Eastern West Virginia Community and Technical College

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016

Financial Highlights:

- Assets

  Current assets as of June 30, 2016 increased $83,095 from June 30, 2015. A majority of the increase is due to cash increasing $76,135 from June 30, 2015 to June 30, 2016.

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

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

- Liabilities

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

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

- Net Position

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

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

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

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

Statement of Revenues, Expenses and Changes in Net Position

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

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

Nonoperating revenues is revenue received for which goods and services are not provided. For example, state appropriations are nonoperating because they are provided by the West Virginia Legislature to the

Statement of Cash Flows

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

The Statement of Cash Flows is divided into five sections.

The first section reflects cash in-flows/out-flows generated from operating activities. The second section

Contacting the College's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of Eastern West Virginia Community and Technical College and to show the College's accountability for the money it receives. If you have

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

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

The Accompanying Notes Are An Integral
Part Of These Financial Statements

EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2016 AND 2015

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

The Accompanying Notes Are An Integral
Part Of These Financial Statements

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

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

The Accompanying Notes Are An Integral
Part Of These Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Permissible investments for all agencies include th

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Compensated Absences and Other Post-employment Benefits (OPEBs)- GASB provides for the measurement, recognition, and display of OPEB expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for post-employment benefits for the State. Effective July 1, 2007, the College was required to participate in this multiple-employer cost-sharing plan, the

NOTES TO FINANC

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statemen

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The Governmental Accounting Standards Board has also issued Statement No. 82, Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73, effective for fiscal years beginning after June 15, 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The adoption of GASB Statement No. 82 had no impact on the June 30, 2016 financial statements.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The Governmental Accounting Standards Board has also issued Statement No. 81, Irrevocable Split-Interest Agreements, effective for fiscal years beginning after December 15, 2016. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The College has not yet determiJ 0.14 Tc 0.0218 Tw -4.8h85 0 Td [(ces)5.5(aect tha

NOTE 3 - CASH AND CASH EQUIVALENTS

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

	2016	
Current	Noncurrent	Total

NOTE 3 - CASH AND CASH EQUIVALENTS (CONTINUED)

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

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

	2016		2015	
External Pool	Carrying Value (in Thousands)	WAM (Days)	Carrying Value (in Thousands)	WAM (Days)
WV Money Market Pool	$ 1,555,529	49	$ 1,890,464	47
WV Government Money Market Pool	$ 190,078	50	$ 248,468	51

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

	2016		2015	
External Pool	Carrying Value (in Thousands)	Effective Duration (Days)	Carrying Value (in Thousands)	Effective Duration (Days)
WV Short Term Bond Pool	$ 790,750	462	$ 761,526	410

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

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

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

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

NOTE 4 - ACCOUNTS RECEIVABLE

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

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

NOTE 5 - CAPITAL ASSETS

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

	2016			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated				
Land	$ 210,477	$ -	$ -	$ 210,477
Construction in progress	2,846,241	-	2,846,241	-

NOTE 5 - CAPITAL ASSETS (Continued)

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

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

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

NOTE 6 - LONG-TERM LIABILITIES

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

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

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

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS

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

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

NOTE 9 - STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

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

The State has chartered the Commission with the responsibility to construct or renovate, finance, and maintain various academic and other facilities of the State's universities and colleges. As of June 30, 2013, the College had completed the construction of its new facility, which is being funded as noted below.

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

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

NOTE 10 - WEST VIRGINIA DEVELOPMENT OFFICE OBLIGATION

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

NOTE 10 - WEST VIRGINIA DEVELOPMENT OFFICE OBLIGATION (Continued)

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

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

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

NOTE 11 - UNRESTRICTED NET POSITION

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

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

NOTE 12 - RETIREMENT PLANS

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

Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have an option to switch to the Educators Money 401(a) basic retirement plan (Educators Money). New hires have the choice of either plan. As of June 30, 2016 and 2015, no employees were enrolled in Educators Money.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL

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.

Charleston, West Virginia
January 31, 2017