GLENVILLE STATE COLLEGE

Glenville, West Virginia

Financial Statements and
Additional Information for the Years
Ended June 30, 2017 and 2016 and
Independent Auditors' Reports

GLENVILLE STATE COLLEGE

TABLE OF CONTENTS

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Glenville State College (The College) as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Glenville State College Foundation, Inc. (the Foundation), a discretely presented component unit of the College. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the discretely presented financial statements of the Foundation, is based solely on the report of the other auditors. We conducted our audit 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. The financial statements of the Foundation, which were audited by other auditors, were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2017 and 2016, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3–11 and the schedules of proportionate share of net pension liability and contributions on page 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 13, 2017, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Suttle CPAs

Huntington, West Virginia

October 13, 2017

GLENVILLE STATE COLLEGE
200 High Street
Glenville, WV 26351

Management's Discussion and Analysis
Fiscal Years 2017 and 2016

About Glenville State College

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

Glenville State College has surpassed its original mission as a teacher's college, and currently prepares students for careers in teaching, business, land resources, music, the liberal arts, the sciences, criminal justice, and human services. With an enrollment of approximately 1,900 students, the College has a student to faculty ratio of 18 to 1. The College's enrollment is made up of many first generation students with over 80% coming from West Virginia.

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

Overview of the Financial Statements and Financial Analysis

Glenville State College (the "College") is pleased to present its financial statements for the fiscal years 2017 and 2016. The following management discussion and analysis provides an overview of the financial position and activities of the College for these years.

There are three financial statements presented: the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows. These statements provide both long-term and short-term financial information about the College.

Financial Highlights

Current, non-current, net capital and total assets each reflect decreases. Non-operating revenues and non-operating expenses each decreased resulting in decreased net non-operating revenues. Current liabilities reflect a substantial decrease in FY 2017 due to the classification of the debt on the 2009 Series bonds as non-current. This debt had been reclassified in the 2016 fiscal year as current. Important to note, all the bond debt was refinanced in September 2017; please refer to the subsequent events section in Note 19 to the financial statements. The College continued receiving significant funding through various operational and research grants.

Net Position

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

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

Net Position is divided into three major categories. The first category, net investment in capital assets, accounts for equity in the property, plant and equipment owned by the College. Title to all property was transferred to the Glenville State College Board of Governors by the Higher Education Policy Commission (HEPC, or the "Commission"), when the HEPC was formed in 2001. The next asset category is restricted, which is divided into two categories: nonexpendable (permanently restricted) and expendable. Expendable restricted resources are available for expenditure but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. Included in restricted expendable resources are balances that have been designated for specific purposes in West Virginia State Code. This category includes auxiliary enterprise balances as well as certain student fee funds that are designated within state code for specific general purposes such as housing operations or library operations. The final category is unrestricted resources, which are available for expenditure for any lawful purpose of the College.

Condensed Schedules of Net Position
For the Years Ended June 30, 2017 and 2016

Assets	2017	2016	% Change
Current assets	$2,743,747	$1,846,793	48.57%
Non-Current Assets	2,438,918	2,063,846	18.17%
Capital Assets, Net	77,445,312	79,700,617	-2.83%
Total Assets	82,627,977	83,611,256	-1.18%
Deferred outflows of resources	431,622	575,589	-25.01%
Total	$83,059,599	$84,186,845	-1.34%

Liabilities			
Current Liabilities	$5,066,344	$26,799,469	-81.10%
Non-Current Liabilities	42,261,853	20,394,875	107.22%
Total Liabilities	47,328,197	47,194,344	0.28%
Deferred inflows of Resources	342,806	374,428	-8.45%
Total	47,671,003	47,568,772	0.21%
Net Position			
Net Investment in Capital Assets	41,329,526	42,190,158	-2.04%
Restricted-expendable	1,602,468	1,781,700	-10.06%
Unrestricted	(7,543,398)	(7,353,785)	2.58%
Total Net Position	$35,388,596	$36,618,073	-3.36%
Total Liabilities, Deferred Inflows, and Net Position	$83,059,599	$84,186,845	-1.34%

An indicator of short-term financial condition is the ratio of current assets to current liabilities, or current ratio. The current ratio was .54 and .07 as of June 30, 2017 and 2016, respectively. The normalized current ratio (removing the Series 2009 bond debt from current liabilities in 2016) was .54 and .49 as of June 30, 2017 and 2016, respectively. The significant change in the current ratio relates to the Series 2009 bond debt being reclassified to long term debt as a result of the refinancing subsequent to the yearend but before the date of the auditors' opinion.

Significant Changes in Net Position

At June 30, 2017, the College's total net position decreased from the previous year by $1,229,477. Current cash and cash equivalents increased by $579,110. The pension liability at June 30, 2017, was $1,634,806.

Non-current assets increased by $375,072. Non-current cash and cash equivalents increased by $380,578. A non-current receivable in the amount of $95,741 represents "No Hardship" advances made to employees as a result of the transition from real time to arrearage pay in 2014. Those advances, required by the State, are recovered from an employee's last two paychecks upon termination or retirement. All derivative instruments were eliminated in January 2017.

Net capital assets decreased approximately $2,255,305 due primarily to $2,341,091 in depreciation. Additions in capital assets amounted to $86,777. Principal on the Mollohan Campus Community Center bonds, Science Building bonds, Pioneer Village bonds, Goodwin Hall bonds, and system-wide debt assigned by the HEPC was reduced a total of $943,241 and $943,996 in 2017 and 2016 respectively.

Revenues, Expenses, and Changes in Net Position

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

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

Condensed Schedules of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2017 and 2016

	2017	2016	% Change
Operating revenues	$15,318,406	$16,620,781	-7.84%
Operating expenses	24,600,028	25,253,945	-2.59%
Operating Loss	(9,281,622)	(8,633,164)	7.51%
Non-operating Revenues	9,478,654	8,919,875	6.26%
Non-operating Expenses	1,449,358	1,675,138	-13.48%
Net Non-operating revenues	8,029,296	7,244,737	10.83%
Loss before other revenues, expenses, gains or losses	(1,252,326)	(1,388,427)	-9.80%
Capital Gifts and Grant	22,849	50,000	-54.30%
Increase (Decrease) in Net Position	(1,229,477)	(1,338,427)	-8.14%
Net Position, beginning of year	36,618,073	37,956,500	-3.53%
Net Position, end of year	$35,388,596	$36,618,073	-3.36%

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

Revenues:

	2017	2016	% Change
Program revenues			
Tuition & Fees before allowances	$9,018,375	$9,254,917	-2.56%
Less: scholarship discounts & Allowances	(3,811,434)	(3,695,833)	3.13%
Net Program revenues	5,206,941	5,559,084	
Research grants & contracts	4,781,312	5,662,764	-15.57%
Auxiliary enterprise sales & services, net	4,247,783	4,237,446	0.24%
Other	1,082,370	1,161,487	-6.81%
General revenues			
State appropriations	5,773,569	5,793,050	-0.34%
Payments made on behalf of College	276,406	241,576	14.42%
Federal Pell Grants	3,413,819	2,878,945	18.58%
Investment Income	14,860	6,304	135.73%
Capital Grants and Gifts	22,849	50,000	-54.30%
Total Revenues	$24,819,909	$25,590,656	-3.01%

The major sources of revenue for the College include student tuition and fees, state appropriations, grants and gifts, government grants, auxiliary enterprise (housing and meals primarily) revenues, investment income, and miscellaneous income.

- Student tuition and fees (net of scholarship and discount allowance) made up 33.99% of the College's operating revenues and 20.98% of total revenues. Resident and non-resident tuition and fees increased 4.44% and 4.63%, respectively. Tuition and fee revenues increased over the previous year as a result of increases in enrollment and the tuition rate from FY 2016 to FY 2017.

- Other revenues such as contracts and grants, auxiliary enterprise revenue, and miscellaneous revenues comprised 40.74% and 54.70% of the College's total revenues in FY 2017 and FY 2016, respectively. FY 2017 grant awards included receipts of $227,725 from the US Department of Education, $523,244 from various West Virginia Agency sponsored scholarship programs, and $1,662,818 in West Virginia Higher Education scholarship programs. Federal Revenues, non-operating, consisted of $3,413,819 and $2,878,945 in 2016 and 2017 respectively in PELL Grants received and distributed for student financial aid and made up 11.75% of the College's total revenues.

- State appropriation revenues amount $5,773,569 and $5,793,050, 23.26% and 22.64% of total revenues in FY 2017 and FY 2016, respectively. These appropriations are used to pay salaries and benefits in support of the operations of the College.

Operating and Non-operating Expenses:

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

	2017	2016	% Change
Salaries & Wages	$9,457,524	$10,140,407	-6.73%
Benefits	2,918,470	2,989,793	-2.39%
Supplies and other services	4,552,438	5,087,696	-10.52%
Utilities	1,430,680	1,405,880	1.76%
Student financial aid, scholarships, and fellowships	3,825,422	3,114,381	22.83%
Depreciation	2,341,091	2,446,365	-4.30%
Loan cancellations and write-offs	992	361	174.81%
Fees retained by Commission for operation	73,411	69,062	6.30%
Total Operating Expenses	$24,600,028	$25,253,945	-2.59%

- Salaries and wages, and employee benefits made up approximately 50.31% of the operating expenses of the College in FY 2017 compared to 51.99% in FY 2016
- Utility costs increased $24,800 or 1.76%, from FY 2016 to FY2017. These costs represented 5.82% of the FY 2017 operating expenses compared to 5.57% in FY 2016.
- Scholarship and fellowship expenses increased $711,041 or 22.83% from FY 2016. They represented 15.55% and 12.33% of the total operating expenses in FY 2017 and FY 2016, respectively.
- Non-operating expenses consisted primarily of interest on indebtedness $1,449,358, a decrease of $189,722 or 13.09% from FY 2016. Also included are fees assessed by the HEPC for system-wide debt service in the amount of $11,065.

Cash Flows

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

The Statement of Cash Flows is divided into five parts:

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

2) *Cash flows from non-capital financing activities*. This section reflects the cash received and paid for non-operating, non-investing, and non-capital financing purposes.

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

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

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

Condensed Schedules of Cash Flows
For the Years Ended June 30, 2017 and 2016

	2017	2016	%Change
Cash provided by (used in)			
Operating activities	(6,054,688)	(5,676,340)	6.67%
Non capital financing activities	9,187,388	8,671,995	5.94%
Capital financing activities	(2,567,723)	(3,031,744)	-15.31%
Investing activities	14,133	6,068	132.90%
(Decrease) Increase cash and cash equivalents	579,110	(30,021)	-2029.02%
Cash and cash equivalents, beginning of year	1,322,879	1,352,900	-2.22%
Cash and cash equivalents, end of year	$1,901,989	$1,322,879	43.78%

Capital Asset and Debt Administration

The College had capital asset additions of $86,777 and $332,112, for the years ended June 30, 2017 and 2016, respectively. In neither year did the College have significant capital projects.

Economic Outlook

Glenville State College anticipates FY2018 with heightened expectations for expanding its mission-driven role in providing higher education opportunity to first generation, needs-based, and rural students from central West Virginia and beyond. The College remains determined to counter the state's retreat from higher education funding through a regimen of operational efficiencies, bond refinancing and savings, reducing total student cost of attendance and increasing student enrollment from expanding and more diverse populations.

Glenville's expectations for FY2018 are based on:

- The College has a new leadership team:

    1. Dr. Tracy L. Pellett became President of Glenville State College on July 1, 2017. He brings enthusiasm and significant experience in various strategic areas in higher education (online, student retention and success, strategic planning, enrollment growth) critical to the success of the College.

    2. A total of five (5) new Vice Presidents, each with extensive careers in academia:
        - A new CFO brings considerable higher education and other executive experience to assist the College in managing the financial processes and accounts.
        - A new Vice President of Academic Affairs (internal promotion) is an experienced advocate for faculty and students and will ensure the quality and integrity of academic programs at the College.
        - A Vice President for Enrollment is entering his first full year of recruiting and retention management.
        - A new Vice President for Student Life and Athletics marks the first executive focused on student life in several years, which should positively impact retention.
        - A new Vice President for Advancement brings significant higher education experience.

- The College is placing an enhanced focus on cost efficiencies, revenue collection, and overall budgetary management. Academic Affairs is completing a planning and prioritization study process that will more intentionally direct campus resources to high employer and student demand programs. Realizing energy efficiencies as well as analyzing positional needs prior to filling open positions will realize additional overall cost savings. In addition, a concerted effort is being made to collect on all outstanding accounts receivables to enhance the College's financial positon.

- The College has made an intentional effort to reduce the total cost of student attendance. This is being accomplished by slightly reducing tuition and board costs. In addition, efforts at reducing book costs through open educational resources and other associated fees (parking and courses) will enhance student recruitment and retention efforts.

- A significant element of the College's financial well-being follows from headcount and FTE (full time equivalent) enrollment growth in fall, 2017. Both overall enrollment and the number of students in the residence halls have increased for the first time in several years. The number of resident students for

October, 2017 is 623 as compared to 588 in October 2016, an increase generating approximately $121,500 in additional residence hall revenue and an additional $103,000 of board revenue.

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

    1. The College has received federal approval for an expansion of Pell Grant offering to high school students electing college-level studies (dual degree students). Students from all 55 counties in West Virginia are eligible to participate in this program. The College has realized a growth of over 100 additional students in the fall, 2017 (317 new students) and expects significant growth in subsequent academic years. Historically, dual-credit has been limited by an ability-to-pay, a limitation relieved with the expanded Pell Grant eligibility.

    2. The College received Second Chance federal funding to offer college-level classes at FCI-Gilmer and the Huttonsville Correctional Center. The College estimates the total number of student participants from these facilities for FY2018 to be between 200 and 250 each semester.

    3. The College expects to expand enrollment through existing Hidden Promise Scholars programming. The current program identifies and attracts low-come and first-generation high school graduates, an underserved population of students who demonstrate some academic aptitude but, for family, cultural, and economic circumstances. Prior to FY18, these students were not intentionally recruited to come to Glenville State College.

    4. The College expects to enhance overall enrollment through several retention initiatives. The most significant is the creation and staffing of an Academic Success Center. The Center will provide advising, tutoring, mentoring, and specialized services for those with disabilities and specialty groups including veterans.

    5. The Glenville State College Foundation continues to hold cash assets for the College. As of 6/30/2017, the Foundation held $730,000—per audited financial statements—for the use of and benefit of the College with no further Foundation Board action.

    6. The College has refinanced the previously existing, five bond debt obligations into one, fixed-rate, 40-year term bond through an offering completed on September 26, 2017. See subsequent events (Note 19) in the financial statements.

Overall, the future and outlook of the College seems bright and positive. New and invigorated leadership, fiscal conservancy, and an enrollment and retention driven growth strategy all bode well for FY18 and beyond.

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GLENVILLE STATE COLLEGE

STATEMENTS OF NET POSITION
AS OF JUNE 30, 2017 AND 2016

ASSETS AND DEFERRED OUTFLOWS	2017	2016
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,901,989	$ 1,322,879
Accounts receivable—net	839,941	449,913
Loans to students—current portion	1,817	1,817
Inventories	-	72,184
Total current assets	2,743,747	1,846,793
NONCURRENT ASSETS:		
Cash and cash equivalents	2,343,177	1,962,599
Other Accounts Receivables	95,741	101,247
Capital assets - net	77,445,312	79,700,617
Total noncurrent assets	79,884,230	81,764,463
TOTAL ASSETS	82,627,977	83,611,256
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	81,350	88,129
Interest rate swap agreement	-	333,247
Related to Pension Plans	350,272	154,213
Total deferred outflows of resources	431,622	575,589
TOTAL	$ 83,059,599	$ 84,186,845

GLENVILLE STATE COLLEGE

STATEMENTS OF NET POSITION
AS OF JUNE 30, 2017 AND 2016

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	2017	2016
CURRENT LIABILITIES:		
Accounts payable	$ 2,071,316	$ 902,236
Accrued liabilities	1,017,622	1,065,170
Compensated absences—current portion	305,762	368,778
Unearned revenue	165,146	29,175
Total bonds, capital leases, and notes payable - current portion (Note 6)	1,443,267	24,373,165
Higher Education Policy Commission debt payable—current portion	63,231	60,945
Interest rate swap agreement	-	333,247
Total current liabilities	5,066,344	27,132,716
NONCURRENT LIABILITIES (Note 6)	42,261,853	20,061,628
Total liabilities	47,328,197	47,194,344
DEFERRED INFLOWS OF RESOURCES:		
Related to Pension Plans	342,806	374,428
Total deferred inflows of resources	342,806	374,428
TOTAL LIABILITIES AND DEFERRED INFLOWS	47,671,003	47,568,772
NET POSITION:		
Net Investment in capital assets	41,329,526	42,190,158
Restricted for:		
Loans	37,839	58,494
Capital projects	70,331	91,753
Debt service	1,872,864	1,868,909
Other	(378,566)	(237,456)
Unrestricted	(7,543,398)	(7,353,785)
Total net position	35,388,596	36,618,073
TOTAL	$ 83,059,599	$ 84,186,845

See notes to financial statements.

(Concluded)

GLENVILLE STATE 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 allowance of $3,811,434 and $3,695,833)	$ 5,206,941	$ 5,559,084
Contracts and grants:		
Federal	638,857	613,223
State	2,505,498	2,533,031
Private	1,636,957	2,516,510
Sales and services of educational activities	314,841	286,364
Auxiliary enterprise revenue (net of scholarship allowance of $3,109,339 and $2,515,801)	4,247,783	4,237,446
Miscellaneous—net	767,529	875,123
Total operating revenues	15,318,406	16,620,781
OPERATING EXPENSES:		
Salaries and wages	9,457,524	10,140,407
Benefits	2,918,470	2,989,793
Supplies and other services	4,552,438	5,087,696
Utilities	1,430,680	1,405,880
Student financial aid—scholarships and fellowships	3,825,422	3,114,381
Depreciation	2,341,091	2,446,365
Loan cancellations and write-offs	992	361
Fees assessed by the Commission for operations	73,411	69,062
Total operating expenses	24,600,028	25,253,945
OPERATING LOSS	(9,281,622)	(8,633,164)

(Continued)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
NONOPERATING REVENUES (EXPENSES):		
State appropriations	$ 5,773,569	$ 5,793,050
Payments made on behalf of College	276,406	241,576
Federal Pell grants	3,413,819	2,878,945
Investment income	14,860	6,304
Interest on indebtedness	(1,438,293)	(1,639,080)
Fees assessed by the Commission for debt service	(11,065)	(11,203)
Other non-operating expenses	-	(24,855)
Net nonoperating revenues	8,029,296	7,244,737
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	(1,252,326)	(1,388,427)
CAPITAL GIFTS (PRIVATE)	22,849	50,000
INCREASE (DECREASE) IN NET POSITION	(1,229,477)	(1,338,427)
NET POSITION—Beginning of year	36,618,073	37,956,500
NET POSITION—End of year	$ 35,388,596	$ 36,618,073

See notes to financial statements. (Concluded)

GLENVILLE STATE COLLEGE

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 5,293,749	$ 5,095,802
Contracts and grants	4,783,179	6,313,709
Payments to and on behalf of employees	(12,367,344)	(12,965,049)
Payments to suppliers	(3,083,221)	(5,009,089)
Payments to utilities	(1,430,680)	(1,312,659)
Payments for scholarships and fellowships	(3,704,467)	(3,107,953)
Loans issued to students	-	(88,462)
Collection of loans to students	-	87,400
Sales and service of educational activities	436,146	288,236
Auxiliary enterprise charges	4,091,361	4,213,317
Fees assessed by the Commission for operations	(73,411)	(69,062)
Other receipts and payments—net	-	877,470
Net cash used in operating activities	(6,054,688)	(5,676,340)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	5,773,569	5,793,050
Federal Pell grants	3,413,819	2,878,945
William D. Ford direct lending receipts	5,953,631	5,734,402
William D. Ford direct lending payments	(5,953,631)	(5,734,402)
Net cash provided by noncapital financing activities	9,187,388	8,671,995
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Purchases of capital assets	(66,725)	(84,945)
Debt service paid to Commission	(160,945)	(157,898)
Non-operating fees retained by the Commission	(11,065)	(11,203)
Principal paid on notes, bonds and leases	(1,308,540)	(1,153,388)
Interest paid on notes, bonds and leases	(1,403,824)	(1,644,505)
Withdrawals from (deposits to) noncurrent cash and cash equivalents	380,578	20,195
Capital gifts and grants	2,798	-
Net cash used in capital financing activities	(2,567,723)	(3,031,744)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	14,133	6,068
Net cash provided by investing activities	14,133	6,068
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	579,110	(30,021)
CASH AND CASH EQUIVALENTS—Beginning of year	1,322,879	1,352,900
CASH AND CASH EQUIVALENTS—End of year	$ 1,901,989	$ 1,322,879

(Continued)

GLENVILLE STATE COLLEGE

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (9,281,622)	$ (8,633,164)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation expense	2,341,091	2,446,365
Changes in assets and liabilities:		
Accounts receivable—net	(384,522)	100,084
Loans to students—net	-	(701)
Inventories	72,184	9,725
Accounts payable	915,469	24,817
Accrued liabilities and due to the Commission	(47,548)	40,483
Defined benefit pension plan	227,681	91,592
Compensated absences	(33,392)	240,529
Unearned revenue	135,971	3,930
NET CASH USED IN OPERATING ACTIVITIES	$ (6,054,688)	$ (5,676,340)
NONCASH TRANSACTIONS:		
Accretion of bond discount into bonds payable	$ 6,779	$ 6,779
Expenses paid on behalf of College	$ 276,406	$ 241,576

See notes to financial statements.

(Concluded)

GLENVILLE STATE COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF GLENVILLE STATE COLLEGE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 6,745	$ 50,881
Investments, at fair value	9,492,263	7,461,765
Related party receivables	85,056	-
Other receivables	14,134	-
Total current assets	9,598,198	7,512,646
Fixed assets, net	3,369,568	3,434,623
Other assets		
Bequests and contributions receivable	867,313	845,953
Land and other assets held for investment	704,914	704,914
Total other assets	1,572,227	1,550,867
Total assets	**$ 14,539,993**	**$ 12,498,136**
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 69,680	$ 46,727
College support payable	-	61,876
Organization funds held for others	10,465	8,539
Current portion of loan payable	78,647	82,420
Total current liabilities	158,792	199,562
Long-term liabilities		
Loan payable	3,230,483	3,307,479
Total liabilities	3,389,275	3,507,041
Net assets		
Unrestricted		
Board designated	730,000	730,000
Undesignated	(632,195)	(1,193,795)
Temporarily restricted	1,667,991	1,557,179
Permanently restricted	9,384,922	7,897,711
Total net assets	11,150,718	8,991,095
Total liabilities and net assets	**$ 14,539,993**	**$ 12,498,136**

GLENVILLE STATE COLLEGE

GLENVILLE STATE COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF GLENVILLE STATE COLLEGE
STATEMENT OF ACTIVITIES
JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and other support				
Bequests and contributions	$ 346,258	$ 660,769	$ 1,487,211	$ 2,494,238
Investment income	653,262	167,572	-	820,834
Realized and unrealized gains (losses) on investments	38,260	452,866	-	491,126
Gain (loss) on disposal of fixed assets	(16,435)	-	-	(16,435)
Increase in cash surrender value	-	21,360	-	21,360
Rental income	169,600	-	-	169,600
Net assets released from restrictions				
Purpose restrictions accomplished	1,191,755	(1,191,755)	-	-
Total revenues and other support	2,382,700	110,812	1,487,211	3,980,723
Expenses				
Expenditures for benefit of Glenville State College	888,532	-	-	888,532
Scholarships	422,550	-	-	422,550
Salaries and wages	104,986	-	-	104,986
Legal, consulting, accounting	15,750	-	-	15,750
Investment management fee	44,486	-	-	44,486
Miscellaneous	2,161	-	-	2,161
Promotions and publications	43,368	-	-	43,368
Office expense	1,886	-	-	1,886
Travel and advancement	4,098	-	-	4,098
Memberships and subscriptions	441	-	-	441
Insurance	22,782	-	-	22,782
Interest expense	108,125	-	-	108,125
Depreciation	119,079	-	-	119,079
Meals and meetings	663	-	-	663
Annual fund expense	2,036	-	-	2,036
Alumni expenses	8,672	-	-	8,672
Database management	31,485	-	-	31,485
Total expenses	1,821,100	-	-	1,821,100
Change in net assets	561,600	110,812	1,487,211	2,159,623
Net assets at beginning of year	(463,795)	1,557,179	7,897,711	8,991,095
Net assets at end of year	**$ 97,805**	**$ 1,667,991**	**$ 9,384,922**	**$ 11,150,718**

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

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

1. ORGANIZATION

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The accompanying financial statements present all funds under the authority of the College, including its blended component units, Glenville State College Research Corporation (the "Research Corporation"), which was formed on December 10, 1990 as a nonprofit, nonstock corporation and Glenville State College Housing Corporation (the "Housing Corporation"), which received tax-exempt status on June 11, 1973 as a nonprofit corporation. The basic criterion for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from the College's ability to significantly influence operations and accountability for fiscal matters of related entities.

The audited financial statements of the Foundation are presented here as a discrete component unit with the College's financial statements in accordance with GASB. The Foundation is a separate, private, nonprofit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the audited financial information as they are presented herein (see Note 20).

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

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

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

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

- *Restricted—nonexpendable* - This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The College did not have any restricted nonexpendable components of net position at June 30, 2017 and 2016, respectively.

- *Unrestricted* - This represents resources derived from student tuition and fees, state appropriations and sales and services of educational activities. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the Board of Governors to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

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

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

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

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

Appropriations Due from Primary Government—For financial reporting purposes, appropriations due from the State are presented separate from cash and cash equivalents, as amounts are not specific deposits with the State Treasurer but are obligations of the State. These revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period.

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

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

Capital Assets—Capital assets include property, plant and equipment, books and materials that are part of a catalogued library, and infrastructure assets. Capital assets are stated at cost at the date of acquisition or construction, or acquisition value at the date of donation in the case of gifts. Donated capital assets acquired prior to July 1, 2015 are stated at fair value as of the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 20 to 50 years for buildings and infrastructure, 20 years for land improvements, 10 years for equipment, 7 years for library books, and 3 years for furniture. The College's capitalization threshold is $5,000.

Unearned Revenue—Amounts received as deposits or revenues for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenue.

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

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

GASB requires the College 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 do not 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, do not receive years of service credit toward insurance premiums when they retire. Employees hired after July 1, 2010, receive no health insurance premium subsidy from the College. Two groups of employees hired after July 1, 2010, will not be required to pay the unsubsidized rate: 1) active employees who were originally hired before July 1, 2010, who have a break in service of fewer than two years after July 1, 2010; and 2) retired employees who retired before July 1, 2010, return to active service after July 1, 2010, and then go back into retirement. In those cases, the original hire date will apply.

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

Deferred Outflows of Resources — Consumption of net position by the College that is applicable to a future fiscal year is reported as a deferred outflow of resources on the statement of net position. Deferred outflows consist of the deferred loss on refunding, which is accreted over the periods of the refunding bond issue, the interest rate swap agreement, and deferred outflows of resources related to pension plans (Note 13).

Deferred Inflows of Resources — An acquisition of net position by the College that is applicable to a future fiscal year is reported as a deferred inflow of resources on the statement of net position. Deferred inflows consist of those related to pension plans (Note 13).

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

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

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

Classification of Revenues—The College has classified its revenues according to the following criteria:

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

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

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

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

Federal Financial Assistance Programs—The U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students through the College. Direct student loan receivables are not included in the College's balance sheets, as the loans are repayable directly to the U.S. Department of Education. In 2017 and 2016 the College received and disbursed $5,953,631 and $5,734,402 respectively, under the Federal Direct Student Loan Program on behalf of the U.S. Department of Education, which is not included as revenue and expense on the statements of revenues, expenses and changes in net position.

The College also distributes other student financial assistance funds on behalf of the federal government to students under the Federal Pell Grant, Academic Competitiveness Grant, National Science and Mathematics Access to Retain Talent ("SMART") Grant, and Teacher Education Assistance for College and Higher Education ("TEACH") Grant, Supplemental Educational Opportunity Grant and College, and Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2017 and 2016, the College received and disbursed $3,641,544 and $3,089,448 respectively, under these federal student aid programs.

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

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

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

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

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

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

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

Reclassifications — Certain reclassifications have been made to the 2016 financial statements to conform to the 2017 classifications.

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

The College has implemented several new accounting standards in accordance with GASB. The adoption of each of these statements did not have material impact on the College's financial statements.

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

The GASB has also issued Statement No. 81, *Irrevocable Split-Interest Agreements*, which is effective for fiscal years beginning after December 15, 2016. This statement establishes recognition and measurement requirements for irrevocable split-interest agreements created through trusts – or other legally enforceable agreements with characteristics that are equivalent to irrevocable split-interest agreements – in which a donor irrevocably transfers resources to an intermediary. The intermediary administers these resources for the unconditional benefit of a government or at least one other beneficiary. The College has determined it has no irrevocable split-interest agreements remaining on their records as of June 30, 2017.

The GASB has also issued Statement No. 86, *Certain Debt Extinguishment Issues*, which is effective for fiscal years beginning after June 15, 2017. Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. The adoption of this standard had no effect on the College's financial statements.

Recent Statements Issued by the Governmental Accounting Standards Board —

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

The GASB has also issued Statement No. 83, *Certain Asset Retirement Obligations*, which is effective for fiscal years beginning after June 15, 2018. Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for legally enforceable liabilities associated with the retirement of tangible capital assets. Examples of asset retirements covered under this standard are the decommissioning of a nuclear reactor or the dismantling and removal of sewage treatment plants as required by law. The College has not yet determined the effect that the adoption of GASB Statement No. 83 may have on its financial statements.

The GASB has also issued Statement No. 84, *Fiduciary Activities*, which is effective for fiscal years beginning after December 15, 2018. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments to determine whether an activity should be reported in a fiduciary fund in the financial statements. The College has not yet determined the effect that the adoption of GASB Statement No. 84 may have on its financial statements.

The GASB has also issued Statement No. 85, *Omnibus 2017*, which is effective for fiscal years beginning after June 15, 2017. Statement No. 85 addresses practice issues that have been identified during implementation of certain GASB statements. The College has not yet determined the effect that the adoption of GASB Statement No. 85 may have on its financial statements.

The GASB has also issued Statement No. 87, *Leases*, which is effective for fiscal years beginning after December 15, 2019. Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. In other words, most leases currently classified as operating leases will be accounted for and reported in the same manner as capital leases. The College has not yet determined the effect that the adoption of GASB Statement No. 87 may have on its financial statements.

3. CASH AND CASH EQUIVALENTS

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

	2017		
	Current	Noncurrent	Total
State Treasurer	$ 1,135,149	$ 70,331	$ 1,205,479
Trustee		1,767,165	1,767,165
Banks	766,840	505,681	1,272,522
	$ 1,901,989	$ 2,343,177	$ 4,245,166

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

Cash held by the State Treasurer includes $274,285 and $498,570 at June 30, 2017 and 2016, respectively, of restricted cash for grant programs, capital improvements, debt service, and student financial aid among others.

Funds kept in banks are covered by Federal Deposit Insurance Corporation up to $250,000 as noted below or were collateralized by securities held by the State's agent.

Amounts with the State Treasurer as of June 30, 2017 and 2016 are comprised of two investment pools, the WV Money Market Pool and the WV Short Term Bond Pool.

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

	2017		2016	
External Pool	Carrying Value (in Thousands)	S & P Rating	Carrying Value (in Thousands)	S & P Rating
WV Money Market Pool	$ 1,118	AAAm	$ 799	AAAm
WV Short Term Bond Pool	$ 26	Not Rated	$ 19	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 funds held by 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.

	2017		2016	
External Pool	Carrying Value (in Thousands)	WAM (Days)	Carrying Value (in Thousands)	WAM (Days)
WV Money Market Pool	$ 1,118	36	$ 799	49

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

	2017		2016	
External Pool	Carrying Value (in Thousands)	Effective Duration (Days)	Carrying Value (in Thousands)	Effective Duration (Days)
WV Short Term Bond Pool	$ 26	426	$ 19	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.

Cash in Bank with Trustee

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

	Carrying Value	
	2017	2016
Investment Type		
Money Market Fund	$ 1,589	$ 1,588
U.S. Government Securities	178	175
Total	$ 1,767	$ 1,763

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

Custodial Credit Risk

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

Interest Rate Risk

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

Foreign Currency Risk

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

4. ACCOUNTS RECEIVABLE

	2017	2016
Student tuition and fees, net of allowance for doubtful accounts of $2,990,466 and $2,460,866, respectively	$ 540,107	$ 316,646
Due from other State agencies	27,496	73,906
Due from Federal Government	95,994	22,927
Other accounts receivable, net of allowance for doubtful accounts of $1,231 and $1,056 respectively	176,344	36,434
	$ 839,941	$ 449,913

5. CAPITAL ASSETS

Capital assets consisted of the following at June 30, 2017 and 2016:

	2017			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 1,287,096	$ -	$ -	$ 1,287,096
Total capital assets not being depreciated	$ 1,287,096	$ -	$ -	$ 1,287,096
Other capital assets:				
Land improvements	$ 2,222,561	$	$	$ 2,222,561
Infrastructure	1,595,589			1,595,589
Buildings	103,051,766			103,051,766
Equipment	8,968,648	60,867	(68,241)	8,961,274
Library books	1,760,532	25,910	(764)	1,785,678
Leasehold improvements	132,236	-	-	132,236
Total other capital assets	117,731,332	86,777	(69,005)	117,749,104
Less accumulated depreciation for:				
Land improvements	1,207,945	83,484		1,291,429
Infrastructure	1,466,384	16,632		1,483,016
Buildings	27,401,115	1,860,377		29,261,492
Equipment	7,517,478	346,258	(67,249)	7,796,487
Library books	1,678,000	25,523	(764)	1,702,759
Leasehold improvements	46,889	8,816	-	55,705
Total accumulated depreciation	39,317,811	2,341,090	(68,013)	41,590,888
Other capital assets—net	$ 78,413,521	$ (2,254,313)	$ (992)	$ 76,158,216
Capital asset summary:				
Capital assets not being depreciated	$ 1,287,096	$	$	$ 1,287,096
Other capital assets	117,731,332	86,777	(69,005)	117,749,104
Total cost of capital assets	119,018,428	86,777	(69,005)	119,036,200
Less accumulated depreciation	39,317,811	2,341,090	(68,013)	41,590,888
Capital assets—net	$ 79,700,617	$ (2,254,313)	$ (992)	$ 77,445,312

	2016			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 1,287,096	$ -	$ -	$ 1,287,096
Total capital assets not being depreciated	$ 1,287,096	$ -	$ -	$ 1,287,096
Other capital assets:				
Land improvements	$ 2,222,561	$	$	$ 2,222,561
Infrastructure	1,595,589			1,595,589
Buildings	103,051,766			103,051,766
Equipment	8,746,681	289,232	(67,265)	8,968,648
Library books	1,726,737	42,880	(9,085)	1,760,532
Leasehold improvements	132,236	-	-	132,236
Total other capital assets	117,475,570	332,112	(76,350)	117,731,332
Less accumulated depreciation for:				
Land improvements	1,124,461	83,484		1,207,945
Infrastructure	1,446,419	19,965		1,466,384
Buildings	25,513,070	1,888,045		27,401,115
Equipment	7,147,547	419,120	(49,189)	7,517,478
Library books	1,660,150	26,936	(9,086)	1,678,000
Leasehold improvements	38,073	8,816	-	46,889
Total accumulated depreciation	36,929,720	2,446,366	(58,275)	39,317,812
Other capital assets—net	$ 80,545,850	$ (2,114,254)	$ (18,075)	$ 78,413,521
Capital asset summary:				
Capital assets not being depreciated	$ 1,287,096	$ -	$ -	$ 1,287,096
Other capital assets	117,475,570	332,112	(76,350)	117,731,332
Total cost of capital assets	118,762,666	332,112	(76,350)	119,018,428
Less accumulated depreciation	36,929,720	2,446,366	(58,275)	39,317,811
Capital assets—net	$ 81,832,946	$ (2,114,254)	$ (18,075)	$ 79,700,617

There was no construction in progress at June 30, 2017 and 2016. Buildings include the Waco Center of which a portion is owned by the Foundation, and the associated cost is recorded by the Foundation. A lease agreement, expiring in 2043, between the College and Foundation specifies that the portion owned by the Foundation will transfer to the College at the expiration of the lease.

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

6. LONG-TERM LIABILITIES

The following is a summary of long-term obligation transactions for the years ended June 30, 2017 and 2016:

	2017				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds, capital leases, and notes payable:					
Student Housing bonds payable	$ 3,590,000	$	$ 180,000	$ 3,410,000	$ 185,000
Campus Community Center bonds	943,186		80,707	862,479	84,322
Science Building Bonds	2,919,839		119,200	2,800,639	125,069
Goodwin Hall Bonds	23,582,054		503,832	23,078,222	618,749
Capital lease obligations	197,167		38,550	158,617	38,939
Notes payable	5,384,021		383,370	5,000,651	391,188
Commission Debt Payable	822,760		60,945	761,815	63,231
Private Loans	-	400,000	-	400,000	-
Total bonds, capital leases, and note payable	37,439,027	400,000	1,366,604	36,472,423	1,506,498
Other liabilities:					
Accrued compensated absences	586,634	310,738	422,765	474,607	305,762
Hedging derivative instruments	333,247		333,247		
Net Pension Liability	1,492,000	142,806		1,634,806	
Other post employment benefits liability	5,346,855	145,422	-	5,492,277	-
Total noncurrent liabilities	$45,197,763	$ 998,966	$ 2,122,616	$ 44,074,113	$ 1,812,260

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

During 2017, the College's blended component unit, the Housing Corporation, Inc., borrowed $400,000 from private individuals, some of whom are members of the College's Board of Governors. The loans bear interest at a rate of the higher of 4.0% or the Wall Street Journal Prime Rate plus .5%. The loans are secured by revenue from rental properties.

7. BONDS PAYABLE

For subsequent bond refinancing information see Subsequent Event in Note 19. Bonds payable consisted of the following at June 30, 2017 and 2016:

	Interest Rate	Annual Principal Installment Due	2017 Principal Amount Outstanding	2016 Principal Amount Outstanding
Student Housing Bonds:				
Series 2011 A, mature various dates through October 1, 2030	3.00% to 5.25%	$185,000 to $325,000	$ 3,410,000	$ 3,590,000
Campus Community Center Bonds:				
Series 2006, interest rate reset at November 1, 2016 to ten year LIBOR rate	4.30%	$84,322 to $106,748	862,479	943,186
Science Building Bonds				
Series 2007, interest rate reset at October 1, 2017 to 68% of sum of ten year Treasury plus 250 basis points	4.68%	$125,069 to $237,286	2,800,639	2,919,839
Goodwin Hall Bonds				
Series 2009, due through 2040	68% of 1 month LIBOR plus 1.625% (1.9446% at June 30, 2016)	$618,750 to $1,516,981	23,078,222	23,582,054
Total bonds payable			$ 30,151,340	$ 31,035,079

Future debt service requirements to maturity, as scheduled, for the revenue bonds at June 30, 2017, are as follows:

June 30	Principal	Interest	Total
2018	$ 997,069	$ 809,490	$1,806,559
2019	999,887	739,791	1,739,678
2020	1,044,015	712,420	1,756,435
2021	1,089,959	680,900	1,770,859
2022-2026	6,222,600	2,890,036	9,112,636
2027-2031	7,238,874	1,869,615	9,108,489
2032-2036	6,220,946	948,509	7,169,455
2037-2041	6,337,990	290,306	6,628,296
Total	$ 30,151,340	$ 8,941,067	$ 39,092,407

Goodwin Hall Series 2009 Bonds

The Series 2009 Goodwin Hall Bonds contain a provision whereby the bondholder has the option to declare all outstanding principal and accrued interest to be immediately due and payable on December 21, 2014, or any day thereafter, with 120 days prior written notice. However, by agreements dated November 17, 2015 and December 23, 2014, the bondholder, Branch Banking and Trust Company, extended this date to December 21, 2016. Because the agreements were not extended beyond December 21, 2016, the outstanding principal is shown as current on the June 30, 2016 Statement of Net Position.

On September 28, 2017, proceeds from the Series 2017 Bonds were used to pay in full the outstanding principal of the Series 2009 Bonds (Note 6, 7, and 9 as a subsequent event in Note 19). As such, the Series 2009 Bonds payable are classified as current and noncurrent on the June 30, 2017 Statement of Net Position according to scheduled maturity

8. CAPITAL LEASE OBLIGATIONS

The College leases various equipment, primarily technology related and accounts for them as capital leases. The following is the schedule of future annual minimum payments required under the lease obligations existing at June 30, 2017:

Year Ending June 30	Principal	Interest	Total
2018	$ 38,939	$ 1,703	$ 40,642
2019	39,412	1,230	40,642
2020	39,891	750	40,641
2021	40,376	265	40,641
			162,566
Less interest			3,949
			$ 158,617

The net book value of leased assets was $158,617 as of June 30, 2017.

9. NOTES PAYABLE

Notes payable consisted of the following at June 30, 2017 and 2016:

	Interest Rate	Payment	2017 Principal Amount Outstanding	2016 Principal Amount Outstanding
$2,525,000 promissory note collateralized by 1st lien on various parcels of real estate and motel building Gilmer County, West Virginia (This note was part of the debt refinancing-see Note 19)	5.54%	$17,542 monthly through 6/2031	$2,007,573	$2,107,149
$1,000,000 unsecured promissory note to HEPC	0.00%	$25,000 quarterly	550,000	650,000
$3,145,581 promissory note collateralized by 1st lien on equipment installed in various buildings on campus	3.10%	$131,907 semi-annually through 6/2028	2,443,078	2,626,872
Total Notes Payable			$5,000,651	$5,384,021

The following is the schedule of future annual minimum payments required under the notes existing at June 30, 2017:

Year Ending June 30	Principal	Interest	Total
2018	$ 389,524	$ 183,130	$ 572,654
2019	402,886	171,432	574,318
2020	415,098	159,220	574,318
2021	427,847	146,471	574,318
2022-2026	2,001,158	520,434	2,521,592
2027-2031	1,364,138	136,528	1,500,666
Total			6,317,866
Less portion representing interest			1,317,215
			$ 5,000,651

10. OTHER POST EMPLOYMENT BENEFITS (OPEB)

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 costs was $5,492,277, $5,346,855, and $5,060,183 respectively. The total of OPEB expenses incurred and the amount of OPEB expense that relates to retirees was $506,583 and $361,161, respectively, during 2017, or 71.29%. The total of OPEB expense incurred and the amount of OPEB expense that relates to retirees was $679,534 and $392,861, respectively, during 2016, or 57.81%. The total of OPEB expense incurred and the amount of OPEB expense that relates to retirees was $674,198 and $370,895, respectively, during 2015, or 55.00%. As of and for the years ended June 30, 2017, 2016, and 2015 there were 20, 22, and 16 respectively, retirees receiving these benefits.

	2017	2016	2015
Non-current OPEB liability	$ 5,492,277	$ 5,346,855	$ 5,060,183
OPEB Expenses incurred	506,583	679,534	674,198
OPEB expenses related to retirees	361,161	392,861	370,895
Expenses as percent of total liability	71.29%	57.80%	55.00%
Number of retirees receiving benefits	20	22	16

11. STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

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

The Commission has the authority to assess each public institution of higher education for payment of debt service on these system bonds. The tuition and registration fees of the members of the former State University System are generally pledged as collateral for the Commission's bond indebtedness. Student fees collected by the institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. Although the bonds remain as a capital obligation of the Commission, an estimate of the obligation of each institution is reported as a long-term payable by each institution and as a receivable by the Commission. The balances at June 30, 2017 and 2016 were $761,815 and $822,760.

For the years ended June 30, 2017 and 2016, debt service assessed was as follows:

	2017	**2016**
Principal	$ 60,945	$ 57,898
Interest	36,214	38,529
	$ 97,159	$ 96,427

In December, 2010, the Commission issued $76,865,000 of the State of West Virginia Higher Education Policy Commission Revenue 2010 Series Bonds to fund approved HEPC Bond projects. The College received $11,000,000 of these proceeds, which was used for the construction of the Waco Center, a facility that houses an expanded Land Resources Education Center, a community and campus health care facility, and athletic facilities including administration, dedicated training areas, coaches' offices, and facilities for several indoor spectator sports. The Commission is responsible for repayment of this debt.

12. UNRESTRICTED COMPONENTS OF NET POSITION

The unrestricted component of the College's net position is composed of resources as follows:

	2017	2016
Designated for auxiliaries	$ 604,781	$ 122,161
Designated for affiliated organizations	1,199,180	1,029,595
Undesignated	(2,220,276)	(1,666,686)
Total unrestricted net position before OPEB & Pension liabilities	(416,315)	(514,930)
Less: OPEB liability	5,492,277	5,346,855
Less: Pension liability	1,634,806	1,492,000
Total unrestricted net position	$(7,543,398)	$(7,353,785)

13. RETIREMENT PLANS

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

Effective January 1, 2003, any employee who was enrolled in the basic 401(a) plan with TIAA had an option to switch to the Educators Money 401(a) basic retirement plan. New hires have the choice of either plan. As of June 30, 2017, no employees were enrolled in the Educators Money 401(a) basic retirement plan.

DEFINED BENEFIT PENSION PLAN

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

Following is the College's pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, revenues, and the pension expense and expenditures for the fiscal years ended June 30, 2017 and 2016:

	2017	2016
Net Pension Liability	$1,634,806	$1,492,000
Deferred Outflows of Revenues	350,272	154,213
Deferred Inflows of Resources	342,806	374,428
Revenues	276,406	241,576
Pension Expense	191,531	245,805
Contributions Made by GSC	136,104	154,213

TRS

Plan Description

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

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

Benefits Provided

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

Contributions

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

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

Employer Contributions: The State (including institutions of higher education) contributes:

1. 15% of gross salary of their State-employed members hired prior to July 1, 1991;
2. 15% of School Aid Formula (SAF) covered payroll of county-employed members;
3. 7.5% of SAF-covered payroll of members of the Teachers' Defined Contribution Retirement System;
4. a certain percentage of fire insurance premiums paid by State residents; and
5. under WV State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the TRS unfunded liability by 2034. As of June 30, 2016 and 2015, respectively, the College's proportionate share attributable to this special funding subsidy was $276,406 and $241,576.

The College's contributions to TRS for the years ended June 30, 2017, 2016, and 2015 were $136,104, $154,213, and $196,000 respectively.

Assumptions

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2015 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 of 3.0%.
- Discount rate of 7.50%
- 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 State Legislature. However, the retirement system makes no automatic provision for such increases.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 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 TRS' target asset allocation as of June 30, 2016, are summarized below.

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%
TIPS	2.7%	0.0%

Discount rate. The discount rate used to measure the total TRS pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that State contributions will continue to follow the current funding policy. Based on those assumptions, TRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on TRS' investments was applied to all periods of projected benefit payments to determine the total pension liability. In the event of benefit payments that are not covered by the pension plan's fiduciary net position, a municipal bond rate of 2.71% is to be used to discount the benefit payments not covered by the plan's fiduciary net position. The rate equals the S&P Municipal Bond 20 Year High Grade Rate Index at June 30, 2016.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the College's proportionate share of the TRS net pension liability as of June 30, 2017 and 2016 calculated using the discount rate of 7.50%, as well as what the College's TRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability 2017	$2,068,172	$1,634,806	$1,264,389
Net Pension Liability 2016	1,934,254	1,492,000	1,112,255

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

The TRS net pension liability was measured as of June 30, 2016. The total pension liability was determined by an actuarial valuation as of July 1, 2015 and rolled forward to the measurement date.

At June 30, 2017, the College's proportionate share of the TRS net pension liability was $4,748,677. Of this amount, the College recognized $1,634,806 as its proportionate share on the Statement of Net Position. The remainder of $3,113,871 denotes the College's proportionate share of net pension liability attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on their proportionate share of employer and non-employer contributions to TRS for each of the fiscal years ended June 30, 2016 and 2015. Employer contributions are recognized when due. At June 30, 2016, the College's proportion was 0.039778%, a decrease of 0.003278% from its proportion of 0.043056% calculated as of June 30, 2015.

For the year ended June 30, 2017 and 2016, the College recognized TRS pension expense of $191,531 and $245,805. Of these amounts, $(84,875) and $4,229, respectively, were recognized as the College's proportionate share of the TRS expense and $276,406 and $241,576, respectively, as the amount of pension expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of $276,406 and $241,576, respectively, for support provided by the State.

At June 30, 2017, deferred outflows of resources and deferred inflows of resources related to the TRS pension are as follow:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference between Employer Contributions and Proportionate Share of Contributions		$333,258
Net Difference between Projected and Actual Investment Earnings	$134,536	
Differences between Expected and Actual Experience	14,966	9,548
Differences in Assumptions	64,666	
Contributions after the Measurement Date	136,104	
Total	**$350,272**	**$342,806**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference between Employer Contributions and Proportionate Share of Contributions		$298,537
Net Difference between Projected and Actual Investment Earnings		62,972
Difference between Expected and Actual Experience		12,919
Contributions after the Measurement Date	$154,213	
Total	**$154,213**	**$374,428**

The College will recognize the $136,104 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the TRS net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in TRS pension expense as follows.

Fiscal Year Ended	Amortization
June 30, 2018	$ 54,424
June 30, 2019	54,424
June 30, 2020	(5,449)
June 30, 2021	22,387
June 30, 2022	2,855
Total	$128,641

Payables to the pension plan

The College did not report any amounts payable for normal contributions to the TRS as of June 30, 2017 and 2016.

14. DERIVATIVE INSTRUMENT

The College was not exposed to risks associated with credit, interest rate, basis, termination, or rollover as of June 30, 2017; the derivative instrument expired in January 2017 and was not renewed, at no cost to the College.

	June 30, 2017				
	Change in Fair Value		Fair Value		
	Classification	Amount	Classification	Amount	Notional
Hedging derivative:					
Cash flow hedge					
Pay-fixed interest rate swap	Deferred charges	$ -	Debt	$ -	$ -

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

The following disclosures apply to the derivative instrument as of June 30, 2016:

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

Objective: The College was party to a derivative instrument in the prior year of June 30, 2016 which is a pay-fixed, receive-variable interest rate swap that hedges the changes in cash flows on the variable-rate debt series. In order to protect against the potential rising interest rates, the College entered into this derivative instruments at a cost less than what the College would have paid to issue fixed-rate debt.

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

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

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

Interest Rate Risk: The College was not exposed to interest rate risk on its derivative instrument as of June 30, 2016.

Basis Risk: The College was not exposed to basis risk on its derivative instrument as of June 30, 2016.

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

Rollover Risk: The College was not exposed to rollover risk on its derivative instrument as of June 30, 2016.

15. CONTINGENCIES

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

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies.

The Internal Revenue Code of 1986 establishes rules and regulations for arbitrage rebates. There are no arbitrage rebate liabilities that have been recorded in the financial statements as of June 30, 2017 or 2016.

Several of the College properties are known to contain asbestos. The College is not required by federal, state or local law and Federal Environmental, Health and Safety Regulations to remove asbestos from its buildings, but is required by to manage the presence of asbestos in a safe manner. The College addresses this responsibility on a case-by-case basis. The College addresses the presence of asbestos as building renovation or demolition projects are undertaken and through asbestos operation and maintenance programs directed at containing, managing or operating with the asbestos in a safe manner.

16. CONDENSED COMPONENT UNIT INFORMATION

Condensed component unit information for the Glenville State College Housing Corporation and Glenville State College Research Corporation, the College's blended component units for the years ended June 30, 2017 and 2016, are as follows:

	GSC Housing Corporation		GSC Research Corporation	
Condensed Schedules of Net Position	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Assets:				
Current Assets	$ 1,234,247	$1,077,103	$246,532	$114,985
Noncurrent and capital assets	30,035,647	30,606,677	218,657	281,280
Total Assets	$ 31,269,894	$31,683,780	$465,189	$396,265
Liabilities:				
Current liabilities	1,012,084	24,344,767	707,000	659,341
Noncurrent liabilities	27,990,375	5,337,886	0	0
Total liabilities	29,002,459	29,682,653	707,000	659,341
Net Position				
Net investment in capital assets	(804,609)	(786,552)	218,657	281,280
Restricted: Debt Service	1,872,864	1,758,085	(460,468)	(544,356)
Unrestricted	1,199,180	1,029,594	0	0
Total Liabilities and Net Position	$31,269,894	$31,683,780	$465,189	$396,265

(Continues)

Condensed Statements of Revenues, Expenses and Change in Net Position	GSC Housing Corporation June 30, 2017	GSC Housing Corporation June 30, 2016	GSC Research Corporation June 30, 2017	GSC Research Corporation June 30, 2016
Operating				
Operating Revenue	$2,593,281	$2,767,964	$400,142	$255,304
Operating Expense	2,328,240	2,414,661	378,877	560,357
Net Operating Income (Loss)	265,041	353,303	21,265	(305,053)
Non-operating				
Non-operating Revenue	1,267	1,175	0	0
Non-operating Expense	0	(6,779)	0	0
Net Non-operating Revenue (Expense)	1,267	(5,604)	0	0
Changes in Net Position	266,308	347,699	21,265	(305,053)
Net position – beginning of year	2,001,127	1,653,428	(263,076)	41,977
Net position – end of year	$2,267,435	$2,001,127	(241,811)	(263,076)

Condensed Schedule of Cash Flows	GSC Housing Corporation 30-Jun 2017	GSC Housing Corporation 30-Jun 2016	GSC Research Corporation 30-Jun 2017	GSC Research Corporation 30-Jun 2016
Net cash from operating activities	$1,086,244	$400,153	$22,248	(12,652)
Net cash from non-operating activities	(566,004)	(210,564)	35,000	30,000
Net increase in cash	520,240	189,589	57,248	17,348
Cash and cash equivalents – beginning of year	2,316,615	2,127,026	59,325	41,977
Cash and cash equivalents – end of year	$2,836,855	$2,316,615	$116,573	$59,325

(Concluded)

17. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

For the year ended June 30, 2017 and 2016, the following table represents operating expenses within both natural and functional classifications:

	2017								
	Salaries and Wages	Benefits	Supplies and Services	Utilities	Scholarships and Fellowships	Depreciation	Cancellation and Write-offs	Fees assessed by HEPC	Total
Instruction	$ 3,982,586	$ 1,192,028	$ 350,538						$ 5,525,152
Academic support	366,390	118,709	168,415						653,514
Student services	1,329,788	411,953	411,085	$ 1,245					2,154,071
General institutional support	1,882,859	522,496	781,654	82,479					3,269,487
Operations and maintenance of plant	619,317	309,962	596,369	825,175					2,350,823
Student financial aid					$3,825,422				3,825,422
Auxiliary enterprises	1,276,584	363,322	2,244,377	521,781					4,406,065
Depreciation						$ 2,341,091			2,341,091
Fees assessed by HEPC							$ 992	$ 73,411	74,403
Total	$ 9,457,524	$ 2,918,470	$ 4,552,438	$ 1,430,680	$3,825,422	$ 2,341,091	$ 992	$ 73,411	$ 24,600,028

	2016								
	Salaries and Wages	Benefits	Supplies and Services	Utilities	Scholarships and Fellowships	Depreciation	Cancellation and Write-offs	Fees assessed by HEPC	Total
Instruction	$ 4,455,002	$ 1,326,039	$ 391,897	$	$	$	$	$	$ 6,172,938
Academic support	655,256	194,771	188,345						1,038,372
Student services	1,326,388	365,926	459,606						2,151,920
General institutional support	1,823,153	557,636	873,479	3,046					3,257,314
Operations and maintenance of plant	723,419	200,759	666,511	848,783					2,439,472
Student financial aid					3,114,381				3,114,381
Auxiliary enterprises	1,157,189	344,662	2,507,858	554,051					4,563,760
Depreciation						2,446,365			2,446,365
Loan Cancelations & Write Offs							361		361
Fees assessed by HEPC								69,062	69,062
Total	$ 10,140,407	$ 2,989,793	$ 5,087,696	$ 1,405,880	$3,114,381	$ 2,446,365	$ 361	$69,062	$ 25,253,945

18. SERVICE CONCESSION ARRANGEMENTS

The College has adopted GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The College has identified two contracts for services that meet the four criteria of a Service Concession Agreement (SCA). SCAs are defined as a contract between a government and an operator, another government or a private entity, in which the operator provides services, the operator collects and is compensated by fees from third parties, the government still has control over the services provided, and the government retains ownership of the assets at the end of the contract. The contracts are with Aramark Educational Service, LLC (Aramark) and Follett Higher Education Group, Inc. (Follett).

The College contracts with Aramark to provide food services within the College's facilities. These services provide the College with a professional campus dining program that enhances the student's quality of life and is supportive of the education experience. The current contract continues through June 30, 2021, and allows for annual renewal options thereafter. After year end, the College signed a new contract with Aramark as well as negotiated a substantial amount of debt forgiveness with Aramark. This is further detailed in Note 19, Subsequent Events. The College charges students for meals under several meal plans on a per semester fee basis. Aramark provides the meals and charges the college on a daily basis depending on how many students are covered under meal plans. The Aramark daily rate decreases as the number of students increases, thereby increasing the margin derived by the College from for providing meals to students. Aramark also provides on-campus event catering and retail food sales to the College community. The College receives commission payments from Aramark calculated as contractually agreed percentages of catering and retail sales. In 2017 and 2016, the College received $12,011 and $11,349, respectively, in commissions from Aramark. In addition, Aramark annually provides the following special funds to the College: (1) $15,000 for catering services and meal passes for the College president, (2) $40,000 for facility and equipment costs, and (3) $5,000 for meal plan scholarships. Aramark also reimburses the College for the actual wages and benefits of College employees providing services to Aramark. No significant renovations to College facilities were made by Aramark in either 2017 or 2016.

The College contracts with Follett to operate its bookstore located within the College's facilities. These services provide the College community with a professional bookstore that will provide the highest caliber of services to the College. The current contract continues through June 30, 2018. The College receives commission payments calculated at a contractually agreed percentage of bookstore revenue. In 2017 and 2016, the College received $30,223 and $35,957 in commissions from Follett.

19. SUBSEQUENT EVENT

On September 26, 2017, the Glenville State College Board of Governors issued $36,285,000 in Improvement and Refunding Revenue Bonds, Series 2017, as follows:

Amount	Interest Rate	Maturity
$ 2,135,000	3.25%	June 1, 2022
4,105,000	4.00%	June 1, 2027
5,040,000	4.50%	June 1, 2032
6,345,000	5.00%	June 1, 2037
18,660,000	5.25%	June 1, 2047
$ 36,285,000		

The Series 2017 Bonds bear interest at the rates shown above, payable on December 1, 2017, and semiannually thereafter on June 1 and December 1 of each year until paid

The Series 2017 Bonds were issued for the purpose of refunding and redeeming the following debt listed in Notes 6, 7, and 9:

Campus Community Center Bonds, Series 2006
Science Center Bonds, Series 2007
Goodwin Hall Bonds, Series 2009
Student Housing Bonds, Series 2011A
Note Payable, 2011

The Series 2017 Bond proceeds were used to pay in full the Series 2006 Bonds, Series 2007 Bonds, Series 2009 Bonds, and the 2011 Note payable on September 28, 2017. Proceeds were escrowed in sufficient amount to pay in full the Series 2011A Bonds on October 10, 2017. Proceeds of $2,000,000 were deposited in a project fund for future capital improvements.

In addition to the above refinancing agreement, in July 2017, the College and its food service concessionaire, Aramark Educational Services, LLC, renegotiated the food services management contract. The new contract runs through June 30, 2018 with four one-year renewals. In settlement of the amount due to Aramark at June 30, 2017, Aramark forgave approximately $239,000 and agreed to apply $214,000 of the contractual special funds (Note 18) to the payable.

20. FOUNDATION

The Foundation is a separate nonprofit organization incorporated in the state of West Virginia and has as its purpose, ". . . to aid, strengthen and further in every proper and useful way, the work and services of the College and its affiliated nonprofit organizations . . . ." Oversight of the Foundation is the responsibility of a separate and independently elected Board of Directors, not otherwise affiliated with the College. In carrying out its responsibilities, the Board of Directors of the Foundation employ management, form policy and maintain fiscal accountability over funds administered by the Foundation. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is therefore discretely presented with the College's financial statements in accordance with GASB. Based on the Foundation's audited financial statements as of June 30, 2017, 2016, and 2015, the Foundation's net assets (including unrealized gains) totaled $11,150,718 and $8,991,095, and $9,872,178, respectively. Complete financial statements for the Foundation can be obtained from the Executive Director of the Glenville State College Foundation, Inc., 200 High Street, Glenville, WV 26351.

During the year ended June 30, 2017 and 2016, the Foundation contributed $422,550 and $528,292 respectively, to the College for scholarships.

The following notes on pages 56 – 67 are taken directly from the Foundation's audited financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Nature of activities and organization - 1601.0 - Glenville State College (the Foundation) was incorporated in 1959 under the laws of the State of West Virginia as a nonprofit organization to receive and provide funds for scholarships, endowments, educational research, and other general educational purposes for the benefit of Glenville State College and the students at Glenville State College.

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

For the years ended June 30, 2017 and 2016, the Foundation has no material uncertain tax positions to be accounted for in the financial statements under professional standards. The Foundation recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. The Foundation's returns for years ending on or after June 30, 2014 remain subject to examination.

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

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

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

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

Bequests and contributions receivable - Bequests and contributions receivable consist of bequests and contributions to give stock, cash, and life insurance proceeds. Bequests and contributions to give cash and stock are recorded at fair value. Bequests and contributions to give life insurance proceeds are recorded at the cash surrender value. All bequests and contributions receivable as of June 30, 2017 and 2016 are, in the opinion of Foundation management, fully collectible.

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

College support payable - As of June 30, 2016, college support payable consisted of a liability established for payments to a member of management under an incentive retainer agreement. The funds were paid in full as of June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

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

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

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

Date of management's review of subsequent events - Management has evaluated subsequent events through September 19, 2017, the date which the financial statements were available to be issued.

NOTE 2 - MARKETABLE INVESTMENTS

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

	June 30, 2017	June 30, 2016
Marketable investments, at fair value		
Cash, interest-bearing	$ 647,852	$ 230,462
Certificates of deposit	-	1,148,096
Mutual funds	2,941,992	4,265,169
Bonds	2,227,163	1,475,313
Stocks	3,675,256	342,725
Total marketable investments, at fair value	$ 9,492,263	$ 7,461,765

NOTE 3 - FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

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

		Fair Value Measurements at Reporting Date Using:		
	Fair Value	Quoted Prices In Active Markets For Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Total cash, interest-bearing	$ 647,852	$ -	$ 647,852	$ -
Mutual funds				
Balanced	36,089	36,089	-	-
Corporate bond	39,769	39,769	-	-
Fixed income bond	516,325	516,325	-	-
Foreign large blend	527,673	527,673	-	-
Foreign large growth	17,650	17,650	-	-
Intermediate-term bond	79,694	79,694	-	-
Large growth	23,084	23,084	-	-
Large value	136,694	136,694	-	-
Multisector bond	661,214	661,214	-	-
S&P 500 index	583,210	583,210	-	-
S&P midcap 400 index	320,590	320,590	-	-
Total mutual funds	2,941,992	2,941,992	-	-
Bonds				
Corporate bonds	1,233,693	-	1,233,693	-
Federal agencies	411,283	-	411,283	-
Sovereign securities	33,720	-	33,720	-
Treasury securities	548,467	-	548,467	-
Total bonds	2,227,163	-	2,227,163	-
Stocks				
Consumer goods	470,111	470,111	-	-
Energy	138,020	138,020	-	-
Financials	789,105	789,105	-	-
Healthcare	515,888	515,888	-	-
Industrial goods	185,355	185,355	-	-
Materials	347,296	347,296	-	-
Real estate	4,557	4,557	-	-
Services	400,151	400,151	-	-
Technology	755,785	755,785	-	-
Utilities	68,988	68,988	-	-
Total stocks	3,675,256	3,675,256	-	-
Total investments	$ 9,492,263	$ 6,617,248	$ 2,875,015	$ -

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

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

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

NOTE 4 - FIXED ASSETS

Fixed assets consist of the following:

	June 30, 2017	June 30, 2016
Land improvements, nondepreciable	$ 550,043	$ 550,043
Buildings	3,067,718	3,067,718
Office equipment	54,627	50,387
Vehicles	75,169	69,048
Total	3,747,557	3,737,196
Less accumulated depreciation	(377,989)	(302,573)
Fixed assets - net	$ 3,369,568	$ 3,434,623

Depreciation expense for the years ended June 30, 2017 and 2016 was $119,079 and $117,745, respectively.

NOTE 5 - BEQUESTS AND CONTRIBUTIONS RECEIVABLE

Bequests and contributions receivable consist of the following:

	June 30, 2017	June 30, 2016
Total cash surrender value of life insurance policies	$ 867,313	$ 845,953

NOTE 6 - LAND AND OTHER ASSETS HELD FOR INVESTMENT

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

	June 30, 2017	June 30, 2016
Land and mineral rights	$ 683,914	$ 683,914
Works of art	20,000	20,000
Storage equipment	1,000	1,000
Total	$ 704,914	$ 704,914

NOTE 7 - LOAN PAYABLE

Loan payable consists of the following:

	June 30, 2017	June 30, 2016
Loan payable to United Bank, Inc. for $3,530,000. Payments are to be made in monthly installments of $15,247 including a fixed interest rate of 3.19% and matures June 27, 2024. The loan is collateralized by a first deed-of-trust on Building A located at 921 Mineral Road and the assignment of all lease agreements.	$ 3,309,130	$ 3,389,899
Less: current portion of loan payable	(78,647)	(82,420)
Net long-term portion	$ 3,230,483	$ 3,307,479

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

June 30, 2018	$ 78,647
June 30, 2019	81,193
June 30, 2020	83,821
June 30, 2021	86,534
June 30, 2022	89,336
Thereafter	2,889,599
Total	$ 3,309,130

NOTE 8 - PHALA WOODS LOAN TRUST FUND

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

NOTE 9 - RELATED PARTY TRANSACTION

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

NOTE 9 - RELATED PARTY TRANSACTION (Continued)

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

NOTE 10 - LEASES – LESSOR

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

NOTE 11 - ADMINISTRATIVE FEE ASSESSMENT

As provided by the West Virginia Code, the Foundation is entitled to charge an administrative fee for the management of the various assets held in trust. For the years ended June 30, 2017 and 2016, the Foundation charged an administrative fee sufficient to cover operating expenses of $223,604 and $126,816, respectively. For financial statement purposes, the administrative fee income assessed by the Foundation is netted against the administrative fee expense recognized by the funds. These amounts net to zero, and no income or expense is reported.

NOTE 12 - CONCENTRATIONS

The Foundation places its cash with local high-credit quality financial institutions under normal financial arrangements. During the year ended June 30, 2017, the Foundation's cash balances periodically exceeded the FDIC insured deposit limit of $250,000.

NOTE 13 - ENDOWMENT FUNDS

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

NOTE 13 - ENDOWMENT FUNDS (Continued)

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

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

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

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

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

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

NOTE 13 - ENDOWMENT FUNDS (Continued)

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

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
June 30, 2017				
Total endowment funds	$ (682,043)	$ 1,033,292	$ 9,384,922	$ 9,736,171
June 30, 2016				
Total endowment funds	$ (1,048,721)	$ 854,851	$ 7,897,711	$ 7,703,841

NOTE 13 - ENDOWMENT FUNDS (Continued)

Change in endowment net assets for the years ended June 30, 2017 and 2016 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds at June 30, 2015	$ (751,828)	$ 1,174,192	$ 7,597,031	$ 8,019,395
Bequest and contributions	1,007	74,192	294,551	369,750
Investment return	(6,621)	(133,699)	-	(140,320)
Expenditures	(34,094)	(510,890)	-	(544,984)
Purpose restrictions accomplished	(257,165)	257,165	-	-
Change in donor designation	(20)	(6,109)	6,129	-
Endowment funds at June 30, 2016	(1,048,721)	854,851	7,897,711	7,703,841
Bequest and contributions	-	134,021	1,487,211	1,621,232
Investment return	22,494	598,478	-	620,972
Expenditures	(20,073)	(489,801)	-	(509,874)
Purpose restrictions accomplished	364,257	(364,257)	-	-
Change to endowment	-	300,000	-	300,000
Endowment funds at June 30, 2017	$ (682,043)	$ 1,033,292	$ 9,384,922	$ 9,736,171

NOTE 14 - RESTRICTIONS ON NET ASSETS

	June 30, 2017	June 30, 2016
Temporarily restricted net assets available for grants, scholarships, and donor-designated charitable purposes for the benefit of Glenville State College	$ 1,667,991	$ 1,557,179
Permanently restricted net assets to be held in perpetuity	$ 9,384,922	$ 7,897,711

For the years ended June 30, 2017 and 2016, the Foundation's Board of Directors has designated $730,000 and $730,000, respectively, as cash reserves to support the College's bond covenant requirement.

REQUIRED SUPPLEMENTARY INFORMATION

GLENVILLE STATE COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS – JUNE 30, 2017, 2016 AND 2015

Schedule of Proportionate Share of TRS Net Pension Liability

Measurement Date	College's Proportionate Share as a Percentage of Net Pension Liability	College's Proportionate Share	State's Proportionate Share	Total Proportionate Share	College's Covered Employee Payroll	College's Proportionate Share as a Percentage of Covered Payroll	College's Plan Fiduciary Net Position as a Percentage of Total Pension Liability
30-Jun-14	0.525160%	$1,811,863	$4,093,721	$5,905,584	$1,305,234	139%	65.95%
30-Jun-15	0.043056%	$1,492,000	$3,404,353	$4,896,353	$1,028,446	145%	66.25%
30-Jun-16	0.039778%	$1,634,806	$3,113,871	$4,748,677	$907,360	180%	65.57%

Schedule of Employer Contributions

Measurement Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
30-Jun-14	$239,000	$241,922	($2,922)	$1,305,234	18.54%
30-Jun-15	$239,000	$195,785	$43,215	$1,028,446	19.04%
30-Jun-16	$166,922	$154,213	$12,709	$907,360	17.00%

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

Notes to Required Supplementary Information
For the Year Ended June 30, 2017

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Glenville State College (the College) as of and for the year ended June 30, 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 13, 2017. Our report includes a reference to other auditors who audited the financial statements of Glenville State College Foundation, Inc., as described in our report on the College's financial statements. The financial statements of Glenville State College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Hayflich CPAs

Huntington, West Virginia
October 13, 2017