279,296	$ 3,270,476

	2014			
	Beginning Balance	Additions	Reductions	Ending Balance
Advances from Federal Sponsors	$ 46,573	$ -	$ 924	$ 45,649
OPEB Liability	2,717,936	310,000	299,430	2,728,506
Total Long-Term Liabilities	$ 2,764,509	$ 310,000	$ 300,354	$ 2,774,155

There were no amounts reported above that were due in one year.

NOTE 7 LEASE OBLIGATIONS

The College leased equipment and classroom space under multiple operating lease agreements. Aggregate payments under these agreements approximated $92,443 and $91,925 for the years ended June 30, 2015 and 2014, respectively. Future minimum rental commitments as of June 30, 2015 are as follows:

Year Ending June 30,	Amount
2016	$ 111,552
2017	111,552
2018	111,552
2019	111,552
2020	65,072
Total	$ 511,280

Included in the financial statements is $10,265 of lease expense for usage and maintenance fees for a library automation system provided by an affiliate for each of the years ended June 30, 2015 and 2014.

NOTE 8 OTHER POST EMPLOYMENT BENEFITS

In accordance with GASB, OPEB costs are accrued based upon invoices received from PEIA based upon actuarial determined amounts. At June 30, 2015, 2014, and 2013, the noncurrent liability related to OPEB costs was $2,844,421, $2,728,506, and $2,717,936, respectively. The total of OPEB expense incurred and the amount of OPEB expense that relates to retirees was $390,465 and $274,457, respectively, during 2015, or 70%; $310,000 and $297,820, respectively, during 2014, or 96%; and $313,383 and $279,049, respectively, during 2013, or 89%. As of and for the years ended June 30, 2015, 2014, and 2013, there were 25, 23, and 22, respectively, retirees receiving these benefits.

NOTE 9 STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

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

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

The Commission has the authority to assess each public institution of higher education for payment of debt service on these system bonds. The education and general capital fees (previously tuition and registration fees) of the members of the former State College System are generally pledged as collateral for the Commission's bond indebtedness. Student fees collected by the institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. Although the bonds remain as capital obligation of the Commission, an estimate of the obligation of each institution is reported as a long-term payable by each institution and as a receivable by the Commission, effective as of June 30, 2002. As of June 30, 2015, there were no debt obligations due to the Commission.

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"). The proceeds of the 2009 Bonds are used to finance the acquisition, construction, equipping, or improvement of community and technical college facilities in West Virginia. The bond projects listed in the bond offering for the 2009 Bonds propose bond funding of $6,000,000 for the College. As of June 30, 2015, $5,951,288 of such bond proceeds has been expended on behalf of the College. State lottery funds will be used to repay the debt.

NOTE 10 UNRESTRICTED NET POSITION

The College's unrestricted net position for years ended June 30, 2015 and 2014 was as follows:

	2015	2014
Total Unrestricted Net Position before OPEB Liability	$ 12,115,722	$ 11,316,417
Less: OPEB Liability	2,844,421	2,728,506
Total Unrestricted Net Position	$ 9,271,301	$ 8,587,911

NOTE 11 DEFINED BENEFIT PENSION PLAN

Some employees of the College are enrolled in a defined benefit pension plan, the West Virginia Teachers' Retirement System (TRS), which is administered by the West Virginia Consolidated Public Retirement Board (CPRB).

Following is the College's pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, revenues, and the pension expense and expenditures for the fiscal year ended June 30, 2015 (dollars in thousands):

	TRS
Net Pension Liability	$ 385
Deferred Outflows of Resources	39
Deferred Inflows of Resources	211
Revenues	51
Pension Expense	39
Contributions Made by WLU	39

TRS

Plan Description

TRS is a multiple employer defined benefit cost sharing public employee retirement system providing retirement benefits as well as death and disability benefits. It covers all full-time employees of the 55 county public school systems in the State of West Virginia (the State) and certain personnel of the 13 State-supported institutions of higher education, State Department of Education and the Higher Education Policy Commission hired prior to July 1, 1991. Employees of the State-supported institutions of higher education and the Higher Education Policy Commission hired after June 30, 1991, are required to participate in the Higher Education Retirement System. TRS closed membership to new hires effective July 1, 1991.

TRS is considered a component unit of the State of West Virginia for financial reporting purposes, and, as such, its financial report is also included in the State of West Virginia's Comprehensive Annual Financial Report. TRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained from the TRS website at https://www.wvretirement.com/Publications.html#CAFR.

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

TRS provides retirement, death, and disability benefits. A member is eligible for normal retirement at age 60 with five years of service, age 55 with 30 years of service or any age with 35 years of service. A member may retire with 30 years of credited service at any age with the pension reduced actuarially if the member retires before age 55. Terminated members with at least five, but less than 20, years of credited service who do not withdraw their accumulated contributions are entitled to a deferred retirement commencing at age 62. Retirement benefits are equivalent to 2% of average annual salary multiplied by years of service. Average salary is the average of the 5 highest fiscal years of earnings during the last 15 fiscal years of earnings. Chapter 18, Article 7A of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan, including contribution rates, to the State Legislature.

Contributions

The funding objective of the CPRB pension trust funds is to meet long-term benefit requirements through contributions, which remain relatively level as a percent of member payroll over time, and through investment earnings. Contribution requirements are set by CPRB. A member who withdraws from service for any cause other than death or retirement may request that the accumulated employee contributions plus interest be refunded.

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

Employer Contributions: Employers make the following contributions:

The State (including institutions of higher education) contributes:

1. 15% of gross salary of their State-employed members hired prior to July 1, 1991;
2. 2.15% of School Aid Formula (SAF) covered payroll of county-employed members;
3. 7.5% of SAF-covered payroll of members of the TDCRS;
4. a certain percentage of fire insurance premiums paid by State residents; and
5. under WV State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the TRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2014, the College's proportionate share attributable to this special funding subsidy was $51,413.

The College's contributions to TRS for the years ended June 30, 2015, 2014, and 2013, were approximately $38,870, $51,404, and $72,164, respectively.

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Assumptions

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

- Actuarial cost method: Entry age normal cost with level percentage of payroll.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method and period: Level dollar, fixed period over 40 years, from July 1, 1994 through fiscal year 2034.
- investment rate of return of 7.50%, net of pension plan administrative and investment expenses.
- Projected salary increases: Teachers 3.75–5.25% and non-teachers 3.40–6.50%, based on age.
- Inflation rate of 2.2%.
- Discount rate of 7.50%
- Mortality rates based on RP-2000 Mortality Tables.
- Withdrawal rates: Teachers 1.2-30% and non-teachers 1.4-22.5%.
- Disability rates: 0-0.8%
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Retirement rates: 15-100%
- Ad hoc cost-of-living increases in pensions are periodically granted by the State Legislature. However, the retirement system makes no automatic provision for such increases.

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

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

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Assumptions (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%	0.0%
High-Yield Fixed Income	2.6%	15%*
TIPS	0.7%	0.0%
Real Estate	4.6%	10.0%
Private Equity	7.7%	10.0%
Hedge Funds	2.8%	10.0%

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

Discount rate. The discount rate used to measure the total TRS pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that State contributions will continue to follow the current funding policy. Based on those assumptions, TRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on TRS' investments was applied to all periods of projected benefit payments to determine the total pension liability. In the event of benefit payments that are not covered by the pension plan's fiduciary net position, a municipal bond rate of 3.66% is to be used to discount the benefit payments not covered by the plan's fiduciary net position. The rate equals the S&P Municipal Bond 20 Year High Grade Rate Index at June 30, 2014.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the College's proportionate share of the TRS net pension liability as of June 30, 2015 calculated using the discount rate of 7.50%, as well as what the College's TRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate (dollars in thousands).

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	$ 500	$ 385	$ 299

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

The TRS net pension liability was measured as of June 30, 2014. The total pension liability was determined by an actuarial valuation as of July 1, 2013 and rolled forward to the measurement date.

At June 30, 2015, the College's proportionate share of the TRS net pension liability was $1,255,365. Of this amount, the College recognized approximately $385,152 as its proportionate share on the Statement of Net Position. The remainder of $870,213 denotes the College's proportionate share of net pension liability attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on their proportionate share of employer and non-employer contributions to TRS for each of the fiscal years ended June 30, 2014 and 2013. Employer contributions are recognized when due. At June 30, 2014, the College's proportion was 0.011164%, a decrease of 0.004612% from its proportion of 0.015776% calculated as of June 30, 2013.

For the year ended June 30, 2015, the College recognized TRS pension expense of $39,729. Of this amount, $(11,684) was recognized as the College's proportionate share of the TRS expense and $51,413 as the amount of pension expense attributable to special funding from a non-employer contributing entity. The University also recognized revenue of $51,413 for support provided by the State.

At June 30, 2015, deferred outflows of resources and deferred inflows of resources related to the TRS pension are as follows (dollars in thousands).

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	$ -	$ 160
Net Difference Between Projected and Actual Investment Earnings	-	51
Contributions After Measurement Date	39	-
Total	$ 39	$ 211

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

The College will recognize the $39,000 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the TRS net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in TRS pension expense as follows.

Fiscal Year Ended	Amortization
June 30, 2016	$ 45
June 30, 2017	45
June 30, 2018	45
June 30, 2019	45
June 30, 2020	31
Total	$ 211

Payables to the pension plan

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

NOTE 12 RETIREMENT PLANS

Substantially all full-time employees of the College participate in either the West Virginia State Teachers' Retirement System (the "TRS") or the Teachers' Insurance and Annuities Association – College Retirement Equities Fund (the "TIAA-CREF"). (See Note 11 for information regarding TRS).

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

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

Total contributions to the TIAA-CREF for the years ended June 30, 2015, 2014, and 2013 were $652,206, $659,564, and $669,012, respectively, which consisted of equal contributions from the College and covered employees of $326,103 in 2015; $329,782 in 2014; and $334,506 in 2013.

NOTE 12 RETIREMENT PLANS (CONTINUED)

Total contributions to Educators Money for the years ended June 30, 2015, 2014, and 2013 were $13,340, $17,500, and $22,368, respectively, which consisted of equal contributions from the College and covered employees of $6,670, $8,750, and $11,184, in 2015, 2014, and 2013, respectively.

The College's total payroll for the years ended June 30, 2015, 2014, and 2013 was $6,791,686, $7,288,574, and $7,750,353, respectively; total covered employees' salaries in the TIAA-CREF and Educators Money were $5,513,521 and $111,167; $5,573,640 and $145,829; and $5,654,003 and $186,393, in 2015, 2014, and 2013, respectively.

NOTE 13 CONTINGENCIES

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

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

The College owns various buildings, which are known to contain asbestos. The College is not required by federal, state or local law to remove the asbestos from its buildings. The College is required by federal environmental, health and safety regulations to manage the presence of asbestos in its buildings in a safe manner. The College addresses its responsibility to manage the presence of asbestos in its buildings on a case-by-case basis. Significant problems of dangerous asbestos conditions are abated, as the condition becomes known. The College 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 manner.

NOTE 14 SERVICE CONCESSION ARRANGEMENTS

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

The Bookstore Operating Agreement was effective on August 1, 2010, between the College and Barnes & Noble College Booksellers, Inc. ("B&N"). The Agreement is for B&N to operate bookstores on the College's three campus locations for a period of five years and may be renewed if both parties agree for an additional five year period. B&N agreed to cover the cost of bookstore capital improvements up to $240,000 over the term of the Agreement. During fiscal year 2014, $355,630 in B&N construction costs for a new Student Union/Bookstore was classified as a capital asset with an offsetting $240,000 in Deferred Inflow of Resources, $70,894 in B&N contributed construction costs and $44,736 in reimbursed construction costs to B&N by the College. Beginning August 1, 2015, the College will amortize the Deferred Inflow of Resources, while recognizing Auxiliary Revenue each year until the contract expires on July 31, 2020. If the agreement expires, terminates, or is amended in a way that has an adverse impact on B&N, the College will be liable for the unamortized portion of B&N's $240,000 investment. No significant renovations to College facilities were made by B&N in 2015.

In addition, B&N annually pays commission to the College calculated as a contractually agreed percentage of bookstore revenue. In 2015 and 2014, the College received $128,029 and $116,374, respectively, in commissions from B&N. The College shares payroll expenses of $10,000 in the New Martinsville campus Bookstore by B&N reducing the last commission check payable to the College for the fiscal year. B&N provides $2,000 annually for textbook scholarships and $1,000 annually for the Presidential Scholarship to the College during the term of the agreement for student scholarships. B&N provides up to $6,000 annually to cover the cost for uncollected or non-issued Pell grant money in exchange for letting student financial aid be used for all merchandise in the B&N bookstore. B&N also provides $1,000 annually for the West Virginia Northern Community College Foundation, Inc.

NOTE 15 SUBSEQUENT EVENTS

On July 1, 2015, the College entered into a capital lease agreement with the West Virginia Northern Community College Foundation, Inc. for land and a building adjacent to the College's Wheeling campus location. Terms of the agreement include monthly payments of $3,363 from July 1, 2015 through June 30, 2025 with an annual interest rate of 4% and a principal amount of $332,115.

NOTE 16 NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

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

	2015							
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Fees Assessed by the Commission	Total
Instruction	$ 3,547,422	$ 890,104	$ 575,670	$ 51,005	$ -	$ -	$ -	$ 5,064,201
Public Service	95,348	18,375	25,649	-	-	-	-	139,372
Academic Support	755,749	188,972	277,477	51,385	-	-	-	1,273,583
Student Services	735,487	205,602	118,202	-	-	-	-	1,059,291
General Institutional Support	1,219,209	444,117	1,388,969	131,764	-	-	-	3,184,059
Operations and Maintenance of Plant	438,471	203,239	613,851	220,080	-	-	-	1,475,641
Student Financial Aid	-	-	-	-	2,048,045	-	-	2,048,045
Depreciation	-	-	-	-	-	1,665,885	-	1,665,885
Other	-	-	-	-	-	-	58,836	58,836
Total	$ 6,791,686	$ 1,950,409	$ 2,999,818	$ 454,234	$ 2,048,045	$ 1,665,885	$ 58,836	$ 15,968,913

	2014							
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Fees Assessed by the Commission	Total
Instruction	$ 2,928,007	$ 722,584	$ 634,007	$ 53,449	$ -	$ -	$ -	$ 4,338,047
Public Service	150,074	23,209	21,695	-	-	-	-	194,978
Academic Support	481,078	100,542	460,448	53,449	-	-	-	1,095,517
Student Services	688,543	178,725	103,516	-	-	-	-	970,784
General Institutional Support	2,591,691	639,146	890,248	138,076	-	-	-	4,259,161
Operations and Maintenance of Plant	449,181	178,792	914,634	217,283	-	-	-	1,759,890
Student Financial Aid	-	-	-	-	2,808,722	-	-	2,808,722
Depreciation	-	-	-	-	-	1,669,172	-	1,669,172
Other	-	-	-	-	-	-	63,676	63,676
Total	$ 7,288,574	$ 1,842,998	$ 3,024,548	$ 462,257	$ 2,808,722	$ 1,669,172	$ 63,676	$ 17,159,947

NOTE 17 COMPONENT UNIT DISCLOSURES (FOUNDATION)

The following are the notes taken directly from the Foundation's audited financial statements:

NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities - West Virginia Northern Community College Foundation, Inc. (the "Foundation") is a not-for-profit corporation organized under the laws of the State of West Virginia. The Foundation is classified as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation was organized to support and assist in the development and growth of West Virginia Northern Community College ("the College") for all aspects of its programs and services. The Foundation's mission "…seeks, receives and manages private funds to increase the College's capabilities in the areas of institutional development, professional development, capital facilities and equipment, and financial assistance to students." Oversight of the Foundation is the responsibility of a separate and independently elected Board of Trustees not otherwise affiliated with the College. The President of the College is a non-voting member of the Board of Trustees. In carrying out its responsibilities, the Board of Trustees of the Foundation oversees management, forms policy and maintains fiscal accountability over funds administered by the Foundation. Although West Virginia Northern Community College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests, is restricted to the activities of the College by the donors. During the years ended June 30, 2015 and 2014, the Foundation contributed $76,276 and $9,832, respectively, to the College for scholarships.

Basis of Accounting - The Foundation financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation - The Foundation reports its financial position and activities according to standards established by the Financial Accounting Standards Board (FASB). Accordingly, the Foundation has classified its net assets and its revenue, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Under FASB, the Foundation is required to report its financial position and activities according to three classes of net assets. Below is a summary of those classifications:

Unrestricted – Assets and contributions that are not restricted by donors or for which restrictions have expired are unrestricted.

Temporarily restricted – Assets and contributions for which the donor has imposed restrictions that permit the Foundation to use or expend the donated assets for College support according to the restriction are temporarily restricted. The restrictions are satisfied either by the passage of time or by actions of the Foundation.

NOTE 17 COMPONENT UNIT DISCLOSURES (FOUNDATION) (CONTINUED)

NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Permanently restricted – Assets and contributions for which the donor stipulates that funds be maintained permanently, but permits the Foundation to use or expend part or all of the income derived from the donated assets, are permanently restricted. Such assets are comprised of endowment funds, which are subject to the restrictions of the donor requiring that the principal be invested in perpetuity. The investment income, including realized and unrealized gains and losses are recorded as temporarily restricted until they are released from restrictions by disbursement according to the terms of the gift instrument.

Both temporarily and permanently restricted net assets are to be used for the support and benefit of West Virginia Northern Community College.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reporting amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

Accounts Receivable - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management monitors accounts receivable closely and considers all accounts receivable amounts fully collectible, thus no provision for uncollectible accounts has been made.

Investments - Investments in marketable securities and all debt securities are reported at their fair value based upon quoted market prices in the statement of financial position.

The Foundation operates a pooled investment portfolio consisting of common trust funds for all funds. New funds or additions to existing funds are assigned a share in the common trust fund investment pool based upon the amount of cash or estimated fair value of securities deposited. Income, including unrealized appreciation or depreciation and realized capital gains and losses, are allocated to unrestricted or temporarily restricted funds depending on whether the investment was established for general operating (unrestricted) or a specific purpose (temporarily restricted).

NOTE 17 COMPONENT UNIT DISCLOSURES (FOUNDATION) (CONTINUED)

NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Split-interest agreements consist of beneficial interests in perpetual trusts. The Foundation was bequeathed a beneficial interest in a perpetual trust established at a local bank in accordance with a decedent's will. Under the terms of this split-interest agreement, the Foundation is to receive distributions of 5 percent of the income from the trust in perpetuity. These distributions are to be used to establish an endowment, the income from which will be used to provide scholarships. The Foundation's beneficial interest is valued in the statement of financial position at 5 percent of the fair market value of the trust assets. Adjustments due to changes in the market value of the trust assets are recorded as changes in value of split interest agreements. Distributions received from the trust are permanently restricted for endowed scholarships and are recorded as permanently restricted investment income from beneficial interest in perpetual trust.

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

Contributions of donated noncash assets are recorded at fair value in the period received. Donated services are recognized as contributions at their fair values in the period received in accordance with FASB, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

RESTRICTED CASH

Restricted cash of $2,400 and $135 at June 30, 2015 and 2014, respectively, are included in cash in the Statements of Financial Position. The restrictions have been imposed by the donors.

	2015	2014
Cash Restricted for Institutional Support	$ 2,400	$ 135

NOTE 17 COMPONENT UNIT DISCLOSURES (FOUNDATION) (CONTINUED)

INVESTMENTS

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

	2015		2014	
	Cost	Estimated Fair Value	Cost	Estimated Fair Value
U.S. Government Agency Obligations		$ 100,135		$ 224,302
Corporate Bonds and Notes		298,232		276,574
Mortgage Backed Securities		121,216		66,874
Municipal Obligations		51,892		51,763
Equity Securities		1,268,864		1,435,206
Equity Mutual Funds		645,558		656,686
Fixed Income Mutual Funds		527,219		569,594
Common Trust Fund Balance	$ 3,005,275	3,013,116	$ 3,459,721	3,280,999
Cash Equivalents	818,346	818,346	307,160	307,160
Real Estate Available for Sale	232,713	232,713	-	-
	$ 4,056,334	$ 4,064,175	$ 3,766,881	$ 3,588,159

Gains (losses) on investments for the periods ended June 30, 2015 and 2014 are summarized as follows:

	2015	2014
Realized Gains (Losses)	$ 17,725	$ (19,267)
Unrealized Gains	19,643	434,572
Total Gains on Investments	$ 37,368	$ 415,305

Investment income and gains and losses on investments are reported as an increase or decrease in unrestricted net assets unless a donor or law temporarily or permanently restricts their use.

All thirty-six of the Foundation investment funds are invested in a financial institution’s common trust fund. The common trust fund balance reflects the aggregate cost basis that each of these investment funds has in the financial institutions common trust fund. The common trust fund fair market value reflects the market value of individual investments held by the fund at June 30, 2015 and 2014.

The Foundation, through a trust department, invests in cash equivalents and a common trust fund, which allows the Foundation to purchase domestic and foreign equities, fixed income and equity mutual funds, U.S. Government obligations, corporate bonds and commercial paper. “The Foundation’s primary investment objective is to outperform the established spending rate of 3.00% plus inflation over the long-term in order for the Foundation to operate in perpetuity."

NOTE 17 COMPONENT UNIT DISCLOSURES (FOUNDATION) (CONTINUED)

INVESTMENTS (CONTINUED)

It is the Foundation's investment policy that with the exception of fixed income investments explicitly guaranteed by the U.S. government, no single investment security shall represent more than 5% of total Portfolio assets. With the exception of passively managed investment vehicles seeking to match the returns on a broadly diversified market index, no single investment pool or investment company (mutual fund) shall comprise more than 20% of total Portfolio assets. With respect to fixed income investments, for individual bonds, the minimum average credit quality of these investments shall be investment grade (Standard & Poor's BBB or Moody's Baa or higher). A maximum of 5% of fixed income investments may be exempted from this guideline.

The Foundation's spending policy states that income available for spending is determined by the Allocation Committee, unless the investment fund has a legal document stipulating otherwise. For scholarships, the Allocation Committee calculates 3% of the three year rolling fair market value average to determine the amount of student assistance available. Capital spending and institutional development spending is discretionary depending on adequate funding sources to maintain the expenditure level of the program. All income and appreciation not needed to meet the spending needs will be reinvested.

SPLIT-INTEREST AGREEMENTS

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

Distributions Received from the Trust Recorded as a Permanently Restricted Investment	$ 52,339	$ 52,355
Change in Value of the Split-Interest Agreement	$ 8,458	$ 27,001

NOTE 17 COMPONENT UNIT DISCLOSURES (FOUNDATION) (CONTINUED)

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Foundation follows FASB standards for using fair value to measure financial assets and financial liabilities. This standard applies whenever other standards require or permit assets or liabilities to be measured at fair value.

FASB establishes a three level hierarchy based on pricing availability in measuring fair values for assets and liabilities. These three levels are:

Level I – Quoted market prices are available in active trading markets for identical assets or liabilities as of the report date.

Level II – Pricing inputs other than quoted market prices are available in active trading markets as of the report date. These assets or liabilities have prices available but are traded less frequently, or are fair valued using other financial instruments, the parameters of which can be directly observed.

Level III – Assets or liabilities have little or no pricing observability as of the report date. These items are usually measured using management's best estimate of fair value, where the inputs into the determination of fair value require significant management judgment or estimation.

The Foundation reports all investments at their fair value as of June 30, 2015 and 2014.

June 30, 2015	Level I	Level II	Level III	Total
Valued on a Recurring Basis:				
Assets:				
Equity Securities	$ 1,268,864	$ -	$ -	$ 1,268,864
Debt Securities	-	571,475	-	571,475
Mutual Funds	1,172,777	-	-	1,172,777
Cash Equivalents	818,346	-	-	818,346
Beneficial Interest in Perpetual Trust	-	-	1,084,462	1,084,462
Total	$ 3,259,987	$ 571,475	$ 1,084,462	$ 4,915,924
Valued on a Non-Recurring Basis:				
Assets:				
Real Estate	$ -	$ -	$ 232,713	$ 232,713

NOTE 17 COMPONENT UNIT DISCLOSURES (FOUNDATION) (CONTINUED)

FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

June 30, 2014	Level I	Level II	Level III	Total
Valued on a Recurring Basis:				
Assets:				
Equity Securities	$ 1,435,206	$ -	$ -	$ 1,435,206
Debt Securities	-	619,513	-	619,513
Mutual Funds	1,226,280	-	-	1,226,280
Cash Equivalents	307,160	-	-	307,160
Beneficial Interest in Perpetual Trust	-	-	1,076,004	1,076,004
Total	$ 2,968,646	$ 619,513	$ 1,076,004	$ 4,664,163

TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Net assets were temporarily and permanently restricted for the following purposes at June 30, 2015 and 2014:

	2015		2014	
	Temporarily Restricted	Permanently Restricted	Temporarily Restricted	Permanently Restricted
Scholarship/Student Assistance	$ 1,983,892	$ 1,845,321	$ 1,709,985	$ 1,784,524
Capital Projects	126,119	-	127,228	-
Institutional Support	487,932	-	403,769	-
Total	$ 2,597,943	$ 1,845,321	$ 2,240,982	$ 1,784,524

ENDOWMENTS

The Foundation discloses its endowment funds under the provisions of FASB, which provides guidance on the net asset classification of donor-restricted and board designated endowment funds for a nonprofit organization subject to an enacted version of the *Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA)*. The state of West Virginia has adopted the provisions of the UPMIFA.

The Foundation's endowment consists of two individual funds established for scholarships. Its endowment is donor-restricted only. The Foundation holds no Board of Trustees designed endowments. As required by GAAP, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation Board of Trustees has interpreted the UPMIFA as requiring the preservation of the fair value of the original contribution as of the contribution date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets, (a) the original value of contributions donated to the permanent endowment, and (b) the original value of subsequent contributions to the permanent endowment. Accumulations of interest, dividends, and market appreciation made in accordance with the direction of the applicable endowment instrument are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation allocation committee in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to spend or accumulate donor-restricted endowment funds:

NOTE 17 COMPONENT UNIT DISCLOSURES (FOUNDATION) (CONTINUED)

ENDOWMENTS (CONTINUED)

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. Possible effects of inflation/deflation
5. Expected total return from income and the appreciation of investments
6. Other financial resources of the Foundation
7. Foundation investment policies

Endowment Net Asset composition as of June 30, 2015 and 2014 is as follows:

Net Asset Endowment Composition	2015	2014
Unrestricted	$ -	$ -
Temporarily Restricted	460,669	360,207
Permanently Restricted	760,859	708,520
Total Funds	$ 1,221,528	$ 1,068,727

Description of Amounts Classified as Temporarily and Permanently Restricted Net Assets	2015	2014
Permanently Restricted Net Assets		
Portion of Perpetual Endowment Funds Required to be Retained by Donor Stipulation or UPMIFA	$ 760,859	$ 708,520
Temporarily Restricted Net Assets		
Term Endowment Funds	$ 314,508	$ 233,661
Portion of Perpetual Endowment Funds Subject to Purpose Restrictions	146,161	126,546
Total	$ 460,669	$ 360,207

NOTE 17 COMPONENT UNIT DISCLOSURES (FOUNDATION) (CONTINUED)

ENDOWMENTS (CONTINUED)

Changes in Endowment Net Assets for the years ended June 30, 2015 and 2014 are as follows:

June 30, 2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	$ -	$ 360,207	$ 708,520	$ 1,068,727
Investment Return:				
Investment Income	-	17,494	-	17,494
Net Appreciation (Realized and Unrealized)	-	12,796	-	12,796
Total Investment Return	-	30,290	-	30,290
Contributions	-	76,000	52,339	128,339
Appropriation of Endowment Assets for Expenditure	-	(5,828)	-	(5,828)
Endowment Net Assets, End of Year	$ -	$ 460,669	$ 760,859	$ 1,221,528

June 30, 2014	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	$ -	$ 219,695	$ 656,165	$ 875,860
Investment Return:				
Investment Income	-	16,719	-	16,719
Net Appreciation (Realized and Unrealized)	-	110,117	-	110,117
Total Investment Return	-	126,836	-	126,836
Contributions	-	70,000	52,355	122,355
Appropriation of Endowment Assets for Expenditure	-	(56,324)	-	(56,324)
Endowment Net Assets, End of Year	$ -	$ 360,207	$ 708,520	$ 1,068,727

NOTE 17 COMPONENT UNIT DISCLOSURES (FOUNDATION) (CONTINUED)

ENDOWMENTS (CONTINUED)

Funds with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted perpetual endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. No deficiencies of this nature were reported in unrestricted net assets as of June 30, 2015 and 2014, respectively.

Return Objectives and Risk Parameters – The Foundation's Board of Trustees has adopted investment and spending policies for endowment assets similar to those as described on pages 54 and 55 identified for all investments of the Foundation. Such policies attempt to provide a predictable stream of funding the scholarship programs supported by its endowment while trying to achieve appreciation in excess of inflation rates. Actual returns in any given year may vary from this objective.

Strategies Employed for Achieving Objectives – To satisfy its long-term rate-of-return objective, Foundation investment strategies rely on a total return philosophy in which returns are achieved through both realized and unrealized capital appreciation and current investment yields. The Foundation seeks diversification of investments with an emphasis on equity-based investments to achieve this objective.

Spending Policy and How the Investment Objectives Relate to Spending Policy – The Foundation has a spending policy of appropriating 3% of the three-year rolling fair market value investment average. The Foundation expects the current spending policy to allow its endowment to grow in excess of this spending level. This is consistent with the Foundation's objective to maintain the donor-required level of perpetual duration or for a specified term as well as to provide for additional real growth through new contributions and investment return.

SPECIAL EVENTS FUNDRAISERS

Various special events fundraisers were held during the year. Gross revenues and direct expenses related to those events are as follows at June 30, 2015 and 2014:

June 30, 2015	Golf Scramble	Friends Dinner	5K Race	Total
Special Event Revenue	$ 18,456	$ 31,767	$ 11,241	$ 61,464
Less: Cost of Direct Benefit for Donors	(10,319)	(11,904)	(4,350)	(26,573)
	$ 8,137	$ 19,863	$ 6,891	$ 34,891

June 30, 2014	Golf Scramble	Friends Dinner	5K Race	Total
Special Event Revenue	$ 21,505	$ 34,877	$ 10,140	$ 66,522
Less: Cost of Direct Benefit for Donors	(10,491)	(10,204)	(5,421)	(26,116)
	$ 11,014	$ 24,673	$ 4,719	$ 40,406

NOTE 17 COMPONENT UNIT DISCLOSURES (FOUNDATION) (CONTINUED)

RELATED PARTY TRANSACTIONS

A member of the Board of Trustees also provided legal services for the Foundation. $810 was incurred for legal services to the member's law firm for the fiscal year ended June 30, 2014.

SUBSEQUENT EVENTS

The Foundation assessed events occurring subsequent to June 30, 2015, through the date of this report for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to or disclosure in the financial statements which were available to be issued November 20, 2015.

CORRECTION OF AN ERROR IN A PRIOR PERIOD

Permanently restricted net assets as of the beginning of the previous fiscal year (July 1, 2013) have been adjusted to increase beneficial interest in perpetual trust for adjustments to balances that should have been recognized in prior years. The correction has no effect on the results of the current fiscal year's activities, unrestricted, or temporarily restricted net assets; however, the cumulative effect increased permanently restricted net assets by $1,049,003.

WEST VIRGINIA NORTHERN COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS
JUNE 30, 2015 AND 2014

Measurement Date	College's Proportionate Share as a Percentage of Net Pension Liability	College's Proportionate Share	State's Proportionate Share	Total Proportionate Share	College's Covered Employee Payroll	College's Proportionate Share as a Percentage of Covered Payroll	College's Plan Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2014	0.011164%	$ 385	$ 870	$ 1,255	$ 259	149%	65.95%

Measurement Date	Actuarily Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
June 30, 2014	$ 51	$ 51	$ -	$ 259	19.69%

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

Notes to Required Supplementary Information
For the Year Ended June 30, 2015

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

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

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

Governing Board
West Virginia Northern Community College
Wheeling, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of West Virginia Northern Community 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 14, 2016. Our report includes a reference to other auditors who audited the financial statements of West Virginia Northern Community College Foundation, Inc. (the Foundation), the College's discretely presented component unit, as described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards* and, accordingly, do not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
January 14, 2016