# BridgeValley Community and Technical College

Financial Statements
Years Ended June 30, 2017 and 2016
and
Independent Auditor's Reports

Suttle & Stalnaker PLLC
CERTIFIED PUBLIC ACCOUNTANTS

# BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
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Suttle & Stalnaker PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of BridgeValley Community and Technical College (BridgeValley or the College), a component unit of the West Virginia Council for Community and Technical College Education, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements which collectively comprise the College's financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the discretely presented BridgeValley Community and Technical College Foundation, Inc. (a 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 BridgeValley Community and Technical College Foundation, Inc., 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 BridgeValley Community and Technical College Foundation, Inc. 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 opinion.

***Opinions***

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the the business-type activities and discretely presented component unit of BridgeValley Community and Technical College, as of and for the years ended June 30, 2017 and 2016, 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 through 16, the schedule of proportionate share of the net pension liabilities and schedule of contributions, and related footnote on pages 59 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standard generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards,* we have also issued our report dated October 9, 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, 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
October 9, 2017

## History

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

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

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

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

## Overview

The Management's Discussion and Analysis is required supplementary information and has been prepared in accordance with the requirements of Governmental Accounting Standards Board (GASB) standards. This section of BridgeValley's annual financial report provides an overview of the College's financial performance during the fiscal years ended June 30, 2017, 2016, and 2015, with a focus on 2017. A comparative analysis is presented for fiscal year 2017 compared to fiscal year 2016.

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

## Financial Highlights

At June 30, 2017, BridgeValley's total net position was $32,610,970 representing a decrease of $1,093,199. This decrease in net position was primarily attributable to a significant increase in net pension liability.

Total operating revenues decreased approximately 5% over prior year primarily due to decreases in federal grants and contracts. Total operating expenses decreased approximately 6% over prior year mainly due to decreases in salaries and wages and scholarships and fellowships and supplies and other services. Net nonoperating revenue decreased by nearly 3% primarily due to the decreases in federal Pell grant revenue and State appropriations.

## Net Position

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

Net position is displayed in three major categories:

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

*Restricted net position*. This category includes net position, the use of which is restricted either due to externally imposed constraints or because of restrictions imposed by law. They are further divided into two additional components — nonexpendable and expendable. Nonexpendable restricted net position includes endowment and similar type funds for which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal. Expendable restricted net position includes resources for which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

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

Condensed Schedules of Net Position
June 30,

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| **Assets and Deferred Outflows** | | | |
| Current Assets | $ 9,208,724 | $ 8,145,392 | $ 7,988,370 |
| Noncurrent Assets | 35,928,348 | 38,091,392 | 39,438,911 |
| **Total Assets** | 45,137,072 | 46,236,784 | 47,427,281 |
| **Deferred Outflows** | 214,515 | 103,828 | 60,479 |
| **Total** | $ 45,351,587 | $ 46,340,612 | $ 47,487,760 |
| **Liabilities, Deferred Inflows, and Net Position** | | | |
| Current Liabilities | $ 7,900,052 | $ 7,986,336 | $ 8,131,124 |
| Noncurrent Liabilities | 4,793,399 | 4,568,353 | 4,587,853 |
| **Total Liabilities** | 12,693,451 | 12,554,689 | 12,718,977 |
| **Deferred Inflows** | 47,166 | 81,754 | 105,994 |
| **Net Position** | | | |
| Net Investment in Capital Assets | 35,128,016 | 36,914,833 | 37,839,441 |
| Restricted for: | | | |
| Nonexpendable | 50,000 | 50,000 | 50,000 |
| Unrestricted | (2,567,046) | (3,260,664) | (3,226,652) |
| **Total Net Position** | 32,610,970 | 33,704,169 | 34,662,789 |
| **Total** | $ 45,351,587 | $ 46,340,612 | $ 47,487,760 |

Total 2017 assets and deferred outflows of resources decreased by $989,025 over 2016. Primary reasons for this decrease in 2017 over 2016 are as follows:

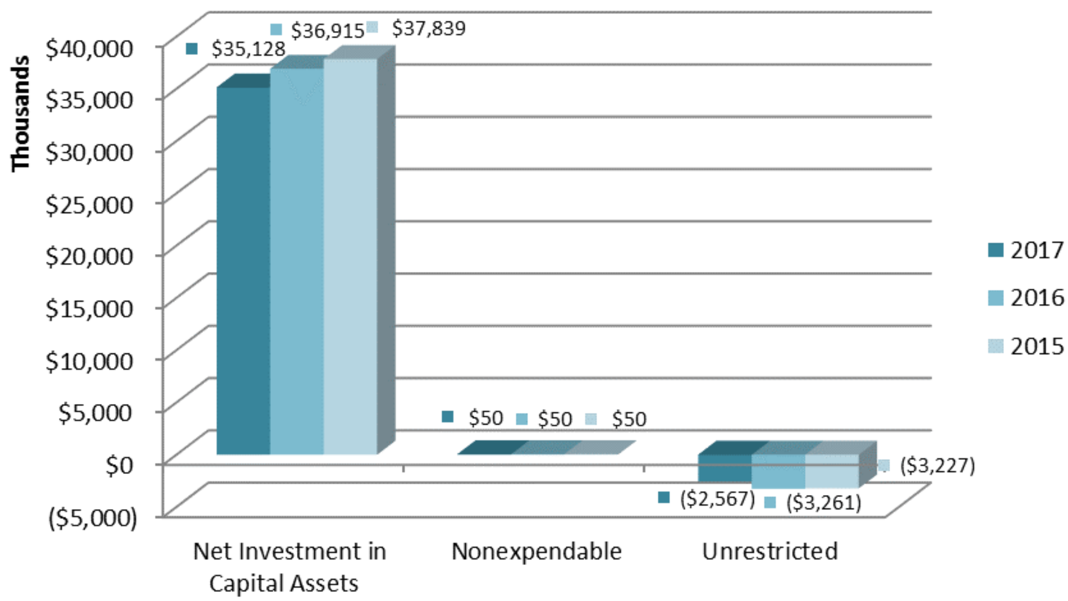
- Capital assets, net decreased by $2,123,359 primarily related to accumulated depreciation.
- Other non current assets decreased $39,685 due to a decrease in no hardship receivable and deferred rent.

Total liabilities and deferred inflows of resources in 2017 decreased by $104,174 compared with 2016. The primary reasons for this decrease in 2017 compared with 2016 are as follows:

- Unearned revenue decreased $847,037 primarily attributable to decreases in grant funds that were unspent at year-end.
- Accounts payable increased by $1,216,435 primarily due to payments of large invoices accrued at year end.
- Other post employment benefits liability (OPEB) increased by $129,973 due to revised calculations by the State's Public Employees Insurance Agency.
- Compensated absences decreased by $47,223. This decrease is related to BridgeValley's adoption of a new operating policy limiting employees to accrue up to a maximum of one year of annual leave instead of two years.
- Leases payable noncurrent decreased $17,657 due to the payoffs of two IT equipment leases.
- Net pension liability increased $181,209 primarily due to market changes.

The following is a comparative illustration of net position.

**Total Net Position**
**As of June 30, 2017, 2016, and 2015**
***(in thousands)***




## Revenues, Expenses, and Changes in Net Position

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

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

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

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

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Operating Revenues | $ 11,341,966 | $ 11,992,455 | $ 11,470,946 |
| Operating Expenses | 23,986,779 | 25,556,704 | 25,920,117 |
| **Operating Loss** | **(12,644,813)** | **(13,564,249)** | **(14,449,171)** |
| Net Nonoperating Revenues | 11,122,451 | 11,418,064 | 12,109,773 |
| **Decrease in Net Position before Other Revenues, Expenses, Gains, or Losses** | **(1,522,362)** | **(2,146,185)** | **(2,339,398)** |
| Capital Grants and Gifts, Capital Bond Proceeds and Payments on Behalf of the College | 429,163 | 1,187,565 | 15,483,759 |
| **(Decrease) increase in Net Position** | **(1,093,199)** | **(958,620)** | **13,144,361** |
| **Net Position at Beginning of Year, as previously stated** | **33,704,169** | **34,662,789** | **22,048,701** |
| **Adjustment for change in accounting principle** | **-** | **-** | **(530,273)** |
| **Net position at Beginning of Year, as restated** | **33,704,169** | **34,662,789** | **21,518,428** |
| **Net Position at End of Year** | **$ 32,610,970** | **$ 33,704,169** | **$ 34,662,789** |

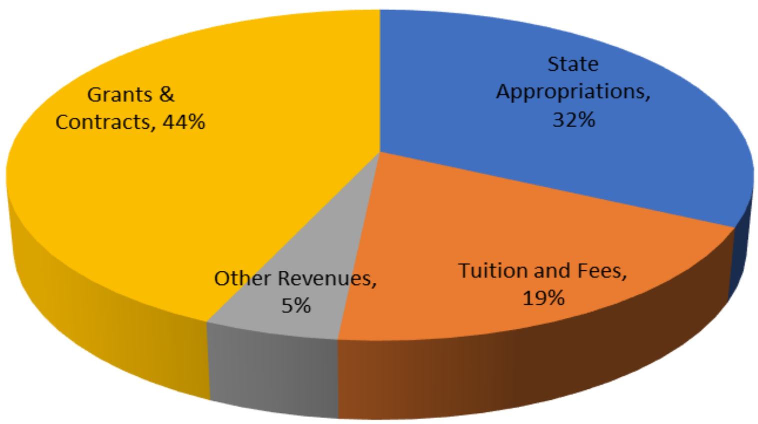
Operating revenue decreased in fiscal year 2017 by $650,489 over fiscal year 2016. Operating expenses decreased by $1,569,925 over fiscal year 2016, resulting in a fiscal year 2017 net operating loss decrease of $919,436 compared with fiscal year 2016. Net nonoperating revenue decreased in fiscal year 2017 by $295,613 compared with fiscal year 2016.

The pie charts below reflect the percentage allocation of total revenue from all sources in fiscal year 2017 compared with fiscal year 2016. Following these charts is a discussion regarding the changes in fiscal year 2017 revenue compared with fiscal year 2016.

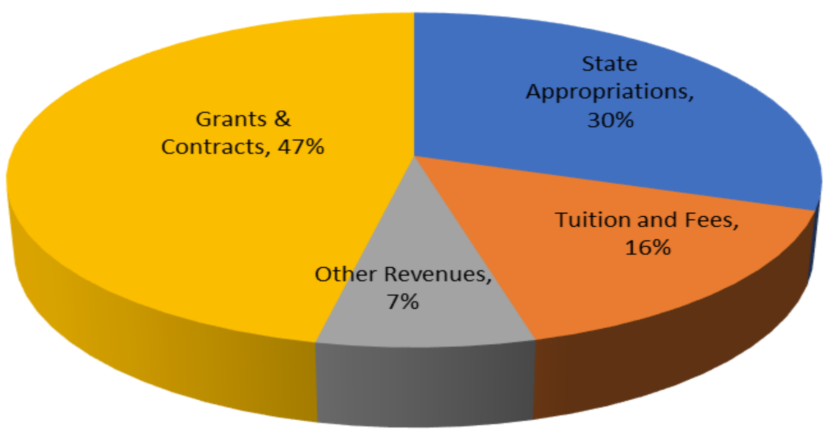
*Revenues*:

The following charts illustrate the composition of revenues by source for 2017 and 2016.

**Total Revenues**
**For the Year Ended June 30, 2017**




**Total Revenues**
**For the Year Ended June 30, 2016**



Some highlights of the changes in fiscal year 2017 revenues compared with fiscal year 2016 are as follows:

- State appropriations decreased by $60,209 due to budget reductions.

- Net tuition and fee revenue increased by $563,452 primarily related to an increase in tuition and fee rates.

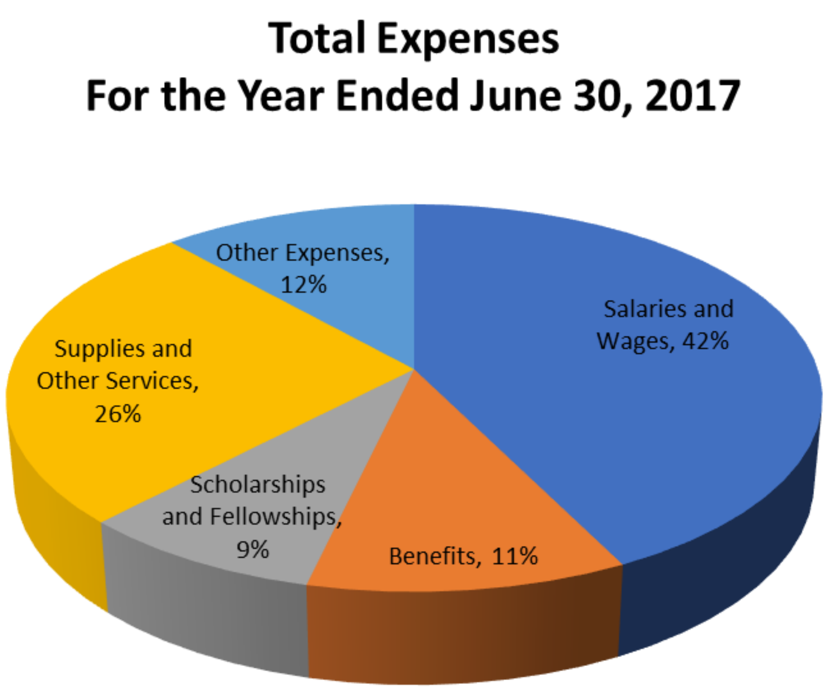
- Pell grant revenue decreased by $288,493.

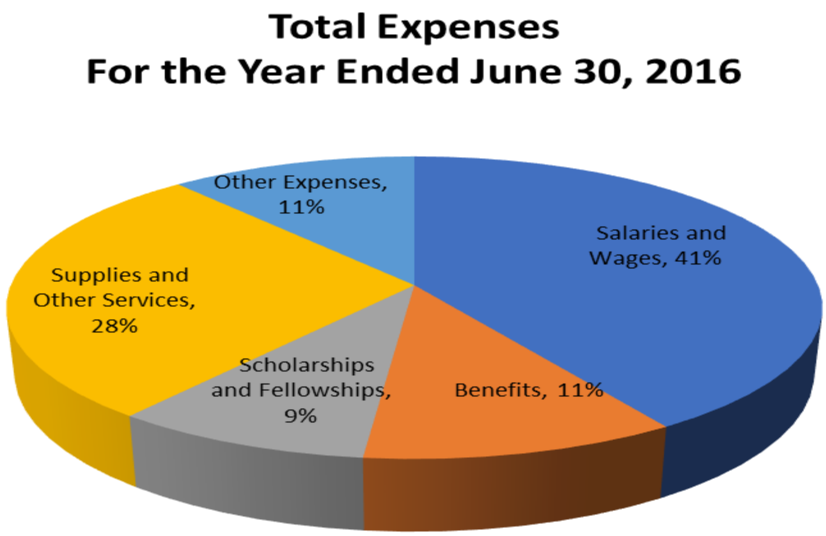
- Capital grants and gifts revenue decreased by $876,520 due to the purchase of less equipment with grant funds.

- Grants and Contracts decreased by $1,285,126. There was a decrease in Federal grants and contracts revenue of $998,467 primarily related to the Federal Department of Labor grant, Bridging the Gap, ending program activities on March 31, 2017. State grants and contracts decreased by $300,284 as less state grants were received during fiscal year 2017. Nongovernmental grants and contracts increased $13,625.

*Expenses*:

The following is a graphic illustration of total expenses by source for fiscal years 2017 and 2016.






Total expenses for fiscal year 2017 were $23,986,779 with a decrease of $1,569,925 over fiscal year 2016. Some highlights of the changes in fiscal year 2017 expenses compared with fiscal year 2016 are as follows:

- Salaries and wages decreased by $262,636 primarily related to increased vacant positions.
- Benefits decreased by $44,847 primarily related to increased vacant positions.
- Scholarships and fellowships decreased by $266,063 with the reduction in Pell awards.
- Supplies and other services decreased by $963,365 due to the ending of the Bridging the Gap program activities and cost containment measures related to the budget reduction.

## Cash Flows

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

The statement of cash flows is divided into five sections:

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

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

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

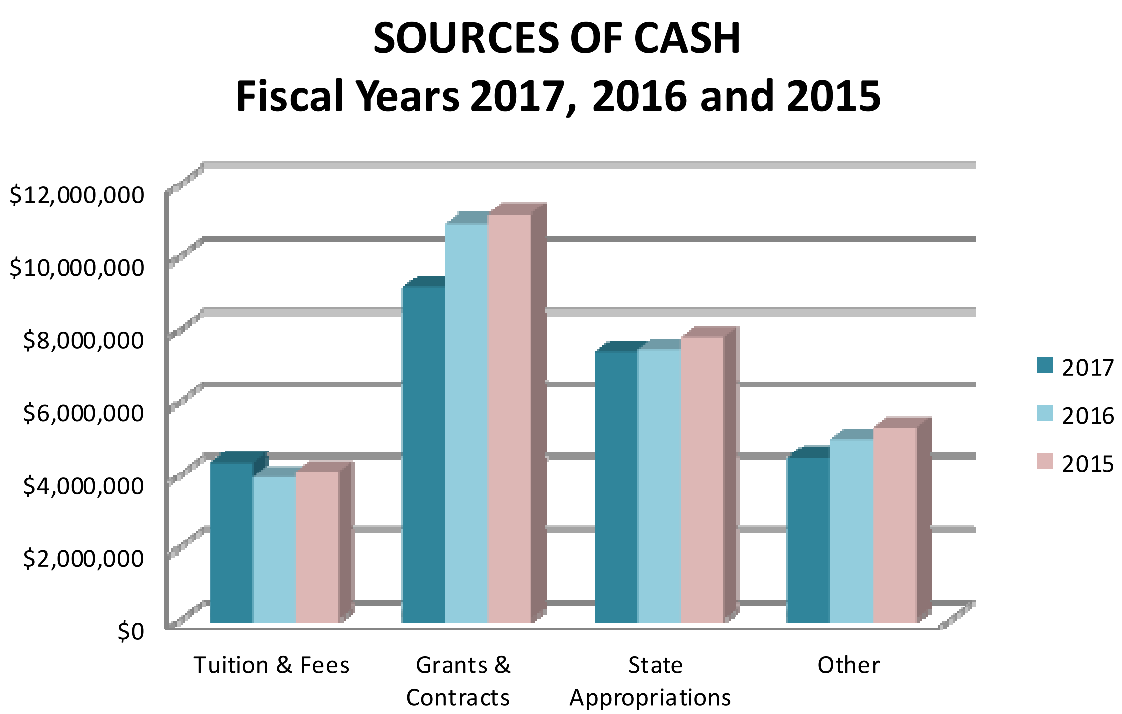
*Cash flows from investing activities*. This section shows the purchases, proceeds, and interest received from investing activities.

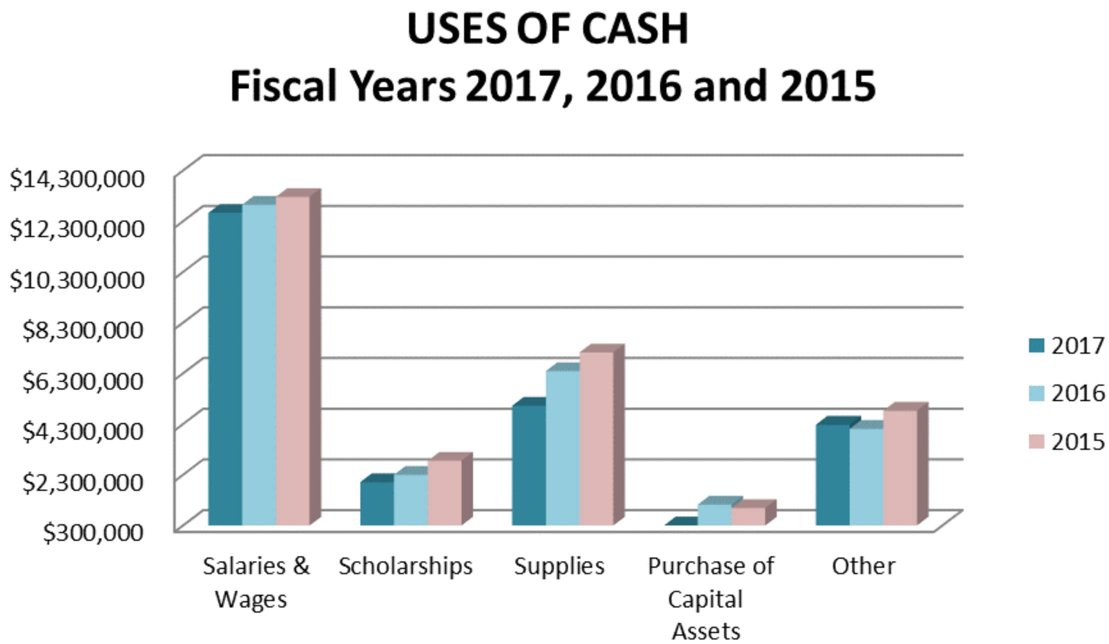
*Reconciliation of operating loss to net cash used in operating activities.* This section provides a schedule that reconciles the accrual-based operating income (loss) and net cash used in operating activities.

**Condensed Statements of Cash Flows**
**Years Ended June 30,**

| **Cash Provided By (Used In):** | **2017** | **2016** | **2015** |
|---|---|---|---|
| Operating Activities | $ (9,700,166) | $(10,692,586) | $(12,438,547) |
| Noncapital Financing Activities | 11,079,728 | 11,418,640 | 12,128,747 |
| Capital Financing Activities | (374,513) | (429,261) | (444,955) |
| Investing Activities | 51,475 | 16,822 | 8,250 |
| **Increase (Decrease) in Cash and Cash Equivalents** | 1,056,524 | 313,615 | (746,505) |
| Cash and Cash Equivalents, Beginning of Year | 7,286,707 | 6,973,092 | 7,719,597 |
| **Cash and Cash Equivalents, End of Year** | $ 8,343,231 | $ 7,286,707 | $ 6,973,092 |

The following graphs illustrate the sources and uses of cash:






## Capital Asset and Long Term Debt Activity

During fiscal year 2016, the construction in progress projects were completed, transferred to capital assets, and the College began depreciating these assets. These projects were specific to each campus. Discussed previously in prior fiscal years as Bridgemont projects are now referenced as BridgeValley Montgomery campus projects. Additionally, the previously discussed Kanawha Valley projects will now be referenced as BridgeValley South Charleston campus projects.

BridgeValley South Charleston campus Building 2000 (Main Hall) renovations began during fiscal year 2012 with $1,334,596 spent for design and renovation of Main Hall located in the West Virginia Regional Technology Park. Renovations continued in 2014 and 2015 with final payment in 2016. The total amount of this project was $14,494,654. During fiscal year 2015, BridgeValley completed the previous Bridgemont project renovations on Building 704 (Annex) also at the West Virginia Regional Technology Park. These renovations, which totaled $735,619, included new HVAC to make the building more energy efficient and other renovations to allow BridgeValley to provide expanded academic and workforce programs at the South Charleston location.

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

## Economic Outlook

The financial position of BridgeValley is closely tied to that of the State of West Virginia. During 2016-2017, state revenue collections declined drastically, resulting in a 2% mid-year cut to the college budget. It is projected that the next two years will see some additional decline due to these decreases. Fiscal year 2018 state appropriations reflected an additional decrease of 2.57% over 2017. The State Budget Office projections for fiscal year 2018 are being closely monitored. Should these projections for fiscal year 2018 change and BridgeValley experiences an additional reduction in state appropriations, the college has developed plans to address further reductions.

Enrollment has been relatively stable for the past few years. Projections for Fall 2017 enrollment reflect little change in both headcount and full-time equivalent enrollment. The College is dependent upon tuition and fee revenue to maintain the large percentage of high-cost allied health and technical programs; for Fiscal Year 2018, BridgeValley's Board of Governors approved a 5% increase for resident students.

External funding, primarily State grants and contracts and federal Department of Labor (DOL) grants, are providing important dollars to initiate new academic programs and workforce initiatives. BridgeValley is the lead institution in a $25 million DOL consortia grant for technical education advancements (continuing through September 2017), and was awarded a 4-year $4 million DOL Tech Hire grant effective July 1, 2016. New projects are consistently proposed for the use of State grants available for community and technical college education through legislative appropriations to the West Virginia Council for Community and Technical College Education.

Another external revenue enhancement is the BridgeValley Community and Technical College Foundation (Foundation); contributions to the Foundation have grown over the past three years from slightly over $500,000 to close to $2 million. The Foundation provides scholarship dollars to attract and retain students as well as to support select academic programs.

With the consolidation of Bridgemont and Kanawha Valley Community and Technical College, many opportunities continue to enhance revenue and allow additional costs efficiencies through careful consideration of filling any current and new vacancies, determining the applicability of part-time versus full-time employees, and contractual versus permanent employees. Enhanced recruitment activities and projects are ongoing to increase the tuition and fee revenue stream through enrollment.

Through strategic planning for energy efficiencies in buildings, cost containment with sustainability measures, careful deliberation on personnel decisions, enhanced grant activity, encouraging external gifting through an established Foundation, and focusing on student recruitment and retention, College leadership is engaged in a solution-focused dialogue designed to meet future economic challenges. These changes will result in cost savings and revenue enhancements for the College to provide greater financial stability. The College remains focused on expanding enrollment through increased on-line offerings, concurrent class and program offerings between the South Charleston and Montgomery locations, and continued development of industry partnerships such as the Toyota Advanced Manufacturing program and customized training through the Workforce Development Division. With the consolidation savings, new grants, and national recognition, BridgeValley will continue to prosper and grow.

## Requests for Information

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

# BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
## STATEMENTS OF NET POSITION
## JUNE 30, 2017 AND 2016

| | 2017 | 2016 |
|---|---|---|
| **ASSETS AND DEFERRED OUTFLOWS** | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 8,293,231 | $ 7,236,707 |
| Accounts receivable, net of allowance for doubtful accounts in 2017and 2016, respectively | 702,269 | 713,465 |
| Due from the Council/Commission | 213,224 | 195,220 |
| Total current assets | 9,208,724 | 8,145,392 |
| NONCURRENT ASSETS: | | |
| Cash and cash equivalents | 50,000 | 50,000 |
| Other receivables | 44,866 | 65,505 |
| Other assets | 225,600 | 244,646 |
| Capital assets, net | 35,607,882 | 37,731,241 |
| Total noncurrent assets | 35,928,348 | 38,091,392 |
| DEFERRED OUTFLOWS OF RESOURCES: | | |
| Changes in proportion and differences in pension contributions | 107,075 | 42,967 |
| Employer pension contributions | 22,918 | 60,861 |
| Differences between expected and actual experience | 5,906 | - |
| Changes in assumptions | 25,521 | - |
| Net difference between projected and actual earnings on pension plan investments | 53,095 | - |
| Total deferred outflows of resources | 214,515 | 103,828 |
| TOTAL | $ 45,351,587 | $ 46,340,612 |
| **LIABILITIES, DEFERRED INFLOWS AND NET POSITION** | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | $ 2,352,781 | $ 1,136,346 |
| Service agreement payable to WVU | - | 8,684 |
| Due to State agencies | 32 | 404 |
| Accrued liabilities | 1,206,575 | 1,157,179 |
| Unearned revenue | 3,789,821 | 4,636,858 |
| Due to the Council/Commission | 54,482 | 252,875 |
| Compensated absences | 410,225 | 457,448 |
| Debt payable to the Commission — current portion | 68,479 | 102,479 |
| Leases payable — current portion | 17,657 | 234,063 |
| Total current liabilities | 7,900,052 | 7,986,336 |
| NONCURRENT LIABILITIES: | | |
| Other post employment benefits liability | 3,754,484 | 3,624,511 |
| Net pension liability | 645,185 | 463,976 |
| Debt payable to the Commission, net of current portion | 282,283 | 350,762 |
| Leases payable, net of current portion | 111,447 | 129,104 |
| Total noncurrent liabilities | 4,793,399 | 4,568,353 |
| DEFERRED INFLOWS OF RESOURCES: | | |
| Net difference between projected and actual earnings on pension plan investments | - | 19,451 |
| Differences between expected and actual experience | 3,768 | 3,991 |
| Changes in proportion and differences in pension contributions | 43,398 | 58,312 |
| Total deferred inflows of resources | 47,166 | 81,754 |
| NET POSITION: | | |
| Net investment in capital assets | 35,128,016 | 36,914,833 |
| Restricted for—nonexpendable | 50,000 | 50,000 |
| Unrestricted deficit | (2,567,046) | (3,260,664) |
| Total net position | 32,610,970 | 33,704,169 |
| TOTAL | $ 45,351,587 | $ 46,340,612 |

The Accompanying Notes Are An Integral
Part Of These Financial Statements

# BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE
## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
## YEARS ENDED JUNE 30, 2017 AND 2016

| | 2017 | 2016 |
|---|---|---|
| OPERATING REVENUES: | | |
| Student tuition and fees — net of scholarship allowances of $2,421,059 and $2,426,573 in 2017 and 2016, respectively | $ 4,406,721 | $ 3,843,269 |
| Federal grants and contracts | 2,796,771 | 3,795,238 |
| State grants and contracts | 2,314,007 | 2,614,291 |
| Nongovernmental grants and contracts | 1,032,961 | 1,019,336 |
| Sales and services of educational departments | 126,892 | 65,872 |
| Auxiliary enterprises — net of scholarship allowances of $100,877 and $101,107 in 2017 and 2016, respectively | 585,541 | 567,923 |
| Other operating revenues | 79,073 | 86,526 |
| Total operating revenues | 11,341,966 | 11,992,455 |
| OPERATING EXPENSES: | | |
| Salaries and wages | 10,180,012 | 10,442,648 |
| Benefits | 2,751,463 | 2,796,310 |
| Scholarships and fellowships | 2,032,517 | 2,298,580 |
| Utilities | 229,146 | 173,051 |
| Supplies and other services | 6,025,041 | 6,988,406 |
| Depreciation | 2,422,329 | 2,451,019 |
| Assessments by the Commission for operations | 87,503 | 82,586 |
| Net service agreement expense to WVU/WVSU | 258,768 | 324,104 |
| Total operating expenses | 23,986,779 | 25,556,704 |
| OPERATING LOSS | (12,644,813) | (13,564,249) |
| NONOPERATING REVENUES (EXPENSES): | | |
| State appropriations | 7,350,906 | 7,411,115 |
| Federal Pell grants | 3,732,420 | 4,020,913 |
| Investment income | 55,297 | 19,402 |
| Fees assessed by the Commission | (3,598) | (13,388) |
| Interest on capital asset-related debt | (12,574) | (19,978) |
| Net nonoperating revenues | 11,122,451 | 11,418,064 |
| DECREASE IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES | (1,522,362) | (2,146,185) |
| CAPITAL GRANTS AND GIFTS | 230,721 | 1,107,241 |
| BOND PROCEEDS | 89,357 | 5,700 |
| PAYMENTS MADE AND EXPENSES INCURRED ON BEHALF OF THE COLLEGE - STATE OF WV | 109,085 | 74,624 |
| (DECREASE) INCREASE IN NET POSITION | (1,093,199) | (958,620) |
| NET POSITION - Beginning of year | 33,704,169 | 34,662,789 |
| NET POSITION - End of year | $ 32,610,970 | $ 33,704,169 |

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE**
**STATEMENTS OF CASH FLOWS**
**YEARS ENDED JUNE 30, 2017 AND 2016**

| | 2017 | 2016 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Student tuition and fees | $ 4,319,115 | $ 3,920,621 |
| Grants and contracts | 5,427,789 | 6,887,853 |
| Payments to and on behalf of employees | (12,632,820) | (12,952,129) |
| Payments to suppliers | (5,020,989) | (6,387,867) |
| Payments to utilities | (223,455) | (177,925) |
| Payments for scholarships and fellowships | (2,006,357) | (2,297,970) |
| Auxiliary enterprise charges | 585,541 | 567,923 |
| Sales and service of educational departments | 126,892 | 67,072 |
| Payments of operating expenses to WVU | (267,452) | (324,104) |
| Fees retained by the Commission | (87,503) | (82,586) |
| Other payments | 79,073 | 86,526 |
| Net cash used in operating activities | (9,700,166) | (10,692,586) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | |
| State appropriations | 7,350,906 | 7,411,115 |
| Federal Pell grants | 3,732,420 | 4,020,913 |
| Federal student loan program — direct lending receipts | 3,354,198 | 3,092,186 |
| Federal student loan program — direct lending payments | (3,354,198) | (3,092,186) |
| Fees assessed by the Commission | (3,598) | (13,388) |
| Net cash provided by noncapital financing activities | 11,079,728 | 11,418,640 |
| CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES: | | |
| Payments on Commission debt | (95,479) | (136,479) |
| Capital gifts and grants received | 230,721 | 1,107,241 |
| Bond Proceeds | 33,725 | 5,700 |
| Purchases of capital assets | (298,970) | (1,122,087) |
| Payments on notes payable to WVU | - | (40,000) |
| Payments on leases payable | (234,062) | (227,846) |
| Interest paid on capital debt and leases | (10,448) | (15,790) |
| Net cash used in capital financing activities | (374,513) | (429,261) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Investment income | 51,475 | 16,822 |
| Net cash provided by investing activities | 51,475 | 16,822 |
| INCREASE IN CASH AND CASH EQUIVALENTS | 1,056,524 | 313,615 |
| CASH AND CASH EQUIVALENTS - Beginning of year | 7,286,707 | 6,973,092 |
| CASH AND CASH EQUIVALENTS - End of year | $ 8,343,231 | $ 7,286,707 |
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES: | | |
| Operating loss | $ (12,644,813) | $ (13,564,249) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation expense | 2,422,329 | 2,451,019 |
| Pension expense - special funding situation | 109,085 | 74,624 |
| Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources: | | |
| Accounts receivable — net | 11,265 | 102,514 |
| Due from the Council/Commission | 41,385 | 56,659 |
| Other receivables | 20,640 | (2,521) |
| Other assets | 16,920 | 16,920 |
| Deferred outflows of resources | (110,693) | (43,349) |
| Accounts payable | 1,216,437 | 601,429 |
| Accrued liabilities | 49,395 | 94,312 |
| Unearned revenue | (847,038) | (680,953) |
| Service agreement payable to WVU | (8,684) | - |
| Due to State Agencies | (372) | (2,926) |
| Due to the Council/Commission | (205,393) | 33,299 |
| Other postemployment benefits liability | 129,973 | 252,828 |
| Net pension liability | 181,209 | 25,692 |
| Compensated absences | (47,223) | (83,644) |
| Deferred inflows of resources | (34,588) | (24,240) |
| Net cash used in operating activities | $ (9,700,166) | $ (10,692,586) |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION: | | |
| Cash and cash equivalents classified as current | $ 8,293,231 | $ 7,236,707 |
| Cash and cash equivalents classified as noncurrent | 50,000 | 50,000 |
| | $ 8,343,231 | $ 7,286,707 |

**BRIDGEVALLEY COMMUNITY & TECHNICAL COLLEGE FOUNDATION, INC.**



**STATEMENTS OF FINANCIAL POSITION**

## ASSETS

| | JUNE 30, 2017 | 2016 |
|---|---|---|
| **CURRENT ASSETS:** | | |
| Cash and Cash Equivalents | $ 893,279 | $ 967,280 |
| Investments | 318,700 | 227,555 |
| Pledges Receivable | 212,439 | 4,133 |
| Accounts Receivable | - | 1,405 |
| Total Current Assets | $ 1,424,418 | $ 1,200,373 |
| **LONG TERM ASSETS:** | | |
| Pledges Receivable | $ 195,028 | $ 395,028 |
| Investments | 732,844 | 732,844 |
| Total Long Term Assets | $ 927,872 | $ 1,127,872 |
| **TOTAL ASSETS** | **$ 2,352,290** | **$ 2,328,245** |

## LIABILITIES AND NET ASSETS

| | 2017 | 2016 |
|---|---|---|
| **CURRENT LIABILITIES:** | | |
| Accounts Payable | $ 23,853 | $ 63,651 |
| Amounts Held on Behalf of Others | 2,217 | 2,217 |
| Total Current Liabilities | $ 26,070 | $ 65,868 |
| **NET ASSETS:** | | |
| Unrestricted Net Assets | $ (20,237) | $ (48,268) |
| Temporarily Restricted Net Assets | 1,613,613 | 1,577,801 |
| Permanently Restricted Net Assets | 732,844 | 732,844 |
| Total Net Assets | $ 2,326,220 | $ 2,262,377 |
| **TOTAL LIABILITIES AND NET ASSETS** | **$ 2,352,290** | **$ 2,328,245** |

The accompanying Notes to Financial Statements are an integral part of these statements.

**BRIDGEVALLEY COMMUNITY & TECHNICAL COLLEGE FOUNDATION, INC.**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED JUNE 30, 2017**

| | Unrestricted Net Assets | Temporarily Restricted Net Assets | Permanently Restricted Net Assets | Total |
|---|---|---|---|---|
| **REVENUES, GAINS, LOSSES AND OTHER SUPPORT:** | | | | |
| Contributions - In-kind | $ 25,347 | $ - | $ - | $ 25,347 |
| Contributions | 3,582 | 59,996 | - | 63,578 |
| Investment Income | 53,766 | 37,379 | - | 91,145 |
| Administrative Fee Income | 437 | - | - | 437 |
| Special Events, Less Direct Expenses of $38,346 | (17,471) | - | - | (17,471) |
| Miscellaneous Revenue | 6,722 | - | - | 6,722 |
| Net Assets Released from Restrictions: | | | | |
| Purpose Restrictions Accomplished | 61,563 | (61,563) | - | - |
| Total Revenues, Gains, Losses and Other Support | $ 133,946 | $ 35,812 | $ - | $ 169,758 |
| **EXPENSES:** | | | | |
| Program Services - College and Student Support | $ 61,275 | $ - | $ - | $ 61,275 |
| Supporting Services: | | | | |
| Management and General | 44,640 | - | - | 44,640 |
| Total Expenses | $ 105,915 | $ - | $ - | $ 105,915 |
| **CHANGES IN NET ASSETS** | **$ 28,031** | **$ 35,812** | **$ -** | **$ 63,843** |
| **NET ASSETS, JULY 1** | **(48,268)** | **1,577,801** | **732,844** | **2,262,377** |
| **NET ASSETS, JUNE 30** | **$ (20,237)** | **$ 1,613,613** | **$ 732,844** | **$ 2,326,220** |

**BRIDGEVALLEY COMMUNITY & TECHNICAL COLLEGE FOUNDATION, INC.**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED JUNE 30, 2016**

| | Unrestricted Net Assets | Temporarily Restricted Net Assets | Permanently Restricted Net Assets | Total |
|---|---|---|---|---|
| **REVENUES, GAINS, LOSSES AND OTHER SUPPORT:** | | | | |
| Contributions - In-kind | $ 102,077 | $ - | $ - | $ 102,077 |
| Contributions | 4,888 | 90,366 | 700,000 | 795,254 |
| Investment Income | 2,196 | 2,881 | - | 5,077 |
| Administrative Fee Income | 9,612 | - | - | 9,612 |
| Special Events, Less Direct Expenses of $41,777 | (11,802) | - | - | (11,802) |
| Miscellaneous Revenue | 440 | - | - | 440 |
| Net Assets Released from Restrictions | | | | |
| Purpose Restrictions Accomplished | 78,765 | (78,765) | - | - |
| Total Revenues, Gains, Losses and Other Support | $ 186,176 | $ 14,482 | $ 700,000 | $ 900,658 |
| **EXPENSES:** | | | | |
| Program Services - College and Student Support | $ 146,540 | $ - | $ - | $ 146,540 |
| Supporting Services | | | | |
| Management and General | 40,190 | - | - | 40,190 |
| Fundraising | 67,343 | - | - | 67,343 |
| Total Expenses | $ 254,073 | $ - | $ - | $ 254,073 |
| **CHANGES IN NET ASSETS** | **$ (67,897)** | **$ 14,482** | **$ 700,000** | **$ 646,585** |
| **NET ASSETS, JULY 1** | **19,629** | **1,563,319** | **32,844** | **1,615,792** |
| **NET ASSETS, JUNE 30** | **$ (48,268)** | **$ 1,577,801** | **$ 732,844** | **$ 2,262,377** |

The accompanying Notes to Financial Statements are an integral part of these statements

## NOTE 1 - ORGANIZATION

BridgeValley Community and Technical College (BridgeValley or the College) is governed by BridgeValley Community and Technical College Board of Governors (the Board). The Board was established by Senate Bill 438, effective June 30, 2014, which approved the consolidation of the previous Bridgemont and Kanawha Valley Community and Technical Colleges. The previous Boards for each college were established by House Bill 3215 (H.B. 3215), effective July 1, 2008, which clarified and redefined relationships between and among certain higher education boards and institutions.

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

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

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

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.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The accompanying financial statements present all funds under the authority of BridgeValley. The basic criterion for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from BridgeValley's ability to significantly influence operations and accountability for fiscal matters of related entities.

The audited financial statements of the Foundation are presented here as a discrete component unit with the College financial statements in accordance with GASB. The Foundation is a private non-profit 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 Foundation's audited financial information as it is presented herein (see also Notes 13 and 15).

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

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

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

The West Virginia Legislature, as a regulatory body outside the reporting entity, has restricted the use of certain funds by Article 10, *Fees and Other Money Collected at State Institutions of Higher Education* of the West Virginia State Code. House Bill 101, passed in March 2004, simplified the tuition and fees restrictions to auxiliaries and capital items. These activities are fundamental to the normal ongoing operations of BridgeValley. These restrictions are subject to change by future actions of the West Virginia Legislature. At June 30, 2017 and 2016, BridgeValley had no restricted balances remaining in these funds.

*Restricted net position, nonexpendable* - This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

**Capital Assets -** Capital assets include property, plant, and equipment. Capital assets are stated at cost at the date of acquisition or construction, or fair market value at the date of donation in the case of gifts. The capital assets transferred in 2016 were recorded at net book value. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and land improvements, and 3 to 15 years for furniture and equipment. BridgeValley's capitalization threshold is $5,000.

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

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

GASB requires entities to accrue for employees' rights to receive compensation for vacation leave or payments in lieu of accrued vacation or sick leave as such benefits are earned and payment becomes probable. The 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 combined statements of revenues, expenses, and changes in net position.

**Net Pension Liability -** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Teachers' Retirement System (STRS), administered by the West Virginia Consolidated Public Retirement Board (CPRB), and additions to/reductions from the STRS fiduciary net position have been determined on the same basis as they are reported in the STRS financial statements, which can be found at https://www.wvretirement.com/Publications.html# CAFR. The plan schedules of STRS are prepared using the accrual basis of accounting and economic resources measurement focus in accordance with U.S. GAAP as prescribed by GASB. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Investments are reported at fair value. Detailed information on investment valuation can be found in the STRS financial statements. Management of STRS has made certain estimates and assumptions relating to employer allocation schedules, and actual results could differ. (See Note 11.)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

**Classification of Revenues -** BridgeValley has classified its revenues according to the following criteria:

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

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**Federal Financial Assistance Programs -** In fiscal year 2010, Bridgemont and Kanawha Valley Community and Technical Colleges switched to the William D. Ford Direct Loan program for making loans to students from the Federal Stafford Loan Program provided to students. Under the William D. Ford Direct Loan program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through colleges. Direct Loan student receivables are not included in BridgeValley's statement of net position, as the loans are repayable directly to the U.S. Department of Education. BridgeValley received and disbursed approximately $3.3 million and $3.1 million, respectively, during fiscal years 2017 and 2016 under the Direct Loan Program on behalf of the U.S. Department of Education. These amounts are not included as revenues and expenses on the statement of revenues, expenses, and changes in net position.

BridgeValley also distributes student financial assistance funds on behalf of the federal government to students under the federal Pell Grant, Supplemental Educational Opportunity Grant, Academic Competitive Grant, and College Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2017 and 2016, BridgeValley received and disbursed approximately $3.9 million and $4.2 million, respectively, under these federal student aid programs.

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

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

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

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Income Taxes -** BridgeValley is exempt from income taxes, except for unrelated business income, as a nonprofit organization under federal income tax laws and regulations of the Internal Revenue Service (IRS).

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

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

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

**Newly Adopted Statements Issued by the Governmental Accounting Standards Board -** The College implemented 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 adoption of GASB Statement No. 80 had no impact on the June 30, 2017 financial statements.

The College implemented 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 adoption of GASB Statement No. 81 had no impact on the June 30, 2017 financial statements.

The College implemented Statement No. 86, *Certain Debt Extinguishment Issues*, effective for fiscal years beginning after June 15, 2017. The requirements of this Statement will increase consistency in accounting and financial reporting for debt extinguishments by establishing uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irrevocable trust for the purpose of extinguishing that debt were acquired. The requirements of this Statement also will enhance consistency in financial reporting of prepaid insurance related to debt that has been extinguished. In addition, this Statement will enhance the decision-usefulness of information in notes to financial statements regarding debt that has been defeased in substance. The adoption of GASB Statement No. 86 had no impact on the June 30, 2017 financial statements.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Recent Statements Issued by the Governmental Accounting Standards Board -** The Governmental Accounting Standards Board has 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. 83, *Certain Asset Retirement Obligations*, effective for fiscal years beginning after June 15, 2018. The requirements of this Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain asset retirement obligations (AROs), including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. The College has not yet determined the effect that the adoption of GASB Statement No. 83 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 84, *Fiduciary Activities*, effective for fiscal years beginning after December 15, 2018. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The College has not yet determined the effect that the adoption of GASB Statement No. 84 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 85, *Omnibus 2017*, effective for fiscal years beginning after June 15, 2017. The requirements of this Statement will enhance consistency in the application of accounting and financial reporting requirements. Consistent reporting will improve the usefulness of information for users of state and local government financial statements. The College has not yet determined the effect that the adoption of GASB Statement No. 85 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. The requirements of this Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The College has not yet determined the effect that the adoption of GASB Statement No. 87 may have on its financial statements.

## NOTE 3 - CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents at June 30, 2017 and 2016, is as follows:

| | 2017 | | |
|---|---|---|---|
| | Current | Noncurrent | Total |
| Cash on deposit with the Treasurer/BTI | | | |
| Nonauxiliaries | $ 7,860,360 | $ 50,000 | $ 7,910,360 |
| Auxiliaries | 204,481 | - | 204,481 |
| Cash on hand | 600 | - | 600 |
| Cash in bank | 227,790 | - | 227,790 |
| | $ 8,293,231 | $ 50,000 | $ 8,343,231 |

| | 2016 | | |
|---|---|---|---|
| | Current | Noncurrent | Total |
| Cash on deposit with the Treasurer/BTI | | | |
| Nonauxiliaries | $ 6,889,867 | $ 50,000 | $ 6,939,867 |
| Auxiliaries | 162,809 | - | 162,809 |
| Cash on hand | 600 | - | 600 |
| Cash in bank | 183,431 | - | 183,431 |
| | $ 7,236,707 | $ 50,000 | $ 7,286,707 |

These bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by securities held as collateral by the bank in the name of the State. Cash held by the Treasurer includes $50,000 and $50,000 of restricted cash at June 30, 2017 and 2016, respectively.

The combined carrying amount of cash in the bank at June 30, 2017 and 2016, was $227,790 and $183,431, respectively, as compared with the combined bank balance of $225,503 and $225,779 for the years ended June 30, 2017 and 2016. 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 were $8,114,841 and $7,102,676 as of June 30, 2017 and 2016, respectively. Of these amounts $7,567,832 and $6,792,801 were invested in the WV Money Market Pool and the WV Short Term Bond Pool as of June 30, 2017 and 2016, respectively. The remainder of the cash held with the State Treasurer was not invested at June 30, 2017 and 2016.

**NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)**

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

| | 2017 | | 2016 | |
|---|---|---|---|---|
| External Pool | Carrying Value | S & P Rating | Carrying Value | S & P Rating |
| WV Money Market Pool | $ 7,397,556 | AAAm | $ 6,636,307 | AAAm |
| WV Short Term Bond Pool | $ 170,276 | Not Rated | $ 156,494 | 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:

| | 2017 | | 2016 | |
|---|---|---|---|---|
| External Pool | Carrying Value | WAM (Days) | Carrying Value | WAM (Days) |
| WV Money Market Pool | $ 7,397,556 | 36 | $ 6,636,307 | 49 |

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

| | 2017 | | 2016 | |
|---|---|---|---|---|
| External Pool | Carrying Value | Effective Duration (Days) | Carrying Value | Effective Duration (Days) |
| WV Short Term Bond Pool | $ 170,276 | 426 | $ 156,494 | 462 |

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

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

## NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

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

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

## NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017 and 2016, are as follows:

| | 2017 | 2016 |
|---|---|---|
| Student tuition and fees, net of allowances for doubtful accounts of $349,823 and $316,037 in 2017 and 2016, respectively | $ 213,009 | $ 93,564 |
| Grants and contracts receivable | 367,368 | 428,394 |
| Due from third party for payment of tuition & fees | 74,051 | 147,469 |
| Other | - | 1,412 |
| Due from other State Agencies | 47,841 | 42,626 |
| | $ 702,269 | $ 713,465 |

## NOTE 5 - CAPITAL ASSETS

The following, as of June 30, 2017 and 2016, is a summary of capital assets transactions for BridgeValley:

| | 2017 | | | |
|---|---|---|---|---|
| | Beginning Balance | Additions | Reductions | Ending Balance |
| Capital assets not being depreciated: | | | | |
| Land | $ 470,273 | $ - | $ - | $ 470,273 |
| Construction in progress | - | - | - | - |
| Total capital assets not being depreciated | $ 470,273 | $ - | $ - | $ 470,273 |
| Other capital assets: | | | | |
| Buildings | $ 25,402,350 | $ 48,049 | $ - | $ 25,450,399 |
| Leasehold improvements | 13,812,159 | - | - | 13,812,159 |
| Equipment | 8,913,190 | 250,921 | - | 9,164,111 |
| Total other capital assets | 48,127,699 | 298,970 | - | 48,426,669 |
| Less accumulated depreciation for: | | | | |
| Buildings | (4,421,708) | (754,863) | - | (5,176,571) |
| Leasehold improvements | (2,602,997) | (690,608) | - | (3,293,605) |
| Equipment | (3,842,026) | (976,858) | - | (4,818,884) |
| Total accumulated depreciation | (10,866,731) | (2,422,329) | - | (13,289,060) |
| Other capital assets – net | $ 37,260,968 | $ (2,123,359) | $ - | $ 35,137,609 |
| Capital asset summary: | | | | |
| Capital assets not being depreciated | $ 470,273 | $ - | $ - | $ 470,273 |
| Other capital assets | 48,127,699 | 298,970 | - | 48,426,669 |
| Total cost of capital assets | 48,597,972 | 298,970 | - | 48,896,942 |
| Less accumulated depreciation | (10,866,731) | (2,422,329) | - | (13,289,060) |
| Capital assets, net | $ 37,731,241 | $ (2,123,359) | $ - | $ 35,607,882 |

## NOTE 5 - CAPITAL ASSETS (Continued)

| | 2016 | | | |
|---|---|---|---|---|
| | Beginning Balance | Additions | Reductions | Ending Balance |
| Capital assets not being depreciated: | | | | |
| Land | $ 470,273 | $ - | $ - | $ 470,273 |
| Construction in progress | 100,000 | - | (100,000) | - |
| Total capital assets not being depreciated | $ 570,273 | $ - | $ (100,000) | $ 470,273 |
| Other capital assets: | | | | |
| Buildings | $ 25,402,350 | $ - | $ - | $ 25,402,350 |
| Leasehold improvements | 13,812,159 | - | - | 13,812,159 |
| Equipment | 7,691,103 | 1,222,087 | - | 8,913,190 |
| Total other capital assets | 46,905,612 | 1,222,087 | - | 48,127,699 |
| Less accumulated depreciation for: | | | | |
| Buildings | (3,668,446) | (753,262) | - | (4,421,708) |
| Leasehold improvements | (1,912,389) | (690,608) | - | (2,602,997) |
| Equipment | (2,834,877) | (1,007,149) | - | (3,842,026) |
| Total accumulated depreciation | (8,415,712) | (2,451,019) | - | (10,866,731) |
| Other capital assets – net | $ 38,489,900 | $ (1,228,932) | $ - | $ 37,260,968 |
| Capital asset summary: | | | | |
| Capital assets not being depreciated | $ 570,273 | $ - | $ (100,000) | $ 470,273 |
| Other capital assets | 46,905,612 | 1,222,087 | - | 48,127,699 |
| Total cost of capital assets | 47,475,885 | 1,222,087 | (100,000) | 48,597,972 |
| Less accumulated depreciation | (8,415,712) | (2,451,019) | - | (10,866,731) |
| Capital assets, net | $ 39,060,173 | $ (1,228,932) | $ (100,000) | $ 37,731,241 |

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

There was no capitalized interest for fiscal year 2017 or 2016.

## NOTE 6 - LONG-TERM LIABILITIES

A summary of long-term obligation transactions for BridgeValley for the years ended June 30, 2017 and 2016, is as follows:

| | 2017 | | | | |
|---|---|---|---|---|---|
| | Beginning Balance | Additions | Reductions | Ending Balance | Current Portion |
| Compensated absences | $ 457,448 | $ - | $ (47,223) | $ 410,225 | $ 410,225 |
| Other postemployment benefits liability | 3,624,511 | 436,703 | (306,730) | 3,754,484 | - |
| Debt payable to the Commission | 453,241 | - | (102,479) | 350,762 | 68,479 |
| Net pension liability | 463,976 | 251,304 | (70,095) | 645,185 | - |
| Leases payable | 363,167 | - | (234,063) | 129,104 | 17,657 |
| Total long-term liabilities | $ 5,362,343 | $ 688,007 | $ (760,590) | $ 5,289,760 | $ 496,361 |

| | 2016 | | | | |
|---|---|---|---|---|---|
| | Beginning Balance | Additions | Reductions | Ending Balance | Current Portion |
| Compensated absences | $ 541,092 | $ - | $ (83,644) | $ 457,448 | $ 457,448 |
| Other postemployment benefits liability | 3,371,683 | 583,015 | (330,187) | 3,624,511 | - |
| Debt payable to the Commission | 589,720 | - | (136,479) | 453,241 | 102,479 |
| Net pension liability | 438,284 | 92,746 | (67,054) | 463,976 | - |
| Leases payable | 591,012 | - | (227,845) | 363,167 | 234,063 |
| Notes payable | 40,000 | - | (40,000) | - | - |
| Total long-term liabilities | $ 5,571,791 | $ 675,761 | $ (885,209) | $ 5,362,343 | $ 793,990 |

## NOTE 7 - OTHER POST EMPLOYMENT BENEFITS LIABILITY

In accordance with GASB, OPEB costs are accrued based upon invoices received from PEIA based upon actuarial determined amounts. At June 30, 2017, 2016, and 2015, the noncurrent liability related to OPEB was $3,754,484, $3,624,511, and $3,371,683, respectively. The total OPEB expense incurred and the amount of OPEB expense that relates to retirees was $436,703 and $37,705, respectively, during 2017, or 9%. The total of OPEB expense incurred and the amount of OPEB expense that relates to retirees was $583,015 and $36,035, respectively, during 2016, or 6%. The total of OPEB expense incurred and the amount of OPEB expense that relates to retirees was $536,054 and $43,191, respectively, during 2015, or 8%. As of the years ended June 30, 2017, 2016, and 2015, there were nineteen, seventeen, and nineteen retirees, respectively, receiving these benefits. During the 2014 legislative session, the State took proactive measures to address this unfunded liability, which will take effect in future fiscal years and fully fund the liability by 2037.

## NOTE 8 - LEASES PAYABLE

**Operating** - BridgeValley has entered into various operating lease agreements. Future annual minimum lease payments for years subsequent to June 30, 2017 are $15.

## NOTE 8 - LEASES PAYABLE (Continued)

Total rent expense for these operating leases for the years ended June 30, 2017 and 2016, was approximately $16,920 and $16,920, respectively. BridgeValley does not have any non-cancelable leases. Payments for 2017 through 2031 are $1 per year. Due to the long-term implications of this lease (25 years) and the fact that the last 19 years are at $1 annually, BridgeValley reports an amortized amount of lease payments for 2016 and subsequent years of $16,920 annually and reflects the difference between cash payouts and accrued expenses against prepaid expenses over the life of the lease.

**Capital -** BridgeValley leases certain property, plant, and equipment through capital leases. The net book value of assets obtained through capital leases was $329,278 and $459,774 for June 30, 2017 and 2016, respectively. Future annual minimum lease payments on capital assets are as follows:

| **Years Ending June 30,** | |
|---|---|
| 2018 | $ 22,546 |
| 2019 | 21,788 |
| 2020 | 21,788 |
| 2021 | 21,788 |
| 2022 | 21,788 |
| Thereafter | 38,132 |
| Future minimum lease payments | 147,830 |
| Less interest | (18,726) |
| Total | 129,104 |
| Current portion | (17,657) |
| Long-term portion | $ 111,447 |

## NOTE 9 - STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

BridgeValley is a State institution of higher education. It receives a State appropriation in partial support of its operations. In addition, BridgeValley is subject to the legislative and administrative mandates of State government. Those mandates affect all aspects of BridgeValley's operations, its tuition and fee structure, its personnel policies, and its administrative practices.

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

**NOTE 9 - STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS (Continued)**

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

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

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

**NOTE 10 - UNRESTRICTED NET POSITION (DEFICIT)**

| | 2017 | 2016 |
|---|---|---|
| Total unrestricted net position before OPEB liability and net pension liability | $ 1,665,274 | $ 805,749 |
| Less: OPEB liability | 3,754,484 | 3,624,511 |
| Less: Net pension liability | 645,185 | 463,976 |
| Less: Deferred inflows of resources - pension | 47,166 | 81,754 |
| Add: Deferred outflows of resources - pension | 214,515 | 103,828 |
| Total unrestricted deficit | $ (2,567,046) | $ (3,260,664) |

## NOTE 11 - RETIREMENT PLANS

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

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

### DEFINED BENEFIT PENSION PLAN

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

As related to the implementation of GASB 68, following is BridgeValley's pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, revenues, and the pension expense and expenditures for the fiscal years ended June 30, 2017 and 2016:

| STRS | 2017 | 2016 |
|---|---|---|
| Net pension liability | 645,185 | $463,976 |
| Deferred outflows of resources | 214,515 | 103,828 |
| Deferred inflows of resources | 47,166 | 81,754 |
| Revenues | 109,085 | 74,624 |
| Pension expense | 177,171 | 98,365 |
| Contributions made by BridgeValley | 22,918 | 60,861 |

***Plan Description***

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

**NOTE 11 - RETIREMENT PLANS (Continued)**

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

***Benefits Provided***

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

***Contributions***

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

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

**Employer Contributions**: Employers make the following contributions:

The State (including institutions of higher education) contributes:

- 15% of gross salary of their State-employed members hired prior to July 1, 1991;
- 15% of School Aid Formula (SAF) covered payroll of county-employed members for entities other than institutions of higher education;
- 7.5% of SAF-covered payroll of members of the Teachers' Defined Contributions Retirement System for entities other than institutions of higher education;
- a certain percentage of fire insurance premiums paid by State residents; and
- under WV State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the STRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2017 and 2016, BridgeValley's proportionate share attributable to this special funding subsidy was $109,085 and $74,624.

**NOTE 11 - RETIREMENT PLANS (Continued)**

BridgeValley's contributions to STRS for the years ended June 30, 2017, 2016, and 2015, were approximately $22,918, $60,861, and $60,500, respectively.

***Assumptions***

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2015 and 2014 and rolled forward to June 30, 2016 and 2015, respectively. 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 3.00–6.00% and non-teachers 3.00–6.50%, based on age.
- Inflation rate: 3.0%.
- Discount rate: 7.5%.
- Mortality rates based on RP-2000 Mortality Tables.
- Withdrawal rates: Teachers 1.2-35% and non-teachers 1.4-24.75%.
- Disability rates: 0-0.704%.
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Retirement rates: 0-100%.
- Ad hoc cost-of-living increases in pensions are periodically granted by the Legislature. However, the retirement system makes no automatic provision for such increases.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2010 to June 30, 2015. These assumptions will remain in effect for valuation purposes until such time as the CPRB adopts revised assumptions.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term arithmetic real rates of return for each major asset class included in STRS' target asset allocation as of June 30, 2016, are summarized below.

**NOTE 11 - RETIREMENT PLANS (Continued)**

| Asset Class | Long-term Expected Real 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 | 7.0% | 10.0% |
| Private equity | 9.4% | 10.0% |
| Hedge funds | 4.7% | 10.0% |

**Discount rate**. The discount rate used to measure the total STRS pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that State contributions will continue to follow the current funding policy. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on STRS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the net pension liability to changes in the discount rate**. The following presents BridgeValley's proportionate share of the STRS net pension liability as of June 30, 2017 calculated using the discount rate of 7.50%, as well as what BridgeValley's STRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate.

| | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|---|---|---|---|
| Net pension liability | $ 816,236 | $ 645,185 | $ 499,011 |

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

The June 30, 2017 STRS net pension liability was measured as of June 30, 2016, and the total pension liability was determined by an actuarial valuation as of June 30, 2015, rolled forward to the measurement date of June 30, 2016. The June 30, 2016 STRS net pension liability was measured as of June 30, 2015, and the total pension liability was determined by an actuarial valuation as of June 30, 2013, rolled forward to the measurement date of June 30, 2015.

At June 30, 2017, BridgeValley's proportionate share of the STRS net pension liability was $1,874,091. Of this amount, BridgeValley recognized approximately $645,185 as its proportionate share on the statement of net position. The remainder of $1,228,906 denotes BridgeValley's proportionate share of net pension liability attributable to the special funding.

**NOTE 11 - RETIREMENT PLANS (Continued)**

At June 30, 2016, BridgeValley's proportionate share of the STRS net pension liability was $1,515,598. Of this amount, BridgeValley recognized approximately $463,976 as its proportionate share on the statement of net position. The remainder of $1,051,622 denotes BridgeValley'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 STRS for each of the fiscal years ended June 30, 2016 and 2015. Employer contributions are recognized when due. At June 30, 2016, BridgeValley's proportion was 0.015699%, an increase of 0.002399% from its proportion of 0.013300% calculated as of June 30, 2015.

For the year ended June 30, 2017, BridgeValley recognized STRS pension expense of $177,171. Of this amount, $68,086 was recognized as BridgeValley's proportionate share of the STRS expense and $109,085 as the amount of pension expense attributable to special funding from a non-employer contributing entity. BridgeValley also recognized revenue of $109,085 for support provided by the State.

For the year ended June 30, 2016, BridgeValley recognized STRS pension expense of $98,365. Of this amount, $23,741 was recognized as BridgeValley's proportionate share of the STRS expense and $74,624 as the amount of pension expense attributable to special funding from a non-employer contributing entity. BridgeValley also recognized revenue of $74,624 for support provided by the State.

At June 30, 2017 and 2016, deferred outflows of resources and deferred inflows of resources related to the STRS pension are as follows.

| June 30, 2017 | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Changes in proportion and difference between employer contributions and proportionate share of contributions | $ 107,075 | $ 43,398 |
| Changes in assumptions | 25,521 | - |
| Net difference between projected and actual investment earnings | 53,095 | - |
| Differences between expected and actual experience | 5,906 | 3,768 |
| Contributions after the measurement date | 22,918 | - |
| Total | $ 214,515 | $ 47,166 |

**NOTE 11 - RETIREMENT PLANS (Continued)**

| June 30, 2016 | Deferred Outflows of Resources | | Deferred Inflows of Resources | |
|---|---|---|---|---|
| Changes in proportion and difference between employer contributions and proportionate share of contributions | $ | 42,967 | $ | 58,312 |
| Net difference between projected and actual investment earnings | | - | | 19,451 |
| Differences between expected and actual experience | | - | | 3,991 |
| Contributions after the measurement date | | 60,861 | | - |
| Total | $ | 103,828 | $ | 81,754 |

BridgeValley will recognize the $22,918 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the STRS net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction in STRS pension expense as follows:

| Fiscal Year Ended June 30, | Amortization | |
|---|---|---|
| 2018 | $ | 22,718 |
| 2019 | | 22,718 |
| 2020 | | 37,205 |
| 2021 | | 40,812 |
| 2022 | | 20,978 |
| | $ | 144,431 |

***Payables to the Pension Plan***

BridgeValley did not report any amounts payable for normal contributions to the STRS as of June 30, 2017.

**DEFINED CONTRIBUTION BENEFIT PLANS**

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

Total contributions to the TIAA-CREF for the years ended June 30, 2017, 2016, and 2015 were approximately $1,049,100, $1,067,200, and $1,088,200, respectively, which consisted of approximately $524,550, $533,600, and $544,100, respectively, from BridgeValley and approximately $524,550, $533,600, and $544,100, respectively, from covered employees.

**NOTE 11 - RETIREMENT PLANS (Continued)**

Total contributions to Educators Money for the years ended June 30, 2017, 2016, and 2015 were approximately $9,900, $11,600, and $15,000, respectively, which consisted of approximately $4,950, $5,800, and $7,500, respectively, from BridgeValley and approximately $4,950, $5,800, and $7,500, respectively, from covered employees.

BridgeValley's total payroll for the years ended June 30, 2017, 2016, and 2015 was approximately $9 million, $9.4 million, and $9.6 million, respectively, and total covered employees' salaries in the TIAA-CREF, and Educators Money were approximately $8,742,200 and $82,600, respectively, for the year ended June 30, 2017, approximately $8,893,100 and $96,000, respectively, for the year ended June 30, 2016, and approximately $9,067,600 and $125,000, respectively, for the year ended June 30, 2015.

**NOTE 12 - AFFILIATED ORGANIZATIONS**

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

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

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

**NOTE 13 - BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE FOUNDATION, INCORPORATED**

BridgeValley Community and Technical College Foundation, Incorporated (Foundation) is a separate non-profit organization incorporated in the State of West Virginia as a tax exempt 501(c)(3) entity. During fiscal year 2015 Boards for both the Bridgemont and Kanawha Valley Community and Technical College Foundations approved the consolidation of the respective foundations into BridgeValley Community and Technical College Foundation, Inc. and amended the federal and state organizational documents for the change.

## NOTE 14 - CONTINGENCIES

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

BridgeValley is currently involved in a dispute over the facility use agreement with their lessor on the South Charleston Campus. Management has recorded an accrued liability for an amount consistent with historical facility use agreements and expects a final agreement to be reached in the near future.

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

BridgeValley owns various buildings that are known to contain asbestos. BridgeValley is not required by Federal, State, or Local Law to remove the asbestos from the buildings. BridgeValley is required by Federal Environmental, Health, and Safety Regulations to manage the presence of asbestos in the buildings in a safe condition. Significant problems of dangerous asbestos conditions are abated as the condition becomes known. BridgeValley also addresses the presence of asbestos as building renovation or demolition projects are undertaken and through asbestos operation and maintenance programs directed at containing, managing, or operating with the asbestos in a safe condition.

## NOTE 15 - COMPONENT UNIT DISCLOSURES

The following are the notes taken directly from the Foundation's financial statements starting on the following page:

## NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

***Mission:***

The BridgeValley Community & Technical College Foundation, Inc. is a private non-profit foundation whose mission is to promote the academic excellence, growth, progress, and general welfare of BridgeValley Community & Technical College by raising funds and providing support to strengthen and develop the College and its objectives.

***Basis of Presentation:***

The accompanying financial statements include only those accounts and transactions of BridgeValley Community & Technical College Foundation, Inc. (the Foundation). The accompanying statements have been prepared on the accrual basis of accounting.

***Classification of Net Assets:***

The Foundation has classified its net assets based on the existence or absence of donor-imposed restrictions. Below is a summary of those classifications:

**Unrestricted:** Assets that are not restricted by donors or for which restrictions have expired are unrestricted. In addition, contributions received with donor-imposed restrictions are reported as unrestricted provided the restrictions are met in the same reporting period. The Board may designate certain net assets for a particular use.

**Temporarily restricted:** Assets consisting of the remaining portion of donor-restricted endowment funds that are not classified as permanently restricted net assets. Use of these assets is limited by donor-imposed stipulations that either expire by the passage of time or by actions of the Foundation. When donor restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets and are reported as net assets released from restrictions.

**Permanently restricted:** Assets that are limited by donor stipulations that neither expire through the passage of time nor by actions of the Foundation. These assets represent the fair value of the original gift as of the date of the gift and the original value of subsequent gifts to donor-restricted endowment funds.

***Cash and Cash Equivalents:***

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

***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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

***Income Taxes:***

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Foundation has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2017 and 2016. Fiscal years on or after June 30, 2014 remain subject to examination by federal and state tax authorities.

Contributions made to the Foundation qualify for the charitable contribution deduction under Section 509(a)(1) and 170(b)(1)(A)(iv) of the Internal Revenue Code.

***Investments:***

Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value based upon quoted market prices. Investments donated to the Foundation are initially recorded at fair value on the date of the gift. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the change in unrestricted net assets unless the income or loss is restricted by the donor or law.

Investment income is recorded net of investment expenses. Realized gains or losses on investments are determined by comparison of specific cost of acquisition to proceeds at the time of disposal. Unrealized gains or losses are calculated by comparing cost to market values at the statement of financial position date.

***Risks and Uncertainties:***

The Foundation invests in mutual funds that, in general, 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 that such changes could materially affect the amounts reported in the statements of financial position.

***Concentrations:***

In the regular course of business, the Foundation maintains cash balances at a financial institution located in West Virginia which exceeds the federally insured amount. Accounts at the financial institution are insured to the limits established by the Federal Deposit Insurance Corporation. The Foundation has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk with respect to its cash and cash equivalents.

***Contributions:***

Contributions are recognized as revenue when they are received. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

***Amounts Held on Behalf of Others:***

Amounts held on behalf of others represent assets held by the Foundation as an agent for the BridgeValley Community & Technical College Alumni Association. These funds are custodial by nature and do not effect the results of operations.

***Promises to Give:***

Unconditional promises to give are recognized as revenue when the donor commits the gift. Conditional promises to give are recognized as revenue when the specified conditions are substantially met and the promises become unconditional. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, using a credit risk adjusted discount rate of return appropriate for the expected term of the promise to give. The discount rate for determining net present value was 1.01%. Amortization of the discounts is recorded as contribution revenue in accordance with donor restrictions on the contributions.

***Expense Allocation:***

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are charged to programs and supporting services on the basis of time and allocable expenses. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

***Endowment Investment and Spending Policies:***

The Foundation has adopted investment and spending policies that seek to provide a predictable stream of funding to programs while maintaining the purchasing power of the assets. The Foundation’s spending and investment policies function together to achieve this objective. Actual returns in any given year may vary from this amount.

The primary objective of the Foundation’s investment policy is to preserve the real (after inflation) value of its current and subsequently acquired assets. A second objective, subject only to the first, is to provide the maximum flow of funds for providing scholarships, operating expenses, and fees (including investment management fees). The flow of funds should be reasonably predictable and rise at least as rapidly as inflation.

To achieve its investment objectives over long periods of time, the Foundation has adopted an investment strategy that invests in high-yield long-term mutual funds.

Subject to the terms of any Endowment agreement, contract, donor request, grant, and/or West Virginia law, the amount that the Foundation makes available for grants and scholarships from each asset will be determined by the management of the Foundation.

## NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

***Contributed Services, Assets, and Space:***

Contributions of services are recognized if the services received create or enhance nonfinancial assets, or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet the above criteria are not recognized. Contributed services which are recognized are valued at the estimated cost that would have been incurred by the Foundation to purchase similar services. Donated goods are valued at the fair market value at the date of the donation.

***Administrative Fees:***

The Foundation charges an administrative fee to restricted funds and transfers this amount to unrestricted net assets to cover funds management, custody, and administration expenses. For the years ended June 30, 2017 and 2016, the Foundation charged administrative fees on endowed and non-endowed restricted funds of $437 and $9,612, respectively. The fee is set at 2% and is a one-time assessment applied to revenues in the month deposited.

## NOTE 2 - RELATED PARTY TRANSACTIONS:

During the years ended June 30, 2017 and 2016, the Foundation made transfers of funds to BridgeValley Community & Technical College, a related party. Those transfers related to the scholarships, academic programs and community outreach programs and totaled $77,248 and $146,540, respectively. The amounts payable to BridgeValley Community & Technical College at June 30, 2017 and 2016 were $23,853 and $27,065 , respectively.

## NOTE 3 - INVESTMENTS:

A summary of investments held by the Foundation as of June 30, 2017 and 2016 is as follows:

| | 2017 | | |
|---|---|---|---|
| | Fair Value | Cost | Net Unrealized Gain |
| Money Market Funds | $ 41,671 | $ 41,671 | $ - |
| Mutual Funds | 1,009,873 | 952,462 | 57,411 |
| | $ 1,051,544 | $ 994,133 | $ 57,411 |

| | 2016 | | |
|---|---|---|---|
| | Fair Value | Cost | Net Unrealized (Loss) |
| Money Market Funds | $ 42,027 | $ 42,027 | $ - |
| Mutual Funds | 918,372 | 925,543 | (7,171) |
| | $ 960,399 | $ 967,570 | $ (7,171) |

**BRIDGEVALLEY COMMUNITY & TECHNICAL COLLEGE FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017 AND 2016**

**NOTE 3 - INVESTMENTS: (Continued)**

Investments are presented as follows in the statements of financial position at June 30, :

| | 2017 | 2016 |
|---|---|---|
| Current assets (Unrestricted and Temporarily Restricted) | $ 318,700 | $ 227,555 |
| Long term assets (Permanently Restricted) | 732,844 | 732,844 |
| | $ 1,051,544 | $ 960,399 |

Investment income for the years ended June 30, is as follows:

| | 2017 | | |
|---|---|---|---|
| | Unrestricted Net Assets | Temporarily Restricted Net Assets | Total |
| Interest and Dividends | $ 16,324 | $ 11,343 | $ 27,667 |
| Net Realized and Unrealized Gain on Investments | 43,359 | 30,133 | 73,492 |
| Investment Fees | (5,917) | (4,097) | (10,014) |
| Investment Income | $ 53,766 | $ 37,379 | $ 91,145 |

| | 2016 | | |
|---|---|---|---|
| | Unrestricted Net Assets | Temporarily Restricted Net Assets | Total |
| Interest and Dividends | $ 23,929 | $ 13,148 | $ 37,077 |
| Net Realized and Unrealized (Loss) on Investments | (16,044) | (7,885) | (23,929) |
| Investment Fees | (5,689) | (2,382) | (8,071) |
| Investment Income | $ 2,196 | $ 2,881 | $ 5,077 |

**NOTE 4 - FAIR VALUE MEASUREMENTS:**

Professional standards contained in the Fair Value Measurements and Disclosures topic of the FASB Codification establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

**BRIDGEVALLEY COMMUNITY & TECHNICAL COLLEGE FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017 AND 2016**

**NOTE 4 - FAIR VALUE MEASUREMENTS: (Continued)**

The Foundation accounts for its investments at fair value and are recorded on the Statement of Financial Position based on the inputs to the valuation techniques as follows:

*Level 1* - Financial assets are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government securities that are traded by dealers or brokers in active over-the-counter markets.

*Level 2* - Financial assets are valued using inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active.

*Level 3* - Financial assets are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset.

Fair values of assets measured on a recurring basis at June 30, 2017 are as follows:

| | Fair Value | Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| Money Market Funds | $ 41,671 | $ 41,671 | $ - | $ - |
| Mutual Funds: | | | | |
| Small Cap Funds | 110,907 | 110,907 | - | - |
| Mid Cap Funds | 108,293 | 108,293 | - | - |
| Large Cap Funds | 477,704 | 477,704 | - | - |
| Fixed Income Funds | 256,224 | 256,224 | - | - |
| Multialternative Funds | 56,745 | 56,745 | - | - |
| Total | $ 1,051,544 | $ 1,051,544 | $ - | $ - |

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

| | Fair Value | Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| Money Market Funds | $ 42,027 | $ 42,027 | $ - | $ - |
| Mutual Funds: | | | | |
| Small Cap Funds | 57,384 | 57,384 | - | - |
| Mid Cap Funds | 114,832 | 114,832 | - | - |
| Large Cap Funds | 695,834 | 695,834 | - | - |
| Fixed Income Funds | 50,322 | 50,322 | - | - |
| Total | $ 960,399 | $ 960,399 | $ - | $ - |

The Foundation uses fair value measurements of certain assets and liabilities to record fair value adjustments and to determine fair value disclosures. For additional information, refer to Note 1.

**NOTE 5 - ENDOWMENTS BY NET ASSET CLASS:**

For the year ended June 30, 2017:

| | Temporarily Restricted Net Assets | Permanently Restricted Net Assets | Total |
|---|---|---|---|
| Donor-Advised Endowment Funds | $ 66,127 | $ 732,844 | $ 798,971 |

For the year ended June 30, 2016:

| | Temporarily Restricted Net Assets | Permanently Restricted Net Assets | Total |
|---|---|---|---|
| Donor-Advised Endowment Funds | $ 28,748 | $ 732,844 | $ 761,592 |

**NOTE 6 - ENDOWMENT FUNDS:**

The Foundation's endowment consists of several individual funds established for scholarships and are donor-restricted perpetual endowment funds. As required by generally accepted accounting principles 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 and the Foundation's interpretation of relevant law.

***Interpretation of Relevant Law:***

The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift of the donor-restricted endowment funds. 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.

Earnings from donor-restricted endowment funds are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

**BRIDGEVALLEY COMMUNITY & TECHNICAL COLLEGE FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017 AND 2016**

**NOTE 6 - ENDOWMENT FUNDS: (Continued)**

Changes in endowment net assets for the years ended June 30 are as follows:

| | 2017 | | |
|---|---|---|---|
| | Temporarily Restricted Net Assets | Permanently Restricted Net Assets | Total |
| Endowment Net Assets, Beginning of Year | $ 28,748 | $ 732,844 | $ 761,592 |
| Investment Income | 37,379 | - | 37,379 |
| Endowment Net Assets, End of Year | $ 66,127 | $ 732,844 | $ 798,971 |

| | 2016 | | |
|---|---|---|---|
| | Temporarily Restricted Net Assets | Permanently Restricted Net Assets | Total |
| Endowment Net Assets, Beginning of Year | $ 25,867 | $ 32,844 | $ 58,711 |
| Corporate Contribution | - | 700,000 | 700,000 |
| Investment Income | 2,881 | - | 2,881 |
| Endowment Net Assets, End of Year | $ 28,748 | $ 732,844 | $ 761,592 |

In addition to endowment net assets, the Foundation also manages other non-endowment funds. The following table summarizes all Foundation net assets as of June 30, :

| | 2017 | 2016 |
|---|---|---|
| Endowment Funds | $ 798,971 | $ 761,592 |
| Non-Endowment Funds | 1,527,249 | 1,500,785 |
| Total Net Assets | $ 2,326,220 | $ 2,262,377 |

***Funds with Deficiencies:***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the state UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were $0 and $728 as of June 30, 2017 and 2016, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors. Subsequent gains that restore the fair value of the assets of the endowment funds to the required level will be classified as an increase in unrestricted net assets or permanently restricted net assets, as applicable.

## NOTE 6 - ENDOWMENT FUNDS: (Continued)

***Return Objectives and Risk Parameter:***

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the Investment Policy benchmark index, over short and long term periods, while assuming a moderate level of investment risk.

The Foundation expects its endowment funds, over time, to rise at least as rapidly as inflation, net of fees. Actual returns in any given year may vary from this amount.

***Strategies Employed for Achieving Objectives:***

To satisfy its long term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

***Spending Policy:***

Subject to the terms of any Endowment agreement, contract, donor request, grant and/or West Virginia law, the amount that the Foundation makes available for grants and scholarships from each asset will be determined by the management of the Foundation.

Should the total market value of any fund fall below the initial corpus plus additional contributions to the corpus, no distributions will be made unless authorized by the fund agreement or the Board of Directors as permitted by law.

The Foundation recognizes that extremely unusual circumstances with respect either to financial markets or to the needs of the communities it serves may, in rare instances, require temporary departures from the strict application of these Investment Policies.

## NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for the following purposes as of June 30,

| | 2017 | 2016 |
|---|---|---|
| Academic Departments | $ 163,308 | $ 147,738 |
| Advanced Tech Capital Campaign | 980,816 | 981,298 |
| Donor Advised Endowments | 66,127 | 28,748 |
| Fiscal Agent Accounts | 61,844 | 61,732 |
| Major College Divisions | 22,078 | 13,394 |
| Non-Endowed Scholarships | 302,886 | 326,950 |
| Special Events or Purposes | 15,275 | 14,115 |
| Student Organizations | 1,279 | 3,826 |
| | $ 1,613,613 | $ 1,577,801 |

**BRIDGEVALLEY COMMUNITY & TECHNICAL COLLEGE FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017 AND 2016**

## NOTE 8 - PERMANENTLY RESTRICTED NET ASSETS:

Permanently restricted net assets balances at June 30, 2017 and 2016 are as follows:

| | 2017 | 2016 |
|---|---|---|
| Scholarship Endowments | $ 732,844 | $ 732,844 |

## NOTE 9 - CONCENTRATION OF CREDIT RISK:

The Foundation received a contribution of $700,000 (77% of revenue) from one donor in the year ended June 30, 2016. In addition, the Foundation receives a significant portion of its revenues from private contributions, grants and fund raising activities. A material reduction in the level of support would have a significant impact on the Foundation's programs and activities.

## NOTE 10 - PROMISES TO GIVE:

Unconditional promises to give at June 30, 2017 and 2016 are as follows:

| | 2017 | 2016 |
|---|---|---|
| Receivable in Less Than One Year | $ 212,439 | $ 4,133 |
| Receivable in One to Five Years | 208,267 | 408,267 |
| | $ 420,706 | $ 412,400 |
| Discount to Present Value | (13,239) | (13,239) |
| Unconditional Promises to Give, Net | $ 407,467 | $ 399,161 |

Unconditional promises to give based on donors' intent at June 30, 2017 and 2016 are as follows:

| | 2017 | 2016 |
|---|---|---|
| Advanced Technology Center Maintenance and Training | $ 412,400 | $ 412,400 |
| Workforce Development | 8,306 | - |
| | $ 420,706 | $ 412,400 |

## NOTE 11 - EVALUATION OF SUBSEQUENT EVENTS:

The Foundation's management has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued. No significant events were noted requiring adjustment to or disclosure in the financial statements.

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE**
**NOTES TO FINANCIAL STATEMENTS**
**YEARS ENDED JUNE 30, 2017 AND 2016**

## NOTE 16 - FUNCTIONAL CLASSIFICATION OF EXPENSES

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

**2017**

| | Salaries and Wages | Benefits | Scholarships and Fellowships | Utilities | Supplies and Other Services | Depreciation | Assessments by the Commission | Net Service Agreement Expense | Total |
|---|---|---|---|---|---|---|---|---|---|
| Instruction | $ 5,809,848 | $ 1,389,856 | $ - | $ - | $ 3,252,775 | $ - | $ - | $ - | $ 10,452,479 |
| Public service | 837,362 | 158,373 | - | 972 | 640,007 | - | - | - | 1,636,714 |
| Academic support | 654,912 | 167,640 | - | - | 337,788 | - | - | - | 1,160,340 |
| Student services | 753,380 | 160,092 | - | 361 | 73,003 | - | - | - | 986,836 |
| Operation and maintenance of plant | 307,947 | 100,175 | - | 224,235 | 602,582 | - | - | - | 1,234,939 |
| General institutional support | 1,816,563 | 775,327 | - | 3,578 | 1,118,886 | - | - | - | 3,714,354 |
| Student financial aid | - | - | 2,032,517 | - | - | - | - | - | 2,032,517 |
| Depreciation | - | - | - | - | - | 2,422,329 | - | - | 2,422,329 |
| Fees assessed by the Commission | - | - | - | - | - | - | 87,503 | - | 87,503 |
| Net service agreement expense | - | - | - | - | - | - | - | 258,768 | 258,768 |
| Total expenses | $ 10,180,012 | $ 2,751,463 | $ 2,032,517 | $ 229,146 | $ 6,025,041 | $ 2,422,329 | $ 87,503 | $ 258,768 | $ 23,986,779 |

**2016**

| | Salaries and Wages | Benefits | Scholarships and Fellowships | Utilities | Supplies and Other Services | Depreciation | Assessments by the Commission | Net Service Agreement Expense | Total |
|---|---|---|---|---|---|---|---|---|---|
| Instruction | $ 6,050,808 | $ 1,390,774 | $ - | $ - | $ 3,825,108 | $ - | $ - | $ - | $ 11,266,690 |
| Public service | 933,028 | 197,083 | - | 779 | 731,071 | - | - | - | 1,861,961 |
| Academic support | 747,751 | 171,474 | - | - | 248,179 | - | - | - | 1,167,404 |
| Student services | 631,590 | 142,023 | - | 358 | 139,578 | - | - | - | 913,549 |
| Operation and maintenance of plant | 276,534 | 91,091 | - | 171,914 | 870,855 | - | - | - | 1,410,394 |
| General institutional support | 1,802,937 | 803,865 | - | - | 1,173,615 | - | - | - | 3,780,417 |
| Student financial aid | - | - | 2,298,580 | - | - | - | - | - | 2,298,580 |
| Depreciation | - | - | - | - | - | 2,451,019 | - | - | 2,451,019 |
| Fees assessed by the Commission | - | - | - | - | - | - | 82,586 | - | 82,586 |
| Net service agreement expense | - | - | - | - | - | - | - | 324,104 | 324,104 |
| Total expenses | $ 10,442,648 | $ 2,796,310 | $ 2,298,580 | $ 173,051 | $ 6,988,406 | $ 2,451,019 | $ 82,586 | $ 324,104 | $ 25,556,704 |

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE**
**REQUIRED SUPPLEMENTARY INFORMATION**
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**
**June 30, 2017**

**State Teachers' Retirement System**
Last 10 Fiscal Years*

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|---|---|---|---|---|
| BridgeValley's proportion of the net pension liability (asset) (percentage) | 0.015699% | 0.013300% | 0.012705% | | | | | | | |
| BridgeValley's proportionate share of the net pension liability (asset) | $ 645,185 | $ 463,976 | $ 438,284 | | | | | | | |
| State's proportionate share of the net pension liability (asset) | 1,228,906 | 1,051,622 | 990,323 | | | | | | | |
| Total proportionate share of the net pension liability (asset) | $ 1,874,091 | $ 1,515,598 | $ 1,428,607 | | | | | | | |
| BridgeValley's covered-employee payroll | $ 405,739 | $ 403,194 | $ 392,000 | | | | | | | |
| BridgeValley's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 159.01% | 115.08% | 111.81% | | | | | | | |
| Plan fiduciary net position as a percentage of the total pension liability | 61.42% | 66.25% | 65.95% | | | | | | | |

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

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE**
**REQUIRED SUPPLEMENTARY INFORMATION**
**SCHEDULE OF CONTRIBUTIONS**
**June 30, 2017**

**State Teachers' Retirement System**
Last 10 Fiscal Years

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 22,918 | $ 60,861 | $ 60,479 | | | | | | | |
| Contributions in relation to the contractually required contribution | (22,918) | (60,861) | (60,479) | | | | | | | |
| Contribution deficiency (excess) | $ - | $ - | $ - | | | | | | | |
| Government's covered-employee payroll | $ 152,785 | $ 405,739 | $ 403,194 | | | | | | | |
| Contributions as a percentage of covered-employee payroll | 15.00% | 15.00% | 15.00% | | | | | | | |

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, BridgeValley should present information for those years for which information is available.

**BRIDGEVALLEY COMMUNITY AND TECHNICAL COLLEGE**
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**
**YEAR ENDED JUNE 30, 2017**

Amounts reported during the year ended June 30, 2017 reflect changes in assumptions to more closely reflect actual experience. The changes in assumptions are related to projected salary increase, inflation rate, mortality tables, withdrawal rates, and disability rates.

There are no other factors that affect trends in the amounts reported, such as a change of benefit terms or assumptions. Additional information, if necessary, can be obtained from the CPRB Comprehensive Annual Financial Report for the year ended June 30, 2016.

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
BridgeValley Community and Technical College
South Charleston, 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 discretely presented component unit of BridgeValley Community and Technical College (the College), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 9, 2017 which states reliance on other auditors for the discretely presented component unit. Our report includes a reference to other auditors who audited the financial statements of The BridgeValley Community and Technical College Foundation, Inc., as described in our report on the College's financial statements. The financial statements of the BridgeValley Community and Technical College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*, and accordingly this report does not include reporting on internal control over financial reporting or instances of noncompliance associated with the BridgeValley Community and Technical College Foundations, Inc.

**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.

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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.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
October 9, 2017