Eastern West Virginia
Community and Technical College

Financial Statements
Years Ended June 30, 2016 and 2015
and
Independent Auditor's Reports

Suttle & Stalnaker, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE

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Suttle & Stalnaker PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Governors
Eastern West Virginia Community and Technical College
Moorefield, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Eastern West Virginia Community and Technical College (the College), a component unit of the West Virginia Council for Community and Technical College Education, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 11 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.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
January 31, 2017

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016

Overview of the Financial Statements and Financial Analysis

The Governmental Accounting Standards Board (GASB) issued directives for presentation of college and university financial statements which were adopted in Fiscal Year 2002 by Eastern West Virginia Community and Technical College (Eastern or the College). The previous reporting format presented financial balances and activities by fund groups. The current format places emphasis on the overall economic resources of the College.

The discussion and analysis of Eastern West Virginia Community and Technical College's financial statements provides an overview of the College's financial activities for the fiscal years ended June 30, 2016, 2015 and 2014. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management.

Using this report

The College's basic financial statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the Statement of Net Position is designed to present the College's financial position as of a point in time. This statement combines current financial resources (short-term spendable resources) with capital assets and other long-term resources. The Statement of Revenues, Expenses, and Changes in Net Position, emphasizes the change in net position over the year to indicate whether there has been improvement or erosion of the College's financial health.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position

One of the most important questions asked about the College's finances is, "Is the College as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information on the College as a whole and on its activities in a way that helps answer this question. The relationship between revenues and expenses may be thought of as the College's operating results.

These two statements report the College's net position and the changes that occur in them during the year. You can think of the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources as one way to measure the College's financial health, or financial position. Over time, increases or decreases in the College's net position is one indicator of whether its financial health is improving or deteriorating.

You will need to consider many other nonfinancial factors, such as the trend in College recruiting, student retention, enrollment growth, academic or workforce programs created or expanded during the year, and the strength of the instructional services, to accurately assess the overall health of the College. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016

From the data presented, readers of the Statement of Net Position are able to determine the availability of net position (assets plus deferred outflows minus liabilities minus deferred inflows) for expenditure to continue the operations of the College. They are also able to determine how much the College owes vendors and employees.

Net position is divided into three major categories. The first category, net investment in capital assets, provides the College’s equity in buildings, equipment, and library books owned by the College. The next net position category is restricted net position, which is divided into two categories, nonexpendable and expendable. Nonexpendable restricted net position is for the Endowment Program where funds are invested and the earnings are available for expenditure but the original investment (corpus) is not. The College does not currently have nonexpendable restricted net position since all funds of this nature would generally be directed to The Eastern West Virginia Community and Technical College Foundation, Incorporated. Expendable restricted net position is available for expenditure by the College but have a specific purpose (i.e. time or purpose restrictions). The final category is unrestricted net position. Unrestricted net position is available to the College for any lawful purpose of the College.

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows, and net position of the College. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of the College. The Statement of Net Position presents end-of-year data concerning assets (current and noncurrent), deferred outflows, liabilities (current and noncurrent), deferred inflows and net position (assets plus deferred outflows minus liabilities minus deferred inflows). The difference between current and noncurrent assets and liabilities are discussed in the footnotes to the financial statements.

Condensed Schedules of Net Position
June 30,

	2016	2015	2014
Assets:			
Current assets	$ 2,955,016	$ 2,871,921	$ 4,701,332
Capital assets	10,968,231	10,958,077	8,376,899
Noncurrent assets	281,226	256,950	358,331
Total Assets	14,204,273	14,086,948	13,436,562
Deferred Outflows:	-	-	-
Liabilities:			
Current liabilities	1,384,720	1,058,198	655,917
Noncurrent liabilities	3,205,474	3,232,294	3,259,038
Total Liabilities	4,590,194	4,290,492	3,914,955
Deferred Inflows:	-	-	-
Net Position:			
Net investment in capital assets	8,414,966	8,338,145	7,756,967
Restricted-expendable	272,044	247,672	361,141
Unrestricted	927,269	1,210,639	1,403,499
Total Net Position	$ 9,614,279	$ 9,796,456	$ 9,521,607

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016

Financial Highlights:

- *Assets*

Current assets as of June 30, 2016 increased $83,095 from June 30, 2015. A majority of the increase is due to cash increasing $76,035 from June 30, 2015 to June 30, 2016.

Capital assets showed a slight increase of $10,154 from June 30, 2015 to June 30, 2016.

Non-current assets showed an increase of $24,276 from June 30, 2015 to June 30, 2016. The increase is related to a $24,276 increase in noncurrent cash and cash equivalents on deposit with the state treasurer/BTI.

- *Liabilities*

Current liabilities as of June 30, 2016 increased $326,522 from June 30, 2015. Accounts payable reflected a decrease of $44,722 from June 30, 2015 to June 30, 2016. Unearned revenue increased by $350,992 from June 30, 2015 to June 30, 2016 which is a result of unused grant funding and receiving new grants.

Noncurrent or long-term liabilities represent accrued compensated absences, other post-employment benefits liability (OPEB) and a long term liability for a capital project. Included in compensated absences are employees' balances of annual leave which are in excess of one year's annual leave rate for June 30, 2016 and 2015.

- *Net Position*

Net investment in capital assets reports an increase of $76,821 between June 30, 2016 and June 30, 2015 as a result of a decrease in debt.

Restricted net position shows an increase of $24,372 between June 30, 2016 and June 30, 2015. This is the result of the purchase of additional acreage at the main campus.

Unrestricted net position decreased by $283,370 as of June 30, 2016 in comparison to June 30, 2015.

In total, net position as of June 30, 2016 decreased by $182,177 from June 30, 2015.

Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues generated and expenses incurred by the College, both operating and non-operating. In addition, any other revenues, expenses, gains or losses are also reflected in this financial statement.

Operating revenues are generated by providing goods and services to the College's customers and constituencies and in the form of federally-funded and state-funded grants. *Operating expenses* are expenses incurred by the College in order to generate operating revenue and to carry out the mission of the College.

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016

Nonoperating revenue is revenue received for which goods and services are not provided. For example, state appropriations are nonoperating because they are provided by the West Virginia Legislature to the College without the West Virginia Legislature directly receiving commensurate goods and services for those revenues.

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

	2016	2015	2014
Operating revenues	$ 2,365,647	$ 2,132,593	$ 2,293,965
Operating expenses	5,770,946	6,208,023	6,153,113
Operating loss	(3,405,299)	(4,075,430)	(3,859,148)
Nonoperating revenues	3,223,122	3,638,300	3,729,287
Income (loss) before other revenues, expenses, gain or losses	(182,177)	(437,130)	(129,861)
Capital projects and bond proceeds	-	711,979	138,495
Increase (decrease) in net position	(182,177)	274,849	8,634
Net Position - Beginning of year	9,796,456	9,521,607	9,512,973
Net Position - End of year	$ 9,614,279	$ 9,796,456	$ 9,521,607

Financial Highlights:

Operating revenues increased by $233,054 in fiscal year 2016 as compared to fiscal year 2015. This increase was mostly due to a $410,464 increase in private donation and grant funding. The scholarship allowance amount decreased $147,013 from 2015 to 2016. Revenue from State grants and contracts reflected a decrease of $174,030 during this period. Grants and contracts are cyclical by nature and cannot be relied upon for sustained revenue from one year to the next.

Operating expenses in fiscal year 2016 decreased by $437,077 from fiscal year 2015. The decrease in 2016 is due to decreases in salaries and wages, benefits, rent and student financial aid - scholarships. Wages decreased in 2016 by $236,679 as a result of vacancies and employee turnover. Benefits decreased by $22,317 as a result of decreased payroll. Rent decreased nearly $104,000 from 2015 to 2016 due to the expiration or two leases held in the prior fiscal year. Student financial aid - scholarships decreased in 2016 by $182,991 as a result of a decrease in full-time student enrollment.

Nonoperating revenue decreased $415,178 in fiscal year 2016 as compared to fiscal year 2015. This is a result of state appropriations decreasing by $88,683 in fiscal year 2016 as compared to fiscal year 2015. Federal Pell grants decreased by $330,004 in fiscal year 2016.

Other revenues in fiscal year 2016 decreased by $711,979 from year 2015. The decrease was due to no additional revenue received for capital projects.

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016

Statement of Cash Flows

The final statement presented by the College is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the College during the year. Another way to assess the financial health of a College is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows also helps users assess an entity's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing. For the year ended June 30, 2016, the net cash used by operating activities (approximately $2.5 million) indicates that the College used more cash for instructional and administrative costs than it received from sources such as student tuition and certain federal and state grants.

The Statement of Cash Flows is divided into five sections.

The ***first section*** reflects cash in-flows/out-flows generated from operating activities. The ***second section*** reflects cash flows from non-capital financing activities. This section reflects the cash received and spent for nonoperating, non-investing, and noncapital financing purposes. The ***third section*** deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The ***fourth section*** reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The ***fifth section*** reconciles the net cash used to the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

Condensed Schedules of Cash Flows
Years Ended June 30,

	2016	2015	2014
Cash (used in) provided by:			
Operating activities	$ (2,489,049)	$ (3,259,473)	$ (3,374,826)
Noncapital financing activities	3,215,234	3,633,922	3,723,231
Capital and related financing activities	(633,762)	(2,258,892)	1,636,931
Investing activities	7,888	4,600	5,691
(Decrease) increase in cash and cash equivalents	100,311	(1,879,843)	1,991,027
Cash and cash equivalents - Beginning of year	2,900,317	4,780,160	2,789,133
Cash and cash equivalents - End of year	$ 3,000,628	$ 2,900,317	$ 4,780,160

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016

Financial Highlights:

Cash flows used in operating activities decreased by $770,424 in fiscal year 2016 from the previous year. Cash flow from grants and contracts had an increase of $547,298 from fiscal 2015 to fiscal 2016 due to an increase in grants and contracts received by the College. Cash flows for payments to and on behalf of employees decreased by $288,796 in fiscal 2016 as compared to fiscal 2015 as a result of the decrease in the wages and benefits. Payments for scholarships and fellowships decreased $160,297 from fiscal year 2015 to 2016.

Cash flows from noncapital financing activities decreased by $418,688 from 2015 to 2016. This is a result in part of decreases in 2016 in state appropriations of $88,683 and a decrease in Federal Pell grants of $330,005.

Cash flows from capital and related financing activities decreased in fiscal year 2016 from fiscal year 2015 by $1,625,130. This is a result of the completion of the new building wing in 2015.

Cash flows from investing activities increased in fiscal year 2016 from fiscal year 2015 by $3,288.

Overall cash increased by $100,311 in fiscal year 2016 as compared to fiscal year 2015.

Capital Activity

The College has agreements with the West Virginia Development Office (WVDO) totaling $619,932. These funds were used to construct a new sewer system and access road for the College's new facility. The College will repay the WVDO "if non-operating funds become available" or "when an appropriate non-operating income stream is established" or "if the College sells or disposes of the two acres of property." The amount owed to the WVDO, in the event that one of the two previous conditions are met, is recorded as a noncurrent liability in the Statement of Net Position.

Eastern awarded a contract to Harbel Construction, Inc, to construct a new wing in June 2014. The project was for a 7,500 square foot wing to accommodate additional classroom space. The total project cost was for approximately $3,000,000. A $2,000,000 financial assistance agreement was entered into with WVDO to finance the project. The expansion project was substantially complete in the summer of 2015 and repayment of the $2,000,000 financial assistance agreement began in September 2015.

Economic Outlook

The College implemented a revised tuition rate of $136.25 per credit hour for fiscal year 2017. Fiscal year 2016 year to date actual tuition and fees revenue totaled $824,552 (net of scholarship allowance). With state appropriations being reduced, the Board of Governors submitted a request to West Virginia Council for Community and Technical College Education to increase the tuition rate to $136.25 effective fall 2016. The increase was approved. The increased tuition rate will generate additional tuition and fees revenue to support academic and workforce education programs and services; however, it is anticipated state revenues will decline in fiscal year 2017 and fiscal year 2018 impacting allocations to higher education. Eastern recognizes continuing to increase tuition rates and student fees is not a wise business plan. With recent state appropriation cuts, the college has turned to seeking other sources of revenue to support its mission and special initiatives. Eastern will continue to seek grant funding to help support its programs, but the continuous decline of state appropriations is alarming. The college adopted the 2016-2021 Strategic Plan and resources is one of the five goals.

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016

Contacting the College's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of Eastern West Virginia Community and Technical College and to show the College's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Executive Dean for Financial and Operations Services at Eastern West Virginia Community and Technical College 316 Eastern Drive, Moorefield West Virginia 26836 or call (304) 434-8000.

EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF NET POSITION
JUNE 30, 2016 AND 2015

	2016	2015
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,730,449	$ 2,654,414
Accounts receivable, net of allowance for doubtful accounts	224,261	217,202
Prepaid assets	306	305
Total current assets	2,955,016	2,871,921
NONCURRENT ASSETS:		
Cash and cash equivalents	270,179	245,903
Other non current assets	11,047	11,047
Capital assets, net of accumulated depreciation	10,968,231	10,958,077
Total noncurrent assets	11,249,457	11,215,027
DEFERRED OUTFLOWS OF RESOURCES:		
Total deferred outflows of resources	-	-
TOTAL	$ 14,204,473	$ 14,086,948
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 112,409	$ 157,131
Amount due to the Commission	8,626	7,116
Retainages payable	141,665	141,665
Accrued liabilities and deposits	136,853	116,323
Compensated absences — current portion	113,647	115,435
Funds due to West Virginia Development Office - current portion	66,668	66,668
Unearned revenue	804,852	453,860
Total current liabilities	1,384,720	1,058,198
NONCURRENT LIABILITIES:		
Compensated absences	38,373	51,546
Other post employment benefits liability	680,504	627,484
Funds due to West Virginia Development Office	2,486,597	2,553,264
Total noncurrent liabilities	3,205,474	3,232,294
Total liabilities	4,590,194	4,290,492
DEFERRED INFLOWS OF RESOURCES:		
Total deferred inflows of resources	-	-
NET POSITION:		
Net investment in capital assets	8,414,966	8,338,145
Restricted for - expendable - capital projects	272,044	247,672
Unrestricted	927,269	1,210,639
Total net position	9,614,279	9,796,456
TOTAL	$ 14,204,473	$ 14,086,948

EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL 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 $682,169 and $829,182 in 2016 and 2015, respectively	$ 824,552	$ 833,472
Contracts and grants:		
Federal	428,117	388,265
State	687,396	861,426
Private	414,835	4,371
Sales and services of educational activities	9,478	8,822
Miscellaneous	1,269	36,237
Total operating revenues	2,365,647	2,132,593
OPERATING EXPENSES:		
Salaries and wages	2,180,726	2,417,405
Benefits	550,607	572,924
Supplies and other services	1,623,662	1,538,851
Rent	620	104,362
Utilities	110,494	104,082
Student financial aid — scholarships	726,505	909,496
Depreciation	556,941	541,251
Fees assessed by the Commission for operations	21,391	19,652
Total operating expenses	5,770,946	6,208,023
OPERATING LOSS	(3,405,299)	(4,075,430)
NONOPERATING REVENUES:		
State appropriations	1,806,561	1,895,244
Federal Pell grants	1,408,673	1,738,677
Investment income	7,888	4,379
Total nonoperating revenues	3,223,122	3,638,300
DECREASE IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(182,177)	(437,130)
CAPITAL PAYMENTS MADE AND EXPENSES INCURRED ON BEHALF OF THE COLLEGE	-	711,979
(DECREASE) INCREASE IN NET POSITION	(182,177)	274,849
NET POSITION - Beginning of year	9,796,456	9,521,607
NET POSITION - End of year	$ 9,614,279	$ 9,796,456

EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 811,625	$ 851,859
Contracts and grants	1,897,363	1,350,065
Payments to and on behalf of employees	(2,670,866)	(2,959,662)
Payments to suppliers	(1,663,229)	(1,422,579)
Payments to utilities	(103,055)	(204,928)
Payments for scholarships	(739,694)	(899,991)
Sales and service of educational activities	(1,102)	13,213
Fees retained by the Commission	(21,391)	(19,652)
Other (payments) receipts, net	1,300	32,202
Net cash used in operating activities	(2,489,049)	(3,259,473)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	1,806,561	1,895,244
Federal Pell grants	1,408,673	1,738,678
Federal Direct Loan Program — direct lending receipts	692,688	1,068,146
Federal Direct Loan Program — direct lending payments	(692,688)	(1,068,146)
Net cash provided by noncapital financing activities	3,215,234	3,633,922
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Repayments of loans from West Virginia Development Office	(66,667)	-
Capital project proceeds from the Commission	-	739,848
Purchases of capital assets	(567,095)	(2,998,740)
Net cash used in capital financing activities	(633,762)	(2,258,892)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	7,888	4,600
Net cash provided by investing activities	7,888	4,600
CHANGE IN CASH AND CASH EQUIVALENTS	100,311	(1,879,843)
CASH AND CASH EQUIVALENTS - Beginning of year	2,900,317	4,780,160
CASH AND CASH EQUIVALENTS - End of year	$ 3,000,628	$ 2,900,317
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (3,405,299)	$ (4,075,430)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	556,941	541,251
Changes in assets and liabilities:		
Accounts receivable, net	(7,059)	30,463
Prepaid expenses	(1)	3,445
Other non current assets	-	(11,047)
Accounts payable	(44,722)	122,803
Due to Commission/Council	1,510	(6,066)
Accrued liabilities and deposits	20,530	12,097
Other postemployment benefits liability	53,020	34,307
Compensated absences	(14,961)	23,457
Unearned revenue	350,992	65,247
Net cash used in operating activities	$ (2,489,049)	$ (3,259,473)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:		
Cash and cash equivalents classified as current	$ 2,730,449	$ 2,654,414
Cash and cash equivalents classified as noncurrent	270,179	245,903
	$ 3,000,628	$ 2,900,317
Noncash transactions:		
Capital expenditures in accounts payable	$ 141,665	$ 141,665

The Accompanying Notes Are An Integral
Part Of These Financial Statements

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 1 - ORGANIZATION

Eastern West Virginia Community and Technical College (the College) is governed by the Eastern West Virginia Community and Technical College Governing Board (the Board). The Board was established by Senate Bill 448.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the College have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by Governmental Accounting Standards Board standards (GASB). The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the College's assets, liabilities, deferred outflows and inflows of resources, 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 that are not included in the State's general fund. The College is a separate entity, which along with all State institutions of higher education, the Council, and West Virginia Higher Education Policy Commission (the Commission, which includes West Virginia Network for Educational Telecomputing (WVNET)) forms the Higher Education Fund of the State. The Higher Education Fund is considered a component unit of the State, and its financial statements are discretely presented in the State's comprehensive annual financial report.

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Restricted net position - *nonexpendable* - This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The College does not have any restricted nonexpendable net position at June 30, 2016 or 2015.

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

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

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalent 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, and by provisions of bond indentures and trust agreements, when applicable. Balances in the investment pools are recorded at fair value or amortized cost, which approximates fair value. Fair value is determined by a third-party pricing service based on asset portfolio pricing models and other sources in accordance with GASB. The BTI was established by the 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 College may invest in. These pools have been structured as multiparticipant variable 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 audited financial report. A copy of those annual reports can be obtained from the following address: 1900 Kanawha Blvd., E. Room E-122, Charleston, WV 25305 or http://wvbti.com.

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

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

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

Noncurrent 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 position are classified as noncurrent assets in the accompanying statements of net position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets - Capital assets include land, building/improvements, construction in progress, furniture and equipment, and books and materials that are part of a catalogued library. Capital assets are stated at cost at the date of acquisition or construction or fair market value at the date of donation in the case of gifts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 7 years for library books and 3 to 10 years for furniture and equipment. The College's capitalization threshold is $1,000.

Unearned Revenue - Revenues for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenue.

Compensated Absences and Other Postemployment Benefits (OPEBs) - 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. Effective July 1, 2007, the College was required to participate in this multiple-employer cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State. Details regarding this plan and its stand-alone financial statements can be obtained by contacting the West Virginia Public Employees Insurance Agency (PEIA), 601 57th Street SE, Charleston, WV 25304 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 on 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 of teaching service extend health insurance for one year of family coverage. The same hire dates mentioned above applies to coverage for faculty employees also. 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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 position.

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

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.

Risk Management - The State's Board of Risk and Insurance Management (BRIM) provides general and 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 PEIA and with third-party insurers, the College has obtained health, life, prescription drug coverage, and coverage for job-related injuries for its employees. In exchange for payment of premiums to PEIA and the third-party 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 nonexchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB, such as state appropriations, federal Pell grants, investment income, and sale of capital assets (including natural resources).

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Financial Assistance Programs - Federal Direct Loan receivables are not included in the College's statements of net position, as the loans are repayable directly to the U.S. Department of Education. In 2016 and 2015, the College received and disbursed approximately $693,000 and $1,068,000, respectively, under the Federal Direct 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 program. The activity of this program is recorded in the accompanying financial statements. In 2016 and 2015, the College received and disbursed approximately $1,409,000 and $1,739,000, respectively, under this federal student aid program.

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

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers. Certain aid, such as loans, funds provided to students as awarded by third parties, and Federal Stafford Loans, 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 governmental instrumentality under federal income tax laws and regulations of the Internal Revenue Service, as described in Section 115 of the Internal Revenue Code.

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Newly Adopted Statements Issued by the Governmental Accounting Standards Board - The Governmental Accounting Standards Board has issued Statement No. 72, Fair Value Measurement and Application, effective for fiscal years beginning after June 15, 2015. This Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. The adoption of GASB Statement No. 72 had no impact on the June 30, 2016 financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, effective for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets that accumulate for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. The adoption of GASB Statement No. 73 had no impact on the June 30, 2016 financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, effective for fiscal years beginning after June 15, 2015. The requirements of this Statement will identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The adoption of GASB Statement No. 76 had no impact on the June 30, 2016 financial statements.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Governmental Accounting Standards Board has also issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, effective for fiscal years beginning after December 15, 2015. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The adoption of GASB Statement No. 78 had no impact on the June 30, 2016 financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 79, Certain External Investment Pools and Pool Participants, effective for fiscal years beginning after June 15, 2015. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. The adoption of GASB Statement No. 79 had no impact on the June 30, 2016 financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 82, Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73, effective for fiscal years beginning after June 15, 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and 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. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The adoption of GASB Statement No. 82 had no impact on the June 30, 2016 financial statements.

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The Governmental Accounting Standards Board has also issued Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*, effective for fiscal years beginning after June 15, 2016. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. The College has not yet determined the effect that the adoption of GASB Statement No. 80 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 81, *Irrevocable Split-Interest Agreements*, effective for fiscal years beginning after December 15, 2016. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The College has not yet determined the effect that the adoption of GASB Statement No. 81 may have on its financial statements.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 3 - CASH AND CASH EQUIVALENTS

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

	2016		
	Current	Noncurrent	Total
Cash on deposit with the Treasurer/BTI	$ 2,714,137	$ 270,179	$ 2,984,316
Cash in bank	16,012	-	16,012
Cash on hand	300	-	300
	$ 2,730,449	$ 270,179	$ 3,000,628

	2015		
	Current	Noncurrent	Total
Cash on deposit with the Treasurer/BTI	$ 2,635,899	$ 245,903	$ 2,881,802
Cash in bank	18,215	-	18,215
Cash on hand	300	-	300
	$ 2,654,414	$ 245,903	$ 2,900,317

Cash held by the Treasurer includes $270,179 and $245,903 of restricted cash at June 30, 2016 and 2015, respectively.

The combined carrying amount of cash in the bank at June 30, 2016 and 2015, was $16,012 and $18,215, respectively, as compared with the combined bank balance of $33,924 and $24,133 for the years ended June 30, 2016 and 2015, respectively. The difference is primarily caused by outstanding checks and items in transit. The bank balances were covered by federal depository insurance as noted below or were collateralized by securities held by the State’s agent. Regarding federal depository insurance, accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000.

Amounts with the State Treasurer 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	$ 1,555,529	AAAm	$ 1,890,464	AAAm
WV Government Money Market Pool	$ 190,078	AAAm	$ 248,468	AAAm
WV Short Term Bond Pool	$ 790,750	Not Rated	$ 761,526	Not Rated

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 3 - CASH AND CASH EQUIVALENTS (CONTINUED)

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	$ 1,555,529	49	$ 1,890,464	47
WV Government Money Market Pool	$ 190,078	50	$ 248,468	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	$ 790,750	462	$ 761,526	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.

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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2016 and 2015, are as follows:

	2016	2015
Student tuition and fees, net of allowance for doubtful accounts of $296,057 and $283,123 in 2016 and 2015, respectively.	$ 91,248	$ 67,742
Due from Commission/Council	17,489	31,695
Accrued interest receivable	1,380	279
Other accounts receivable	114,144	117,486
	$ 224,261	$ 217,202

NOTE 5 - CAPITAL ASSETS

A summary of capital asset transactions for the College for the years ended June 30, 2016 and 2015, is as follows:

	2016			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated				
Land	$ 210,477	$ -	$ -	$ 210,477
Construction in progress	2,846,241	-	2,846,241	-
Total capital assets not being depreciated	$ 3,056,718	$ -	$ 2,846,241	$ 210,477
Other capital assets:				
Building/improvements	$ 7,705,520	$ 3,276,788	$ -	$ 10,982,308
Equipment	3,891,349	136,548	-	4,027,897
Total other capital assets	11,596,869	3,413,336	-	15,010,205
Less accumulated depreciation for:				
Building/improvements	925,121	284,308	-	1,209,429
Equipment	2,770,389	272,633	-	3,043,022
Total accumulated depreciation	3,695,510	556,941	-	4,252,451
Other capital assets, net	$ 7,901,359	$ 2,856,395	$ -	$ 10,757,754
Capital asset summary:				
Capital assets not being depreciated	$ 3,056,718	$ -	$ 2,846,241	$ 210,477
Other capital assets	11,596,869	3,413,336	-	15,010,205
Total cost of capital assets	14,653,587	3,413,336	2,846,241	15,220,682
Less accumulated depreciation	3,695,510	556,941	-	4,252,451
Capital assets, net	$ 10,958,077	$ 2,856,395	$ 2,846,241	$ 10,968,231

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 5 - CAPITAL ASSETS (Continued)

	2015			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated				
Land	$ 50,000	$ 160,477	$ -	$ 210,477
Construction in progress	138,495	2,707,746	-	2,846,241
Total capital assets not being depreciated	$ 188,495	$ 2,868,223	$ -	$ 3,056,718
Other capital assets:				
Building/improvements	$ 7,687,768	$ 17,752	$ -	$ 7,705,520
Equipment	3,654,895	236,454	-	3,891,349
Total other capital assets	11,342,663	254,206	-	11,596,869
Less accumulated depreciation for:				
Building/improvements	767,965	157,156	-	925,121
Equipment	2,386,294	384,095	-	2,770,389
Total accumulated depreciation	3,154,259	541,251	-	3,695,510
Other capital assets, net	$ 8,188,404	$ (287,045)	$ -	$ 7,901,359
Capital asset summary:				
Capital assets not being depreciated	$ 188,495	$ 2,868,223	$ -	$ 3,056,718
Other capital assets	11,342,663	254,206	-	11,596,869
Total cost of capital assets	11,531,158	3,122,429	-	14,653,587
Less accumulated depreciation	3,154,259	541,251	-	3,695,510
Capital assets, net	$ 8,376,899	$ 2,581,178	$ -	$ 10,958,077

As of June 30, 2016, the College had $141,665 in construction commitments related to construction of the new academic wing.

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 that are held for exhibition. These collections are neither disposed of for financial gain nor encumbered in any means.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 6 - LONG-TERM LIABILITIES

A summary of long-term obligation transactions for the College for the years ended June 30, 2016 and 2015, is as follows:

	2016				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued compensated absences	$ 166,981	$ -	$ (14,961)	$ 152,020	$ 113,647
Funds due to West Virginia Development Office	2,619,932	-	(66,667)	2,553,265	66,668
Other postemployment benefit liability	627,484	115,835	(62,815)	680,504	-
Total long-term liabilities	$ 3,414,397	$ 115,835	$ (144,443)	$ 3,385,789	$ 180,315

	2015				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued compensated absences	$ 143,524	$ 23,457	$ -	$ 166,981	$ 115,435
Funds due to West Virginia Development Office	2,619,932	-	-	2,619,932	66,668
Other postemployment benefit liability	593,177	101,331	(67,024)	627,484	-
Total long-term liabilities	$ 3,356,633	$ 124,788	$ (67,024)	$ 3,414,397	$ 182,103

NOTE 7 - LEASE OBLIGATIONS

Future minimum payments under operating leases, which consist primarily of office space, with initial or remaining terms of one year or more, as of June 30, 2016, were as follows:

Year Ending June 30,	
2017	$ 1,704
2018	1,704
2019	1,704
2020	639
2021	-
	$ 5,751

Total rent expense for operating leases amounted to $620 and $104,362 for the years ended June 30, 2016 and 2015, respectively.

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS

In accordance with GASB, OPEB costs are accrued based upon invoices received from PEIA based upon actuarial determined amounts. At June 30, 2016, 2015, and 2014 the noncurrent liability related to OPEB costs was $680,504, $627,484, and $593,177, respectively. The total OPEB expense incurred and the amount of OPEB expense that relates to retirees was $115,835 and $3,290 respectively, during 2016 or 3%. The total OPEB expense incurred and the amount of OPEB expense that relates to retirees was $101,331 and $847, respectively, during 2015 or 1%. The total OPEB expense incurred and the amount of OPEB expense that relates to retirees was $84,291 and $2,107, respectively, during 2014 or 3%. As of and for the year ended June 30, 2016, there were two retirees receiving these benefits. As of and for the years ended June 30, 2015 and 2014 there was one retiree receiving these benefits.

During the 2014 Legislative session, the State took proactive measures to address the unfunded liability which will take effect in future fiscal years and fully fund the liability by 2037.

NOTE 9 - STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

The College is a State institution of higher education and the College receives a State appropriation to finance 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. As of June 30, 2013, the College had completed the construction of its new facility, which is being funded as noted below.

During the year ended June 30, 2005, the Commission issued $167 million of 2004 Series B 30-year Revenue Bonds to fund capital projects at various higher education institutions in the State. The College was approved to receive $8 million of these funds. State lottery funds will be used to repay the debt, although College revenues are pledged if lottery funds prove insufficient. The College has recognized approximately $8,378,218 from these committed funds through June 30, 2016.

On September 24, 2013 Eastern entered into a loan agreement with the West Virginia Development Office to provide funding for the new academic wing. The funding provided 7,500 square feet of classroom space which was substantially completed in summer 2015.

NOTE 10 - WEST VIRGINIA DEVELOPMENT OFFICE OBLIGATION

In previous years, the College entered into two financial assistance agreements with the West Virginia Development Office (WVDO) for $685,000 to construct a new sewer system and $2,000,000 for the access road for the College's new facility at 316 Eastern Drive. A total of $619,932 was drawn on these agreements, as of June 30, 2016. Under the terms of both agreements, the College agrees to repay the WVDO if nonoperating funds become available or when an appropriate nonoperating income stream is established or if the College sells or disposes of the two acres of property.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 10 - WEST VIRGINIA DEVELOPMENT OFFICE OBLIGATION (Continued)

The College entered into another financial assistance agreement with the WVDO in 2014 for $2,000,000 to construct an academic wing at Eastern's campus in Moorefield, West Virginia. Eastern will remit payments of $16,667 each quarter beginning on September 30, 2015 until the debt is paid in full. The debt will be due in total on June 30, 2045. As of June 30, 2016 a total of $2,553,265 is outstanding on these three agreements. The total amount of loan payments made for the year ended June 30, 2016 was $66,667.

Future minimum payments related to the academic wing debt, as of June 30, 2016, were as follows:

Year Ending June 30,	
2017	$ 66,668
2018	66,668
2019	66,668
2020	66,668
2021	66,668
Thereafter	1,599,993
	$ 1,933,333

NOTE 11 - UNRESTRICTED NET POSITION

The College did not have any designated unrestricted net position as of June 30, 2016 or 2015.

	2016	2015
Total unrestricted net position before OPEB liability	$ 1,607,773	$ 1,838,123
Less OPEB liability	680,504	627,484
	$ 927,269	$ 1,210,639

NOTE 12 - RETIREMENT PLANS

Substantially all full-time employees of the College participate in the Teachers' Insurance and Annuities Association — College Retirement Equities Fund (TIAA-CREF).

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 (Educators Money). New hires have the choice of either plan. As of June 30, 2016 and 2015, no employees were enrolled in Educators Money.

NOTE 12 - RETIREMENT PLANS (Continued)

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 $223,498, $219,823, and $195,216, respectively, which consisted of contributions of $111,749, $109,912, and $97,608 for 2016, 2015, and 2014, respectively, from both the College and covered employees.

The College's total payroll for the years ended June 30, 2016, 2015, and 2014, was $2,313,165, $2,396,961, and $2,271,921, respectively; total covered employees' salaries in TIAA-CREF were $1,640,190, $1,855,485, and $1,667,038 in 2016, 2015, and 2014, respectively.

NOTE 13 - FOUNDATION (UNAUDITED)

The Eastern West Virginia Community and Technical College Foundation, Inc. (the Foundation), which was incorporated in fiscal year 2001, is a separate nonprofit organization incorporated in the State and has as its purpose "to support, encourage and assist in the development and growth of the College, to render service and assistance to the College, and through it to the citizens of the State of West Virginia." 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 employs management, forms policy, and maintains fiscal accountability over funds administered by the Foundation. Accordingly, the financial statements of the Foundation are not included in the accompanying financial statements because they are not controlled by the College and because they are not significant.

The Foundation's net assets totaled approximately $91,640 and $185,213 at June 30, 2016 and 2015, respectively. The Foundation's net assets include amounts which are restricted by donors to use for specific projects or departments of the College and its affiliated organizations. Contributions to the Foundation, which are not reflected in the accompanying financial statements, totaled $44,552 and $205,192 for the years ended June 30, 2016 and 2015, respectively. No contributions were made to the College during either the year ended June 30, 2016 or 2015.

NOTE 14 - AFFILIATED ORGANIZATION

The College has an affiliation agreement with Eastern Workforce Opportunity Regional Center and Services (Eastern WORCS). Although Eastern WORCS has been created "to foster and support applied research and workforce development" at the College, it is a separate nonprofit organization incorporated in the State of West Virginia. Oversight of Eastern WORCS is the responsibility of a separate and independently elected Board of Directors. Accordingly, the financial statements of Eastern WORCS are not included in the accompanying financial statements because the economic resources held by Eastern WORCS do not entirely or almost entirely benefit the College. No contributions were made to the College during either the year ended June 30, 2016 or 2015.

NOTE 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 have a significant financial impact on the financial position of the College.

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

EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 16 - NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

The following tables represent operating expenses within both natural and functional classifications for the years ended June 30, 2016 and 2015:

2016

	Salaries and Wages	Benefits	Supplies and Other Services	Rent	Utilities	Scholarships	Depreciation	Fees Assessed by the Commission	Total
Instruction	$ 654,080	$ 99,876	$ 89,617	$ -	$ -	$ -	$ -	$ -	$ 843,573
Public service	228,027	51,090	137,408	-	-	-	-	-	416,525
Academic support	508,916	122,579	262,173	60	-	-	-	-	893,728
Student services	281,250	73,061	64,498	560	-	-	-	-	419,369
General institutional support	491,326	194,932	958,054	-	-	-	-	-	1,644,312
Operations and maintenance of plant	17,127	9,069	109,325	-	110,494	-	-	-	246,015
Student financial aid	-	-	-	-	-	726,505	-	-	726,505
Auxiliary	-	-	2,587	-	-	-	-	-	2,587
Depreciation	-	-	-	-	-	-	556,941	-	556,941
Other	-	-	-	-	-	-	-	21,391	21,391
Total	$ 2,180,726	$ 550,607	$ 1,623,662	$ 620	$ 110,494	$ 726,505	$ 556,941	$ 21,391	$ 5,770,946

2015

	Salaries and Wages	Benefits	Supplies and Other Services	Rent	Utilities	Scholarships	Depreciation	Fees Assessed by the Commission	Total
Instruction	$ 730,462	$ 125,292	$ 132,628	$ -	$ -	$ -	$ -	$ -	$ 988,382
Public service	277,509	59,181	154,764	4,948	-	-	-	-	496,402
Academic support	607,258	142,374	192,322	8,522	4	-	-	-	950,480
Student services	257,100	67,314	58,047	560	-	-	-	-	383,021
General institutional support	499,343	173,646	931,375	-	-	-	-	-	1,604,364
Operations and maintenance of plant	45,733	5,117	60,642	90,332	104,078	-	-	-	305,902
Student financial aid	-	-	-	-	-	909,496	-	-	909,496
Auxiliary	-	-	9,073	-	-	-		-	9,073
Depreciation	-	-	-	-	-	-	541,251	-	541,251
Other	-	-	-	-	-	-	-	19,652	19,652
Total	$ 2,417,405	$ 572,924	$ 1,538,851	$ 104,362	$ 104,082	$ 909,496	$ 541,251	$ 19,652	$ 6,208,023

Suttle & Stalnaker PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Governors
Eastern West Virginia Community and Technical College
Moorefield, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Eastern West Virginia Community and Technical 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.

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 the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Suttle & Stalnaker, PLLC

Charleston, West Virginia
January 31, 2017