GLENVILLE STATE COLLEGE

Glenville, West Virginia

Financial Statements and
Additional Information for the Years
Ended June 30, 2016 and 2015 and
Independent Auditors' Reports

GLENVILLE STATE COLLEGE

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HAYFLICH.
Certified Public Accountants | Business Advisors

Hayflich CPAs
300 8th Street, 3rd Floor
Huntington, WV 25701
T: (304) 697.5700
F: (304) 697.5704
www.hayflich.com

INDEPENDENT AUDITORS' REPORT

To the Board of Governors
Glenville State College
Glenville, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Glenville State College (the College) as of and for the year ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise Glenville State 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 Glenville State College Foundation, Inc. (the Foundation), a discretely presented component unit of the College. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the discretely presented financial statements of 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 General of the United States. The financial statements of the Foundation, which were audited by other auditors, were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of June 30, 2016 and 2015, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Series 2009 Bonds Payable

As discussed in Note 7 to the financial statements, the Series 2009 Bonds are classified as a current liability. 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 management's discussion and analysis on pages 3-12 and the schedules of proportionate share of net pension liability and contributions on page 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2017, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Hayflich CPAs

Huntington, West Virginia
January 31, 2017

GLENVILLE STATE COLLEGE
200 High Street
Glenville, WV 26351

Management's Discussion and Analysis
Fiscal Years 2016, 2015, and 2014

About Glenville State College

Glenville State College, West Virginia's only centrally located public college, was founded in 1872 to provide instruction and practice for common school teachers in the science of education and the art of teachers. In the early years, Glenville Normal was obliged to devote resources almost exclusively to secondary studies because of the absence of high schools in the area. Later, as high schools became more numerous, secondary offerings were gradually reduced and more college courses were developed. On May 1, 1930, the State Board of Education authorized the school to award the Bachelor of Arts in Education Degree, and on March 4, 1931, the Legislature changed the school's name to Glenville State Teachers College. Often referred to as the Lighthouse on the Hill, the name of the school was changed to Glenville State College in 1943.

Glenville State College has surpassed its original mission as a teacher's college, and currently prepares students for careers in teaching, business, land resources, music, the liberal arts, the sciences, criminal justice, and human services. With an enrollment of approximately 1,900 students, the College has a student to faculty ratio of 19 to 1. The College's enrollment is made up of many first generation students with approximately 90% of the students coming from West Virginia counties.

Glenville State College is accredited by the Higher Learning Commission and is a member of the North Central Association of Colleges and Schools. The College holds unit accreditation from the National Council for Accreditation of Teacher Education and recognition from the Society of American Foresters. Glenville State College is in the West Virginia Higher Education System and is governed by a local twelve member Board of Governors.

Overview of the Financial Statements and Financial Analysis

Glenville State College (the "College") is pleased to present its financial statements for the fiscal years 2016 and 2015. The following management discussion and analysis provides an overview of the financial position and activities of the College for the years ended June 30, 2016, 2015, and 2014.

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. These statements provide both long-term and short-term financial information on the College.

Financial Highlights

Current, non-current, net capital and total assets each reflect decreases. A decrease in net operating loss resulted from increased operating revenues and decreased operating expenses. Non-operating revenues and non-operating expenses each decreased resulting in decreased net non-operating revenues. Current liabilities reflect a substantial increase due to the classification of the debt on the 2009 Series bonds as current. Non-current liabilities reflected substantial decreases due to the elimination of obligations to construction contractors, principal payments on debt, and the classification of the 2009 Series bonds. The College continued receiving significant funding through various operational and research grants.

Net Position

The Statements of Net Position present the assets, liabilities, and net position of the College as of the end of the fiscal years. The purpose of the Statements of Net Position is to present to the readers of the financial statements a fiscal snapshot of the College. The Statements of Net Position present end-of-year data concerning Assets (current and noncurrent), Liabilities (current and noncurrent), and Net Position (Assets minus Liabilities). The difference between current and noncurrent assets and liabilities is discussed in the footnotes to the financial statements.

The Statements of Net Position provides a way to measure the financial position of the College. It provides a picture of the net position and availability of resources for expenditure by the College. From the data presented, readers of the Statements of Net Position are able to determine the assets available to continue the operations of the College. They are also able to determine how much is owed to employees, vendors and lending institutions.

Net Position is divided into three major categories. The first category, net investment in capital assets, accounts for equity in the property, plant and equipment owned by the College. Title to all property was transferred to the Glenville State College Board of Governors by the Higher Education Policy Commission (HEPC). The next asset category is restricted, which is divided into two categories: nonexpendable (permanently restricted) and expendable. Expendable restricted resources are available for expenditure but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. Included in restricted expendable resources are balances that have been designated for specific purposes in West Virginia State Code. This category includes auxiliary enterprise balances as well as certain student fee funds that are designated within state code for specific general purposes such as housing operations or library operations. The final category is unrestricted resources, which are available for expenditure for any lawful purpose of the College.

Condensed Schedules of Net Position
For the Years Ended June 30, 2016, 2015 and 2014

Assets	**2016**	**2015**	**2014**	**% Change**
Current assets	$1,846,793	$1,964,749	$5,747,762	-6.00%
Non-Current Assets	2,063,846	2,099,554	1,880,676	-1.70%
Capital Assets, Net	79,700,617	81,832,946	83,819,724	-2.61%
Total Assets	83,611,256	85,897,249	91,448,162	-2.66%
Deferred outflows of resources	575,589	1,181,961	1,517,837	-51.30%
Total	$84,186,845	$87,079,210	$92,965,999	-3.32%

Liabilities				
Current Liabilities	$26,799,469	$3,625,975	$6,281,984	639.10%
Non-Current Liabilities	20,394,875	45,250,614	45,029,025	-54.93%
Total Liabilities	47,194,344	48,876,589	51,311,009	-3.44%
Deferred inflows of Resources	374,428	246,121	-	52.13%
Total	47,568,772	$49,122,710	$51,311,009	-3.16%
Net Position				
Net Investment in Capital Assets	42,190,158	$43,163,164	$40,960,606	-2.25%
Restricted-expendable	1,781,700	1,776,279	3,903,860	-0.31%
Unrestricted	(7,353,785)	(6,982,943)	(3,209,476)	5.31%
Total Net Position	$36,618,073	$37,956,500	$41,654,990	-3.53%
Total Liabilities, Deferred Inflows, and Net Position	$84,186,845	$87,079,210	$92,965,999	-3.32%

An indicator of short-term financial condition is the ratio of current assets to current liabilities, or current ratio. The current ratio was .07, .54, and .92 as of June 30, 2016, 2015, and 2014, respectively. The decline in the current ratio is primarily the result of classifying the total Series 2009 bond debt as current due to the call option (see Note 7). The current ratio would be .45 if the non-current portion of the debt was classified accordingly.

Significant Changes in Net Position

At June 30, 2016, the College's total net position decreased from the previous year by $1,338,427. Current cash and cash equivalents decreased by $30,021. The pension liability at June 30, 2016, was $1,492,000.

Non-current assets decreased by $35,708. Non-current cash and cash equivalents increased by $14,533. A non-current receivable in the amount of $101,247 represents "No Hardship" advances made to employees as a result of the transition from real time to arrearage pay. Deferred outflows from derivative instruments, decreased by $558,021. Deferred outflows related to the pension liability was $154,213.

Net capital assets decreased approximately $2,132,329 due primarily to $2,446,365 in depreciation. Additions in capital assets amounted to $332,112. Principal on the Mollohan Campus Community Center bonds, Science Building bonds, Pioneer Village bonds, Goodwin Hall bonds, and system-wide debt assigned by the HEPC were reduced $69,758, $113,995, $180,000, $522,345, and $57,898 respectively.

Revenues, Expenses, and Changes in Net Position

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

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

Condensed Schedules of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2016, 2015, and 2014

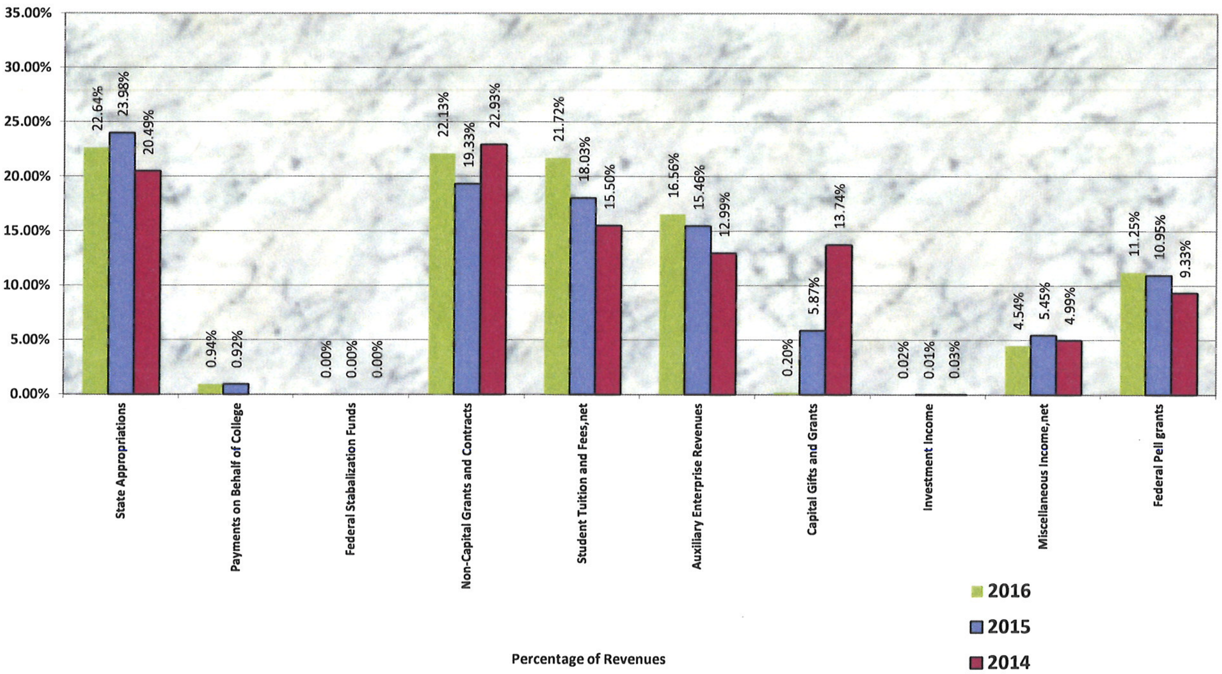
	2016	2015	2014	% Change
Operating revenues	$16,620,781	$15,352,728	$17,673,464	8.26%
Operating expenses	25,253,945	26,384,642	25,368,286	-4.29%
Operating Loss	(8,633,164)	(11,031,914)	(7,694,822)	-21.74%
Non-operating Revenues	8,919,875	9,449,554	9,349,399	-5.61%
Non-operating Expenses	1,675,138	1,701,705	1,876,376	-1.56%
Net Non-operating revenues	7,244,737	7,747,839	7,473,023	-6.49%
Loss before other revenues, expenses, gains or losses	(1,388,427)	(3,284,075)	(221,799)	-57.72%
Capital Project Proceeds		212,000	3,207,159	-100.00%
Capital Gifts and Grant	50,000	1,334,424	1,097,145	-96.25%
Increase (Decrease) in Net Position	(1,338,427)	(1,737,651)	4,082,505	-22.97%
Net Position, beginning of year	37,956,500	41,654,990	37,572,485	-8.88%
Restatement for July 1, 2014 pension liability		(1,960,839)		-100.00%
Net Position, end of year	$36,618,073	$37,956,500	$41,654,990	-.3.53%

An analysis of the individual revenue and expense categories that contributed to the overall decrease in net position reveals the following:

Revenues:

	2016	2015	2014	% Change
Program revenues (by major source)				
Tuition & Fees before allowances	$9,254,917	$7,829,976	$7,645,450	18.20%
Less: scholarship discounts & allowances	(3,695,833)	(3,077,394)	(2,790,595)	20.10%
Research grants & contracts	5,662,764	5,094,693	7,184,825	11.15%
Auxiliary enterprise sales & services, net	4,237,446	4,072,511	4,069,713	4.05%
Miscellaneous	1,161,487	1,435,942	1,564,071	-19.11%
General revenues (by major source)				
State appropriations	5,793,050	6,318,177	6,418,711	-8.31%
Payments made on behalf of College	241,576	241,860		-0.12%
Capital appropriations from the Federal Stabilization funds		-	-	
Federal Pell Grants	2,878,945	2,885,617	2,921,831	-0.23%
Investment Income	6,304	3,890	8,857	62.06%
Capital Grants and Gifts	50,000	1,546,424	4,304,304	-96.77%
Total Revenues	$25,590,656	$26,348,696	$31,327,167	-2.88%

Total Revenues for the Year Ended June 2016, 2015, 2014



The major sources of revenue for the College include student tuition and fees, interest on loans receivable, state appropriations, capital grants and gifts, government grants, contracts, and student aid, auxiliary enterprise revenues, investment income, and miscellaneous income.

- Student tuition and fees (net of scholarship allowance) made up 33.45% of the College's operating revenues and 21.72% of total revenues. Resident and non-resident tuition and fees increased 5.02% and 5.08%, respectively. Tuition and fee revenues increased over the previous year as a result of increases in enrollment and the tuition rate.

- Other revenues such as contracts and grants, auxiliary enterprise revenue, and miscellaneous revenues comprised 54.70%, 57.07%, and 64.01% of the College's total revenues in FY 2016, FY 2015 and FY 2014, respectively. FY 2016 grant awards included receipts of $216,113 from the US Department of Education, $506,044 from various West Virginia Agency sponsored scholarship programs, and $1,605,756 in West Virginia Higher Education scholarship programs. Federal Revenues, non-operating, consisted of $2,878,945 in PELL Grants received and distributed for student financial aid and made up 11.36% of the College's total revenues.

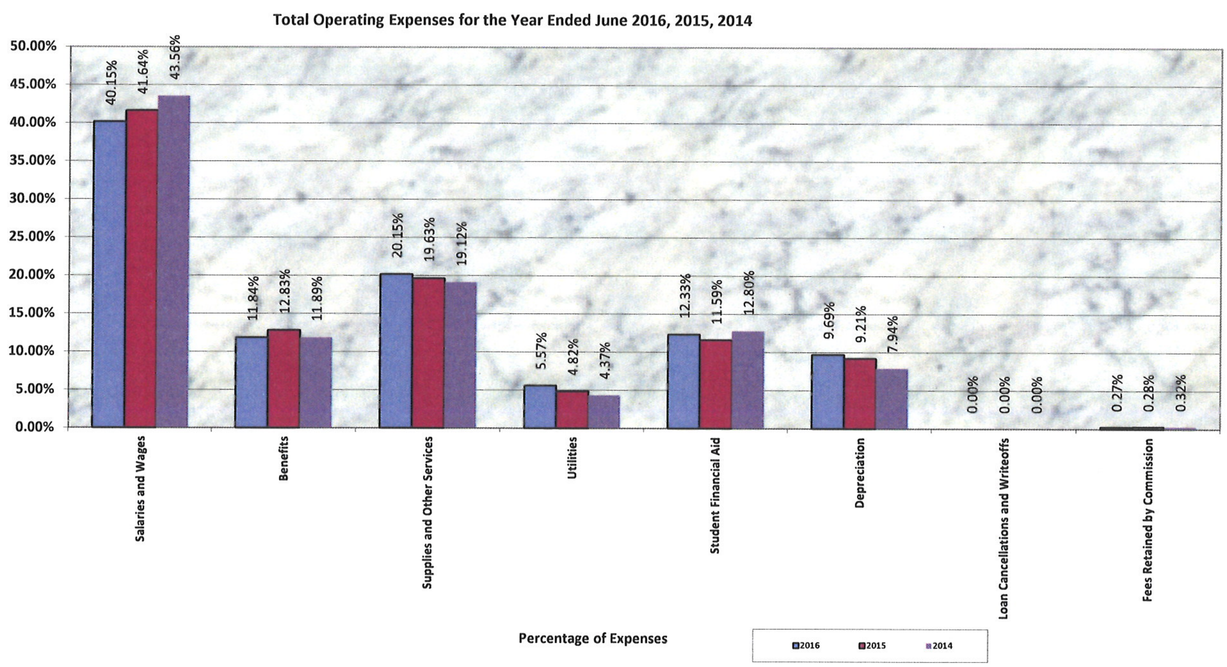
- State appropriated general revenue funds in the amount of $5,793,050 accounted for 22.64% of total revenues in FY 2016 compared to 23.98% in FY 2015 and 20.49% in FY 2014. These appropriations are used to pay salaries and benefits in support of the operations of the College.

- Investment income increased by $2,414 or 62.06% from FY 2015 to FY 2016. This revenue source made up .02% of total revenues in FY 2016 compared to 0.01% in FY 2015 and 0.03% in FY 2014. The College participates in the investment pool managed by the State.

Operating and Non-operating Expenses:

The operating expenses of the College by natural classification are as follows:

	2016	2015	2014	% Change
Salaries & Wages	$10,140,407	$10,986,303	$11,049,277	-7.70%
Benefits	2,989,793	3,385,809	3,017,553	-11.70%
Supplies and other services	5,087,696	5,178,071	4,850,391	-1.75%
Utilities	1,405,880	1,271,230	1,109,308	10.59%
Student financial aid, scholarships, and fellowships	3,114,381	3,058,052	3,246,722	1.84%
Depreciation	2,446,365	2,430,014	2,013,731	0.67%
Loan cancellations and write-offs	361	1,369		-73.63%
Fees retained by Commission for operation	69,062	73,794	81,304	-6.41%
Total Operating Expenses	$25,253,945	$26,384,642	$25,368,286	-4.29%



- Salaries and wages, and employee benefits made up approximately 51.99% of the operating expenses of the College in FY 2016 compared to 54.47% in FY 2015, and 55.45% in FY 2014.
- Utility costs increased $134,650 or 10.59%, from FY 2015 to FY2016 and $161,922 or 14.60% from FY 2014 to FY2015. These costs represented 5.57% of the FY 2016 operating expenses compared to 4.82% in FY 2015 and 4.37% in FY 2014.
- Scholarship and fellowship expenses increased $56,329 or 1.84% from FY 2015 and decreased $188,670 or 5.81% from FY 2014. They represented 12.33%, 11.59% and 12.80% of the total operating expenses in FY 2016, FY 2015, and FY 2014, respectively.

- Non-operating expenses consisted primarily of interest on indebtedness $1,639,080, a decrease of $44,643 or 2.65% from FY 2015. Also included are fees assessed by the HEPC for system-wide debt service in the amount of $11,203.

Cash Flows

The Statements of Cash Flows presents detailed information about the cash activities of the College during the year. These statements assist the users in analyzing the College's ability to generate net cash flows, meet obligations as they come due, and determining its need for external financing.

The Statement of Cash Flows is divided into five parts:

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

2) *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.

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

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

5) *Reconciliation of net operating loss to net cash used in operating activities.* This part provides a schedule that reconciles the accrual-based operating loss and net cash flow used in operating activities to the operating loss reflected in the SRECNP.

Condensed Schedules of Cash Flows
For the Years Ended June 30, 2016, 2015, and 2014

	2016	2015	2014	%Change
Cash provided by (used in)				
Operating activities	($5,676,340)	($7,823,731)	($5,571,834)	-27.45%
Non capital financing activities	8,671,995	9,203,794	9,340,542	-5.78%
Capital financing activities	(3,031,744)	(3,393,127)	(3,637,879)	-10.65%
Investing activities	6,068	2,732	8,944	122..11%
(Decrease) Increase cash and cash equivalents	(30,021)	(2,010,332)	139,773	-98.51%
Cash and cash equivalents, beginning of year	1,352,900	3,363,232	3,223,459	-59.77%
Cash and cash equivalents, end of year	$1,322,879	$1,352,900	$3,363,232	-2.22%

Capital Asset and Debt Administration

The College had capital asset additions of $332,112, $443,236, and $15,968,620 for the years ended June 30, 2016, 2015, and 2014, respectively.

- In FY 2016, the College had no major construction projects.

- In FY 2015, the College completed construction of the $27M Waco Center, a facility which houses an expanded Natural Resource Center, a community and campus health care facility, and a new home for athletic administration, indoor sports, and coaches' offices.

- In FY 2014, the College completed the campus-wide energy savings program addressing upgrades to lighting, HVAC controls, window replacements, and other improvements to generate energy efficiencies. Over $1.5M in capital improvements to Morris Stadium included the installation of new turf, expansion of the field house, and new seating. Substantial progress was made toward the completion of the $27M Waco Center, scheduled for late July, 2014.

Economic Outlook

Glenville State College anticipates FY2017 with heightened expectations for expanding its mission-driven role in providing higher education opportunity to students from central West Virginia and beyond. The College remains determined to counter the state's retreat from higher education funding through a regimen of operational efficiencies, bond service reviews, and increased student enrollment. These measures have allowed Glenville State to uphold its mission-driven commitment to students despite reduced state funding of $1,433,235 over the past five years.

Glenville's heightened expectations for FY2017 are based on:

- A significant increment to the College's financial well-being follows from FTE (full time equivalent) enrollment growth in Fall 2016. Both first-time full-time students and students in the residence halls has increased from previous years. The number of resident students for October 2016 is 588 compared to 567 in October 2015, an increase generating approximately $100,000 in additional residence hall revenue and an additional $85,000 of board revenue.

- The college administration believes that the current growth is sustainable:

    1. A newly hired Vice President for Enrollment brings experience in small-college recruitment and private sector experience with contact software. His twofold experience brings added efficiency and sophistication to Glenville State's recruitment.

    2. The College has received federal approval for an expansion of Pell Grant offering to high school students electing college-level studies. Students from all 55 counties in West Virginia are eligible to participate in this program. The College estimates 100 students will enroll in FY2017 with significant growth in subsequent academic years. Historically, dual-credit has been limited by an ability-to-pay, a limitation relieved with the expanded Pell Grant eligibility.

    3. The College received Second Chance federal funding to offer college-level classes at FCI-Gilmer and the Huttonsville Correctional Center. The College estimates the total number of student participants from these facilities for FY2017 to be between 200 and 250.

4. Tuition and fee increases scaled to maintain current educational offering and necessary campus services that provide for the health and safety of students.

5. Expanding enrollment through existing Hidden Promise Scholars programming that identifies and attracts low-come and first-generation high school graduates, an underserved population of students who demonstrate some academic aptitude but, for family, cultural, and economic circumstances, cannot see a possible pathway to higher education.

6. The Glenville State College Foundation continues to hold cash assets for the College. As of 6/30/2016, the Foundation held $730,000—per audited financial statements—for the use of and benefit of the College with no further Foundation Board action.

7. College administration is pursuing a loan package with Housing Corporation real estate holdings as collateral. Loan funding will form a reserve pool analogous to a line of credit. Draws will be determined as needed and to be repaid immediately as funds permit. The loan will be amortized over ten years at an annual interest rate of 4 percent. The first two years require interest payments only with principal and interest payments for the next ten years. College administration will from time to time determine the need to continue the loan, which carries no penalty for early payoff.

8. The College is engaged in talks with securities brokerage and investment banking firms to refinance existing Series 2009 and Series 2011 bonds. Two firms have provided initial interest in refinancing the bonds and refinancing options are in discussion.

9. The main focus of the restructuring of the Series 2009 bonds is to obtain relief from the coverage covenant, the call option, and the cash reserve requirement. The interest rate SWAP expires in January 2017, converting the loan to a floating interest rate, which will result in a lower monthly interest payment. However, reverting to a floating rate will create greater exposure to interest rate fluctuations.

10. In 2000 the College chose to outsource their food service and bookstore operations. The College is conducting a review to determine the feasibility of taking them back in-house. Preliminary calculations reveal potential annual savings between $250,000 to $500,000 food service alone. This variance is due to the uncertainty of the savings that might be realized from obtaining favorable pricing for food and other inventory items.

Glenville State's projected enrollment growth—a projection buttressed by expanded Pell Grant offerings, Second Chance funding, and census data projecting growth of high school graduates—afford the administration's confidence in a realistic pathway to increased financial well-being in the year and years ahead. The financial adjustments and modifications obtain an immediate assurance of increased well-being.

GLENVILLE STATE COLLEGE

STATEMENTS OF NET POSITION
JUNE 30, 2016 AND 2015

ASSETS AND DEFERRED OUTFLOWS	2016	2015
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,322,879	$ 1,352,900
Accounts receivable—net	449,913	528,824
Loans to students—current portion	1,817	1,116
Inventories	72,184	81,909
Total current assets	1,846,793	1,964,749
NONCURRENT ASSETS:		
Cash and cash equivalents	1,962,599	1,977,132
Other Accounts Receivables	101,247	122,422
Capital assets - net	79,700,617	81,832,946
Total noncurrent assets	81,764,463	83,932,500
TOTAL ASSETS	83,611,256	85,897,249
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	88,129	94,908
Interest rate swap agreement	333,247	891,268
Related to Pension Plans	154,213	195,785
Total deferred outflows of resources	575,589	1,181,961
TOTAL	$ 84,186,845	$ 87,079,210

(Continued)

GLENVILLE STATE COLLEGE

STATEMENTS OF NET POSITION
JUNE 30, 2016 AND 2015

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	2016	2015
CURRENT LIABILITIES:		
Accounts payable	$ 902,236	$ 648,793
Accrued liabilities	1,065,170	1,253,314
Compensated absences—current portion	368,778	404,834
Unearned revenue	29,175	25,245
Total bonds, capital leases, and notes payable—current portion (Note 7)	24,373,165	1,235,891
Higher Education Policy Commission debt payable—current portion	60,945	57,898
Interest rate swap agreement	333,247	
Total current liabilities	27,132,716	3,625,975
NONCURRENT LIABILITIES (Note 6)	20,061,628	45,250,614
Total liabilities	47,194,344	48,876,589
DEFERRED INFLOWS OF RESOURCES:		
Related to Pension Plans	374,428	246,121
Total deferred inflows of resources	374,428	246,121
TOTAL LIABILITIES AND DEFERRED INFLOWS	47,568,772	49,122,710
NET POSITION:		
Net Investment in capital assets	42,190,158	43,163,164
Restricted for:		
Loans	58,494	57,548
Capital projects	91,753	108,421
Debt service	1,868,909	1,868,712
Other	(237,456)	(258,402)
Unrestricted	(7,353,785)	(6,982,943)
Total net position	36,618,073	37,956,500
TOTAL	$84,186,845	$87,079,210

See notes to financial statements. (Concluded)

GLENVILLE STATE COLLEGE

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
OPERATING REVENUES:		
Student tuition and fees (net of scholarship allowance of $3,695,833 and $3,077,394)	$ 5,559,084	$ 4,749,582
Contracts and grants:		
Federal	613,223	531,592
State	2,533,031	2,387,809
Private	2,516,510	2,175,292
Sales and services of educational activities	286,364	523,336
Auxiliary enterprise revenue (net of scholarship allowance of $2,515,801 and $2,369,216)	4,237,446	4,072,511
Miscellaneous—net	875,123	912,606
Total operating revenues	16,620,781	15,352,728
OPERATING EXPENSES:		
Salaries and wages	10,140,407	10,986,303
Benefits	2,989,793	3,385,809
Supplies and other services	5,087,696	5,178,071
Utilities	1,405,880	1,271,230
Student financial aid—scholarships and fellowships	3,114,381	3,058,052
Depreciation	2,446,365	2,430,014
Loan cancellations and write-offs	361	1,369
Fees assessed by the Commission for operations	69,062	73,794
Total operating expenses	25,253,945	26,384,642
OPERATING LOSS	(8,633,164)	(11,031,914)

(Continued)

GLENVILLE STATE COLLEGE

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
NONOPERATING REVENUES (EXPENSES):		
State appropriations	$ 5,793,050	$ 6,318,177
Payments made on behalf of College	241,576	241,860
Federal Pell grants	2,878,945	2,885,617
Investment income	6,304	3,890
Interest on indebtedness	(1,639,080)	(1,683,723)
Fees assessed by the Commission for debt service	(11,203)	(11,203)
Other non-operating expenses	(24,855)	(6,779)
Net nonoperating revenues	7,244,737	7,747,839
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	(1,388,427)	(3,284,075)
CAPITAL AND BOND PROCEEDS FROM THE COMMISSION		212,000
CAPITAL GIFTS (PRIVATE)	50,000	1,334,424
INCREASE (DECREASE) IN NET POSITION	(1,338,427)	(1,737,651)
NET POSITION—Beginning of year	37,956,500	41,654,990
Restatement for July 1, 2014, Pension Liability		(1,960,839)
NET POSITION—Beginning of year - Restated	37,956,500	39,694,151
NET POSITION—End of year	$ 36,618,073	$ 37,956,500

See notes to financial statements. (Concluded)

GLENVILLE STATE COLLEGE

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 5,095,802	$ 4,020,429
Contracts and grants	6,313,709	5,182,313
Payments to and on behalf of employees	(12,965,049)	(13,801,448)
Payments to suppliers	(5,009,089)	(4,978,155)
Payments to utilities	(1,312,659)	(1,242,539)
Payments for scholarships and fellowships	(3,107,953)	(1,900,833)
Loans issued to students	(88,462)	(104,624)
Collection of loans to students	87,400	103,771
Sales and service of educational activities	288,236	452,239
Auxiliary enterprise charges	4,213,317	3,607,109
Fees assessed by the Commission for operations	(69,062)	(73,794)
Other receipts and payments—net	877,470	911,801
Net cash used in operating activities	(5,676,340)	(7,823,731)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	5,793,050	6,318,177
Federal Pell grants	2,878,945	2,885,617
William D. Ford direct lending receipts	5,734,402	5,419,971
William D. Ford direct lending payments	(5,734,402)	(5,419,971)
Net cash provided by noncapital financing activities	8,671,995	9,203,794
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Purchases of capital assets	(84,945)	(47,147)
Debt service paid to Commission	(157,898)	(196,365)
Non-operating fees retained by the Commission	(11,203)	(11,203)
Principal paid on notes, bonds and leases	(1,153,388)	(1,027,775)
Interest paid on notes, bonds and leases	(1,644,505)	(1,481,191)
Withdrawals from (deposits to) noncurrent cash and cash equivalents	20,195	(2,175,870)
Capital and bond proceeds from the Commission		212,000
Capital gifts and grants		1,334,424
Net cash used in capital financing activities	(3,031,744)	(3,393,127)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	6,068	2,732
Net cash provided by investing activities	6,068	2,732
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(30,021)	(2,010,332)
CASH AND CASH EQUIVALENTS—Beginning of year	1,352,900	3,363,232
CASH AND CASH EQUIVALENTS—End of year	$ 1,322,879	$ 1,352,900

(Continued)

GLENVILLE STATE COLLEGE

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (8,633,164)	$ (11,031,914)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation expense	2,446,365	2,430,014
Changes in assets and liabilities:		
Accounts receivable—net	100,084	62,802
Loans to students—net	(701)	935
Inventories	9,725	6,115
Accounts payable	24,817	222,720
Accrued liabilities and due to the Commission	40,483	138,796
Defined benefit pension plan	91,592	143,220
Compensated absences	240,529	244,112
Unearned revenue	3,930	(40,531)
NET CASH USED IN OPERATING ACTIVITIES	$ (5,676,340)	$ (7,823,731)
NONCASH TRANSACTIONS:		
Accretion of bond discount into bonds payable	$ 6,779	$ 6,779
Property additions in accounts payable		$ 41,558
Expenses paid on behalf of College	$ 241,576	$ 241,860

See notes to financial statements.

(Concluded)

GLENVILLE STATE COLLEGE

GLENVILLE STATE COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF GLENVILLE STATE COLLEGE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 50,881	$ 57,917
Investments, at fair value	7,461,765	8,653,230
Other Receivables		14,133
Total current assets	7,512,646	8,725,280
Fixed assets	3,434,623	3,551,619
Other assets		
Bequests and contributions receivable	845,953	828,581
Land and other assets held for investment	704,914	705,314
Total other assets	1,550,867	1,533,895
Total assets	**$ 12,498,136**	**$ 13,810,794**
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 46,727	$ 27,311
College support payable	61,876	450,000
Organization funds held for others	8,539	5,448
Current portion of loan payable	82,420	73,792
Total current liabilities	199,562	556,551
Long-term liabilities		
Loan payable	3,307,479	3,382,065
Total liabilities	3,507,041	3,938,616
Net assets		
Unrestricted		
Board designated	730,000	1,300,000
Undesignated	(1,193,795)	(825,591)
Temporarily restricted	1,557,179	1,800,738
Permanently restricted	7,897,711	7,597,031
Total net assets	8,991,095	9,872,178
Total liabilities and net assets	**$ 12,498,136**	**$ 13,810,794**

The accompanying notes are an integral part of these financial statements.

GLENVILLE STATE COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF GLENVILLE STATE COLLEGE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and other support				
Bequests and contributions	$ 812,940	$ 571,257	$ 294,551	$ 1,678,748
Investment income	75,062	173,321		248,383
Realized and unrealized gains (losses)				-
on investments	(14,997)	(328,898)		(343,895)
Increase in cash surrender value		17,372		17,372
Rental Income	169,600			169,600
Net assets released from restrictions:				
Purpose restrictions accomplished	670,482	(670,482)		-
Change in donor designation		(6,129)	6,129	-
Total revenues and other support	1,713,087	(243,559)	300,680	1,770,208
Expenses				
Expenditures for benefit of Glenville				
State College	1,649,690			1,649,690
Scholarships	528,292			528,292
Salaries and wages	85,957			85,957
Legal, consulting, accounting	16,960			16,960
Investment management fee	36,726			36,726
Miscellaneous	1,339			1,339
Promotions and publications	42,244			42,244
Office expense	1,936			1,936
Travel and advancement	5,951			5,951
Memberships and subscriptions	441			441
Insurance	25,727			25,727
Interest Expense	111,071			111,071
Depreciation	117,745			117,745
Meals and meetings	301			301
Annual fund expense	2,223			2,223
Alumni expenses	8,240			8,240
Database management	16,448			16,448
Total expenses	2,651,291	-	-	2,651,291
Change in net assets	(938,204)	(243,559)	300,680	(881,083)
Net assets at beginning of year	474,409	1,800,738	7,597,031	9,872,178
Net assets at end of year	**$ (463,795)**	**$ 1,557,179**	**$ 7,897,711**	**$ 8,991,095**

The accompanying notes are an integral part of these financial statements.

GLENVILLE STATE COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF GLENVILLE STATE COLLEGE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and other support				
Bequests and contributions	$ 1,902,641	$ 598,125	$ 397,147	$ 2,897,913
Investment income	70,248	171,006	-	241,254
Realized gains on investments	(37,839)	(84,641)	-	(122,480)
Rental Income	148,400		-	148,400
Increase in cash surrender value	-	36,306	-	36,306
Net assets released from restrictions:				
Purpose restrictions accomplished	1,207,049	(1,207,049)	-	-
Donor released from permanently restricted	-	178,848	(178,848)	-
Total revenues and other support	3,290,499	(307,405)	218,299	3,201,393
Expenses				
Expenditures for benefit of Glenville State College	3,528,226	-	-	3,528,226
Scholarships	471,508	-	-	471,508
Salaries and wages	105,149	-	-	105,149
Legal, consulting, accounting	14,500	-	-	14,500
Investment management fee	42,101	-	-	42,101
Miscellaneous	1,807	-	-	1,807
Promotions and publications	43,886	-	-	43,886
Office expense	2,890	-	-	2,890
Travel and advancement	8,759	-	-	8,759
Memberships and subscriptions	441	-	-	441
Insurance	24,150	-	-	24,150
Interest expense	108,819			108,819
Depreciation	117,821	-	-	117,821
Meals and meetings	214	-	-	214
Annual fund expense	3,885	-	-	3,885
Alumni expenses	11,009	-	-	11,009
Database management	14,992	-	-	14,992
Total expenses	4,500,157	-	-	4,500,157
Change in net assets	(1,209,658)	(307,405)	218,299	(1,298,764)
Net assets at beginning of year	1,684,067	2,108,143	7,378,732	11,170,942
Net assets at end of year	**$ 474,409**	**$ 1,800,738**	**$ 7,597,031**	**$ 9,872,178**

The accompanying notes are an integral part of these financial statements.

1. ORGANIZATION

Glenville State College (the "College") is governed by the Glenville State College Board of Governors (the "Board"). The Board was established by Senate Bill 653 ("S.B. 653").

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

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

As a requirement of Governmental Accounting Standards Board standards (GASB), the College has included information from the Glenville State College Foundation, Inc.

Although the College benefits from the activities of the Foundation, the Foundation is independent of the College in all respects. The Foundation is not a subsidiary of the College and is not directly or indirectly controlled by the College. The Foundation has its own separate, independent Board of Directors. Moreover, the assets of the Foundation are the exclusive property of the Foundation and do not belong to the College. The College is not accountable for, and does not have ownership of, any of the financial and capital resources of the Foundation. The College does not have the power or authority to mortgage, pledge, or encumber the assets of the Foundation. The Board of Directors of the Foundation is entitled to make all decisions regarding the business and affairs of the Foundation, including, without limitation, distributions made to the College. Under State law, neither the principal nor income generated by the assets of the Foundation can be taken into consideration in determining the amount of State-appropriated funds allocated to the College. Third parties dealing with the College, the Board, and the State of West Virginia (the "State") (or any agency thereof) should not rely upon the financial statements of the Foundation for any purpose without consideration of all the foregoing conditions and limitations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the College have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. The financial statement presentation required by GASB provide a comprehensive, entity-wide perspective of the College's assets, liabilities, net position, revenues, expenses, changes in net position, and cash flows.

Reporting Entity—The College is an operating unit of the West Virginia Higher Education Fund and represents separate funds of the State 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 Commission (which includes West Virginia Network for Educational Telecomputing), and 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, including its blended component units, Glenville State College Research Corporation (the "Corporation"), which was formed on December 10, 1990 as a nonprofit, nonstock corporation and Glenville State College Housing Corporation (the "Housing Corporation"), which received tax-exempt status on June 11, 1973 as a nonprofit corporation. 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.

The audited financial statements of the Foundation are presented here as a discrete component unit with the College's financial statements in accordance with GASB. The Foundation is a separate, 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. No modifications have been made to the audited financial information as they are presented herein (see Note 21).

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

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

- *Restricted—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 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 structure and removed the restrictions but included designations associated with auxiliary 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 State Legislature.

- *Restricted—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 did not have any restricted nonexpendable components of net position at June 30, 2016 and 2015, respectively.

- *Unrestricted* - 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 of Governors to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities, that provide services for students, faculty and staff.

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 expenditures when materials or services are received. All intercompany accounts and transactions have been eliminated.

Cash and Cash Equivalents—For purposes of the statements of net position, the 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 the trust agreements when applicable. Balances in the investment pools are recorded at fair value or amortized cost, which approximates fair value. Fair value is determined by a third-party pricing service based on asset portfolio pricing models and other sources in accordance with GASB. The BTI was established by the State Legislature and is subject to oversight by the State Legislature. Fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. The amounts on deposit are available for immediate withdrawal or on the first day of each month for the WV Short Term Bond Pool and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

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

Appropriations Due from Primary Government—For financial reporting purposes, appropriations due from the State are presented separate from cash and cash equivalents, as amounts are not specific deposits with the State Treasurer but are obligations of the State. These revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. Appropriations which remain undrawn at the end of the year may be drawn through the thirty–first day of July after the end of the year for which the appropriation is made.

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.

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

Noncurrent Cash, Cash Equivalents, and Investments—Cash, cash equivalents, and investments that are (1) externally restricted to make debt service payments and long-term loans to students, or to maintain sinking or reserve funds, (2) to purchase capital or other noncurrent assets or settle long-term liabilities, or (3) permanently restricted net assets, are classified as noncurrent assets in the accompanying statements of net assets.

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 acquisition value at the date of donation in the case of gifts. Donated capital assets acquired prior to July 1, 2015 are stated at fair value as of the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 20 to 50 years for buildings and infrastructure, 20 years for land improvements, 10 years for equipment, 7 years for library books, and 3 years for furniture. The College's capitalization threshold is $5,000. The accompanying financial statements reflect all adjustments required by GASB.

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

Derivative instruments—Derivative instruments consist primarily of interest rate swap agreements and are stated at fair value based on discounted cash flows.

Net Pension Liability – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Teachers' Retirement System (TRS), administered by the West Virginia Consolidated Public Retirement Board (CPRB), and additions to or reductions from the TRS fiduciary net position have been determined on the same basis as they are reported in the TRS financial statements, which can be found at ttps://www.wvretirement.com/Publications.html#CAFR. The plan schedules of TRS are prepared using the accrual basis of accounting and economic resources measurement focus in accordance with U.S. GAAP as prescribed by GASB. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Investments are reported at fair value. Detailed information on investment valuation can be found in the TRS financial statements. Management of TRS has made certain estimates and assumptions relating to employer allocation schedules, and actual results could differ. (See Note 13.)

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

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

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

Deferred Outflows of Resources — Consumption of net position by the College that is applicable to a future fiscal year is reported as a deferred outflow of resources on the statement of net position. Deferred outflows consist of the deferred loss on refunding, which is accreted over the periods of the refunding bond issue, the interest rate swap agreement, and deferred outflows of resources related to pension plans (Note 12).

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. Deferred inflows consist of those related to pension plans Note 12).

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

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

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

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, and investment income and sale of capital assets (including natural resources).

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

Use of Restricted Components of 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 resources are available. Generally, the College attempts to utilize restricted resources first when practicable.

Federal Financial Assistance Programs—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 such as the College. Direct student loan receivables are not included in the College's balance sheets as the loans are repayable directly to the U.S. Department of Education. In 2016 and 2015 the College received and disbursed $5,734,402 and $5,419,971, 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, Academic Competitiveness Grant, National Science and Mathematics Access to Retain Talent "SMART" Grant, and Teacher Education Assistance for College and Higher Education "TEACH" Grant, Supplemental Educational Opportunity Grant and College, and Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2016 and 2015, the College received and disbursed $3,089,448 and $3,108,756 respectively, under these federal student aid programs.

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

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

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

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

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

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

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

Reclassifications — Certain reclassifications have been made to the 2015 financial statements to conform to the 2016 classifications.

Newly Adopted Statements Issued by the Governmental Accounting Standards Board (GASB) — The College has implemented GASB Statement No. 72, *"Fair Value Measurement and Application"*, effective for fiscal years beginning after June 15, 2015. This statement provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. For 2016 and 2015, the College had no investments subject to this standard and thus the adoption of this statement did not have a material impact on the financial statements.

The College has implemented 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 non-employer 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 adoption of this statement did not have a material impact on the financial statements.

The College has implemented 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 adoption of this statement did not have a material impact on the financial statements.

The College has implemented Statement No. 78, *"Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans"*, which is effective for fiscal years beginning after December 15, 2015. This statement establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that meets certain criteria in GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions"*, and that is not a state or local governmental pension plan; is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers; and has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The adoption of this statement did not have a material impact on the financial statements.

The College has implemented Statement No. 79, *"Certain External Investment Pools and Pool Participants"*. This statement establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This statement also establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost. The requirements of this statement are effective for fiscal years beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. The adoption of this statement did not have a material impact on the financial statements.

The College has implemented Statement No. 82, "Pension Issues", which is effective for fiscal years beginning after June 15, 2016, except for the requirements of this statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. This statement establishes accounting and financial reporting requirements for pensions provided to employees of state or local governmental employers. This statement also establishes financial reporting requirements for pension plans administered through trusts that meet the criteria in Statement No. 67. The adoption of this statement did not have a material impact on the financial statements.

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

The GASB has 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 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.

The GASB has issued Statement No. 80, "Blending Requirements for Certain Component Units", which is effective for fiscal years beginning after June 15, 2016. This statement amends the blending requirements for the financial presentation of component units of all state and local governments established in Statement No. 14, "The Financial Reporting Entity", as amended. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The College has not yet determined the effect that the adoption of GASB Statement No. 80 may have on its financial statements.

The GASB has issued Statement No. 81, "Irrevocable Split-Interest Agreements", which is effective for fiscal years beginning after December 15, 2016. This statement establishes recognition and measurement requirements for irrevocable split-interest agreements created through trusts – or other legally enforceable agreements with characteristics that are equivalent to irrevocable split-interest agreements – in which a donor irrevocably transfers resources to an intermediary. The intermediary administers these resources for the unconditional benefit of a government or at least one other beneficiary. The College has not yet determined the effect that the adoption of GASB Statement No. 81 may have on its financial statements

3. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents at June 30, 2016 and 2015, was held as follows:

	2016		
	Current	**Noncurrent**	**Total**
State Treasurer	$ 743,579	$ 93,690	$ 837,269
Trustee		1,763,526	1,763,526
Banks	579,300	105,383	684,683
	$ 1,322,879	$ 1,962,599	$ 3,285,478

	2015		
	Current	**Noncurrent**	**Total**
State Treasurer	$ 665,114	$ 108,420	$ 773,534
Municipal Bond Commission	297,297		297,297
Trustee		1,763,487	1,763,487
Banks	390,489	105,225	495,714
	$ 1,352,900	$ 1,977,132	$ 3,330,032

Cash held by the State Treasurer includes $498,570 and $306,634 at June 30, 2016 and 2015, respectively, of restricted cash for grant programs, capital improvements, debt service, and student financial aid among others.

Cash on deposit with the Municipal Bond Commission or Trustee represent funds reserved for various project revenue, debt service, other repair and replacement reserve funds required to be escrowed by various bond trust indentures, and proceeds from the 2009 Housing Revenue Bonds (see Note 6) that is restricted for construction of capital assets.

The combined carrying amount of cash in the bank at June 30, 2016 and 2015 was $579,300 and $390,489, as compared with the combined bank balance of $639,467 and $475,007. The difference is primarily caused by outstanding checks and items in transit. The bank balances were covered by federal depository insurance as noted below or were collateralized by securities held by the State's agent. Regarding federal depository insurance, bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000.

Amounts with the State Treasurer and the Municipal Bond Commission as of June 30, 2016 and 2015 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:

	2016			2015		
External Pool	Carrying Value (in Thousands)		S & P Rating	Carrying Value (in Thousands)		S & P Rating
WV Money Market Pool	$	799	AAAm	$	940	AAAm
WV Government Money Market Pool	$		AAAm	$	8	AAAm
WV Short Term Bond Pool	$	19	Not Rated	$		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:

	2016			2015		
External Pool	Carrying Value (in Thousands)		WAM (Days)	Carrying Value (in Thousands)		WAM (Days)
WV Money Market Pool	$	799	49	$	940	47
WV Government Money Market Pool				$	8	51

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

	2016			2015		
External Pool	Carrying Value (in Thousands)		Effective Duration (Days)	Carrying Value (in Thousands)		Effective Duration (Days)
WV Short Term Bond Pool	$	19	462			410

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.

Cash in Bank with Trustee

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

	Carrying Value			
	2016		2015	
Investment Type				
Money Market Fund	$	1,588	$	1,588
U.S. Government Securities		175		175
Total	$	1,763	$	1,763

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

Custodial Credit Risk

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

Interest Rate Risk

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

Foreign Currency Risk

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

4. ACCOUNTS RECEIVABLE

Accounts receivable were as follows at June 30, 2016 and 2015:

	2016	2015
Student tuition and fees, net of allowance for doubtful accounts of $2,460,866 and $2,210,840 respectively	$ 316,646	$ 282,176
Due from other State agencies	73,906	75,906
Due from Federal Government	22,927	94,745
Other accounts receivable, net of allowance for doubtful accounts of $1,056 and $60,256 respectively	36,434	75,997
	$ 449,913	$ 528,824

5. CAPITAL ASSETS

Capital assets consisted of the following at June 30, 2016 and 2015:

	2016				
	Beginning Balance	Additions	Reductions	Transfer	Ending Balance
Capital assets not being depreciated:					
Land	$ 1,287,096				$ 1,287,096
Construction In Progress					
Total capital assets not being depreciated	$ 1,287,096	$	$	$	$ 1,287,096
Other capital assets:					
Land improvements	$ 2,222,561				$ 2,222,561
Infrastructure	1,595,589				1,595,589
Buildings	103,051,766				103,051,766
Equipment	8,746,681	$ 289,232	$ (67,265)		8,968,648
Library books	1,726,737	42,880	(9,085)		1,760,532
Leasehold improvements	132,236				132,236
Total other capital assets	117,475,570	332,112	(76,350)		117,731,332
Less accumulated depreciation for:					
Land improvements	1,124,461	83,484			1,207,945
Infrastructure	1,446,419	19,965			1,466,384
Buildings	25,513,070	1,888,045			27,401,115
Equipment	7,147,547	419,120	(49,189)		7,517,478
Library books	1,660,150	26,936	(9,086)		1,678,000
Leasehold improvements	38,073	8,816			46,889
Total accumulated depreciation	36,929,720	2,446,366	(58,275)		39,317,811
Other capital assets—net	$ 80,545,850	$ (2,114,254)	$ (18,075)	$ -	$ 78,413,521
Capital asset summary:					
Capital assets not being depreciated	$ 1,287,096	$ -	$ -		$ 1,287,096
Other capital assets	117,475,570	332,112	(76,350)		117,731,332
Total cost of capital assets	118,762,666	332,112	(76,350)		119,018,428
Less accumulated depreciation	36,929,720	2,446,366	(58,275)		39,317,811
Capital assets—net	$ 81,832,946	$ (2,114,254)	$ (18,075)	$ -	$ 79,700,617

	2015				
	Beginning Balance	Additions	Reductions	Transfer	Ending Balance
Capital assets not being depreciated:					
Land	$ 1,287,096				$ 1,287,096
Construction In Progress	22,721,927	$ 335,185		$ (23,057,112)	
Total capital assets not being depreciated	$ 24,009,023	$ 335,185	$	$ (23,057,112)	$ 1,287,096
Other capital assets:					
Land improvements	$ 2,222,561				$ 2,222,561
Infrastructure	1,595,589				1,595,589
Buildings	79,933,750	$ 60,904		$ 23,057,112	103,051,766
Equipment	8,725,070	21,611			8,746,681
Library books	1,702,570	25,536	$ (1,369)		1,726,737
Leasehold improvements	132,236				132,236
Total other capital assets	94,311,776	108,051	(1,369)	23,057,112	117,475,570
Less accumulated depreciation for:					
Land improvements	1,040,977	83,484			1,124,461
Infrastructure	1,426,453	19,966			1,446,419
Buildings	23,625,149	1,887,921			25,513,070
Equipment	6,743,254	404,293			7,147,547
Library books	1,635,984	25,535	(1,369)		1,660,150
Leasehold improvements	29,258	8,815			38,073
Total accumulated depreciation	34,501,075	2,430,014	(1,369)		36,929,720
Other capital assets—net	$ 59,810,701	$ (2,321,963)	$ -	$ 23,057,112	$ 80,545,850
Capital asset summary:					
Capital assets not being depreciated	$ 24,009,023	$ 335,185	$ -	$ (23,057,112)	$ 1,287,096
Other capital assets	94,311,776	108,051	(1,369)	23,057,112	117,475,570
Total cost of capital assets	118,320,799	443,236	(1,369)		118,762,666
Less accumulated depreciation	34,501,075	2,430,014	(1,369)		36,929,720
Capital assets—net	$ 83,819,724	$ (1,986,778)	$ -	$ -	$ 81,832,946

There was no construction in progress at June 30, 2016 and 2015. Buildings include the Waco Center of which a portion is owned by the Glenville State College Foundation, and the associated cost is recorded by the Foundation. A lease agreement, expiring in 2043, between the College and Foundation specifies that the portion owned by the Foundation will transfer to the College at the expiration of the lease.

The College maintains certain collections of inexhaustible assets to which no value can be practically determined. Accordingly, such collections are not capitalized or recognized for financial statement purposes. Such collections include contributed works of art, 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.

6. LONG-TERM LIABILITIES

The following is a summary of long-term obligation transactions for the years ended June 30, 2016 and 2015:

	2016				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds, capital leases, and notes payable:					
Student Housing bonds payable	$ 3,770,000	$	$ 180,000	$ 3,590,000	$ 180,000
Campus Community Center bonds	1,012,944		69,758	943,186	72,790
Science Building Bonds	3,033,833		113,994	2,919,839	118,065
Goodwin Hall Bonds	24,104,399		522,345	23,582,054	23,582,054
Capital lease obligations		197,167		197,167	38,550
Notes payable	5,751,311		367,290	5,384,021	381,706
Commission Debt Payable	880,658		57,898	822,760	60,945
Total bonds, capital leases, and note payable	38,553,145	197,167	1,311,285	37,439,027	24,434,110
Other liabilities:					
Accrued compensated absences	632,778	403,412	449,556	586,634	368,778
Hedging derivative instruments	891,268		558,021	333,247	333,247
Net Pension Liability	1,811,863		319,863	1,492,000	
Other post employment benefits liability	5,060,183	286,672		5,346,855	
Total noncurrent liabilities	$ 46,949,237	$ 887,251	$ 2,638,725	$ 45,197,763	$ 25,136,135

	2015				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds, capital leases, and notes payable:					
Student Housing bonds payable	$ 3,940,000	$	$ 170,000	$ 3,770,000	$ 180,000
Campus Community Center bonds	1,079,796		66,852	1,012,944	69,758
Science Building Bonds	3,144,338		110,505	3,033,833	112,384
Goodwin Hall Bonds	24,601,079		496,680	24,104,399	522,345
Capital lease obligations	96,382		96,382		
Notes payable	6,108,666		357,355	5,751,311	351,404
Commission Debt Payable	936,270		55,612	880,658	57,898
Total bonds, capital leases, and note payable	39,906,531		1,353,386	38,553,145	1,293,789
Other liabilities:					
Accrued compensated absences	692,071	479,525	538,818	632,778	404,834
Hedging derivative instruments	1,416,150		524,882	891,268	
Net pension liability		1,811,863		1,811,863	
Other post employment benefits liability	4,756,778	303,405		5,060,183	
Total noncurrent liabilities	$ 46,771,530	$ 2,594,793	$ 2,417,086	$ 46,949,237	$ 1,698,623

7. BONDS PAYABLE

Bonds payable consisted of the following at June 30, 2016 and 2015:

	Interest Rate	Annual Principal Installment Due	2016 Principal Amount Outstanding	2015 Principal Amount Outstanding
Student Housing Bonds:				
Series 2011 A, mature various dates through October 1, 2030	3.00% to 5.25%	$180,000 to $325,000	$ 3,590,000	$ 3,770,000
Campus Community Center Bonds:				
Series 2006, interest rate reset at November 1, 2016 to ten year LIBOR rate	4.30%	$55,102 to $106,748	943,186	1,012,944
Science Building Bonds				
Series 2007, interest rate reset at October 1, 2017 to 68% of sum of ten year Treasury plus 250 basis points	4.68%	$117,758 to $237,286	2,919,839	3,033,833
Goodwin Hall Bonds				
Series 2009, due through 2040	68% of 1 month LIBOR plus 1.625% (1.9446% at June 30, 2016)	$548,881 to $1,516,981	23,582,054	24,104,399

Future debt service requirements to maturity, as scheduled, for the revenue bonds at June 30, 2016, are as follows:

Year Ending June 30	Principal	Interest	Total
2017	$ 921,086	$ 1,126,145	$ 2,047,231
2018	959,723	766,747	1,726,470
2019	999,887	739,791	1,739,678
2020	1,044,015	712,420	1,756,435
2021	1,089,959	680,900	1,770,859
2022-2026	6,222,600	2,890,036	9,112,636
2027-2031	7,238,874	1,869,615	9,108,489
2032-2036	6,220,946	948,509	7,169,455
2037-2041	6,337,991	290,306	6,628,297
Total	$ 31,035,079	$ 10,024,469	$ 41,059,548

Future debt service requirements to maturity, with 2009 Series as current, for the revenue bonds at June 30, 2016, are as follows:

Year Ending June 30	Principal	Interest	Total
2017	$ 23,952,909	$ 1,126,145	$ 25,079,054
2018	386,022	317,742	703,764
2019	400,245	302,329	702,574
2020	419,892	285,853	705,744
2021	434,982	268,063	703,044
2022-2026	2,478,259	1,034,747	3,513,006
2027-2031	2,567,532	426,831	2,994,363
2032-2036	395,238	20,007	415,245
2037-2041	-	-	-
Total	$ 31,035,079	$ 3,781,716	$ 34,816,795

As presented immediately above and below, the Series 2009 Goodwin Hall Bonds are classified as a current liability; however, the College anticipates that the bonds will continue to be paid according to their scheduled maturity. Therefore, future debt service requirements are shown for both situations.

Future debt service requirements assuming the Series 2009 Bonds are paid as scheduled: $41,059,548

Future debt service requirements with the Series 2009 Bonds as current: $34,816,795

The Series 2009 Goodwin Hall Bonds contain a provision whereby the bondholder has the option to declare all outstanding principal and accrued interest to be immediately due and payable on December 21, 2014, or any day thereafter, with 120 days prior written notice. However, by agreements dated November 17, 2015 and December 23, 2014, the bondholder, Branch Banking and Trust Company, extended this date to December 21, 2016.

The bondholder has not exercised this option, however, the outstanding principal of the Series 2009 Goodwin Hall Bonds are classified as a current liability due to this provision.

The College is diligently working with the bondholder to refinance the Series 2009 bonds and to resolve the call provision.

The Series 2009 bonds also contain a Contract of Lease/Purchase that includes a provision that each year, the fees charged to students be sufficient to provide for all reasonable expenses of operation, repair and maintenance of the Facility (excluding any interest, taxes, depreciation, and amortization), and that leaves a balance each fiscal year equal to at least 110% of the maximum amount required in any year for payment of principal and interest on the Bonds. For 2016, the College was in compliance with this covenant. For 2015 the College was not in compliance with the covenant, however, by agreement dated November 17, 2015 the bondholder, Branch Banking and Trust Company, waived enforcement of the covenant.

8. CAPITAL LEASE OBLIGATIONS

The College leases various equipment. These obligations are accounted for as capital leases. The following is a schedule by year of future annual minimum payments required under the lease obligations existing at June 30, 2016:

Year Ending June 30	Principal	Interest	Total
2017	$ 38,550	$ 2,092	$ 40,642
2018	38,938	1,704	40,642
2019	39,412	1,230	40,642
2020	39,891	750	40,641
2021	40,376	265	40,641
			203,208
Less interest			6,041
			$ 197,167

The net book value of leased assets was $197,167 as of June 30, 2016.

9. NOTES PAYABLE

Notes payable consisted of the following at June 30, 2016 and 2015:

	Interest Rate	Paymnet	2016 Principal Amount Outstanding	2015 Principal Amount Outstanding
$2,525,000 promissory note collateralized by 1st lien on various parcels of real estate and motel building Gilmer County, West Virginia	5.54%	$17,542 monthly through 6/2031	$ 2,107,149	$ 2,196,212
$1,000,000 unsecured promisory note to HEPC	0.00%	$25,000 quarterly	650,000	750,000
$3,145,581 promissory note collateralized by 1st lien on equipment installed in various buildings on campus	3.10%	$131,907 semi-annually through 6/2028	2,626,872	2,805,099
Total Notes Payable			$ 5,384,021	$ 5,751,311

The following is a schedule by year of future annual minimum payments required under the notes existing at June 30, 2016:

Year Ending June 30	Principal	Interest	Total
2017	$ 381,706	$ 192,612	$ 574,318
2018	391,188	183,130	574,318
2019	402,886	171,432	574,318
2020	415,098	159,220	574,318
2021	427,847	146,471	574,318
2022-2026	2,001,158	520,434	2,521,592
2027-2031	1,364,138	136,528	1,500,666
Total			6,893,848
Less portion representing interest			1,509,827
			$ 5,384,021

10. 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, 2016, 2015, and 2014, the noncurrent liability related to OPEB costs was $5,346,855, $5,060,183, and $4,756,778, respectively. The total of OPEB expenses incurred and the amount of OPEB expense that relates to retirees was $679,534 and $392,861, respectively, during 2016, or 57.81%. The total of OPEB expense incurred and the amount of OPEB expense that relates to retirees was $674,298 and $370,895, respectively, during 2015, or 55.00%. The total of OPEB expense incurred and the amount of OPEB expense that relates to retirees was $488,821 and $372,262, respectively, during 2014, or 76.16%. As of and for the years ended June 30, 2016, 2015, and 2014, there were 22, 16, and 14, respectively, retirees receiving these benefits.

11. STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

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

The State has chartered the Commission with the responsibility to construct or renovate, finance and maintain various academic and other facilities of the State's universities and colleges, 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 tuition and registration fees of the members of the former State University System are generally pledged as collateral for the Commission's bond indebtedness. Student fees collected by the institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. Although the bonds remain as a 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. The balances at June 30, 2016 and 2015 were $822,760 and $880,658.

For the years ended June 30, 2016 and 2015, debt service assessed was as follows:

	2016	2015
Principal	$ 57,898	$ 55,612
Interest	38,529	40,753
	$ 96,427	$ 96,365

During December 2010, the West Virginia Higher Education Policy Commission (HEPC) issued $76,865,000 of the State of West Virginia Higher Education Policy Commission Revenue 2010 Series Bonds to fund HEPC Bond projects approved by the Commission. The College was authorized and received $11,000,000 of these proceeds to be specifically used for the construction of the new Waco Center, a facility that houses an expanded Natural Resource Center, a community and campus health care facility, and a new home for athletic administration, indoor sports, and coach's offices. The West Virginia Higher Education Policy Commission is responsible for repayment of this debt.

12. UNRESTRICTED COMPONENTS OF NET POSITION

The unrestricted component of the College's net position includes certain designated resources as follows:

	2016	2015
Designated for auxiliaries	$ 122,161	$ 14,557
Designated for affiliated organizations	1,029,595	857,162
Undesignated	(1,666,386)	(982,616)
Total unrestricted net position before OPEB & Pension liabilities	(514,630)	(110,897)
Less: OPEB liability	5,346,855	5,060,183
Less: Pension liability	1,492,000	1,811,863
Total unrestricted net position	$ (7,353,485)	$ (6,982,943)

13. RETIREMENT PLANS

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

The College's total payroll for the years ended June 30, 2016, 2015, and 2014 was $10,140,407, $10,986,303 and $11,049,277; total covered employees' salaries in the TRS and TIAA-CREF were $1,028,446 and $7,829,523 in 2016, respectively, $1,305,234 and $8,328,669 in 2015, respectively, and $1,612,813 and $8,023,964 in 2014, respectively.

DEFINED CONTRIBUTION PENSION PLAN

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

Total contributions to the TIAA-CREF for the years ended June 30, 2016, 2015, and 2014, were $939,543, $1,001,802, and $965,204, respectively, which consisted of equal contributions from the College and covered employees in 2016, 2015, and 2014 of $469,771, $500,901 and $482,602, respectively.

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. New hires have the choice of either plan. As of June 30, 2016, no employees were enrolled in the Educators Money 401(a) basic retirement plan.

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 years ended June 30, 2016 and 2015:

	2016	2015
Net Pension Liability	$1,492,000	$1,811,863
Deferred Outflows of Revenues	$154,213	$195,785
Deferred Inflows of Resources	$374,428	$246,141
Revenues	$241,576	$241,860
Pension Expense	$245,805	$339,005
Contributions Made by GSC	$154,213	$195,785

TRS

Plan Description

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

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

Benefits Provided

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

Contributions

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

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

Employer Contributions: Employers make the following contributions:

The State (including institutions of higher education) contributes:

1. 15% of gross salary of their State-employed members hired prior to July 1, 1991;
2. 15% of School Aid Formula (SAF) covered payroll of county-employed members;
3. 7.5% of SAF-covered payroll od members of the TDCRS;
4. a certain percentage of fire insurance premiums paid by State residents; and
5. under WV State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the TRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2015 and 2014, respectively, the College's proportionate share attributable to this special funding subsidy was $241,576 and $241,860.

The College's contributions to TRS for the years ended June 30, 2016, 2015, and 2014, were approximately $154,213, $196,000, and $242,000, respectively.

Assumptions

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2014 and rolled forward to June 30, 2015. 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 3.0%.
- 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, 2015, are summarized below.

Asset Class	Long-term Expected Rate of Return	Target Allocation
Domestic Equity	7.0%	27.5%
International Equity	7.7%	27.5%
Core Fixed Income	2.7%	7.5%
High-yield Fixed Income	5.5%	7.5%
Real Estate	5.6%	10.0%
Private Equity	9.4%	10.0%
Hedge Funds	4.7%	10.0%
Cash	1.5%	1.5%

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 3.73% 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, 2015.

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, 2016 calculated using the discount rate of 7.50%, as well as what the College's TRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability 2016	$1,934,254	$1,492,000	$1,112,255
Net Pension Liability 2015	2,349,760	1,811,863	1,350,044

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, 2015. The total pension liability was determined by an actuarial valuation as of July 1, 2014 and rolled forward to the measurement date.

At June 30, 2016, the College's proportionate share of the TRS net pension liability was $4,896,353. Of this amount, the College recognized $1,492,000 as its proportionate share on the Statement of Net Position. The remainder of $3,404,353 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, 2015 and 2014. Employer contributions are recognized when due. At June 30, 2015, the College's proportion was 0.043056%, a decrease of 0.009460 from its proportion of 0.052516% calculated as of June 30, 2014.

For the year ended June 30, 2016 and 2015, the College recognized TRS pension expense of $245,805 and $339,005. Of these amounts, $4,229 and $97,145, respectively, were recognized as the College's proportionate share of the TRS expense and $241,576 and $241,860, respectively, as the amount of pension expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of $241,576 and $241,860, respectively, for support provided by the State.

At June 30, 2016, deferred outflows of resources and deferred inflows of resources related to the TRS pension are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and difference between employer contributions and proportionate share of contributions		$298,537
Net difference between projected and actual investment earnings		62,972
Difference between expected and actual experience		12,919
Contributions after the measurement date	$154,213	
Total	**$154,213**	**$374,428**

At June 30, 2015, deferred outflows of resources and deferred inflows of resources related to the TRS pension were as follow:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and difference between employer contributions and proportionate share of contributions		$6,628
Net difference between projected and actual investment earnings		239,493
Contributions after the measurement date	$195,785	
Total	**$195,785**	**$246,141**

The College will recognize the $154,213 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, 2017. 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, 2017	$ 60,493
June 30, 2018	60,493
June 30, 2019	60,493
June 30, 2020	2,007
June 30, 2021	2,584
Total	$186,070

Payables to the pension plan

The College did not report any amounts payable for normal contributions to the TRS as of June 30, 2016.

14. DERIVATIVE INSTRUMENT

The fair value balance and notional amount of the derivative instrument outstanding at June 30, 2016 and 2015, classified by type, and the change in fair value of such derivative instrument is as follows:

	June 30, 2016				
	Change in Fair Value		Fair Value		
	Classification	Amount	Classification	Amount	Notional
Hedging derivative:					
Cash flow hedge					
Pay-fixed interest rate swap	Deferred charges	$ (558,021)	Debt	$ 333,247	$ 23,582,054

	June 30, 2015				
	Change in Fair Value		Fair Value		
	Classification	Amount	Classification	Amount	Notional
Hedging derivative:					
Cash flow hedge					
Pay-fixed interest rate swap	Deferred charges	$ (524,882)	Debt	$ 891,268	$ 24,104,399

Fair Value: The fair value of the interest rate swap was estimated using a discounted cash flows computation.

Objective: The College is party to a derivative instrument which is a pay-fixed, receive-variable interest rate swap that hedges the changes in cash flows on the variable-rate debt series. In order to protect against the potential rising interest rates, the College entered into this derivative instruments at a cost less than what the College would have paid to issue fixed-rate debt.

Terms, Fair Value, and Credit Risk: The following table displays the terms and fair value of the College's hedging derivative instrument at June 30, 2016, along with the notional amount, credit rating of the associated counter party, and other terms as of June 30, 2016.

Type	Cash Flow Hedge for Debt Series	2016 Notional Amount	Effective Date	Termination Date	Rate Paid	Rate Received	Counterparty/ Counterparty Credit Rating	2016 Fair Value	2015 Fair Value
Pay-fixed interest rate swap	2009A	$ 23,582,054	12/22/2010	1/5/2017	4.34%	68 % USD-LIBOR-BBA one month plus 1.625%	BB&T / A-	$ 333,247	$ 891,268

Credit Risk: The College is exposed to credit risk on the hedging derivative instrument when it is in an asset position. The fair value of the hedging derivative was not in an asset position at June 30, 2016, so the College was not exposed to credit risk on this swap.

Interest Rate Risk: The College is not exposed to interest rate risk on its derivative instrument.

Basis Risk: The College is not exposed to basis risk on its derivative instrument.

Termination Risk: The College or the involved counterparty may terminate the derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination, the hedging derivative instrument is in a liability position, the College would be liable to the counterparty for a payment equal to the liability, subject to the netting arrangement.

Rollover Risk: The College is not exposed to rollover risk on its derivative instrument.

15. CONTINGENCIES

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

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 Internal Revenue Code of 1986 establishes rules and regulations for arbitrage rebates. There are no arbitrage rebate liabilities that have been recorded in the financial statements as of June 30, 2016 or 2015.

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 condition. 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 condition.

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16. CONDENSED COMPONENT UNIT INFORMATION

Condensed component unit information for the Glenville State College Housing Corporation and Glenville State College Research Corporation, the College's blended component units for the years ended June 30, 2016 and 2015, are as follows:

	GSC Housing Corporation		GSC Research Corporation	
Condensed Schedules of Net Position	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Assets:				
Current Assets	$ 1,077,103	$ 855,627	$ 114,985	$ 231,568
Noncurrent and capital assets	30,606,677	31,818,381	281,280	365,375
Total Assets	$ 31,683,780	$ 32,674,008	$ 396,265	$ 596,943
Liabilities:				
Current liabilities	24,344,767	922,353	659,341	642,448
Noncurrent liabilities	5,337,886	30,098,227	0	0
Total liabilities	29,682,653	31,020,580	659,341	642,448
Net Position				
Net investment in capital assets	(786,552)	(917,301)	281,280	365,375
Restricted: Debt Service	1,758,085	1,754,857	(544,356)	(410,880)
Unrestricted	1,029,594	815,872	0	0
Total Liabilities and Net Position	$ 31,683,780	$ 32,674,008	$ 396,265	$ 596,943

	GSC Housing Corporation		GSC Research Corporation	
Condensed Statements of Revenues,	June 30,	June 30,	June 30,	June 30,
Expenses and Change in Net Position	2016	2015	2016	2015
Operating				
Operating Revenue	$ 2,767,964	$ 2,859,316	$ 255,304	$ 417,111
Operating Expense	2,414,661	2,508,457	472,875	539,873
Net Operating Income (Loss)	353,303	350,859	(217,571)	(122,762)
Nonoperating				
Nonoperating Revenue	1,175	977	0	0
Nonoperating Expense	(6,779)	(6,779)	0	0
Net Nonoperating Revenue (Expense)	(5,604)	(5,802)	0	0
Changes in Net Position	347,699	345,057	(217,571)	(122,762)
Net position - beginning of year	1,653,428	1,308,371	41,977	77,257
Net position - end of year	$ 2,001,127	$ 1,653,428	$ (175,594)	$ (45,505)

	GSC Housing Corporation		GSC Research Corporation	
	June 30	June 30	June 30	June 30
Condensed Schedule of Cash Flows	2016	2015	2016	2015
Net cash from operating activities	$ 400,153	$ 282,717	$ (12,652)	$ 13,049
Net cash from non-operating activities	(210,564)	(93,070)	30,000	23,558
Net increase in cash	189,589	189,647	17,348	36,607
Cash and cash equivalents - beginning of year	2,127,026	1,937,379	41,977	5,370
Cash and cash equivalents - end of year	$ 2,316,615	$ 2,127,026	$ 59,325	$ 41,977

17. SEGMENT INFORMATION

The College issued revenue bonds to finance certain of its auxiliary enterprise and facilities improvements activities. Investors in those bonds rely solely on the revenues generated by the activities of the auxiliaries for repayment.

Descriptive information for each of Glenville State College's segments is shown below:

a. *The County Commission of Gilmer County, West Virginia, Commercial Development Revenue Bonds (Glenville State College Housing Corporation Project (the "Corporation")), Series 2000A.*

In September 2001, the Corporation sold $4,990,000 of Revenue Bonds, 2000 Housing Facilities Series A Bonds (the "Bonds"). The Bonds were issued under the authority contained in Chapter 18, Article 23 of the Code of West Virginia, 1931, as amended, and the Bonds will be secured pursuant to a Trust Indenture (the "Indenture") dated as of September 27, 2001, by and between the Interim Governing Board and United National Bank, Charleston, WV (the "Trustee"). The bonds are secured by and payable from the revenues of the student housing facilities and certain funds held under the Indenture. The proceeds of the Bonds were used (1) to pay all or part of the cost of constructing ten two-story apartment buildings, each containing four four-bedroom units and used as student housing and (2) paying a portion of the cost of issuing the bonds.

In June, 2011, the Corporation took advantage of an opportunity to refinance the 2000 Housing Facilities Series A Bonds at a more favorable interest rate. The 2011 Housing Facilities Series A Bonds were issued without extending the original maturity date of the 2000 Series Bonds. The 2011 Series B Bonds were issued to pay for a portion of the issuance costs.

b. *Board of Governors of Glenville State College, Facilities Improvements Revenue Bonds, Series 2006.*

In November 2006, the College sold $1,500,000 of Revenue Bonds, 2006 Facilities Improvement Revenue Bonds, Series 2006 (the "Bonds"). The Bonds were issued under the authority contained in Chapter 18B, Article 10 of the Code of West Virginia, 1931, as amended, and the Bonds will be secured pursuant to a Trust Indenture (the "Indenture") dated as of November 30, 2006, by and between the Glenville State College Board of Governors and Branch Banking & Trust, Charleston, WV (the "Trustee"). The bonds are secured by and payable from the revenues of the College's auxiliary and auxiliary capital fee and certain funds held under the Indenture. The proceeds of the Bonds were used (1) to finance all or part of the cost of renovating the student center (Mollohan Campus Community Center), (2) to reimburse the Board for cash amounts previously expended to pay renovation costs, and (3) to pay the cost of issuing the bonds.

c. *Board of Governors of Glenville State College, Student Fee Revenue Bonds, (Glenville State College Science Building Project), Series 2007.*

In December 2007, the College sold $4,125,000 of Revenue Bonds, 2007 Student Fee Revenue Bonds, Series 2007 (the "Bonds"). The Bonds were issued under the authority contained in Chapter 18B, Article 10 of the Code of West Virginia, 1931, as amended, and the Bonds will be secured pursuant to a Trust Indenture (the "Indenture") dated as of November 30, 2006, by and between the Glenville State College Board of Governors and United Bank, Inc., Charleston, WV (the "Trustee"). The bonds are secured by and payable from the revenues of the College's education and general capital fees and certain funds held under the Indenture. The proceeds of the Bonds were used (1) to finance all or part of the cost of renovating the science building, (2) to reimburse the Board for cash amounts previously expended to pay renovation costs, and (3) to pay the cost of issuing the bonds.

d. *The County Commission of Gilmer County, West Virginia, Commercial Development Revenue Bonds (Glenville State College Housing Corporation Project (the "Corporation")), Series 2009A.*

In December 2009, the Corporation sold $25,500,000 of Commercial Development Revenue Bonds, Housing Facilities Series 2009 Bonds (the "Bonds"). The Bonds were issued under the authority contained in Chapter 18, Article 23 of the Code of West Virginia, 1931, as amended, and the Bonds are secured pursuant to a Trust Indenture (the "Indenture") dated as of December 21, 2009, by and between the Interim Governing Board and Branch Banking & Trust Co., Winston-Salem NC (the "Trustee"). The bonds are secured by and payable from the revenues of the student housing facilities and certain funds held under the Indenture. The proceeds of the Bonds were used (1) to pay all or part of the cost of constructing a 484 bed student residence hall and (2) paying a portion of the cost of issuing the bonds.

Condensed financial information for the College's segments is as follows:

Condensed Schedules of Net Position	Housing Facilities Revenue Bonds Series 2011		Facilities Improvement Revenue Bonds Series 2006		Student Fees Revenue Bonds Series 2007		Housing Facilities Revenue Bonds Series 2009	
	June 30 2016	June 30 2015	June 30 2016	June 30 2015	June 30 2016	June 30 2015	June 30 2016	June 30 2015
Assets:								
Current assets	$ 203,103	$ 91,612	$ 300,961	$ 296,452	$ 233,917	$ 154,916	$ 1,032,910	$ 592,540
Noncurrent and capital assets	3,529,733	3,615,670	7,933,748	8,143,151	8,023,493	8,223,333	23,457,033	24,487,766
Total assets	$ 3,732,836	$ 3,707,282	$ 8,234,709	$ 8,439,603	$ 8,257,410	$ 8,378,249	$ 24,489,943	$ 25,080,306
Liabilities:								
Current liabilities	$ 176,647	$ 173,221	$ 155,566	$ 160,305	$ 118,065	$ 112,384	$ 569,490	$ 522,345
Long-term liabilities	3,328,649	3,501,870	870,395	943,185	2,801,773	2,921,449	23,366,420	24,473,322
Total liabilities	3,505,296	3,675,091	1,025,961	1,103,490	2,919,838	3,033,833	23,935,910	24,995,667
Net Position:								
Net Investment in capital assets	(147,261)	(235,301)	6,990,563	7,130,208	5,103,655	5,189,500	(2,046,670)	(2,095,508)
Restricted:								
Debt service	175,124	175,880					1,588,402	1,587,607
Unrestricted	199,677	91,612	218,185	205,905	233,917	154,916	1,012,301	592,540
Total net position and liabilities	$ 3,732,836	$ 3,707,282	$ 8,234,709	$ 8,439,603	$ 8,257,410	$ 8,378,249	$ 24,489,943	$ 25,080,306

Condensed Statements of Revenues, Expenses and Changes in Net Position	Housing Facilities Revenue Bonds Series 2011		Facilities Improvement Revenue Bonds Series 2006		Student Fee Revenue Bonds Series 2007		Housing Facilities Revenue Bonds Series 2009	
	As of June 30 2016	As of June 30 2015	As of June 30 2016	As of June 30 2015	As of June 30 2016	As of June 30 2015	As of June 30 2016	As of June 30 2015
Operating:								
Operating revenues	$ 783,535	$ 673,735	$ 427,425	$ 375,157	$ 333,675	$ 343,499	$ 2,689,474	$ 2,233,319
Operating expenses	(419,218)	(428,376)	(511,975)	(560,686)	(199,840)	(199,840)	(1,157,564)	(1,047,848)
Net operating income	364,317	245,359	(84,550)	(185,529)	133,835	143,659	1,531,910	1,185,471
Nonoperating:								
Nonoperating revenues	163	14		19			795	788
Nonoperating expenses	(169,131)	(173,732)	(42,815)	(45,690)	(140,679)	(144,169)	(1,053,101)	(1,072,699)
Transfers In/(Out)		18,344					(10,210)	274,420
Changes in net position	195,349	89,985	(127,365)	(231,200)	(6,844)	(510)	469,394	387,980
Net position—beginning of year	32,191	(57,794)	7,336,113	7,567,313	5,344,416	5,344,926	84,639	(303,341)
Net position—end of year	$ 227,540	$ 32,191	$ 7,208,748	$ 7,336,113	$ 5,337,572	$ 5,344,416	$ 554,033	$ 84,639

Condensed Schedules of Cash Flows	Housing Facilities Revenue Bonds Series 2011		Facilities Improvement Revenue Bonds Series 2006		Student Fee Revenue Bonds Series 2007		Housing Facilities Revenue Bonds Series 2009	
	As of June 30 2016	As of June 30 2015	As of June 30 2016	As of June 30 2015	As of June 30 2016	As of June 30 2015	As of June 30 2016	As of June 30 2015
Net cash provided by operating activities	$ 319,578	$ 325,490	$ (83,013)	$ (78,633)	$ 331,136	$ 340,740	$ 1,502,408	$ 1,624,107
Net cash used in capital and related activities	(342,189)	(308,204)	87,428	(112,523)	(254,675)	(254,674)	(1,584,861)	(1,486,762)
Net increase in cash	(22,611)	17,286	4,415	(191,156)	76,461	86,066	(82,453)	137,345
Cash and cash equivalents - beginning of year	209,749	192,463	123,279	314,435	125,874	39,808	1,837,076	1,699,731
Cash and cash equivalents - end of year	$ 187,138	$ 209,749	$ 127,694	$ 123,279	$ 202,335	$ 125,874	$ 1,754,623	$ 1,837,076

18. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

For the year ended June 30, 2016 and 2015, the following table represents operating expenses within both natural and functional classifications:

2016

	Salaries and Wages	Benefits	Supplies and Services	Utilities	Scholarships and Fellowships	Depreciation	Cancellations and Write-offs	Fees Assessed by the Commission for Operations	Total
Instruction	$ 4,455,002	$ 1,326,039	$ 391,897	$	$	$	$	$	$ 6,172,938
Academic support	655,256	194,771	188,345						1,038,372
Student services	1,326,388	365,926	459,606						2,151,920
General institutional support	1,823,153	557,636	873,479	3,046					3,257,314
Operations and maintenance of plant	723,419	200,759	666,511	848,783					2,439,472
Student financial aid					3,114,381				3,114,381
Auxiliary enterprises	1,157,189	344,662	2,507,858	554,051					4,563,760
Depreciation						2,446,365			2,446,365
Loan Cancelations & Write Offs							361		361
Fees assessed by the Commission for operations								69,062	69,062
Total	$ 10,140,407	$ 2,989,793	$ 5,087,696	$ 1,405,880	$ 3,114,381	$ 2,446,365	$ 361	$ 69,062	$ 25,253,945

2015

	Salaries and Wages	Benefits	Supplies and Services	Utilities	Scholarships and Fellowships	Depreciation	Cancellations and Write-offs	Fees Assessed by the Commission for Operations	Total
Instruction	$ 4,241,327	$ 1,230,409	$ 382,723	$	$	$	$	$	$ 5,854,459
Academic support	676,535	288,093	205,074						1,169,702
Student services	1,780,570	491,410	560,987						2,832,967
General inst tutional support	1,933,620	443,538	924,290	3,383					3,304,831
Operations and maintenance of plant	993,714	367,719	719,820	745,158					2,826,411
Student financial aid					3,058,052		1,369		3,059,421
Auxiliary enterprises	1,360,537	564,640	2,385,177	522,689					4,833,043
Depreciation						2,430,014			2,430,014
Fees assessed by the Commission for operations								73,794	73,794
Total	$ 10,986,303	$ 3,385,809	$ 5,178,071	$ 1,271,230	$ 3,058,052	$ 2,430,014	$ 1,369	$ 73,794	$ 26,384,642

19. SERVICE CONCESSION ARRANGEMENTS

The College has adopted GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The College has identified two contracts for services that meet the four criteria of a Service Concession Agreement (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 contracts are with Aramark Educational Service, LLC (Aramark) and Follett Higher Education Group, Inc. (Follett).

The College contracts with Aramark to provide food services within the College's facilities. These services provide the College with a professional campus dining program that enhances the student's quality of life and is supportive of the education experience. The current contract is for the period July 1, 2011 through June 30, 2016, and allows for five one-year renewal options. The contract has been renewed (extended) through June 30, 2017. Aramark provides meal plans to students through the College as well as offering catering and cash sales to the College community. The College receives commission payments from Aramark calculated as contractually agreed percentages of sales. In 2016 and 2015, the College received $11,349 and $19,644, respectively, in commissions from Aramark. In addition, Aramark annually provides the following special funds to the College: (1) $15,000 for catering services and meal passes for the College president, (2) $40,000 for facility and equipment costs, and (3) $5,000 for meal plan scholarships. Aramark also reimburses the College for the actual wages and benefits of College employees providing services to Aramark. No significant renovations to College facilities were made by Aramark in either 2016 or 2015.

The College contracts with Follett to operate its bookstore located within the College's facilities. These services provide the College community with a professional bookstore that will provide the highest caliber of services to the College. The current contract is for the period July 1, 2008 through June 30, 2018. The College receives commission payments calculated at a contractually agreed percentage of bookstore revenue. In 2016 and 2015, the College received $35,957 and $37,582 in commissions from Follett. No significant renovations to College facilities were made by Follett in either 2016 or 2015.

20. SUBSEQUENT EVENT

In December 2016, the College's blended component unit, Glenville State College Housing Corporation, Inc., borrowed $200,000 from private individuals, some of whom are members of the College's Board of Governors. The loans bear interest at a rate of the higher of 4.0% or the WJS Prime Rate plus .5%. The loans are secured by revenue from rental properties.

21. FOUNDATION

The Foundation is a separate nonprofit organization incorporated in the state of West Virginia and has as its purpose, ". . . to aid, strengthen and further in every proper and useful way, the work and services of the College and its affiliated nonprofit organizations . . . ." Oversight of the Foundation is the responsibility of a separate and independently elected Board of Directors, not otherwise affiliated with the College. In carrying out its responsibilities, the Board of Directors of the Foundation employ management, form policy and maintain fiscal accountability over funds administered by the Foundation. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests are 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. Based on the Foundation's audited financial statements as of June 30, 2016, 2015 and 2014, the Foundation's net assets (including unrealized gains) totaled $8,991,095, $9,872,178 and $11,170,942, respectively. Complete financial statements for the Foundation can be obtained from the Executive Director of the Glenville State College Foundation, Inc., 200 High Street, Glenville, WV 26351.

During the year ended June 30, 2016 and 2015, the Foundation contributed $528,292 and $471,508, respectively, to the College for scholarships.

The following notes on pages 57 – 68 are taken directly from the Foundation's audited financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities and organization – Glenville State College Foundation, Inc. (the Foundation) was incorporated in 1959 under the laws of the State of West Virginia as a nonprofit organization to receive and provide funds for scholarships, endowments, educational research, and other general educational purposes for the benefit of Glenville State College and the students at Glenville State College.

Reporting entity - The financial statements of the Foundation include all funds, functions, and activities to which the Board of Directors has oversight responsibility. There are no additional entities required to be included in the reporting entity.

Basis of accounting - The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when they are incurred, whether or not cash is received or paid out at that time.

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

Classification of net assets - These financial statements are prepared to focus on the entity as a whole and to present transactions according to the existence or absence of donor-imposed restrictions. Accordingly, transactions and balances are classified into three categories of net assets.

Unrestricted net assets are neither temporarily nor permanently restricted by donor-imposed stipulations. Unrestricted net assets are maintained and distributed at the discretion of the Foundation's Board of Directors.

Temporarily restricted net assets consist of contributions restricted by donor-imposed stipulations, which will either expire by the passage of time or by action of the Foundation. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets represent contributions with donor-imposed restrictions which do not expire.

Income tax status - By a letter issued February 1961, the Internal Revenue Service has determined that the Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to federal and state income taxes on its exempt purpose activities. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). However, income from certain activities not directly related to the Foundation's tax-exempt purpose would be subject to taxation as unrelated business income.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For the years ended June 30, 2016 and 2015, the Foundation has no material uncertain tax positions to be accounted for in the financial statements under professional standards. The Foundation recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. The Foundation's returns for years ending on or after June 30, 2013 remain subject to examination.

Cash and cash equivalents - For purposes of the statement of cash flows, the Foundation considers all cash accounts and all highly liquid instruments available for current use with an original maturity of three months or less, which are not held for long-term investment and are not subject to withdrawal restrictions or penalties, to be cash and cash equivalents.

Marketable investments - The Foundation carries investments with readily determinable market values at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Fixed assets - Fixed assets are recorded at cost, if purchased, or estimated fair value, if donated. The Foundation computes depreciation on the straight-line method over the estimated useful lives of the respective assets which ranges from 3 to 7 years for office equipment and vehicles and 29 years for buildings. Useful lives are revised when a change in life expectancy becomes apparent.

Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized. Gains or losses on dispositions of fixed assets are included in current operations as realized.

Bequests and contributions receivable - Bequests and contributions receivable consist of bequests and contributions to give stock, cash, and life insurance proceeds. Bequests and contributions to give cash and stock are recorded at fair value. Bequests and contributions to give life insurance proceeds are recorded at the cash surrender value. All bequests and contributions receivable as of June 30, 2016 and 2015 are, in the opinion of Foundation management, fully collectible.

Land and other assets held for investment - Contributions of land, mineral rights, works of art, and equipment are carried at their fair or appraisal value determined on the date of the gift.

College support payable - At June 30, 2015, college support payable consisted of an obligation to reimburse the College for athletic scholarships awarded. The full amount was settled during fiscal year 2016 and no liability exists as of June 30, 2016.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Incentive retainer liability - A liability account was established for payments to a member of management under an incentive retainer agreement. The funds are to be paid in full on July 1, 2017.

Contributions - Contributions received are reported as an increase in net assets. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Advertising - It is the policy of the Foundation to expense advertising costs as incurred.

Risks and uncertainties - A substantial portion of the Foundation's assets consist of investment securities which are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and those changes could materially affect the investments reported in the statement of financial position, and the realized and unrealized gains (losses) in the statement of activities.

Date of management's review of subsequent events - Management has evaluated subsequent events through August 26, 2016, the date which the financial statements were available to be issued.

NOTE 2 - MARKETABLE INVESTMENTS

Investments are stated at estimated fair value in the financial statements. The following is an analysis of the composition of the Foundation's investments:

	June 30, 2016	June 30, 2015
Marketable investments, at fair value		
Cash, interest-bearing	$ 230,462	$ 611,498
Certificates of deposit	1,148,096	1,283,886
Mutual funds	4,265,169	4,593,282
Bonds	1,475,313	1,822,312
Stocks	342,725	342,252
Total marketable investments, at fair value	$ 7,461,765	$ 8,653,230

NOTE 3 - FAIR VALUE MEASUREMENTS

Determination of fair value - The Foundation uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. In accordance with the *Fair Value Measurements and Disclosures* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Foundation's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value, a reasonable point within the range, is most representative of fair value under current market conditions.

Fair value hierarchy - In accordance with this guidance, the Foundation groups its financial assets generally measured at fair value in three levels, based on markets in which the assets are traded and the reliability of the assumptions used to determine fair value.

Level 1 - Valuation is based on quoted prices in active markets for identical assets that the Foundation has the ability to access at the measurement date. Level 1 assets generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets.

Level 2 - Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. The valuation may be based on quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset.

Level 3 - Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. Level 3 assets include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

Fair values of assets measured on a recurring basis as of June 30, 2016 are as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using: Quoted Prices In Active Markets For Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Total cash, interest-bearing	$ 230,462	$ -	$ 230,462	$ -
Total certificates of deposit	1,148,096	-	1,148,096	-
Mutual funds				
Balanced	32,727	32,727	-	-
Commodities	142,231	142,231	-	-
Ultra	18,664	18,664	-	-
Microcap	336,398	336,398	-	-
Diversified emerging markets	85,331	85,331	-	-
International large cap value	641,809	641,809	-	-
International large growth	15,148	15,148	-	-
International real estate	98,263	98,263	-	-
International small blend	191,504	191,504	-	-
International small cap value	402,800	402,800	-	-
Dimensional emerging markets	81,240	81,240	-	-
Large cap value	828,951	828,951	-	-
Large growth	476,633	476,633	-	-
Real estate	149,002	149,002	-	-
Small cap value	764,468	764,468	-	-
Total mutual funds	4,265,169	4,265,169	-	-
Bonds				
Mortgage backed	1,214,542	-	1,214,542	-
State government	260,771	-	260,771	-
Total bonds	1,475,313	-	1,475,313	-
Stocks				
Energy	146,235	146,235	-	-
Financials	196,490	196,490	-	-
Total stocks	342,725	342,725	-	-
Total investments	$ 7,461,765	$ 4,607,894	$ 2,853,871	$ -

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

Fair values of assets measured on a recurring basis as of June 30, 2015 are as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using: Quoted Prices In Active Markets For Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Total cash, interest-bearing	$ 611,498	$ -	$ 611,498	$ -
Total certificates of deposit	1,283,886	-	1,283,886	-
Mutual funds				
Balanced	32,590	32,590	-	-
Commodities	122,413	122,413	-	-
Diversified emerging markets	226,938	226,938	-	-
International large cap value	777,800	777,800	-	-
International large growth	16,965	16,965	-	-
International real estate	91,937	91,937	-	-
International small blend	208,809	208,809	-	-
International small cap value	464,830	464,830	-	-
Large blend	468,652	468,652	-	-
Large cap value	841,546	841,546	-	-
Large growth	18,950	18,950	-	-
Real estate	119,780	119,780	-	-
Short-term bond	14,835	14,835	-	-
Small blend	353,390	353,390	-	-
Small cap value	833,847	833,847	-	-
Total mutual funds	4,593,282	4,593,282	-	-
Bonds				
Corporate	50,250	-	50,250	-
Federal agencies	1,513,135	-	1,513,135	-
State government	258,927	-	258,927	-
Total bonds	1,822,312	-	1,822,312	-
Stocks				
Energy	129,792	129,792	-	-
Financials	212,460	212,460	-	-
Total stocks	342,252	342,252	-	-
Total investments	$ 8,653,230	$ 4,935,534	$ 3,717,696	$ -

NOTE 4 - FIXED ASSETS

Fixed assets consist of the following:

	June 30, 2016	June 30, 2015
Land improvements, nondepreciable	$ 550,043	$ 550,043
Buildings	3,067,718	3,067,718
Office equipment	50,387	49,638
Vehicles	69,048	69,048
Total	3,737,196	3,736,447
Less accumulated depreciation	(302,573)	(184,828)
Fixed assets - net	$ 3,434,623	$ 3,551,619

Depreciation expense for the years ended June 30, 2016 and 2015 was $117,745 and $117,821, respectively.

NOTE 5 - BEQUESTS AND CONTRIBUTIONS RECEIVABLE

Bequests and contributions receivable consist of the following:

	June 30, 2016	June 30, 2015
Total cash surrender value of life insurance policies	$ 845,953	$ 828,581

NOTE 6 - LAND AND OTHER ASSETS HELD FOR INVESTMENT

Land and other assets held for investment consists of the following:

	June 30, 2016	June 30, 2015
Land and mineral rights	$ 683,914	$ 683,914
Works of art	20,000	20,000
Musical instrument	-	400
Storage equipment	1,000	1,000
Total	$ 704,914	$ 705,314

NOTE 7 - LOAN PAYABLE

Loan payable consists of the following:

	June 30,			
	2016		2015	
Loan payable to United Bank, Inc. for $3,530,000. Payments are to be made in monthly installments of $15,247 including a fixed interest rate of 3.19% and matures June 27, 2024. The loan is collateralized by a first deed-of-trust on Building A located at 921 Mineral Road and the assignment of all lease agreements.	$	3,389,899	$	3,455,857
Less: current portion of loan payable		(82,420)		(73,792)
Net long-term portion	$	3,307,479	$	3,382,065

Scheduled principal payments for long-term debt are as follows:

June 30, 2017	$	82,420
June 30, 2018		78,647
June 30, 2019		81,193
June 30, 2020		83,821
June 30, 2021		86,534
Thereafter		2,977,284
Total	$	3,389,899

NOTE 8 - PHALA WOODS LOAN TRUST FUND

The Foundation was the recipient of only the income from a trust held by Fidelity Investment. These monies are restricted under the trust agreement to be used as loan funds. In accordance with accounting standards generally accepted in the United State of America, the trust fund was not included on the Foundation's statement of financial position as of June 30, 2015. During the year ended June 30, 2016, the Foundation received a court decision that allowed the Foundation to take custody of the loan fund. These funds are now recorded in investments. A contribution of approximately $92,000 was recorded during the year ended June 30, 2016.

NOTE 9 - RELATED PARTY TRANSACTION

The Foundation entered into an operating lease agreement effective July 1, 2013 with the Glenville State College Board of Governors for 2.74 acres of a 76.2 acre tract. The lease is payable in annual installments of $1 and expires on June 30, 2043.

NOTE 9 - RELATED PARTY TRANSACTION (Continued)

The Foundation had entered into a lease agreement effective July 1, 2013 with Glenville State College Board of Governors for 18,000 square feet of the 2nd floor of the Waco Center's Building A. The lease receivable is in annual installments of $1 and expires on June 30, 2043 at which time the lease provides for the transfer of ownership of Building A to the College.

NOTE 10 - LEASES – LESSOR

Operating - The Foundation has entered into a cancellable operating lease with Minnie Hamilton for 10,585 square feet of the first floor of the Waco Center's Building A. The lease is effective for July 15, 2014 and shall expire on July 14, 2054, unless sooner by mutual agreement. The minimum lease receivable for the first five years is $14,113 per month ($169,360 per year) with each succeeding five year period being readjusted, but at no time exceeding a 2.5% increase per year.

NOTE 11 - ADMINISTRATIVE FEE ASSESSMENT

As provided by the West Virginia Code, the Foundation is entitled to charge an administrative fee for the management of the various assets held in trust. For the years ended June 30, 2016 and 2015, the Foundation charged an administrative fee sufficient to cover operating expenses of $126,816 and $127,932, respectively. For financial statement purposes, the administrative fee income assessed by the Foundation is netted against the administrative fee expense recognized by the funds. These amounts net to zero, and no income or expense is reported.

NOTE 12 - CONCENTRATIONS

The Foundation places its cash with local high-credit quality financial institutions under normal financial arrangements. During the year ended June 30, 2016, the Foundation's cash balances periodically exceeded the FDIC insured deposit limit of $250,000.

NOTE 13 - ENDOWMENT FUNDS

The Foundation's endowment funds consist of individual funds established by donors for a variety of purposes, including scholarships and Foundation specified projects. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE 13 - ENDOWMENT FUNDS (Continued)

The Foundation has adopted investment and spending policies for endowment assets that support the Foundation's mission and purpose which are best served over the long term through a flow of interest income and an expanding flow of dividends and capital gains. Achieving these desired ends will help preserve the current purchasing power originating with the Foundation's invested funds, and it will not place at risk the principal value of those funds. The overriding investment objective is to earn a real total rate of return (interest and dividend income, plus realized and unrealized appreciation expressed as a percentage of market value, both adjusted for inflation) averaging at least 5.0 percent per annum, measured over a three-year to five-year period.

The permanent nature of the endowment funds requires that the Board of Directors work to maintain the purchasing power of endowment assets into perpetuity. To accomplish this, the Foundation links its investment objectives with its spending policy. The goal is to ensure that funds currently available from the endowment will provide the same level of support to Glenville State College, both now and in the future.

In an effort to protect the endowment funds, meet current spending needs, and provide long-term growth, the Foundation has established the following spending policy. This policy is designed to meet two objectives:

1. To release as much current income as possible in a steady and consistent stream; and,
2. To protect the value of the endowment assets against inflation so as to allow College programs, at a minimum, to be supported at today's level far into the future.

The portfolio encompassing endowment funds generates a total investment return consisting of four components: interest income, dividend income, realized capital gains, and unrealized capital appreciation measured by growth in market value. A portion of this total investment return on the portfolio is to be distributed to all endowment accounts to be expended annually in support of the needs of the Foundation and the College in conformity with the purposes and restrictions on each specific account. The total investment return is to be calculated on June 30 of each year.

The annual amount to be distributed to endowment accounts during the fiscal year beginning each July 1, shall be the minimum of 5.0 percent of the endowment portfolio's market value on June 30.

NOTE 13 - ENDOWMENT FUNDS (Continued)

The Board of Directors of the Foundation has interpreted the West Virginia Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization 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 appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund, the purposes of the Foundation and the donor-restricted endowment fund, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, and other resources of the Foundation.

The endowment net assets consisted of the following types of funds:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
June 30, 2016				
Total endowment funds	$ (1,048,721)	$ 854,851	$ 7,897,711	$ 7,703,841
June 30, 2015				
Total endowment funds	$ (751,828)	$ 1,174,192	$ 7,597,031	$ 8,019,395

NOTE 13 - ENDOWMENT FUNDS (Continued)

Change in endowment net assets for the years ended June 30, 2016 and 2015 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds at June 30, 2014	$ (625,302)	$ 1,192,355	$ 7,378,732	$ 7,945,785
Bequest and contributions	20	91,352	397,147	488,519
Investment return	497	118,106	-	118,603
Expenditures	(23,588)	(509,924)	-	(533,512)
Purpose restrictions accomplished	(229,025)	229,025	-	-
Donor released from permanently restricted	125,570	53,278	(178,848)	-
Endowment funds at June 30, 2015	(751,828)	1,174,192	7,597,031	8,019,395
Bequest and contributions	1,007	74,192	294,551	369,750
Investment return	(6,621)	(133,699)	-	(140,320)
Expenditures	(34,094)	(510,890)	-	(544,984)
Purpose restrictions accomplished	(257,165)	257,165	-	-
Change in donor designation	(20)	(6,109)	6,129	-
Endowment funds at June 30, 2016	$ (1,048,721)	$ 854,851	$ 7,897,711	$ 7,703,841

NOTE 14 - RESTRICTIONS ON NET ASSETS

	June 30, 2016	June 30, 2015
Temporarily restricted net assets available for grants, scholarships, and donor-designated charitable purposes for the benefit of Glenville State College	$ 1,557,179	$ 1,800,738
Permanently restricted net assets to be held in perpetuity	$ 7,897,711	$ 7,597,031

During the year ended June 30, 2015, the Foundation's Board of Directors designated $1,300,000 as cash reserves to support the College's bond covenant requirement. $730,000 was still designated to support the bond covenant requirement as of June 30, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

GLENVILLE STATE COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS – JUNE 30, 2016 AND 2015

Schedule of Proportionate Share of TRS Net Pension Liability

Measurement Date	College's Proportionate Share as a Percentage of Net Pension Liability	College's Proportionate Share	State's Proportionate Share	Total Proportionate Share	College's Covered Employee Payroll	College's Proportionate Share as a Percentage of Covered Payroll	College's Plan Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2014	0.052516%	$1,811,863	$4,093,721	$5,905,584	$1,305,234	139%	65.95%
June 30, 2015	0.043056%	$1,492,000	$3,404,353	$4,896,353	$1,028,446	145%	66.25%

Schedule of Employer Contributions

Measurement Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
June 30, 2014	$239,000	$241,922	($2,922)	$1,305,234	18.54%
June 30, 2015	$239,000	$195,785	$43,215	$1,028,446	19.04%

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, 2016

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

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HAYFLICH.
Certified Public Accountants | Business Advisors

Hayflich CPAs
300 8th Street, 3rd Floor
Huntington, WV 25701
T: (304) 697.5700
F: (304) 697.5704
www.hayflich.com

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

To the Board of Governors
Glenville State College
Glenville, 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 Glenville State College (the College) as of and for the year ended June 30, 2016, 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 31, 2017. Our report includes a reference to other auditors who audited the financial statements of Glenville State College Foundation, Inc., as described in our report on the College's financial statements. The financial statements of Glenville State College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Hayflich CPAs

Huntington, West Virginia
January 31, 2017